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PRODUCTION ASSOCIATIONS AND PROFIT-AND-LOSS ACCOUNTING, (U)
AUG 78 G DZHAYADOV, E DUNAYEV
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FOREIGN TECHNOLOGY DIVISION



PRODUCTION ASSOCIATIONS AND
PROFIT-AND-LOSS ACCOUNTING

by

G. Dzhavadov, E. Dunayev

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By: G. Dzhavadov, E. Dunayev

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U. S. BOARD ON GEOGRAPHIC NAMES TRANSLITERATION SYSTEM

Block	Italic	Transliteration	Block	Italic	Transliteration
А а	<i>А а</i>	A, a	Р р	<i>Р р</i>	R, r
Б б	<i>Б б</i>	B, b	С с	<i>С с</i>	S, s
В в	<i>В в</i>	V, v	Т т	<i>Т т</i>	T, t
Г г	<i>Г г</i>	G, g	У у	<i>У у</i>	U, u
Д д	<i>Д д</i>	D, d	Ф ф	<i>Ф ф</i>	F, f
Е е	<i>Е е</i>	Ye, ye; E, e*	Х х	<i>Х х</i>	Kh, kh
Ж ж	<i>Ж ж</i>	Zh, zh	Ц ц	<i>Ц ц</i>	Ts, ts
З з	<i>З з</i>	Z, z	Ч ч	<i>Ч ч</i>	Ch, ch
И и	<i>И и</i>	I, i	Ш ш	<i>Ш ш</i>	Sh, sh
Й й	<i>Й й</i>	Y, y	Щ щ	<i>Щ щ</i>	Shch, shch
К к	<i>К к</i>	K, k	Ъ ъ	<i>Ъ ъ</i>	"
Л л	<i>Л л</i>	L, l	Ы ы	<i>Ы ы</i>	Y, y
М м	<i>М м</i>	M, m	Ь ь	<i>Ь ь</i>	'
Н н	<i>Н н</i>	N, n	Э э	<i>Э э</i>	E, e
О о	<i>О о</i>	O, o	Ю ю	<i>Ю ю</i>	Yu, yu
П п	<i>П п</i>	P, p	Я я	<i>Я я</i>	Ya, ya

*ye initially, after vowels, and after ъ, ь; e elsewhere.
When written as ë in Russian, transliterate as yë or ë.

RUSSIAN AND ENGLISH TRIGONOMETRIC FUNCTIONS

Russian	English	Russian	English	Russian	English
sin	sin	sh	sinh	arc sh	sinh ⁻¹
cos	cos	ch	cosh	arc ch	cosh ⁻¹
tg	tan	th	tanh	arc th	tanh ⁻¹
ctg	cot	cth	coth	arc cth	coth ⁻¹
sec	sec	sch	sech	arc sch	sech ⁻¹
cosec	csc	csch	csch	arc csch	csch ⁻¹

Russian English

rot curl
lg log

Page 1.

PRODUCTION ASSOCIATIONS AND PROFIT-AND-LOSS ACCOUNTING.

G. Dzhavadov, E. Dunayev.

Page 2.

In the book it is told about socialist production enterprises as a new form of the organization of control of production. It shows that for what the need for the creation of such unification/associations, is how their place in the control system of national economy, which effect have they to improvement of style and methods of leadership of enterprises, which create prerequisite/premises for the introduction of total economic calculation.

The book is written on the foundation of the generalization of the work experience of the existing unification/associations, including Moscow.

Page 3.

IMPORTANT CONDITION OF REALIZING ECONOMIC REFORM.

The at present overwhelming majority of the enterprises of all branches of industry carries out economic reform, are utilized the new methods of management and economic stimulation of production. To the lot of these enterprises, it is 93% of total volume of industrial production.

The new system of management is not limited to the introduction of profit-and-loss accounting only within enterprise and between enterprises. Logic prompts that it is necessary to utilize economic methods, also, in the highestest levels of control, to enlarge the application/use of profit-and-loss accounting in intradepartmental bond/connections.

The organizational forms of the branch administration of industry must correspond to the system of economic interrelations between the society, the branch complex and the enterprise, and also between enterprises.

Practice shows that, if to enterprise is given a sufficient independence, is abbreviated/reduced to the minimum a quantity of centralized planned/glide indices, are formed the corresponding funds depending on stable norms, the system of profit and loss accounting relations receives here further development. At the same time it is necessary that they would be supplemented by such organizational forms of the controls which would correspond to the profit and loss accounting system of relations. Only under this condition of the possibilities, placed in the system of profit and loss accounting relations in enterprise, completely they are realized.

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Which the goal of the translation/conversion of one or the other branch of industry into the new methods of control?

First, to improve its economic bond/connections with all national economy of the country, with other branches of industry, the transport, construction, by material and technical supply, by a credit-financial system. In the second place, to improve the forms of economic relationships and the methods of their realization between the branch and separate enterprises.

The creation of branch production associations on the foundation

of the concentration of production, deepening of the object, detailed and technological specialization of enterprises, design bureaus and laboratories, intradepartmental cooperation of enterprises, and also their advisable combination is the central problem of the perfection/improvement of control of branch. From its deciding in many respects, depends the realization of real profit-and-loss accounting. September (1965). The plenum of the Central Committee of CPSU indicated that the creation of profit and loss accounting unification/associations and transmission to them many operational functions of ministries must become the foundation of economic leadership of branch.

Under conditions of the socialist system of economy, the need for the wide creation of production associations is determined by the common/general/total reasons, which act constantly, and specific, which are inherent in one or the other development period of our economy.

During December 1918 II All-Russian congress of councils of national economy recognized necessary the "state trust development of the separate branches of industry", and also the unification/association of small enterprises. This was based by the requirements for the increase of the level of concentration and specialization of socialist production. In connection with this

problem there was in form control of the nationalized enterprises to place on purely business fact.

As is known, the concentration of production is prerequisite/premise for the deepening of the division of labor, specialization of production, savings of means, wide application of an effective system of machines. But this, in turn, leads to the rise in productivity of public work.

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Production associations are such organizational form which makes it possible to the best degree to conduct the concentration of production.

In its essence the concentration of production represents by itself the concentration of issue of the increasing fraction of production in large enterprises. According to the scales of enterprises, of their technical equipment, and also the number of workers, the production in our country was achieved the high level of concentration. Until recently it went in essence because of the construction of separate large enterprises. Here, as a rule, more contemporary material status, is higher labor productivity and the profitability of production, than in small enterprises. The largest

enterprises (with output for sum 50 million rubles is higher) on the level of consumption/production/generation to one worker, exceed the enterprises with the smallest volume of production (to 500 thousand rubles) 5 times, but profitability of the large enterprises (close to optimum size/dimensions), as a rule, is 1.5-3 times higher than average ones and small.

But the concentration of production clear small enterprises. They produce only 9% of all industrial production, but their number considerable. Approximately to 50% of all enterprises of the country, the number of workers for each does not exceed on the average of 200 people. In majority their small plants and factories have extremely the low level of specialization. Different production, a great quantity of different technological process/operations, processes do not make it possible in these enterprises to introduce and to effectively utilize new equipment, technology, progressive methods of organizing the production. These enterprises (if they are not adapted to the production, carried out by larger enterprises, are not cooperated stable with them) not in state independently and sufficient it is qualified to solve the problems of technical progress.

In present development stage of socialist society, it is very important to raise labor productivity, to increase accumulations, to

raise the efficiency of public production. Therefore the concentration of production must be carried out not only way of the construction of large enterprises.

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Sizable reserve of an increase in the efficiency of public production - the use of ways of the centralization of production, i. e., coarsening/consolidation of the existing small and average enterprises, their cooperation between themselves and the creation of production associations.

The concentration of production is the important condition of the successful realization of full/total/complete profit-and-loss accounting in enterprise.

IN WHAT THE ADVANTAGE OF PRODUCTION ASSOCIATIONS.

Centralization of production within the framework of production association will make possible to make one-time large capital investments on the technical reequipment of small and average enterprises, on conducting of rational specialization of production.

Here is a specific example - Moscow shoe firm "Vostok." It is organized the firm on 1 January, 1963. In its composition entered the factories of the model foot-wear No 1, No 2, No 3 and the shoe factory of the name of Kapranov. During June 1963 to firm are transmitted another factories No 4, No 5 and No 8, while in 1967 is connected Kaluga shoe factory. Besides the factory of the name of Kapranov, all other enterprises were half-amateur, with very low technical capability and multiple-line output. The basic goal of unification/association - this centralization of the production of foot-wear, the specialization of enterprises and their technical reequipment. To 1 January, 1967, of the enterprise of firm "Vostok" had 6 thousand workers, that produced yearly 7 million pairs of foot-wear. The enterprises of firm are specialized. The factory of the name of Kapranov, for example, produces foot-wear for children, the factory of the model foot-wear No 1 produces female foot-wear on high and average/mean heel, factory No 3 - only masculine foot-wear, etc.

Specialization made it possible to inject mass assembly-line production, which required to widely mechanize production processes. In five years at the factories it is implemented of 180 units of highly productive equipment and 8 conveyor lines. Amount of elec. equipment of the work increased 5.5 times.

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This amount of elec. equipment of work made it possible to sharply raise the level of the mechanization of production and to inject advanced technology.

A rapid increase in the production on the basis of specialization and technical re-equipping of enterprises is characteristic for the majority of production associations. In this case, the rates of an increase in the production capacities and labor productivity at the affiliates of unification/association usually outstrip the corresponding rates of an increase in the head enterprise.

Moscow shoe firm "Zarya" has affiliates in Tula oblast'/area (Uzlov and Dcn factories). The production capacities of unification/association increased for the years 1964-1969 to 330%, and on affiliates in Tula oblast'/area - 2.27 times. The issue of foot-wear in unification/association increased 7.5 times (from 1800 thousand pairs of foot-wear in 1965 to 4100 thousand pairs in 1969 g). At Uzlov factory the production is reconstructed, are put into operation new shops, Dcn factory is created almost anew.

Production associations not only very efficient way of the

concentration of production, increase of the level of specialization and technical re-equipping of enterprises. The creation of the affiliates of unification/association in small cities makes it possible to here utilize man-power reserves, which contributes to the more rational and more uniform distribution of productive forces in the territory of the Soviet Union.

Unification/association by the centralization of production, as can be seen from the given examples, increases the level of the concentration of production, its material status and creates possibility for rational specialization.

One should consider that the level of specialization in the majority of the branches of our industry is very low. Even object specialization is developed weakly, it covers usually not more than 15-20% production in multigrocery branches. As concerns technological specialization, then it in these branches covers only 1-3% of production.

Meanwhile the specialized productions possess many technical and economic advantages.

In the specialized enterprises the higher level of mechanization and automation of production, the higher level of labor productivity, production is conducted with considerably lower expenses, than in the unspecialized enterprises.

In the machine-building, for example, because of the development of the specialization of basic and auxiliary works it can be obtained about one third of all increase of labor productivity. Moreover one percent of the increase of labor productivity by specialization is spent half means, than with carrying out of other organizational and technical measures. In other words, one percent of the increase of labor productivity, reached as a result of specialization, double "is cheaper" than obtained because of other factors.

Production associations create possibility to carry out on wide scales object, detailed and technological specialization. Of this, visually convinces Moscow firm "Vostok." At each factory of firm "Vostok" is concentrated the production of the production only of determined/definite form. This made it possible to organize the large specialized assembly-line production. This process is typical for the overwhelming majority of production associations.

At the same time there are the factors, which seriously brake the development of specialization.

First of all, these are the inadequate system of the cooperated bond/connections, to frequency the disturbance of periods and delivery specifications. This gives rise to tendency toward creation within the framework of the separate enterprises of its own auxiliary works. In the machine-building enterprises, for example, are organized their productions of casting, forgings, instrument, although economically more expedient it would be receive them from the specialized enterprises.

For developing the specialization, are necessary durable and reliable relationships. The creation of production associations removes to a considerable extent contradiction between the requirements for the development of specialization and the inadequacy of the cooperated bond/connections, since expanding of possibility for cooperation within unification/association, within the framework of organizational, technical and economic complex.

FROM THE HISTORY OF SOCIALIST ASSOCIATIONS.

The first production associations in our country arose in 1918. However, in the period of military communis, their creation paused itself. But since 1921 I discovered wide road. Already toward the end of 1921/22 fiscal years, were formed 430 state industrial trusts, which united more than 4 thousand enterprises, in which were occupied about 1 million workers. At first the trusts carried out all the supply- marketable functions of enterprises. From February 1922 these functions were transmitted to syndicates, which made it possible to concentrate the effort/forces of trusts directly on control of production.

Trust served as the very convenient form of the concentration of production. But the limitedness of material resources into those years and the worn out nature of the fixed capital on the number of enterprises caused the need for the concentration of production in the largest and technically better equipped enterprises, arrange/located nearer to the markets for sale and the sources of raw material.

The property of trust was isolated from common/general/total state funds. Trust was profit and loss accounting unity and were received the rights of legal person.

The definition of trust as profit and loss accounting unity, but

not separate enterprise was in that period of time advisable measure. It contributed to the concentration of production, also, on this foundation - to more economical utilization of material resources. At the same time the almost full/total/complete deprivation of the organized into a trust enterprises of economic independence was not caused by need. Therefore XII Party Congress indicated: "retaining the common/general/total leadership of enterprise in their hands and centralizing those production and commercial branches and the process/operations which for this were prepared, trust must at the same time avoid in every possible way the strangling centralization, suppressing of initiative and mechanical intrusions into the work of its factories and plants" (see "CPSU in resolutions and decisions of the congresses, conferences, plenums of the Central Committee", of h. II, publ. the seventh, page 97).

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Later the rights of trust enterprises were somewhat expanded (acquisition of the part of the raw material on side, the acceptance of small orders, etc.), made were some step/pitches in the direction of intra-trust profit-and-loss accounting.

Until 5 December, 1929, the organizational forms of the control of industry had four component/links: enterprise, trust, syndicate

and main control of VSNKh. But this system control no longer corresponded to the new problems, which got up before socialist industry in the period of its reconstruction. The main controls of VSNKh isolated from enterprises by intermediate component/links (trust, syndicate), insufficiently operationally and deeply exercised leadership of production. At the same time the syndicates basic function of which was the sale of production, began to be occupied also by questions of planning, supply of enterprises with raw material, etc. Toward the end of the twentieth years, the syndicates gradually concentrated in their hands all basic control levers of production, which led to the liquidation of main controls of VSNKh, which duplicate/backed up/reinforce these functions. But on the basis of syndicates were formed the profit and loss accounting amalgamated branch unification/associations whose number during June 1931 in heavy industry was achieved 32. As the foundation of the formation of profit and loss accounting branch unification/associations served the principles of specialization and the possibility of the cooperation of production. Then bulky unification/associations broke up into smaller units. To the autumn of 1932 in industry, there were 78 profit and loss accounting unification/associations. But after the creation of the people's commissariats, governing the branches of industry, production associations were gradually eliminated.

In the sixtieth years control of industry carried out the

councils of national economy. Again began to appear the production associations, which obtained the name of Soviet firms. The first production associations of such type appeared in L'vov economic region (in 1961). The process of the education/formation of firms was developed very intensely. In 1963 it was 53 production unification/association, in 1964 - 351, and on 1 April, 1965, - already 592, including 2672 enterprises.

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In Moscow regional economic region were formed 26 unification/associations, while in Moscow urban - 19. Among urban to the end of 1964, was on five unification/associations in machine-building and metal processing, three shoe and two sewing, one silky, one perfume, one on the production of musical instruments and one firm, producing office commodities.

September (1965) plenum of the Central Committee of CPSU noted that the production associations were necessary for the purpose of the perfection/improvement of control of industry according to branch sign/criterion.

The majority of unification/associations (Soviet firms) was created within the framework of councils of national economy. Control

within unification/association carried out head enterprises. It is objective - this is the progressive form of the centralization of production. But it forged limitedness by the territorial framework of administrative economic region. Only with transition to control of industry through ministries arose favorable conditions for the reasonable centralization of production, unconfined by the territory of one any economic region. Could appear even republic and All-Union production associations.

However, passage to the control system of industry through ministries nevertheless stepped the education/formation of production associations. One of the reasons for the retarding/deceleration/delay of the development of production associations was the fact that the main controls of ministries sometimes impeded the education/formation of new unification/associations and did not provide standard conditions for work already acting. Let us give a specific example.

Five Plants, entering the Leningrad machine-tool unification/association of name Ya. M. Sverdlov, after the creation of ministries hit five different main controls of the Ministry of Machine-tool and tool Industry. Will arise the question: production association must control its enterprises or ... the corresponding main controls of ministry?

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Central boards, of course, attempted to obtain plants into their conduct. In summation, of disputes was violated the normal process of production. Frequently work ended with the breaking up of the already establishing production associations.

Analogous situation was formed with Leningrad firm "Svetlana". But here, in order not "to give out" enterprises to different branch central boards of ministry, decided to subordinate firm to the central ministry apparatus. This freed firm from the excess guardianship of central boards.

Because of firm technological specialization was preserved Leningrad production association "redder dawn".

Let us note by the way that in enterprises and in design bureaus, entering the composition of branch production associations, is provided the high level of specialization. Specifically, such production associations (firm) render/showed firmest before the administrative "onset" of the main controls of ministries.

It is unquestionable that not all unification/associations render/showed sufficiently vital. Part of them needed conversion and

in the expansion of the territorial framework. Indeed production branch associations were created on the basis of administrative economic region, but now possibilities for their development there are many more. But to replace branch production associations by the control trusts or to entirely eliminate unification/associations would be gross error.

The economic reform, directed toward the wider use of economic methods, covers the increasing number of enterprises. But the organizational forms of control still a sufficient degree not always to correspond to the development of profit and loss accounting relations in enterprises. The administrative methods of leadership, utilized by main controls of ministries, frequently brake the development of such relations. And for this reason under conditions of economic reform the organization of production associations becomes urgent necessary.

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PROFIT-AND-LOSS ACCOUNTING NOT IN WORDS,
BUT IN REALITY.

Profit and loss accounting production associations - one of the essential elements of the economic reform conducted and premise of the expansion of the economic methods of control in the highestest component/links of economic leadership.

The chairman of Gosplan of the USSR N. K. Baybakov emphasized in his article "plan and production under new conditions" (see the newspaper "Pravda" of 1 October, 1968): "Under contemporary conditions the independent enterprises often not in state to independently solve complex questions of the introduction of new engineering and technology, use of the newest means in control of production, specializations, cooperation, the sale of production and others. Especially sharply feel this the small and neutral unspecialized factories and plants. Facts indicate that are necessary the coordination of effort/forces, the mutual assistance of enterprises. Experience showed that this is most successfully reached by the education/formation of profit and loss accounting unification/associations, firms, combines or trusts. Being the rational form of the organization of control of production, unification/associations completely justified themselves in practice. Work now after the fact, so that then it would become more".

Under the new conditions of planning and the material encouragement, when the most important problem is the increase of the efficiency of public production, the need for the concentration of production and perfection/improvement of the system of the separation of labor on the basis of the education/formation of branch production

associations became especially obvious.

It is necessary to bear in mind, that without the profit and loss accounting unification/associations:

the translation/conversion of the considerable mass of small and partially average enterprises into the new conditions of management is hinder/hampered and does not give proper effect;

the significant part of the fund of the development of production, fund of the sociocultural measures and housing construction is not received natural coating and it is not utilized, but establishment more intimate of relations between the production and market of sale advances number of questions which are irresolvable or are difficultly solved;

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appears contradiction between the enterprises, working under conditions of full/total/complete profit-and-loss accounting (it is more accurate, which must so work), and nonprofit and loss accounting control elements. Because of this principles of reform, they are not conducted consecutively and do not cover all branches.

Reform supposes the granting of economic initiative to enterprises, reduction in centralized glide/planned indices of production, the formation of the stimulating funds depending on the level of profitableness and increase in the marketed production.

Practice shows that the small enterprises hardly ever can utilize the rights, given reform. These enterprises act isolatedly.

The number of small enterprises are technically badly/poorly equipped, weakly specialized, is produced the assortment of articles by the small parties. In summation, the prime cost of production is received higher than on the average on branch. It is logical that these enterprises, as a rule, little are profitable or entirely unprofitable. Therefore their translation/conversion into the new conditions of management is impossible, if they are not included in the production associations of the corresponding branch.

Even profitable and a few highly remunerative small enterprises, which have comparatively high norms of deductions into the fund of the development of production, into the fund of the sociocultural measures and housing construction, not in state entirely to utilize the advantages, given by reform. Indeed the fund of the development of production is formed because of two sources: 1) depreciation allowance even 2) deductions from the profit of the enterprise (here

we consciously hush up about the third component of fund - earnings/assistance from the realization of unnecessary equipment, since it in this case does not have significance). The fund of the development of production is intended to ensure the perfection/improvement of production, including restoration of technology. However, in small enterprise the size/dimensions of this fund are small. Yes even to realize its, i. e., to obtain new machine tools, machines and the like, to small enterprise it is not easy.

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In 1968, for example, industry, it consumed only 73o/o of this fund. Analysis showed that first of all the small enterprises could not expend/consume this fund.

Scientific and technical revolution accelerates the period of the restoration of the equipment of enterprises. The small enterprises, which have the small size/dimensions of the fund of the development of production, cannot in proper time this make. But if we consider that now their technical preparedness, as a rule, is lower than on the average on branch, then the technical backwardness of small enterprises will grow/rise. Indeed the reproduction of enterprises must be carried out first of all because of its own sources of development. But the increase of the technical

backwardness of enterprise will do damage to entire socialist society and the collective of this enterprise. That means only centralization of the fund of the development of the production of small and average enterprises, if they are included in production associations, can give effect. Indeed then the magnitude of fund will be considerable, sufficient stable and it can be previously provided the material and technical supply of enterprises because of this fund.

That concerns fund of sociocultural measures and housing construction, and here whole work in the centralization of fund, but not in its atomization/pulverization. In order to obtain the sum, sufficient for the construction of multiapartment habitable house, the house of rest or a pioneer camp, are necessary the cooperation of enterprises, the centralization of money means the appropriate fund.

The perceptible advantage for all plants or the factories, entering the production association, can be traced in a number of examples.

Here are the enterprises, which was the affiliates of the Moscow plant in the name of Likhachev (ZIL). These are the Moscow carburetor plant, automatic-unit, cardan shafts, the autonomous shop of precision casting, the plant of vehicle spare parts in g. Soslawl', half of the Mtsensk plant of aluminum casting, the Ryazansk

plant of automobile aggregate/units and the plant of spares into Sverdlovsk.

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The part of the Mtsensk plant of aluminum casting (it was occupied by the remelting of the aluminum secondary raw material and small ingots) became the affiliate of ZIL in the summer of 1966, when auto works began to carry out economic reforms. Now the Mtsensk plant rapidly is developed and is reconstructed. In ccrerom is establish/installed the conveyer, during casting section came into action 38 automatic dosing units, in melting branch placed new electric furnaces. In the acquisition of the newest technology, its unit and mastery/adoption, constantly was felt the aid of head enterprise.

This is characteristic also for other affiliates. Each affiliate is specialized in the issue of uniform production, limited number of parts, node/units and aggregate/units, necessary for the production of automobiles. Therefore within the framework of each affiliate, are created large production lines, is sharply increased output, are abbreviated/reduced the periods of preparation for the production of the new types of articles. In summation, considerably rises the labor productivity.

The centralization of the fund of the development of production within the framework of unification/association makes it possible to concentrate capital investments during technical reequipment - most important section of production, during the perfection/improvement of the technical basis of affiliates. Do not be such powerful production associations, named higher than the enterprise - affiliates of ZIL would not be obtained proper effect in the development engineering and technology of its production.

The unification/association of enterprises created new possibilities for the economical utilization of a fund of the sociocultural measures and housing construction. In the same Mtsensk affiliate of the plant in the name of Likhachev beginning with 1967 yearly are introduced into system on two or three habitable the houses for 80-100 apartments. Electrician N. Bezborodov (the very same the chairman of the shcp committee of trade union) stated in 1970:

- Aid of ZIL solid. Of us for housing construction not were either money or materials. Now we have not only new dwelling, but also supplementary possibilities for the cultural rest: to its house of rest, were added autoplant -, also, in middle strip, and not south.

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The education/formation of production associations is caused also by the advisability of centralizing the sale of production and effectively organizing material and technical supply.

One Of the component parts of the economic reform is the formation of the direct/straight contractual bond/connections between enterprises, and also between enterprises and the trading organizations. For example, the direct/straight bond/connections of sewing firms "Bolshevik woman" and "beacon" with the trading organizations give the very positive results: was raised the quality of production, was accelerated its realization.

But each plant or factory can fix the good direct bond/connections with other plants, the factories and with the trading organizations. To them this not possible. Furthermore, imagine picture, if all sewing enterprises begin to establish direct/straight bond/connections with stores. Will be obtained the spontaneous/elemental process. But this contradicts the systematic character of the development of socialist economy. That means that is necessary the regulation of direct/straight bond/connections. But

their regulation from the side of ministry hardly can come out beyond the framework of administrative control. This regulation in the final analysis will reduce to zero that positive effect which is included in the development of direct/straight bond/connections.

Asserts itself the sole rational conclusion/derivation: the trading organizations must make agreements not with separate enterprises, but with their production associations. Within the framework of this general agreement, is possible the organization of the direct/straight bond/connections between supplier-enterprises and the users when between the trading organizations and enterprises are more precisely formulated delivery times, the assortment of commodities, etc.

It goes without saying that production associations will bear entire completeness of responsibility for the provisions for users with this form of production. Production association - legal person, with its claim forfeits, froth and the like. Thereby the trading organizations exert economic influence on productions. In turn, production association it distributes orders on the enterprises of branch taking into account their most rational specialization in order to ensure the production of production with the smallest expenditures.

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The centralization of supply functions within the framework of unification/association will make it possible to better study demand, to create the qualified conjuncture service and to strengthen the direct/straight bond/connections between suppliers and users.

Thus, the consistent realization of economic reform supposes the wide creation of production associations. In its essence production association - this large enterprise (act several enterprises in one organism). The increase of the concentration of production is necessary for the majority of enterprises, for the solution of the problem of accelerating of scientific and technical progress, increase of the public labor productivity and quality of production.

"Need becomes the intensification of the concentration of production, it is emphasized in comrade's report. L. I. Brezhnev at XXIV Congress of CPSU - The accumulated experience shows that only to large unification/associations under force to concentrate a sufficient number of qualified specialists, to provide rapid technical progress, more to better and full/total/completely utilize all resources". Development production of unification/associations contributes also to the weakening of contradiction between profit and loss accounting enterprises and nonprofit and loss accounting control

elements. In what the essence of this contradiction?

As a result of the socialist collectivization of means production, it became possible to conduct national economy according to the plan. This makes it possible according to the plan to change the technical structure of industry in order to accelerate the development of progressive branches, to conduct interbranch specialization and the cooperation of industry at the level of all national economy. The organizational form of branch differentiation, specialization and cooperation is the branch administration of industry through ministries.

In the previous ministerial control system, branch and interbranch bond/connections were established predominantly by administrative methods. One of the main reasons for the use of such methods it consisted in the absence of large production associations within branch.

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By specialization and cooperation in subbranches and at lower levels were occupied branch main administrations, administrative trusts and combines. They frequently pinched economic the right of enterprises, disregarded profit and loss methods. The predominance of the

administrative methods of leadership negatively affected the activity of enterprises.

Under present conditions of the management when by the main things in control of production are intended to stop the economic methods of leadership, ripened the need for changing the organizational forms of control of production, the interrelations between the enterprises and the governing system.

The most important component elements of economic reform are: the development of the initiative of enterprises on the basis of a reduction in the centralized planned/glide indices, the increase of the role of its own accumulations of enterprises in the realization of the reproduction process, the more intimate dependence of the stimulation of the collective of enterprise on the results of his work on the basis of group long-term and stable norms. Practice shows that these elements increase the effectiveness of the work of enterprises. However, the named elements in practice are exhibited thus far by no means fully entirely. Basic reason - previous methods of operation of control elements, not fitted out to new conditions. Therefore occurs the frequent reviews of the production schedules of enterprises, besides carried out unclustered way, are absent stable group norms, is withdrawn the part of the means from the incentive funds of enterprises.

They can say that one should transfer central boards to profit and loss accounting, materially interest their workers in the results of the activity of subordinate enterprises and everything will be in order. But indeed real profit-and-loss accounting is feasible only of economic organization, but not of control element. Therefore the translation/conversion of central boards into partial profit-and-loss accounting will not solve the problem of a change in the organizational forms of control in connection with the new conditions of planning and economic stimulation. Such central boards will only interfere with the normal functioning of completely profit and loss accounting enterprises or firms.

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The maintenance of central boards because of deductions from the subordinate to them enterprises, material liability and the material encouragement of officials depending on the results of the activity of subordinate enterprises appear the necessary elements of profit-and-loss accounting. On this only one of the elements. Real profit and loss accounting relations in branch must include also mutual material responsibility between the enterprises and the control element apropos of the redistribution of means enterprises and the centralization of their funds, the material liability of control element before enterprises for these or other the actions which will do on it damage.

Not randomly the complaints of enterprises of the activity of central boards are caused in essence by the fact that the central boards frequently reexamine plans, moreover do not support the new, increased target/tasks by the appropriate additional funds, in a series of the cases, unjustifiably will redistribute the means, superfluously are a guardian enterprises.

This is why it is not possible to solve problem by the translation/conversion of central boards into partial profit-and-loss accounting. Under conditions of economic reform, is necessary completely profit and loss accounting organ. This organ appears production association.

The translation/conversion central boards into full/total/complete profit-and-loss accounting of indicates their transformation into branch production association. That transferred, for example, by way of experiment to full/total/complete profit-and-loss accounting one of the branch main administrations of Ministry of Instrument-Making, Automatic Equipment, and Control Systems of Lithuanian SSR functions precisely as production profit and loss accounting association. It was called name "sigma". Unification/association includes seven enterprises, two special design bureau, one design and building bureau and the control apparatus.

The unification/associations in which the enterprises are deprived of juridical and economic of independence, are more effective. In such unification/associations is created the possibility to centralize interrelations with suppliers and

customers, and also financial process/operations in head enterprise, to most rationally conduct the uniform technical policy and to carry out specialization of production.

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It is expedient therefore, where it is given possible, it is wide to develop such unification/associations with the direct command to their ministry. But this is attainable only in branches with a comparatively small quantity of enterprises and territorial closely spaced.

The effectiveness of the organization of production associations sharply descends, if enterprise-affiliates are considerably removed one from another. Under such conditions to difficult operationally lead by the work of affiliates, to transfer information, to transport the articles between enterprises and shops of unification/association, to redistribute work force. With the enormous territory of country and sparseness of production objects, and also on the insufficient level of the concentration of production similar unification/associations cannot (in the majority of the cases) replace the main managements of ministries.

Widest use they can obtain the production associations which

capable of enveloping all enterprises of subbranch, preserving their operational economic independence and centralizing only some services and the forms of administrative activity.

Under conditions of economic reform branch profit and loss accounting unification/associations - most acceptable form of management of industrial production. They make it possible to raise the level of the socialization of production, since during unification/associations branch represents by itself seemingly indiscluble only technological, but also economic whole. With the aid of the appropriate material and financial funds, all system of economic levers, branch unification/association contributes to the rational organization of intradepartmental specialization and cooperation and thereby to the increase of production efficiency. Within the framework of unification/association to more easily organize the sale of production and the study of conditions. It goes without saying that in the system of production associations must function the branch scientific research institutes, laboratories and design bureaus.

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This will make it possible to centralize the construction of articles, to maximally unify them and at the same time to ensure

faster introduction of new technology into series production.

Authentic profit-and-loss accounting in enterprise can be realized only within the framework of profit and loss accounting production association, since the bond/connections of enterprises and unification/association are built not only on administrative, but also on economic foundation.

The practice of the work of the existing unification/associations shows that they appear the progressive form of the organization of production.

In the industry of the country toward the end of 1970, was counted more than 600 production associations and the amalgamated enterprises, having affiliates. They produced more than 80/o common/general/total output, they gave more than 10o/o all profit in industry.

The activity of unification/associations is effective. On industry as a whole, the rise in productivity of work in 1969 was 4.8o/o, and in production associations - 7.1o/o. The volume of production in industry as a whole increased by 7o/o, and in production associations - to 8.5o/o.

Is significant also the comparison of the results of the work of all industry of Leningrad and Leningrad production associations. The fourth part of all workers in the industry of Leningrad works in production associations, and produce they almost the third of all production. For four years of past five-year plan, the volume of production in unification/associations increased to 35.40/o, and Leningrad industry as a whole gave growth to 29.10/o. It is characteristic that the labor productivity in unification/associations grew faster than in all Leningrad industry.

In Moscow it is created 36 production associations. into their composition entered 241 enterprises with a number of workers more than 100 thousand people. Unification/associations are produced 110/o of all industrial production of Moscow. Experience of operation of Moscow production associations also testifies that these unification/associations correspond to the contemporary requirements of economic development.

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In the beginning of 1970, the central committee of CPSU posed before all industrial ministries, by planned/planning and economic organs the crucial problem: to attain a serious improvement in the management of production on the foundation of the widespread

introduction of the really scientific methods of management, creation of large profit and loss accounting complexes, elimination of superfluous administrative component/links and control elements. This problem answer the profit and loss accounting unification/associations of enterprises.

WAYS OF CREATING THE PROFIT-AND-LOSS ACCOUNTING COMPLEXES.

The majorities of the active today profit and loss accounting unification/associations were created by merging the related small and average enterprises or by their connection (on the rights of affiliates) to large enterprise. So precisely appeared the first Soviet firms in L'vov, Leningrad and Moscow.

Moscow firm "rising" unites five enterprises, which produce paper-clean commodities: writing-book, albums, notebooks, calendars and so forth. This firm produces 33% of all production of this branch and 50% of production of paper-clean of commodities RSFSR.

Initially in the composition of unification/association, there were 17 shops and 26 sections which were arranged/located in 18 territories in 12 regions of Moscow. As a result of the concentration of production, a quantity of shops and sections was abbreviated/reduced. Now firm has head enterprises, two affiliates

and seven territorially independent sections. In firms are centralized the services: financial, economic, technical, design, supply, marketable, store. In forthcoming years the firms will put into operation 20 thousand by square meter production and 15 thousand sq. m of warehouse area. This will make it possible to create the production complex over area 45 thousand square meter (with spur-track railroad and waterways), which will ensure further concentration of production, the centralization of store, the translation/conversion of the outlet/release of the majority of articles into flow, a significant reduction in the overhead.

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As a result of reconstruction, the fixed capital increase to 8 billion rubles (against 3.5 billion rubles in 1967).

What is characteristic for this way of the education/formation of production associations? Here there is no independent control element. Leadership of firm is carried out by a Director-General. The very same - the director of head enterprise. The apparatus of control of head enterprise serve/maintains entire firms.

They are united in this case, as a rule, it is territorial closely situated enterprises (within the limits of one city,

blast'/area or series of adjacent blast'/areas).

Is characteristic the fact that during this education/formation of unification/associations is created the firm production complex, established on rational specialization inside firm. Is here possible the object specialization, i. e., concentration of the production of the determined/definite form of production in one enterprise.

Here is, for example, firm the "nanfig." of the Ministry of Tractor and Agricultural Machine building using Lithuanian SSR. The head enterprise of this firm specializes in the outlet/release of aggregate/units for the preparation of vitamin torment; Rokitskiy plant - in the production of mills and root cutting machines; Radvilinskiy plant - in the production of the boilers of steam generators, crushers of forages. In accordance with the plan of development and specialization of production, during the years 1968-1970 in head enterprise is specialized the production of new equipment and spares for the repair of the metal-cutting equipment.

Wide acceptance received object specialization between the sewing unification/associations of Moscow and Moscow region. Unification/association "work" specializes in the production of working clothing, unification/association "change" - during sewing of masculine and children's shirts, and also linen for newly born and

the children of crib age. The affiliates of unification/associations manufacture the clothing only of the determined/definite assortment.

In unification/association the "youth" Belcrostovskiy affiliate specializes in the production of raincoats and aprons for girls, Kaliningrad affiliate - children's overalls, Mamontovskiy affiliate - a linen for newly born, Zagcrskiy affiliate - children's shirts, Tagerqmskiy affiliate - children's fur articles, Dolgoprudnenskiy affiliate - children's raincoats.

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In machine-building unification/associations together with the specification of object specialization is conducted the technological part specialization: the production of instrument, fastening, rheostats and so forth is concentrated on the specialized sections. In unification/association "electric power", for example, earlier each plant produced production according to all nomenclature and it provided itself with all billets and parts. Is now at main plant concentrated the production of powerful turbo- and hydraulic generators, the machines of direct current, electrical equipment, at other plant - average turbogenerators, the machines of alternating current and electrophysical equipment, but in the specialized shop, arrange/located in Pskov region, is produced fastening and automatic

articles, at plant "rhecstat" - regulators of resistance, etc. Common/general/total economic effect from the object and technological specialization of unification/association comprises more than 3 million rubles.

The confluence of the related small and average enterprises or their connection to large enterprise it became predominantly of creating the production associations.

This is explained by the fact that the existing profit and loss accounting industrial combines were created during the years 1961-1965 within the framework of councils of national economy. The territorial proximity of enterprises predetermined the way of creating the unification/associations. At the same time such unification/associations were the convenient form of concentration and specialization of production, manifestation of the branch principle of management under those specific conditions. But before conducting of economic reform profit-and-loss accounting of unification/associations bore formal nature. Only under conditions of realizing the reform profit and loss accounting relations in production associations began to assume/take real features.

As an example can serve the basic indices of firm "rising" for the years 1962-1968 (conditionally all indices 1962 g are accepted as

1000/¢). Firm is translated to the new conditions of management from 3 January, 1967.

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For three years of management under new conditions, the firm obtained the sum of profit somewhat greater than for those precede of five years / it is characteristic that in the period of the realization of reform the basic indices of firm "rising" sharply were improved.

Now, when the activity of profit and less accounting production firms is not limited by the narrow framework of administrative economic region, appeared possibility to create similar type unification/associations within the wider territorial framework, and to also enlarge the framework of the active unification/associations when this is expedient.

Leningrad shoe unification/association "runner" was created during September 1962. Initially in unification/association entered six Leningrad shoe factories, and subsequently (1965 and 1968 yr) in it were included an additional seven shoe enterprises six of which were arranged/located in Leningrad, Pskov, Vologdskiy regions and Karelian of ASSR. Thus, all the shoe factories of the northwest of

the RSFSR now enter in firm "runner". Unification/association produced in 1969 g 42.5 million pairs of foot-wear, what is 12.7o/o of production of foot-wear on the RSFSR even 6.7o/o - on the USSR.

At the same time only this way of the education/formation of production complexes not in state to solve contradiction between profit and loss accounting enterprises and capital elements by them. For the overcoming of this contradiction, it is necessary to gradually convert the branch main administrations of ministries into production associations.

	(1) Год						
	1962	1963	1964	1965	1966	1967	1968
(2) Прибыль балансовая	100	99	123	92	119	175	220
(3) Производительность труда	100	129	119	127	132	134	152
(4) Фондоотдача	100	—	109	114	108	110	110
(5) Объем реализации	100	90	122	114	125	152	168

Key: (1). Year. (2). Profit balance. (3). Labor productivity. (4). Capital-output ratio. (5). Volume of sales.

In this case into the conducting of branch central boards, transfer the shaping scientific research, design and building organizations, are refined production-engineering and organizational structure and the composition of the enterprises of subbranch, are planned the concrete/specific/actual ways of development and deepening specialization, cooperation and combining of production. This experience is accumulated in number of the branches of industry, including in Ministry of Instrument-Making, Automation Equipment, and Control Systems of the USSR, the Ministry of Heavy, Power and Transport Machine building using the USSR, the Ministry of Power engineering and Electrification of the USSR.

As has already been spoken, in 1966. The main branch management of the Ministry of Instrument manufacture, means mechanization and the control systems in Lithuanian SSR was converted into production association "sigma". In the composition of unification/association, entered the Vilnius plant of calculators, the Vilnius plant of electric meters, Tel'shyay'skiy plant of calculators, Kaunassk pilot plant of means automatic, Panevezh'skiy plant of precision mechanics, the Taurag'skiy plant of the subassemblies of calculators, the Podrad'skiy plant of the calculating instrument manufacture of "Mcdulis," and also of SKB of computers, SKB of office equipment and PKB of the control systems. The number of workers in "sigma" - is more than 10 thousand people. Unification/association produces means

computer technology, with 80% of instruments for the mechanization of engineering and administrative labor over 10% of all electric measuring instruments (of them 80% of all electric meters), produced in the country.

The gradual transformation of central board into independent production association with uniform TEKHPROEFINELAN [output and financial plan], current [business] account and funds (by bases and reverse) occurred with the introduction of the new methods of management.

Now "sigma" disposes of the centralized fund of the development of production; into fund it enters to 75% of depreciation allowance. Because of the centralized fund the unification/association enlarges power and injects advanced technology, specializes the production of equipment, it develops processes and injects the automated control system to scale of unification/association.

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To the improvement of production contributes the fact that in the composition of unification/association enter design bureaus, which provide unity of research-design works for the enterprises of this branch.

The work experience of "sigma" shows that in this unification/association the considerably greater stability of plans for enterprises, the validity of the norms of the incentive funds, which correspond to the conditions of the management of each enterprise. In "Sigma" - group norm. Inside unification/association it is converted into individual norms for each enterprise. In this case, the oscillation/vibrations are significant. In 1967 individual norms oscillated from average on unification/association 2 times to the side of an increase and 5 times - to the side of decrease; deduction into the fund of sociocultural measures and housing construction - respectively into 2-3 and 3-4 times; deduction into the fund of development - into 2-4 and 6-7 times. On all seven to enterprises of unification/association in 1967 g was not even two identical norms.

The mobility of individual norm, i. e., a norm for each enterprise, it depends on the changing economic situation (unequal rates of an increase in the production for different years, the different requirement for technical re-equipping, etc.).

The transformation of central board into production association supposes the centralization of many functions which were previously

carried out by enterprises independently, the creation of funds in unification/association. In unification/associations are created the reserve wage funds, credits, are centralized the interrelations of enterprises with budget. This allows for unification/association to an even greater degree to function as to single economic complex.

When Glavturboprom, for example, it became All-Union profit and loss accounting production association, were centralized questions of the introduction of new technology, specialization and cooperation of production, the studies of market, were created the funds of economic stimulation.

This way of the education/formation of production associations makes it possible to extend profit and loss accounting relations on vertical line, to build the actually functioning profit and loss accounting mechanism within the framework of the subbranch of industry. It can become predominating.

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At the same time it is necessary to keep in mind that the formal renaming of central board into production association nothing changes in the real interrelations of the control element and subordinate enterprises. As the necessary conditions of the real introduction of

profit and loss accounting relations in subbranch (or some part of it) act/appears the education/formation of single organizational, technological and economic complex. It is certain, this condition is necessary for any form of production association. But it is especially important during the transformation of control element into production association.

The deputy chairman of Gosplan of the USSR A. Bachurin emphasized: "problem lies in the fact that, gradually converting of All-Union profit and loss accounting unification/associations into the single industrial and economic complexes, capable of independently solving the complex problems of development of science and technology, to bear full responsibility for the satisfaction of the requirement of the country for one or the other production" (see the article "future - after unification/associations" in "Pravda" of 25 August, 1970).

On the effectiveness of the three- and two-unit system of branch administration and conversion to this system of all branches of industry, is said in deciding of XXIV Congress of CPSU.

The reorganization of the control system is carried out in 1970 into petroleum and coal industry. In these branches now the three-link control system: ministry - profit and loss accounting

production association - enterprise. In the Ministry of Chemical industry of the USSR, are also created All-Union profit and loss accounting unification/associations, and the main managements of ministry are liquidated. Single production-engineering complex in these subbranches of industry makes it possible to more rational solve the problems of the formation of production program and specialization of enterprises, to more daring take measures for the most complete use of production capacities, the correct combining of production and composite use of raw material.

The size/dimensions of the production association must be similar, which would make it possible to use advantages of the concentrated large production.

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At the same time it is necessary that the production association would be controlled, i. e., a vehicle of unification/association, its central services could carry out operative management of enterprises.

On the degree of the controllability of unification/association the decisive influence is rendered the organizational and technical means of control, a quantity of production subdivisions, their distance from each other, the size/dimensions of enterprises and the

omenclature of their production. This it is necessary to keep in mind during the creation of the unification/associations, which cover entire branch of production. Such unification/associations are long-range/most promising. However, with a significant number of enterprises, controllability by them will render/show weak. Therefore one should thoroughly weigh all factors.

In order to avoid undesirable consequences, it is possible to create step by step unification/associations, covering first either subbranch or its significant part. During the first stage are formed the unification/associations of primary component/link, which cover several enterprises on the base of head enterprise, and then - by the transformation of central board - unification/association of middle link. Controllability can be provided for by the subsequent creation of the unification/associations of primary component/link inside the all-Union profit and loss accounting unification/association of enterprises.

In number of branches with a great quantity of enterprises which are territorial considerably removed from each other, the creation of the production associations, which cover entire sub-branch, is not rational, since they will render/show unguided.

In some branches of industry, in particular into petroleum, gas,

to power engineering, the problem of the transformation of central boards into unification/associations, actually, is reduced to change in the methods of management and the introduction of full/total/complete profit-and-loss accounting at the level of unification/associations.

Is known, for example, that the petroleum-extracting industry comprises the involved complex of such specialized productions as reconnaissance, boring, extraction of oil (and simultaneously gas), auxiliary and auxiliary works, transport and supply.

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Practice showed that profit-and-loss accounting most consecutively can be adopted/employed only in the oil-extracting unification/associations, but in oil-field managements (NPU) - in the limited size/dimensions. Is explained this by the fact that, although in the oil-extracting branch of industry status of enterprise allotted oil-field managements, they carry out only final stage of the technological process with fulfillment of which it is occupied 1/4 personnel of unification/association. Oil-field management cannot ensure stable profitableness and, therefore, cannot create the funds of economic stimulation on stable and group norms. The oil-extracting unification/association carries out entire complex of works on the

extraction of oil. In its composition there are all subdivisions and services. It in state to level the conditions of the economic activity of oil-field management. For this very reason here problem is reduced to a change in the methods of management, to the introduction of full/total/complete profit-and-loss accounting at the level of unification/associations.

The basic problem of further improvement of control in this case lies in the fact that, converting the of vehicle of unification/association from administrative organ into the integral component part of the economic system, placing material encouragement and the responsibility of the workers of the vehicle of unification/association direct depending on the results of the work of enterprise, making a unification/association by single economic complex.

This is related also to the gas-extraction industry where the economic indices of one or the other management of gas pipes depend not only on the level of management, but also on the conditions, into which it will be placed by Glavgasproved (volume of the pumping of gas, the volume of sales, the structure of consumption, i. e., level of wholesale prices, the scale of capital investments).

In accordance with the rebuilding of management in the petroleum

industry, are organized the territorial unification/associations, which act on the foundation of full/total/complete profit-and-loss accounting and appear the basic link of management in branch. Rebuilding is accompanied by the rationalization of management within the framework of unification/associations. In unification/association Kuybyshevneft*, for example, is liquidated 7 offices and 115 sections of boring, 11 providences and 26 sections and brigades on the extraction of oil.

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The concentration of auxiliary-auxiliary subdivisions into the bases of production maintenance made it possible to abolish 21 auxiliary shops, to free a significant number of workers, ITR and employees with annual wage fund more than 1.3 million rubles. For this organization of production and management, pass in 1971 all the unification/associations of branch.

Important significance has the fact that to the subordination of unification/associations are transferred the territorial scientific research institutes, previously subordinated to technical management ministries.

Thus, in the industry of the USSR are depleted in practice three

basic ways of the education/formation of the production associations:
1) unification/association previously independent enterprises, 2) the transformation of branch central boards into production associations, 3) translation/conversion into full/total/complete profit-and-loss accounting of the long establishing production associations, including combines and trusts.

However, there are an additional two ways, which are close to the first path according to results, but at the same time they differ from it.

Into production association is converted large enterprise during the appearance in it of affiliates. As an example serves the Moscow plant in the name of Likhachev. Here was formed the territorial separated, but single organizational, production-engineering and economic complex. With this occurs, as we already noted that the specialization of affiliates, the rapid growth of their production-engineering potential with the aid of head enterprise. But this aid from head enterprise, which possesses significant financial and material possibilities, experimental cadres, is very perceived. The apparatus of control of head enterprise leads by unification/association as a whole.

Result here the same as and during the unification/association

of enterprises. The difference in the fact that here occurs not the unification/association of several enterprises, but connection to the giant plant of the new productions, territorial with it separated. Before passage to the branch control system the connection of enterprises, which are located in other economic regions, it was impossible. But then it was possible occurred the unification/association of the enterprises, territorial close.

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Under contemporary conditions the creation of affiliates is planned of other large auto works of the country.

As one of the ways of creating the production associations, it is possible to isolate their education/formation on the joint of different branches, i. e., the scientific and industrial or agricultural and industrial complexes. An example of this unification/association appears Leningrad scientific and industrial unification/association "position". It organized during March 1969 represents by itself the complex of scientific and production subdivisions. In its composition enter three scientific research organizations with two experimental plants, after giving series of plant with affiliates and the construction-assembly management. Heads unification/association Basic scientific research institute; the

Director-General of unification/association appears the director of NII [Scientific Research Institute] and plant. In unification/association functions scientific and technical council, academic council, is graduate study.

In unification/association are centralized the functions of planning the scientific and industrial, financial and economic activity, leadership of scientific research, planned and designing. Are centralized solved also questions of normalization/standardization and standardization, scientific and technical information, introduction of notes, development of norms, mechanization of computational works, of capital construction, material and technical supply and sale. Are centralized means for capital investments and the mastery/adoption of new technology, for the financing of scientific studies and developments, for the development of production, the sociocultural measures and housing construction.

Creation of unification/association sharply shortened the periods of scientific developments, introduction into the production of new equipment and most advanced technology.

Thus, and here occur the processes, characteristic for the first way of creating the unification/association. But the specificity of

this form of unification/association in the fact that in its chapter stands large scientific research institute. Therefore and the direction of its activity somewhat different, than in branch production associations.

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At the same time between the "positron" and by the branch production associations, which contain NII and by KB, etc and it cannot be wall. In known meaning they already cease to be only production associations, and in essence they act/appear as production-scientific unification/associations. Yes otherwise and be it cannot in the period of stormy scientific and technical revolution !

All the named ways of creating the production associations are acceptable under contemporary conditions and can be used for perfecting the structure of management, consistent conducting of the principles of economic reform. One should only consider branch specific character, since it to a certain extent determines the direction of the education/formation of unification/association and its form. In this case, it is necessary to have in mind the establishing forms of unification/association in branches.

The basic type of industrial and economic complex in ferrous

metallurgy can become metallurgical combine, which includes in its composition of the production: metallurgical (domain, steel smelting, rolling), coke-chemical, fireproof materials, thermosite, binding materials, sulfuric acid, mineral fertilizers, etc., established to most the complete utilization of metallurgical raw material and production wastes. The largest combines - Magnitogorsk and Kuznetsk - serve as an example in this respect. However, the possibilities of the concentration of production on these combines thus far are not still exhausted. In Magnitogorsk continue independently to function two sufficiently large of plant - steel-wire and metal ware. Their inclusion into combine would be expedient and economically advantageous. The concentration of metallurgical production on the base of the creation of combines in other regions of the country would make it possible to solve the requirement of further concentration, specialization and improvement of control for this branch of production.

A number of the specialized metallurgical subbranches could be united not on the foundation of territorial complexes, but on the base of the All-Union specialized unification/associations - on the production of special steels, ferro alloys, pipes.

In either case in ferrous metallurgy would be formed, as a rule, the three-link control system. In the first case: ministry - union territorial unification/associations (for example, to Ukraine - Yugostal') - combines. In the second case: ministry - All-Union unification/associations (for example, Soyuzspetsstal') - enterprise.

When speech occurs about territorial industrial and economic unification/associations, it is necessary to keep in mind that these are the branch production associations, which include the enterprises of this branch in the determined/definite territory of the country. Is here placed as the basis the branch principle of the construction of management of production, but not territorial. But the creation of such unification/associations will make it possible to better combine the branch principle of leadership with the territorial aspect of management.

Both All-Union and territorial unification/associations are subordinated to union ministry; this will make it possible to liquidate superfluous mean trade-turnover stages in management of ferrous metallurgy.

In nonferrous metallurgy (just as in black) is expedient the creation of territorial industrial and economic unification/associations. However, the conditions of the production

of this branch make it possible to subordinate these unification/associations to directly union ministry and thereby to have the two-unit control system of enterprises. This simplification in the control system will make it more efficient and more effective. The present control system causes a series of the perceptible contradictions.

4
Large Noril'sk mining and metallurgical combine is subordinated to the Ministry of Nonferrous Metallurgy not directly, but through the central board. Even now the volume of sales of the production of combine exceeds the volume of sales of the production of some central boards and even ministries. Deciding of many fundamental problems of this combine requires direct/straight bond/connection with ministry. Strictly, so it occurs in practice: planning output carries out ministry and Gosplan of the USSR questions of technical-material supply solve Glavsnab [Main Supply Administration] ministry and GOSSNAB [State Supply] of the USSR. The central board of ministry, actually, is excess important functions - planning and supply of Noril'sk mining and metallurgical combine.

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Passage to the two-unit control system they would make it possible to remove this contradiction.

In machine-building, in light and food industry are virtually used all the named ways of the education/formation of unification/associations. The concrete/specific/actual forms of unification/association are determined by the unique characteristics of one or the other subbranch. In the meat-processing industry, for example, the most acceptable form - combine, including into its composition the meat-processing and poultry-processing factories within the limits of economic region. The unification/associations of the dairy industry cover, as a rule, the enterprise of one oblast'/area.

Is possible the creation of the varied food combines, organized on the basis of sugar and vegetable-canning combines.

In number of branches, is possible the

preservation/retention/maintaining of some branch main controls of ministries, which is determined by their specific unique characteristics. But the character of their activity must substantially change. They are converted into the economic unification/associations of middle link, they lead by the unification/associations of primary component/link and enterprises, which did not enter the composition of unification/associations. Leadership exercises predominantly by economic methods.

ANCESTRAL FEATURES AND THE SIGNS OF ASSOCIATION.

When jurists speak about production association, then they bear in mind the economic complex, which includes enterprises, NII [Scientific Research Institute], SKB and central boards, the central board in this unification/association serving as the independent control apparatus, and enterprises they retain their independence in juridical sense. however, practice shows that there is an equal level of the economic independence of enterprises in associations. As concerns juridical independence, then it can be retained and can lose itself. It is important to note that the organizational and property sign/criteria of production association determine its actual legal status, but not very ancestral concept of unification/association.

The ancestral concept of unification/association proceeds from the principle of historical method, i. e., from the fact that the enterprises are developed with an increase in the socialist collectivization of production.

In the contemporary capitalistic countries industrial enterprises are large production organizations. The structure of capitalistic firm consists of central organ, the specialized compartments and plants. In this case, as basic production unit serves the compartment. It concentrates the planned/planning and commercial functions of plants, plants carry out organizing the production process for the purpose of a reduction in the production costs. The solution of strategic problems is concentrated in the central vehicle of firm. Thus under conditions of contemporary capitalism enterprise is not separate plant or factory, but firm as a whole.

In the European socialist countries enterprise also is production association (combine, trust, etc.), but not plant or factory.

It goes without saying that the purely external resemblance in

no way does not indicate internal resemblance, since capitalism and socialism in principle opposite systems.

In connection with economic reform in the USSR, continues the process of the overgrowing of plants and factories into production associations.

The process of concentration and specialization of socialist production, their close connection with science and technology expand the framework of enterprise itself. It is developed into socialist production association. This is the new type of enterprise, given rise to scientific and technical revolution and economic reform.

Definition of production association as contemporary type of socialist enterprise produces objection from the side of the part of the jurists and economists. In previous juridical literature ruled the thesis, that after the enterprise, entering the production association, are retained the rights of legal person.

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In turn, many economists assert, as if the development of separate enterprise completely is combined with the laws governing the increase of the level of the collectivization of production with the

overgrowing of socialism into communism. Other economists object to characteristics of production association as new type of enterprise because in the composition of unification/association each enterprise hires workers, independently are utilized some resources for reproduction, conducts balance account, are determined the conditions of bonus awarding.

But these economists are guided by the secondary sign/criteria of enterprise, since by such sign/criteria can be allotted affiliates, and the autonomous shops of unification/associations. However, their presence of the structural subdivisions of association is not made the latter by enterprises. That means that such sign/criteria do not determine the concept of socialist enterprise.

The identification of contemporary enterprise with separate plant or separate factory - this is anachronism. It does not consider the development of concentration and specialization of production, are not considered all moment/factors of the perfection/improvement of enterprise as a whole. The fact is that in present development stage of socialist production the direct/straight and conjugated/combined aggregate expenditures on production and realization of production, including all expenditures on scientific, designed developments and their mastery/adaptation, can be carried out only at the level of production association. At the level of separate

plant, there can be only that part of the expenditures, which is connected with the production of the production of the determined/definite form.

Before reform basic part of the capital investments was utilized centralized for developing the new branches of industry and construction of new enterprises in the already existing branches. In the existing enterprises the expanded reproduction went because of two sources: in essence because of the centralized capital investments and partially because of the fund of enterprise. Because of the centralized sources were financed the almost all conjugated/combined expenditures of production and realization of production, while because of their own sources of enterprises - whether the current expenditures.

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Reform changes the relationship/ratio between the centralized and its own sources of the expanded reproduction in enterprises in favor of the latter. In enterprises are created the stimulating funds, in particular the fund of the development of enterprise. However, experience shows that under conditions of scientific and technical progress many separate plants and factories cannot rationally utilize the stimulating funds for realizing the expanded

reproduction. These enterprises (small, average and partially even large) can finance themselves at best only the phase of production, but all the other phases of reproduction must finance itself centralized. This circumstance serves as a reason, why in enterprises and under the new conditions of management are retained the sign/criteria of formal profit-and-loss accounting.

Under conditions of reform and contemporary scientific-technical revolution, the expanded socialist reproduction must be carried out, also, at the level of all public production, and at the level of new type enterprise - production association. At the level of public production, centralized are solved interbranch and branch problems, the problems of the optimization of the technical and social structure of national economy for providing its effectiveness. But at the level of production association must be carried out the process of the expanded reproduction because of its own sources of accumulation. Moreover production association (unlike separate enterprise) is capable auto of financing all the phases of reproduction - production, distribution, exchange and the consumption, i. e., all the conjugated/combined and current expenditures according to production and realization of commodities. In that case it act/appears as profit and loss accounting enterprise - basic cell of national economy. Of it all bond/connections on vertical line and horizontal are instituted on profit and loss

accounting principles.

The increase of the proportion of its own sources of the accumulations of production association does not diminish the significance of the centralized sources of reproduction, financed because of budget. However, the ultimate purpose of the centralized (budgetary) and its own sources of capital investments for realizing the expanded reproduction of unification/association is different.

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The centralized budgetary financing of production association can be when the technical perfection/improvement of production, the reconstruction of the structural subdivisions of association, change in the nomenclature and the mastery/adeptness of new production occur in the interests of all national economy, this branch or interbranch bond/connections. In that case production association satisfies the order of all society. In the same cases when production association carries out "its own" reproduction (within the framework it is national-economic of plan), in order to ensure the profitability of its activity, it can finance itself because of its own stimulating funds.

The displacement of the function of the expanded reproduction

from the level of plant and factory to the level of production association is the most essential factor which changes the concept of socialist enterprise. Enterprise now - this socialist production association. It, reiterate, are included plants and factories, NII, TsKV, planning, conjuncture organizations and other services, has uniform TEKHPROMFINPLAN [Technical output and financial plan], balance of the production and other funds, current [business] account in State Bank and the central control apparatus. As a whole this type of enterprise act/appears legally as independent legal person.

Economic unity of production association lies in the fact that it is isolated commodity producer¹, who enters into equivalent-retribution relations with other economic organizations on vertical line and horizontals.

FOOTNOTE ¹. Here and subsequently concept "economic independent commodity producer" it is adopt/employed with respect to state socialist enterprises and the production associations, which act under conditions of the systematic system of national economy. Therefore speech occurs about relative isolation within the framework of people's property/ownership. ENDECTIONE.

It is characterized by the generality of material, technical, labor, financial resources and economic results of the work of

unification/association as a whole.

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Property unity of unification/association is based on the common/general/total state fund of production association, been independent from the funds of enterprises, entering the unification/association. It is characterized by the right of unification/association to manage, to use and to be managed delivered to it property, to acquire and to alienate material values, to conclude economic agreements, to bear material liability on its obligations.

The determined/definite property isolation of production associations in practice exists within the framework of people's ownership of the means of production. Indeed state socialist property/ownership is uniform. It is indivisible between enterprises, it is not their group property/ownership. On this account there is V. I. Lenin's clear indication. But it does not hence follow that the carrier of political science of property/ownership are only the highestest organs, and all system of the organs of state control of national economy.

To speak about the activity of Soviet state and to be abstracted

from the system of the economic organs of ministries; central boards, unification/associations, enterprises and people, who actually carry out a possession, use and command by the material values, which compose the property of Soviet state, is simply unthinkable.

State is not carried out and objectively it cannot carry out control of production independent of the system of economic organs, will and action of people, who actually participate in the organization of control. Therefore rightly state property/ownership it is expressed in the granting of property to different economic organs, by unification/associations and to enterprises. The isolation of the property of economic organs, unification/associations and enterprises within the framework of uniform state property/ownership means that the Soviet state delegates its right of possession, use and command by its own system of the organs, for example, to ministries and central boards, to production associations and enterprises. Thus, it is right property/ownership is realized also, through control elements, and through enterprises.

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The determined/definite property isolation has production association. That means that it can be allotted the right of legal person.

Property independently although is determined by the economic isolation of enterprises and unification/associations however it is not identical from the latter. Economic isolation of production associations (just as of enterprises) - this relation of deeper order. It is expression insufficient full/total/complete collectivization of socialist production and by the reason for the preservation/retention/maintaining of commodity relations. the acknowledgement of the economic isolation of enterprises and unification/associations indicates the acknowledgement of them by commodity producers.

The maintenance of the economic isolation of socialist production associations and separate enterprises is exhibited in the fact that they act/appear in economic circulation as the independent commodity producers within the framework of socialist national economy.

Some production associations paused at half way in their development precisely because of them it was absent one of the generic characteristics - economic isolation of unification/association as whole. That means in order to complete the process of converting the central boards into production association,

it is necessary to ensure its economic isolation as commodity producer. It is expedient all the calculations with the budget (among other things contributions in the state budget of free residue/remainder arrived) to establish/install as a whole according to unification/association.

Continues at present this process. In particular, are accepted deciding to new order of the realization of the calculation of production association "sigma" with state budget.

The absence of the property isolation of unification/association, i. e., its correct subjectivity, it impedes its competent/equal functioning. Therefore is formed contradiction between the grown functions, satisfied by production associations, and by their limited rights, since in practice the first without the second is unrealizable. Unification/associations plan/guide the production activity of enterprises, they introduce new technology, distribute capital investments, etc.

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However, the funds of the mastery/adoption of new technology, financial aid, circulating capital (special reserves) are created as before in ministries. In this case the ministry did not transmit the

part of its property rights to production association. But in the blast area of work and wage many unification/associations possess even smaller rights, than enterprises transferred to new system. So, the estimate of administrative-economic consumption, number, structure and states of the vehicle of many unification/associations are confirmed by ministry and are recorded in financial organs. This occurs because the production associations, fulfilling in practice the economic functions of enterprises, at the same time are not allotted the appropriate rights, which escape/ensue from the situation concerning enterprise and the resolution by the Central Committee of the CPSU and Council of Ministers of the USSR of 4 October 1965 (No. 729) "concerning the perfection/improvement of planning and economic stimulation of industrial production", which are considerably expanded these rights.

It must be noted that the absence of economic and property of isolation is characteristic for production associations "Zarya", "stormy petrel" (Moscow), "electrical insulator" (Moscow region), Kalininobuv' (Kalinin), etc. whose enterprises consist on independent balance and independently carries out calculations with budget, retaining the right of legal person. This is related also to the Smolensk production association of alcohol and liquor industry, in which seven of eight enterprises consist on independent balance.

Production association differs from the separate plant or the factory, which did not enter the unification/association, in terms of many unique characteristics and advantages.

First of all, by the higher level of the concentration of production, specialization and cooperation of enterprises. In the contemporary state of productive forces and increase in the concentration of the production of the framework of separate plants, factories, are narrow and brake the deepening of specialization and cooperation of production. They are separate/expanded only during the education/formation of production associations. Here considerably better are provided organizational and economic unity of technology, production and market, composite development of measures for the increase of the technical level of production.

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Production associations dispose of more great possibilities for a maneuvering by material and money means, for the mastery/adoption of the centralized funds, the more effective utilization of a fund of the development of production. These unification/associations satisfy the greater volume of administrative functions, than separate plant. Specifically, to unification/associations transfer/converts the part of the administrative functions and economic rights of ministry and

associated enterprises.

In production associations it is more fully and more widely is adopted profit and loss accounting. It is spread to enterprises, NII, design, planning, conjuncture organizations and all subdivisions and services, including the central control apparatus. In them there are favorable conditions for improvement of the organization of control, rational centralization and decentralization of intra-firm control, use of Soviet and foreign experience. They serve as the progressive form of the increase of the effectiveness of economic activity.

In its nature production association differs from branch central boards as enterprise from administrative economic organ. True, someone does not demarcate concept production association and economic organ, even it identifies administrative economic organs with production associations. In this case, it is asserted that the division of the branches of industry on subbranch is, it is said, nothing else but the creation of industrial combines, for this sufficient to change the work of the branch central boards of ministries on profit and loss accounting principles. Such reasonings are erroneous.

as we already establish/installed that the decisive

sign/criterion, differing production associations from other economic education/formations, is the presence of economic isolation. Ministry can have organizational and property unity, but, without disposing of economic isolation, it cannot act/appear as commodity producer. Property isolation has shop within the framework of enterprise or plant within the framework of production associations, but without having all remaining sign/criteria, they they are not also commodity producers.

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The now determined/definite property and organizational isolation receive branch central directorates but, being economic organs, they do not have all remaining sign/criteria of production association, and therefore also they are not commodity producers.

This is why the definition of production association from one or two sign/criteria, for example, organizational, does not open the completely in a new way formed interrelation of unification/association both on the vertical line and the horizontal (budget, credit system, etc.) and within the unification/association itself between all subdivisions of the association: NII, SKB, by the central control apparatus.

Consequently, production association is production-engineering, organizationally, economically and property independent commodity producer. On this, is constructed the proposition about the advisability of accomplishment by the production association of all calculations with the budget, by the State Bank and the Srobybank [All- Union Bank for the Financing of Capital Investments] of the USSR, with ministry, planning the economic activity of unification/association in new indices and the expansion of the rights of unification/association.

Unification/associations are distinguished by the character of production relations, the level of control, on branch and interbranch equipment and departmental subordination, and also on their forms and forms.

According to the character of production relations, are distinguished the people's (state) and cooperative production associations, and also the mixed unification/associations, instituted simultaneously on the state and cooperative forms of ownership of the means of production.

By the level of control, are distinguished the production associations of the primary and middle link of national economy.

Branch equipment divides unification/associations into branch and interbranch.

Departmental equipment gives representation, with which unification/association we deal - with all-Union or republic.

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Are at present two diametrically opposite points regarding generality and differences between the production associations and branch central boards. one of them, defended by jurists and separate economists, consists in the fact that the production associations and branch central boards are considered as uniform and identical economic the education/formations. Another point lies in the fact that these are qualitatively varying and diverse education/formations.

On work itself in production associations and branch central boards are inherent certain generality, and essential differences. For avoiding the unilateralness of the given points and more precisely reveal/detect/exposing, of what consists the generality, also, of what the difference between production associations and branch central boards, is expedient to introduce concept economic unification/association and to class production and economic

associations according to the levels of control.

The classification of unification/associations for unification/associations of primary and for the unification/associations middle link obtained support in the division of the new methods of planning and economic stimulation of Gosplan of the USSR however, here for the time being do not demarcate the production and economic associations of middle link and they name them All-Union unification/associations. In our view, during the education/formation of unification/association preliminarily one should know that at which level of control, it will be created and on which basis. If, for example, in bearing industry the plants, arranged/located in all country, are included in the composition of unification/association and it is created on the basis of head bearing plant, for example the 1st GPZ in Moscow, then must be the All-Union production association of the middle link of control. But if this unification/association is created on the basis of the main control of bearing industry, then appears the economic All-Union unification/association of the middle link of control.

In the first version the factory management of the 1st GPZ pours with the vehicle of present central board, is formed the differentiated vehicle of the Director-General of bearing industry. The very same - the director of main plant. The vehicle of production

association satisfies all the functions of the organization of production and it is simultaneous economic functions.

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In the second version the present vehicle of central board is retained, but in the independent from the central ministry apparatus form. In this case the vehicle of unification/association satisfies the functions of economic organ, but does not satisfy the function of the organization of production.

With real conversion (first version) is reexamined the composition and the structure of subbranch; concentration and specialization relate plants, NII, KB, etc. into unit, but the control apparatus is converted into general board of production association. During formal conversion (second version) the composition and the structure of subbranch and vehicle of central board do not change; plants and NII completely retain their juridical and economic independence, but central board is isolated about the ministry apparatus.

If during formal conversion central boards and plants remain heterogeneous organizations, then during real conversion occurs the merging/coalescence of central boards, plants, NII, etc. into uniform

organization, allotted the ancestral features of economic enterprise and the administrative functions of economic organ.

Production association and central board - these are the qualitatively varying education/formations, which have different economic mechanism of control. Central board, as economic organ of middle link, opposes production association, since the latter is created at the level of central board and it act/appears as alternative to central board.

contradiction between the central board and production unification/association has five-year history. It was strained in the contemporary stage of the realization of the economic reform when it began to be spread to the control apparatus of national economy. Therefore the expansion/disclosure of the qualitatively varying nature of production association and economic organ (in this case of branch central board) has practical significance for the overcoming of departmental and precedence barriers on the way of developing the mechanism of economic reform.

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Some heads of the branch ministries and other economic organs do not note the fundamental differences between branch central boards

and production associations, they act/appear against the conversion of central boards into production associations.

During the creation of unification/association in it, are included such enterprises, the NII and other organizations, who necessarily provide the development of the specialization of production. But this often requires the review of the composition of the enterprises of subbranch, transmission of plants and organizations of one subbranch to another, sub-departmental chapters of one or even different ministries. In these cases the workers of central boards and ministries exhibit departmental bureaucratism and do not desire to give up their "" enterprises "to strangers". Departmental nature becomes barrier on the way of determination of the optimum size/dimension of unification/association and rational composition of enterprises and organizations, entering the unification/association.

Usually are united the related enterprises of one or two branches of industry, arranged/located on the territory of different union republics, Krays, oblast'/areas, cities. In this case, production association or its center can be located only on one of the territories indicated. This is reflected in the economy of other territories. The production of the enterprises, which entered the production associations, can dispatch itself beyond the limits of the

republic, Krays, oblast'/areas, and local economic organs lose then the right to be managed by the production of "their" enterprises. Furthermore, the budgets of the republic, Krays, oblast'/areas can deprive itself deductions from the profit of the enterprises, which entered the production associations. In connection with this were the cases, when the enterprises of one area emerged the composition of unification/association, which was being located in another oblast'/area or city. So appears one additional barrier which impedes the education/formation of production associations in their optimum size/dimensions.

This contradiction is caused by existing order of planning their management. If unification/association has enterprises and organizations, arranged/located on the territory of several economic regions and union republics, the indices of their activity are developed/processed separately on the appropriate territories and are represented to the planning boards of these republics, Krays, oblast'/areas.

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Such order of the development of the indices of the economic activity of the enterprises, which entered the production associations on the republics, to Krays, etc., impedes the creation of

unification/associations with single current [business] account.

Therefore it is expedient the indices of the economic activity of enterprises, which entered the production association, to count not from each of them, but with respect to association as a whole. moreover the calculation of the indices of production unification/association must be conducted on that republics, the Krays, the oblast'/areas where arranged/located production association or its center. Furthermore, it is necessary, of course, to develop the system of deductions from the profit of production associations into the budgets of the republics, Krays, oblast'/areas whose enterprises entered into production associations.

Where is expedient the creation of unification/associations, central board is controlled and is converted into production association.

At the same time occurs further development of the independent (not entering the unification/associations) large and average specialized enterprises, subordinate to branch central boards. Practice shows that in some branches (for example, in electronics industry) or in the subbranches of industry the specialization of production is carried out within the framework of separate plants. To their composition are transferred by NII, NE other organizations. in

such subbranches the central boards are converted into the All-Union economic unification/associations of the middle link of control.

In report to the XXIV Congress of CPSU comrade L. I. Brezhnev said that "during the creation of unification/associations it is especially important so that the administrative boundaries and the departmental subordination of enterprises would not serve as obstruction to the introduction of the more effective forms of control".

The classification of unification/associations on the level of control makes it possible to reveal/detect/expose the common/general/total features between production associations and economic central boards.

The production associations of primary component/link connect the plants, the affiliates of production, NII and other subdivisions and the organizations with different legal status of the latter; they heads general board.

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They can be subordinate to the central ministry apparatus, for example MAPL^[214](Moscow), "Svetlana", Glavlenrikctazh (Leningrad), or

to the branch central board, for example "electric power".

The production association of middle link includes the firms, the plants, the NII and other subdivisions and the organizations with different legal status. They are headed general board. They can be subordinate only to central apparatus of ministry (for example, furniture production associations Volgomebel'drevprom and Yugomebel'). The direct subordination of association to the central ministry apparatus indicates the increase of the role of its functional controls.

The economic unification/associations (central boards) of middle link connect plants, NII, and also the production associations of primary component/link with the preservation/retention/maintaining of the right of juridical face of the latter. These unification/associations have common/general/total features with the production associations of middle link on level and form of subordination, but also with production associations of primary component/link on administrative functions of economic organs which do not allotted independent (not entering the unification/associations) enterprises.

Differences here consist in the fact that the production associations of primary and middle link are enterprises additionally

allotted the administrative functions of central board, and the economic unification/associations of middle link - only by administrative functions of economic organ. With the passage of central boards to the new methods of management, using by them the experience in the economic activity of production associations, they will borrow some functions of economic enterprise.

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BRANCH AND INTERBRANCH ASSOCIATIONS.

Are distinguished branch and interbranch production associations. The first cover enterprises of one branches, and the second - enterprise of the different branches of national economy.

In the USSR preferred development received branch production associations, and interbranch are limited to the cooperation of industry with science and agriculture.

Some our economists propose to go further in the development of the interbranch production associations, which cover different branches of industry, trade, etc. But for the USSR the creation of interbranch industrial combines (on an example of the foreign capitalist concerns, which include the enterprises of the different

branches of industry, transport, bank, the branches of industry, transport, bank, commercial, etc.) is inexpedient. Such conglomerates in the capitalist countries are frequently necessitated increasing competitive ability, the penetrating for new markets and in new branches. They reflect the contradictory character of the process of the collectivization of production under conditions of the private property. Socialist economy radically differs from the capitalist. To our country to unnecessarily create not only interbranch industrial, but also production-commercial combines.

Economic reform is not limited only to industry, but gradually it is spread to all branches of the national economy, where one of the most important problems is the creation of the corresponding branch unification/associations. Such unification/associations appear in the field of transportation, the communications, in material and technical supply. Operate the foreign trade associations: for example, process/operation on export and import of the production of different branches of industry carry out an All-Union unification/association Enegomasheksport, subordinate to the Ministry of Foreign Trade in the USSR.

Came the time, in order and in internal trade to everywhere create trade associations. This advisability is explained not only by positive by the work experience of such are large trade associations

as GUM, TsUM, the "children's world", "spring" for Moscow, but also by the need for the strengthening of direct/straight bond/connections with the industrial production combines. The fact is that production associations (with the high specialization of the output) are not interested to establish/install direct/straight bond/connections with ten stores, since the latter in state to acquire only small material lots.

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In order to satisfy the requirement of these stores, unification/association must reconstruct production to small parties, i. e., to carry out despecialization of production and to expand the nomenclature of the output. To this it to go, of course, cannot. Therefore output/yield consists of the general/universal creation trade unification/associations and establishment between them and the production associations of direct/straight and long-term bond/connections.

production, commercial, credit, transport and other associations remain the form of branch administration, independent of their territorial location. Actually, as the form of branch administration serve territorial interbranch production associations on the specialized production of the production of the general-purpose

application/use - casting, forgings, ironware, nodes/units, etc.

The situation concerning the branch character of production associations has the direct meaning for the practice of the creation of the industrial and other combines within the framework of the separate branches of national economy. At present this work is entrusted to the branch ministries of the USSR.

From branch production associations differ the unification/associations, created on the joint of industry and of agriculture, industry and science.

The production associations, created on the foundation of the cooperation of industry and agriculture, are named the agricultural and industrial unification/associations, but industries and sciences - scientific and industrial, scientific and technical.

The need for the constant creation of agrarian-production unification/associations is noted in the program of the CPSU: "gradually, into the measure of economic advisability, will be formed the agricultural and industrial unification/associations, in which the agriculture organically is combined with the industrial processing/treatment of its production, with rational specialization and the cooperation of agricultural and industrial enterprises".

Under conditions of a scientific-technical revolution increasingly more intimately becomes also the cooperation of science with production, in particular with industry.

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The most progressive form of the cooperation of science with industry are the scientific and industrial unification/associations. On the advisability of the creation (together with industrial) of the agricultural and industrial and scientific and industrial unification/associations), their high effectiveness it was discussed in the reports of L. I. Brezhnev and A. N. Kossygin at XXIV Congress of CPSU.

In the Soviet Union in recent years, was outlined the tendency toward the creation of the unified organizations where is carried out composite deciding of scientific and production questions. Many new production associations, firms and large plants develop at themselves the subdivisions, which carry out scientific research and experimental design developments. At present branch NII, large KB and other organizations are transferred to production associations and the large specialized plants.

Acquire at present scientific and industrial associations (branch and republic) of the primary level of control, such, as Kricgenash (Moscow), "condenser/capacitor" (Serpukhov), "positron" (Leningrad), the scientific and industrial unification/association of the name of V. I. Lenin (L'vov), "Kcpleks" (Vclgograd), etc. They are subordinate to the branch central board of ministry.

Leningrad scientific and industrial unification/association "positron", for example, is organized during March 1969. In its composition enter three scientific research organizations with two experimental plants, two series plants with affiliates and the construction-assembly control. Heads unification/association scientific research institute. Director of NII - Director-General of unification/association the "positron" within the jurisdiction of the central board of ministry.

Work experience attests to the fact that according to the indices of labor costs on the creation of new constructions, on the periods of their developments, to the fraction of the projects, personified in metal and accepted for series production, unification/association have the best results, than independent design organizations. Sharply were shortened the periods of

scientific developments, introduction into the production of new engineering and technology. The periods of the mastery/adoption of new production decrease 2-5 times.

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There are also All-Union scientific and industrial interbranch unification/associations. They are called to carry out single technical policy to scale of all branch of industry. Such unification/associations under the jurisdiction of the central ministry apparatus.

In electronics industry there is, for example, Moscow All-Union scientific and technical unification/association in composition of which enter different NII, KB and experimental plants, capable of conducting the complex of scientific studies, to create samples and technology of the series production of integrated circuits, to develop/process technological equipment, equipment and special materials, and to also organize their series production at its plants.

At present the All-Union scientific and technical and other unification/associations of middle link must be created in all branches of industry and serve as the basic organizational form of

conducting the uniform technical policy on branches. If for industry those predominate are the production associations of the primary level of control, then for branch science and technology those predominate serve the scientific and technical and other unification/associations of the middle link of control. This is explained by the fact that the primary scientific and industrial and other unification/associations can solve only subbranch scientific and technical problems, but not in state to have branch and interbranch problems. To scientific and technical and other unification/associations of the middle component/link, subordinate to ministry, such problems under force.

The scientific and industrial unification/associations are interbranch in double sense. First, to a certain degree they relate the branches of science with the branch of industry. Administrative exclusions to serve/maintain to branch or even scientific and industrial unification/association another branch of industry lead to negative consequences.

Interbranch scientific and industrial unification/associations answer in the best way the requirements of socialist reproduction under conditions of scientific and technical revolution.

The process of reproduction supposes the account only of not current expenditures on the production of products, but also of all conjugated/combined labor inputs regarding new use value, on scientific studies, development, design, etc. Within the framework of the scientific and industrial unification/associations, all the phases of reproduction, all expenditures (flowing and attendant) are considered by uniform profit and loss accounting method.

Production and scientific and industrial associations in one or the other branches have, of course, unique characteristics. Differences consist in the forms of concentration, specialization, cooperation, and also the combination of production in the different branches of industry, and also in its subbranches.

In terms of particular diversity differs machine-building. Here in the composition of unification/association, enter the main plant and all plants, which ensure the production of the completing nodes/units, aggregate/units and parts for a main plant. Such unification/associations are created on the production of automobiles, tractors, combines, automatic lines, etc. (for example, MAZ in Moscow). Are formed the unification/associations, which generate equipment for composite use in other branches of industry

(for example, on production of electrical equipment for power engineering and metallurgy), and also production associations on the production of products of interbranch application/use.

At the same time in machine-building, instrument manufacture, electrotechnical, radio engineering and other branches of industry can be created All-Union unification/associations. In Moscow function at present the All-Union unification/associations of soda industry, fiberglass and glass-tare, Soyuzkhimorg, production of equipment for the processing/treatment of rubber and of plastics, repair of metalworking equipment, etc.

In the branches of industry, subordinate to the Union-Republic ministries of the USSR, for example in metallurgical industry, are territorial combines (Kuznetsk, Magnitogorsk, Isvetalskiy, etc.).

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Together with them can be created the All-Union production associations, for example, on the production of special steels (Soyuzspetsstal'), on the production of ducts (Soyuztrubstal'), etc. In the case of the creation of the specialized All-Union unification/associations in their composition, can enter the combines.

Together with All-Union it is expedient to create republic unification/associations, predominantly in light, food, meat and dairy industry.

SPECIFIC DIFFERENCES BETWEEN ASSOCIATIONS

The specific differences between production associations are determined by the criterion composition of structural subunits and by those internal and external interrelations which are formed between them.

In composition different forms of production associations they can enter the following subdivisions:

- 1) the plant, which generates the final production, which uses the isolated in its command means production and retaining economic independence. In this case the plant has its current [business] account in bank.

- 2) the plant, which has the final composite production of the articles the cycle of production of which directly is not connected with the activity of other subdivisions of association, the large

volume of production and being located far from the center of unification/association. In this case the plant, which protrudes on commission and from name of unification/association (calculations with suppliers, the conclusion of agreements, etc.), is also disposed of its current [business] account in bank;

3) A plant-affiliate, which generates the final production or its component part and which uses in the process of production the given into its command means, but directly controlled by the center of unification/association. Such subdivisions lose the rights of juridical face, but they retain the determined/definite economic independence and have in bank the current [nonbusiness] account.

4) the production, which possesses, as a rule, the features of affiliate, but not having the final structure. Production as structural subdivision of association usually is created on the basis of the reorganized plant with the preservation/retention/maintaining of its shop or shop-less structure.

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In this case the production does not have juridical rights, the current [business] or current account in bank.

5) the autonomous shop, which satisfies the separate stages of the production of production or which manufactures the semi-finished products, intended for consumption within unification/association. This shop can be formed during reorganization or reconstruction of plant or production with shop structure, connected in the composition of unification/association. During reconstruction the preservation/retention/maintaining of autonomous shop is expedient because it is the specialized subdivision, which manufactures the final production. This shop cannot be included in one of the acting, larger subdivisions of association. Autonomous shop possesses production independence, but does not have the right of legal person, current [business] or current account in bank.

6) branch NII, KB and other planning organizations with their different legal status, and also the service of control.

Depending on that, which concrete/specific/actually from the structural subdivisions indicated enter in unification/association, there are following varieties of branch production associations of the primary component/link:

firm with head enterprise;

unification/association with the independent control apparatus;

production trust;

production combine.

By the way, in GDR all forms of the production associations of primary component/link are named combines. Is it possible at us to unify all forms of production associations and to name them combines? No, this is impossible. Not all our combines bear varied character and not all they satisfy control functions. Furthermore, for the USSR characteristic are branch (but not interbranch) production associations. We have combine-enterprises and combine-economic bodies. In such a situation the unification is eliminated.

Usually the differences between the forms of branch production associations reduce to a question concerning the isolation of the control apparatus, and also to preservation/retention/maintaining or extinction of juridical right of those plants or the factories which enter in the composition of unification/association.

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With this approach to firms, are related those

unification/associations in which as the control apparatus protrudes head enterprise, and all other enterprises lost juridical right. as branch production the association is considered the education/formation in composition of which there are the independent control apparatus and plants (or factories) with the rights of legal person.

The methodological foundation of this approach comprises the contraposition of enterprise and production association and identification of the last/latter with economic unification/association type of central board. Meanwhile the speech must go about specific differences in production associations of the primary component of national economy. They, reiterate, they are determined by a difference in the combinations of the structural subdivisions, entering the production firms, the trusts, the combines and other unification/associations. In the composition of firms, just as other unification/associations, can enter plants with current [business] account, plant-affiliates with the current [nonbusiness] or calculated accounts, productions and autonomic shops without the current [nonbusiness] account, NII, KB and other organizations. In this case, the apparatus of control of production association, which initially established in head enterprise, gradually is isolated. It is converted into general board. Furthermore, are formed the specialized linear and functional services of control of

unification/association as a whole, by head enterprise, plant-affiliates, by productions, etc.

The process conversions of the apparatus of control of head enterprises into general board production or scientific-production associations continues very slowly, including during Moscow, Ryazansk, Kalinin and Smolensk unification/associations (firms). This is related, for example, to such firms, which have head enterprises as "Zarya" with six independent enterprises (Moscow), carpet unification/association (g. Lyubertska) with three independent enterprises, Kalinin knitted associations with five by independent enterprises, the Smolensk unification/association of alcohol and liqueur-vodka industry.

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At present the apparatus of control, for example Ryazansk production-engineering unification/association is created on the basis of the vehicle of head enterprise, but so that it pinches the independence of subdivisions. Here the control apparatus of unification/association is not virtually independent from the apparatus of control of main plant.

The prospect for the perfection/improvement of the apparatus of

control of production-engineering unification/association and unification/associations indicated above is such, that will appear in the course of time the need for general board, central divisions on control of the economic activity of unification/association as a whole and the managing directors with our own vehicle in control of the production activity of affiliates. As a result will proceed the gradual isolation of the central vehicle of unification/association from the apparatus of control of main plant and structural subdivisions, entering this unification/association.

Experience in the Moscow, Leningrad and other unification/associations shows that in the process of their development the plants can be converted into affiliates, productions - into shops, and shops - develop into productions and affiliates, etc. Everything depends on economic advisability. In accordance with similar dynamics between the center associations and its subdivisions are distributed the functions of control and property rights. In this case, the degree of the rational independence of enterprises, NII, affiliates, KB, productions and shops in the composition of unification/association one ought not always to reduce to the right of legal person.

It is important to emphasize that it is not possible to preserve the structure of production unification/association, after

determining once forever the composition of the entering it subdivisions. Unification/association - dynamic formation. It is developed and changes.

Characteristic for unification/association must be the fact that it in all cases protrudes as unit, has common plan, their statutory fund and the corresponding centralized funds, single current [business] account, protrudes as juridical face in interrelations on vertical line and on horizontal. Concerning internal structure and the composition of subdivisions, of various combination of plants, affiliates, NII and so forth, it must be elastic.

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In this case, the speech occurs not only about changes in the situation of separate structural subdivisions as a result of the reconstruction of production, but also concerning the development of some existing production associations in All-Union unification/associations. There are, for example, prerequisite/premises for the overgrowing Leningrad unification/association "electric power" in the All-Union production-scientific electric-machine-building unification/association which will include besides "electric power" even such enterprises as Elektrotiyazhsh,

Sibelektrotyazhmash [Siberian Heavy Electrical Machinery Plant],
Uralelektrotyazhmash, Kharkov electromechanical plant, and also NII
and NB with these plants.

Interbranch unification/associations also are subdivided to
several of forms. This:

the scientific and industrial unification/associations, which
include scientific research institutes with design and building and
technological subdivisions and industrial enterprises;

the scientific and technical unification/associations, which
include scientific research institutes, design and technological
bureaus and research-experimental enterprises;

the production-engineering unification/associations, which
include design and building, technological, assembly and adjustment
organizations for development and the mastery/adoption of
organization's progressive technological processes on industrial
enterprises;

the design and building unification/associations, which include
NII, KB and other organizations for development and mastery/adoption
of the corresponding designings and developments in industrial
enterprises.

Each of these forms unification/associations it can serve/maintain one, two and more the branches of industry and subbranch of economic region.

The specific factors, which define the types of interbranch unification/associations, following:

when is carried out unit, small-scale and experimental production, and the predominant factor is scientific component, then enterprise is subordinated to demands of NII, to KB and other organizations.

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if production is fixed in average sizes, then are approximately equal scientific and production beginning;

when is carried out large-scale and mass production and determining are the requirements of production itself, then NII, KB are subordinated to enterprises.

As the criterion, which determines the economic advisability of

the creation of different forms of production-scientific, scientific and industrial unification/associations, must serve the increase of profitability and the profitability production of unification/associations.

The forms of the interrelations between NII, KB and other organizations with production affiliates within the framework of these unification/associations, just as in production associations, they can be different in their legal status.

LEGAL SITUATION OF PRODUCTION ASSOCIATIONS.

At the foundation of the demarcation of the legal forms, which are inherent in different subdivisions of association, lie/rests the centralization of control functions between ministries and production associations, and also plants, productions, shops, NII, KB and other organizations and the services, which form part of unification/associations.

Common/general/total tendency is such, that the ministry retains for itself the functions of the central control of branch (as a whole), and operational control function of plants, by NII and other organizations, passing central boards, are represented to production associations. This is one source of the formation of the control

functions of unification/associations. As another source serves the centralization of the part of the administrative functions of enterprises, NII and other organizations, entering the unification/association.

Thus, the formation of the administrative functions of production associations is carried out via redistribution of the part of the functions of branch ministries and enterprises.

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Some jurists appear only for transmission to the production associations of the part of the functions of ministry. They object to transmission of any functions of enterprises in order not to violate their legal status. On this prerequisite/premise is based the proposition about the creation only of such production associations within the framework of which is retained full/total/complete juridical independence of enterprises. It is suggested to retain the right of juridical person in composition only for large and average plants and factories. Small plants and factories, in their opinion, lose the legal situation of enterprise and transfer/convert to the situation of productions and shops.

In actuality the size/dimensions of plant or factories cannot

determine their legal situation within the framework of production associations. Rightly legal person they can lose or preserve not only small, but to large plants. Everything depends on centralization and decentralization of the control functions of their economic activity in unification/associations.

As the criterion, which defines different legal situation of plants, factories, NII and other organizations within the framework of branch production and interbranch scientific and industrial associations, must serve the movement of control functions, their redistribution between the component elements of production association as systems. Indeed speech occurs about the new regrouping of the functions of branch administration. It will be redistributed between two levels: ministry concentrates control functions of branch as uniform system; production and other associations centralize the functions of the operational control of plants, NII, etc.

New of the economic independence of enterprises lies in the fact that the unification/association act/appears as highestest type production enterprise and centralizes the realization of all control functions of unification/associations as a whole, but plant, NII, KB, which entered the unification/associations, are free/released from uncharacteristic by it external functions. At the same time they in the composition of unification/association retain economic

independence. Hence follows the advisability of allotting production associations by rights and enterprise and central board.

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Right only secures control functions, in this case of functioning the production association. But also it cannot allot unification/association by control functions. Consequently, the legal situation of production association, just as separate enterprises, can and must be changed depending on the volume of control functions.

The new situation concerning state by socialist industrial production of enterprise will considerably enlarge the juridical rights of plants and factories in comparison with their situation in pre-reformist period.; however, even new situation insufficiently fully reflects compensation of enterprises under conditions of economic reform. Economic compensation of enterprises under conditions of reform exceeds their juridical rights, given the situation concerning enterprise.

Is at present dualism in the legal situation of enterprises. Some Enterprises, transferred to the new methods of planning and economic stimulation, use the rights, given the situation concerning enterprise, plus by the supplementary rights, connected with the

development of control functions in a series of the oblast'/areas of their economic activity, given the resolution of Central Committee of the CPSU and Council of Ministers of USSR No. 729 "concerning the perfection/improvement of planning and economic stimulation of industrial production". Other enterprises, still the not transferred to new conditions management, are used only those rights which are given to them by the situation concerning enterprise. After the completion of the translation/conversion of all enterprises into the new methods of planning and economic stimulation, this dualism will be eliminated. The supplementary rights of enterprises, given to them under conditions of reform, will be legalized in the situation concerning enterprise. This testifies about that which following by the development of the control functions of enterprises is expanded and is legalized their economic compensation.

The analogous process occurs at present and with the control functions of production associations. These functions are developed, and gets up the need for their right formulation for the appropriate situation.

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In practice the separate unification/associations, for example ZIL, "Svetlana", use the juridical rights of enterprises and central board. But the absolute majority of production associations - firms - uses only the rights of enterprise. In this case, the legal situation of each production association is regulated on the foundation of the individual situations, asserted by the higher economic organ. This is explained by the fact that there is not at present a uniform state situation concerning socialist production association (in industry).

Some economists and jurists propose to develop the particular situation concerning the production association, different from the situation concerning enterprise, since between the unification/association and the enterprise there is a fundamental difference. It is proposed in the situation concerning unification/association special to specify the full/total/complete preservation/retention/maintaining of the juridical rights of large and average enterprises. These authors remove/take also the differences between production associations and central boards. They

consider that the so-called profit and loss accounting central boards must build their activity in the same model, as production associations, and therefore to fall under the legal regime of the latter.

Thus, here are not made the differences between economic and production associations, or between their juridical forms. As to avoid readings about the situation of production associations? But this question does produce another question: one should to develop one the general consideration concerning unification/associations or develop different situations concerning the production associations of primary component/link, middle link and the economic unification/association of the middle link of control?

It is expedient to have three situations. One - for the economic unification/association of the middle link of control (branch central boards). Another - for the branch production associations of the middle and primary link of national economy. The third - for the scientific and industrial unification/associations of the middle and primary link of control.

In this case, lean one should to the available standard material.

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In each of the situations, must be taken into account the various forms of the organization of control in the economic unification/associations of middle link and production, scientific and industrial unification/associations of middle and primary link, and also in their different forms and juridical forms.

Then it is possible to determine economic scope, to formulate the rights of unification/associations and their comprising structural subdivisions, i. e., to design different legal situation of plants, factory, NII and other organizations.

The classification of the juridical forms of production associations has direct significance for the control of property relations between them, and also within their subdivisions, and between production associations and economic control elements. At the foundation of the definition/determination of juridical status of production association and differentiation of their juridical forms, lie/rests the centralization and the decentralization of the functions of branch administration.

Common/general/total for all branches of industry is the fact that the unification/associations are occupied by questions of

conducting the uniform technical policy (main direction of technical progress, scientific research and planned work, capital investment), by questions of the commercial policy (study of requirements and demand, supply and sale), are carried out calculations with budget (payment for funds, rent and calculated payments, the deductions of the free residue/remainder of profit). But enterprises, NII, etc. organize the production and scientific and technical process (organization's improvement and technology of production, the improvement in the quality of production, a reduction in the prime cost of production, scientific studies, development and design, etc.). Thus, economic independence of enterprises, NII, etc. is seen as directly dependent on the volume of their functions.

During the centralization of the functions of branch administration in ministries, branch and interbranch unification/associations and their structural subdivisions it is necessary to keep in mind the diverse variants.

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The first version - when within the framework of the branch of industry are created branch production and interbranch scientific and industrial and other associations. In this case they immediately act/appear as production-engineering, organizational, property and

economic whole, centralize the essential functions of enterprises, NII and other organization. Occurs the redistribution of administrative functions and property rights. Inasmuch as the process of reproduction is carried out within the framework of plant, NII - its only separate phases, the control functions by the latter are retained for plants, NII, and control functions of reproduction as a whole are concentrated in unification/association. This will draw the redistribution of the property rights between enterprises, NII and other organizations, entering the unification/association, and by unification/association as by wholes.

Characteristic for this version is the fact that the unification/association as a whole act/appears as uniform enterprise, it has central control elements of production, uniform current [business] account, forms uniform balance, it centralized expend/consumes material and money means. As an example of such unification/associations can serve Mscow unification/associations (firm), "youth", "rise", "Bolshevik woman", the Byazansk furniture firm of "eye", the Smolensk unification/association of sewing productions "rise" and other unification/associations of the enterprises which do not consist of independent balance and do not have their own current [business] accounts.

The second version - when branch central boards are converted

into production associations. In this case is provided organizational unity of plants, NII and other organizations, entering the unification/association. As far as unity concerns be concerned, it is set depending on the degree of the deepening of the specialization of the internal subdivisions of association. The achievement of property and economic unity is carried out during long time. Inasmuch as here the formation of unification/association occurs gradually, inasmuch as gradually occurs the centralization of control functions.

A typical example of the gradual conversion of central board into production association is "sigma".

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The logic of the development of this unification/association will lead to the fact that, in the first place, the vehicle of central board will merge with the vehicle of head enterprise. Is formed general board of unification/association. In the second place, will occur the centralization of all calculations with budget at the level of unification/association.

The third version - when as basic economic unit serves the specialized enterprise, but not the production association. Here branch central boards it is not converted into production

association, but it serves as the economic organ, governing specialized and legally independent enterprises, NII, KB and by other organizations. In this case we deal with the subbranch of industry, which consists of legally independent enterprises, NII, etc., subordinate to the branch central board of ministry.

The number of latter includes the All-Union unification/associations and the production trusts whose all enterprises are located on independent balance, have its calculated of count and retain full/total/complete economic independence. For example, Remekhtozprom with nine times independent enterprises, Scyuzetut^o with five by independent enterprises, Soyuzkhimtara with fourteen independent enterprises, Glavelektromont with fourteen industrial enterprises, etc.

Here are not related the branch central boards of industrial ministries. These central boards will gradually be property isolated from the ministry apparatus and are converted into the All-Union economic unification/associations of the middle link of control.

Common/general/total tendency is such, that the greater production-engineering, organizational, property and economic unity of branch and interbranch unification/association, the lesser economic independence of enterprises, NII KB in the composition of

unification/association. However, in all cases must be retained determined/definite independence of plants, NII, productions in the composition of unification/association, necessary for the execution of their intrinsic control functions.

Thus, in our country are at present already establishing and still formed branch and interbranch unification/associations. Within the first of enterprise, NII, etc. lost juridical independence, within the second - they still retain it.

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There are production associations in composition of which some enterprises already lost juridical independence, and others still preserved it.

The legal differentiation of various forms of production associations completely definitely reflects three versions of centralization and the decentralizations of control functions and of the juridical rights of structural subdivisions. In the first version of subdivision, they lose the right of legal person, in the second version some subdivisions lose, and others retain (to different degree) the right of legal person; in the third version all enterprises completely retain the right of legal person.

After the general/universal creation of production associations, the differences indicated in the legal situation of production and economic associations will be preserved. Therefore point 10 situations concerning enterprise must be included in the situation concerning production association.

Under conditions of the USSR, are expedient to have: 1) a situation concerning enterprise, supplemented by resolution No 729; 2) the situation concerning production association, comprised on the foundation of the situation concerning enterprise, resolutions No 729 with the indication of the control functions of central boards under new conditions; 3) the situation concerning economic unification/association, close to legal status of central boards. It must be developed taking into account the general consideration concerning all-Union branch ministry; 4) the situation concerning the scientific and industrial unification/association, which considers the work experience of the production associations, which have powerful NII (for example, in "electric power"), close in the kind of its activity to the scientific and industrial unification/associations, and also experience in the scientific and industrial unification/associations and experience in the scientific and industrial unification/associations and work experience NII,

transferred to the new methods of financing and economic stimulation.

Classification of branch and interbranch unification/associations, their generality and specific differences, and also their different legal status are preliminary conditions for the design of the organizational structure of the production, scientific and industrial and other associations and developing the profit and loss accounting control system by them.

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STRUCTURE OF OPERATIONAL CONTROL.

The analysis of the ways of emergence and of the forms of production associations testifies that in different unification/associations the control cannot be identical. Control of each production complex in known meaning is specific. As there are no two absolutely similar unification/associations, so there are no absolutely identical schematics of the control system. At the same time one or the other form of production associations has the characteristic, typical for all unification/associations of this form structure of control.

The production structure of unification/association, the character of the specialization of its subdivisions predetermine the election of the corresponding structure of operational control and its perfection/improvements, change in style and methods of operation of vehicle.

The system of operational control depends on a whole series of external and internal factors. It is caused by the composition of the associated enterprises, by volume and the type of production, by its material status, by the number of workers, by branch specific character, by the level of specialization and cooperation, by territorial location, by the presence of specialists's qualified cadres, by the utilized technique of control.

According to their relation to control process of production, the workers of the vehicle of unification/association are divided into two category: 1) the linear personnel, which exercises the common/general/total leadership of all complex, including the plants, which entered the unification/association (within which also there is its linear personnel: works manager, general foreman, foreman); 2) the functional vehicle, which helps linear to provide control.

The industrial and economic activity of unification/association as a whole and of its separate subdivisions directly controls the

linear personnel, allotted for this by the rights of one-man management and management. Functional vehicle contributes (by collection and information processing, the preparation deciding of) to linear personnel in the realization of control.

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It affects the production through the system of the preparation of production, the technical and economic planning, repair and energy maintenance, statistical and bookkeeping account, etc.

In horizontal direction the vehicle is divided into the component/links of control (divisions of the apparatus of control of unification/association; in production subdivisions - on bureau, the group or the separate executor/performers: technologist, economist, norm-setter, etc.); in vertical direction - at the step/stage (levels) of control (control production section, by shop, by separate production or plant, by all unification/association).

Composition and the interdependence of the linear and functional levels of control are expressed in the structure of the operational control of unification/association.

As the decisive sign/criterion, which determines difference in

schematics and the construction of vehicle, act/appears the centralization of control functions. According to the degree of the centralization of control functions and the degree of the independence of production associations, it is possible to isolate four basic forms of the construction of the control apparatus of unification/association.

To the first form one should relate the production associations where are completely centralized control functions and is eliminated the independence of the entered their composition enterprises (they are reorganized into the specialized productions).

As a typical example here act/appears Leningrad optical-mechanical unification/association (LOMO [Leningrad Optical-Mechanical Association]). It created in 1962 unites all Leningrad optical-mechanical enterprises. Unification/association produces more than 600 designations of articles, supply production 15 thousand to customers and exports it into 87 countries of the world.

This unification/association is uniform industrial and economic enterprise, it works according to common plan, has uniform balance and uniform current [business] account in state bank. Here control of production, its technical and economic and operational-calendar planning, material and technical supply, sale, financing and other

functions are completely centralized. All the entered the composition of unification/association plants will lose their independence and were reorganized into territorial productions. But this does not mean that all subdivisions of firm are deprived any independence.

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The shops, for example, possess the determined, definite operative-economic independence, without which would be impossible intra-firm profit-and-loss accounting.

Controls unification/association the Director-General to whom are directly subordinated the deputies (on production and an economy, a commercial part, a capital construction, culture-and-welfare questions, cadres) and chief engineer.

Leads productions (besides tool house) and by shops the deputy general director on production and economy. It helps plant manager of the unification/association to which are subordinated plan-production division and central dispatcher bureau.

The vehicle of unification/association leads directly by shops, but not territorial productions. For the operational control of the work of shops in territorial productions, there is a small vehicle,

which fulfills dispatcher functions. The chief of one or the other production carries out a check of the course of the fulfilment of plan in shops, operationally it affects their activity. For this, it utilizes dispatcher bureau. All productions of production are specialized and have maximally locked technological cycle.

Operational-economic independence of the shops, entering the unification/associations, is spread only during the function of production. Shops do not enter into economic relations with other organizations. Materials, semi-finished products, fuel are transferred by it without money payment, although some shops count more than thousand workers and are not inferior by the volume of production to some large independent enterprises. Wide initiative is given to shops in questions of bonus awarding workers. They determine indices and the size/dimensions of premium, on the basis of specific conditions and being guided by the standard situation, accepted in unification/association.

Leadership of the technological and design preparation of production - basic and auxiliary - exercises chief engineer.

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To it are directly subordinated the planning section technical

preparation of production, the division of safety engineering, the design division of standardization and central design bureau, but to chief engineer's two substituents - divisions of master mechanic, main power engineer, specialization and reconstruction, chief designer on the optional equipment, instrument/tool division (with the corresponding shops), the division of technical information and the chief of the instrument/tool production No 7, which leads by shops.

According to its organizational structure this form of production association reminds large enterprise. However, here there are the differences: first, the territorial disconnection of productions, in the second place, the presence general board as specific control apparatus for unification/association.

The same form of control is distinctive to the Leningrad unification/association of medical technology "Fed Guard", to the Moscow unification/associations of "Stankliniya" and Pishchemash.

To the second form of the construction of the control apparatus are related the unification/associations, in which the control functions are centralized partially, enterprises do not have juridical independence, but they retain known economic independence.

For the unification/association of this firm, it is characteristic that one of enterprises it is converted into head, and the others are converted into affiliates. Head enterprise it becomes, as a rule, largest. Its control apparatus at the same time protrudes as the apparatus of control and all unification/association. It is necessary to keep in mind that the uniform control apparatus of unification/association and head enterprise does not eliminate the known specialization of the workers of control. Part of them can be occupied predominantly by control head by enterprise, the others - by control of firm as a whole or by its other subdivisions. In head enterprise are concentrated all process/operations with suppliers and customers, and also financial. Centralized is utilized the fund of the development of production, the fund of the sociocultural measures and housing construction. As concerns the fund of material encouragement, then it is centralized only partially; the size/dimensions of this centralization are very different in unification/associations of this type.

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In the Moscow unification/association of firm, the "rise" direct leadership of production processes carries out a substituent of Director-General. With the aid of production department it leads by affiliates and the shops of head enterprise, the affiliates of

unification/association retain known industrial and economic independence, they have their control apparatus. On the foundation of the planned targets, received from head enterprise, the affiliates make up the plans of their production, is produced the account of material and labor costs. For each of the affiliates, there is director, his substituent, planning and production division, bookkeeping.

This form of unification/association is characteristic by the decentralization of the functions of operative management of production activity. Affiliates are territorial separated, and the operational central control of the production activity of shops most rationally can be carried out through them. Therefore to the directors of affiliates are given administrative rights. At the same time the centralization of a whole series of services free/releases affiliates from the execution of many functions which are earlier they it had to satisfy as independent enterprises (acquisition of raw material, auxiliary materials, machine tools, equipment, etc.). Affiliates will concentrate attention only in production activity, in qualitative improvement of the organization of production and increase of its effectiveness.

The centralization of supply, sale, conjuncture service and designed developments at the level of unification/association makes

it possible to the greatest degree to utilize advantages of the combination of centralization with decentralization within the limits of unification/association.

The majority of the functioning at present production associations adopt/employs the partially centralized structure of control. This circumstance causes the fact that this form of control has different modifications. They have common/general/total, typical features and at the same time retain differences to the degree of the industrial and economic independence of enterprises and centralization of administrative functions.

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This finds its reflection in the different degree of the economic independence of affiliates, the different magnitude of the control apparatus in them, different level of the centralization of the fund for material incentive, etc.

To the third form of the construction of the control apparatus, one should relate such production associations where the control bears the decentralized character. Here all enterprises, which entered the unification/association, retain the operational economic independence and possess the right of legal person.

Unification/association centralizes only the insignificant part of the functions which previously satisfied the enterprise (for example, are centralized design services, the part of auxiliary works, the study of the conditions of market), and also the part of the functions which previously satisfied the leading economic body (conducting the uniform technical policy, the development of the plans of the specialization of enterprises, the development of norms for enterprises). At the same time this form of unification/association satisfies such functions which did not have the leading economic body (for example, central board); it can establish the funds of financial aid, partially the fund of the development of production and the fund of the sociocultural measures and housing construction, can exert scientific and technical, production and commercial services to enterprises.

The production associations of this form seemingly synthesize in themselves the feature of enterprises and economic body. At the same time here is formed single production complex.

For this form it is characteristic that it unites, as a rule, a great quantity of enterprises, territorial distant from each other, and also NII, design bureaus and other organizations. For example, into the composition of firm "melody" entered four plants, seven studios of phonograph recording and ten houses of the phonograph

records. The component parts of the firm are arranged/located in different cities and even in different republics and the economic regions of the country. In the unification/association Yugomebel', enter 35 production enterprises, among them five furniture firms. In sewing unification/association "Ukraine" are counted 35 factories.

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It is logical that the organizational structure of the unification/associations of this form retains in the enterprises, which entered the unification/association, the independent control apparatus. It carries out the functions, which are inherent in autonomous enterprise. If the previous forms of unification/associations are constructed according to principle of the interrelations: head enterprise - affiliates, then for the third form this organizational construction is also possible, but not it is necessary. Here is expedient the existence of the special (been independent from enterprises) control apparatus which protrudes as control apparatus of branch production association. With the conversion of central boards into unification/associations, this organization of the structure of control will receive wide acceptance.

The unification/associations where the control is carried out by

a vehicle of head enterprise, include the Lithuanian electrotechnical unification/association of "elf". By industrial and economic activity are here completely occupied independent enterprises. Actually, only one of them it is allotted by the rights of control element with respect to the others. All enterprises use the right of legal person. As the participant of property laws this unification/association does not appear.

Here also occurs the process of the putting together of single production and economic complex, but this process thus far is not completed. On exterior form of relation, are here constructed as in the group of the independent enterprises, united controlling economic body, with the only unique characteristic, that the control apparatus of unification/association is not independent from the apparatus of control of head enterprise. Each plant "elves" produces only final article or the group of uniform articles. Simultaneously is expanded cooperation on separate node/units, parts, billets. Occurs the concentration of procurement and auxiliary facilities, some technological and technical services. All this makes it possible "elf" to considerably increase output. Annual economic effect from the perfection/improvement of production is estimated into 8.7 billion rubles.

With the putting together of single production complex, will be

changed the organizational structure of control. It must consider the requirements of production, the changing conditions of intra-firm specialization and cooperation and therefore it is movable.

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With the conversion of the main controls of ministries into production associations, the third form of the construction of the control apparatus will receive wide acceptance. Part of them subsequently can be converted into the unification/associations of the first or second form. However, for a majority will be characteristic the juridical and known economic independence of enterprises. Especially this is related to the unification/associations in which enter large enterprises, moreover territorial separated between themselves.

The fourth form of the construction of the control apparatus includes the unification/associations where there is combination of elements of the control of the first, second and third forms. Some enterprises, entering these unification/associations, retain juridical and economic independence, others lose juridical independence, but retain economic independence, the third lose that and another.

Leningrad shoe firm "runner" - the typical representative of such unification/associations. Heads its Director-General. Simultaneously he is the director of head enterprise - factory "runner" in the name of M. I. Kalinin. Services and the divisions of head enterprise are also the appropriate services of unification/association.

The factories, arranged/located beyond the limits of Leningrad, retain the operational economic independence and have rights of legal person. Factories No 1 and No 2, ("proletarian conquest", arranged/located in Leningrad, function on the foundation of intra-firm profit-and-loss accounting, but do not have the right of legal person. Three Enterprises (the proportion of each of them in volume production of unification/association is 1-20%) are reorganized into separate productions with head enterprise. In unification/associations is completely centralized the fund of the development of production, and also the part (approximately half) of fund socially [cultural measures and housing construction.

Three Productions, arranged/located in Leningrad (factory of model foot-wear "Zarya", sport of foot-wear, model foot-wear "rise"), specialized. The particular control apparatus they do not have. Control by them is centralized.

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For them is distinctive the first form of the organization of control. But factory-affiliates "proletarian conquest", No 1 and No 2 have the determined/definite economic independence and their control apparatus, which is characteristic already for the second form of the organization of control of unification/association. Six Factories, arranged/located beyond the limits of Leningrad, retain juridical and economic independence, but the part of their control functions passed to unification/association. With respect to these factories the unification/association satisfies and the function of the organ of economic control.

Firm "runner" is the unification/association of primary component/link (production and factory-affiliates in Leningrad), but at the same time it is possible to consider the unification/association of middle link, since it unites all the shoe enterprises of the northwest of our country.

This same the form of the construction of the control apparatus includes those production associations in which there is combination not all, but only some elements of the organizational structure, which is inherent in different forms of control.

From the point of right, clearly are separate/liberated three forms of unification/associations. The first form - all enterprises in unification/association are deprived juridical independence; the second form - the form of enterprise in unification/association they have juridical independence; the third form - some enterprises in unification/association possess juridical independence, but others do not possess.

If we examine the first form of the unification/association (enterprises in it are deprived juridical independence) from the point of the view of the degree of centralization of administrative functions and reduction of economic production independence of each enterprise, then situation is changed. Here they are reveal/detected two qualitatively different of direction in the construction of the control apparatus. This gives basis to isolate them into the particular form of unification/association according to this sign/criterion. One the direction when control in unification/association is centralized, enterprises are converted into productions and are virtually deprived economic independence. Another direction when control is centralized partially, affiliates have an economic-production independence, they dispose of at themselves the independent control apparatus.

Consequently, practice shows that there exists and the fourth form of the structure of control. It has its unique characteristic. It cannot be reduced to first three.

Centralization one way or another of administrative functions is characteristic for all forms of unification/associations and gives positive effect. However, does arise the question: and are not pinched here the rights of enterprises? Especially, when speech does occur about the centralization of incentive funds? Since the enterprises drop from the roll the part (sometimes very considerable) of the profit, intended for formation of their funds, to unification/association, they must be confident that these means will be used most rationally. This confidence can be guaranteed by the enlistment of enterprises themselves to deciding of questions of education/formation and utilization of the centralized funds. For correct deciding of these questions, one should consider the developmental trend of association as a whole and its separate affiliates.

The organizational form of the participation of enterprise of control of unification/association is directors's council. In the composition of council, enter the Director-General, his deputies, the

directors of enterprises or affiliates, the heads of scientific research, planning and design organizations (if such in unification/association there are). Directors's council examines the long-range/most promising and current plans of the development of unification/association, and also of each enterprise and organizations, questions of the technical policy, specialization and cooperation of production, its plans measures for improvement of the utilization of productive capital, the improvement in the quality of production, feed the results of the work of enterprises and all unification/association.

During deciding of these questions, the council appears as consultative organ with Director-General. But in the practice of a series of the unification/associations, for example "sigmas", "Yugomebel" etc., to directors's council in the study of some problems it is given of the rightly decisive vote. The establishment of the individual norms of deductions into incentive funds is conducted by Director-General on the foundation of the resolution of the council. Also are asserted the estimates of the consumption of the centralized funds, moreover these problems solves directors's council jointly with the chairmen of the plant trade union committees of enterprises.

Directors's councils are created in all unification/associations, except the unification/associations of the first form where the full/total/complete centralization of administrative functions eliminates this form. In these unification/associations with Director-General, there can be consultative organ, but in its essence this organ not is directors's council.

With the aid of directors's council, is provided the combination of the interests of separate enterprises with the interests of all unification/association.

For all forms of production associations, is characteristic the increase of the effectiveness of administrative work. With their creation appear more favorable possibilities for an increase in the material status of administrative work, of more widespread introduction and use of electronic computers, creation of the automated control systems by production. It occurs, as a rule, a reduction in the administrative personnel, changes its qualitative composition, increases the proportion of the workers of engineer services, economic service, are created particular subdivisions on scientific organization of labor.

In the majority of unification/associations, are created machine-computation stations. In many function the computer centers. In a series of large unification/associations (for example, on the Moscow auto works of the name of Likhachev, by Leningradsk optical-mechanical) is introduced the automated control system. But indeed and in the separate enterprises, not entering the unification/associations, are created machine-computation stations, there are computer centers, are introduced the automated systems of control (for example, at Lvov television plant successfully acts this system). In what the difference?

Yes, the use of a new technical basis in control is the sign of the times and occurs both in the unification/associations and in separate enterprises. But under conditions of the production associations of the prospect for its application/use it is wider. For many enterprises which now enter in unification/associations, would be impossible with their independent existence the creation of machine-computation stations, the use of electronic computers (EVM) [computer]), to say nothing of the introduction of the automated control system of production (ASUP [automated system of enterprise administration]).

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Comparatively small enterprises have the limited financial resources for the acquisition of administrative technology, yes even cannot it be that used to all of one hundred percent. For these enterprises the new technical basis of administrative work is inseparably connected with the creation of unification/associations.

Practice shows that the use computers and ASUP is most expedient under conditions of the high concentration of production. Possibilities computer exceed the requirements even of one, a comparatively large enterprise. For example, is clear insufficiently overloading of computer technology in many enterprises of Uzbek SSR. At the same time they unwillingly go for cooperation with other plants and the factories. In ministries and departments of the republic, is counted more than 130 machine-computation stations and bureaus; however, only 16 of them serve/maintain more than one enterprise. A similar picture is observed in other republics. The creation of unification/associations here will come forward by the organizational form of the cooperation of enterprises, which makes it possible most complete to utilize possibilities of computer technology.

Electronics engineering in unification/association makes it

possible to coordinate and to direct efforts of a series of plants, NII, KB, entering it. Technology is utilized here with full/total/complete emissicr/output and provides the greatest economic effect. On this, testifies experience in the Minsk plant of the name of Likhachev, "Bolshevik wcmaw", "Zarya" and many other production associations.

With the creation of production associations, it occurs, as a rule, a reduction in the administrative personnel, which is connected with the centralization of a series of services in head enterprise or in the vehicle of unification/association, by reduction of excess structural levels of control, by simplification and the liquidation of the special control apparatus or affiliates.

With the creation of unification/association Yakutalmakh, of the formed on the basis of two of combines and transport control (unification/association is subordinated directly to ministry), the number of administrative, subsidiary and other personnel for two years decreases by 170/c, although the volume of production during that period will grow to 330/c.

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In Murmansk region will be three large enterprise of the

Ministry of Nonferrous Metallurgy, that were being occupied mining and ore processing, containing nickel and copper. On basis of the combine Severonikel', these enterprises were united. As a result of expenditure on production on this unification/association ("nickel") in 1970, are lowered almost to 40/c. Reorganization already during the first stage will make it possible to decrease the number of control apparatus more than by 300 people.

Is conducted the rationalization of control in the petroleum industry. Instead of those existed earlier than five control points will remain three: all-Union ministry - a profit and loss accounting production association - enterprise. Basic production subdivisions with the extraction of oil and drilling of well become the large specialized controls. Is created the system of engineering-dispatcher services to which is entrusted the check of execution of the operating schedule, by the observance of assigned technology and the coordination of the activity of auxiliary subdivisions. These services are equipped with dispatcher bond/connection, means remote control and remote control. Auxiliary works and shops are converted into the uniform bases of the maintenance of basic production. Passage to the new system of all unification/associations will allow to eliminate as a whole on the branch of more than 450 structural subdivisions and to free about 16-18 thousand people with annual wage fund 23-25 million rubles.

One should consider the circumstance that the education/formation of unification/associations reduces a quantity of enterprises, which have independent economic board/connections, this also causes the decrease of a quantity of administrative workers in the vehicle, which serves unification/association.

From the given examples it is evident that the education/formation of unification/associations leads to a reduction in the administrative-management personnel. However, during the education/formation of unification/association with legally and economic independent enterprises and the independent control apparatus, can occur not a decrease, but an increase in the administrative-management personnel (it is proportional to the number of workers of the administrative staff of unification/association). Indeed in this case the unification/association take on itself also the function of governing economic organ.

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There is no doubt that a reduction in the administrative personnel - this only one of the sides of the increase of the effectiveness of control during the unification/association of

enterprises, one of the possible versions, with the creation of unification/associations, are improved also the organizational forms of control of production and rises the effectiveness of administrative work.

The development of the grid/network of production associations is reduced several times the number of objects, which are subject to leadership and planning of center, it free/releases ministries and departments from enormous series of operational question, making it possible to concentrate attention in the main trends of development of branch. Is decreased a quantity of intermediate levels of control. Control in subbranches also is made more operational and more flexible, more that are based on economic methods. Occurs strengthening technical, designed, design, economic and commercial services. In this case, the speech occurs not about an increase in the proportion of the workers of these services. In Leningrad unification/associations, for example, it will be raised on economic services. Essence in the fact that the concentration of effort/forces makes it possible to reach greater effect, appears possibility to invite the more qualified specialists.

The organization of production associations makes it possible to create the powerful design and other technical services. Before the education/formation of Leningrad optical-mechanical

unification/association for each of four enterprises, which entered the unification/association, they will be its design services, counting on the whole of 120 subdivisions (KB, laboratory and divisions). In unification/association on the basis of four design services created uniform powerful design bureau (KB). In it are organized the special design bureaus, shaped in directions, and design bureaus of general engineering questions. New structure will make it possible to eliminate more than 40 subdivisions and to create a series of new, such, as optico- computational KB, engineering KB, KB according to the design of tare, laboratory of reliability, patent division, etc. In all in uniform TSKV functions 72 subdivisions. Such reorganization will bring its fruits.

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Sizable role in the acceleration of the technical progress, in more rapid introduction of new articles in unification/associations play the centralized design services, which eliminate parallelism and redundancy in developments. All works are fulfilled more qualitatively and it is qualified.

By the way, in the Leningrad optical-mechanical unification/association it is created of 16 new divisions which will not earlier be in separate enterprises. For example, the division of

specialization and reconstruction of production, the division of normalization and standardization, service on the creation of means mechanization and the automation of production, the division of NOT the computer center. All this will be not under force to each separate enterprise. Only powerful unification/association will be taken to radical solve the problems of scientific and technical revolution in production. The proportion of the specialized sections will comprise in unification/association in 1969, 69.80/o (116 of the 166 sections), while to unification/association it is 15.70/o (34 of the 216 sections).

The level of the mechanization of registration/accounting, planned/planning and engineering works in Leningrad optical-mechanical unification/association is at present 350/o, but before creation about (unity it did not exceed 5-80/o at plants.

The process of the active functioning of the subdivisions, which facilitate the qualitative perfection/improvement of production, the increase of its technical level, scientific organization of labor, one way or another is inherent in the majority of production associations. Here rises also the role of economic services. In the overwhelming majority of unification/associations, is introduced main economist's function (on the rights of the substituent of the Director-General), who exercises leadership of planned economic

division, the division of work and the wages, by financial division. To it they are subordinated to the laboratory of economy and organization of the productions, available in many unification/associations. The organizational isolation of economic service and the provision for it with the qualified cadres has important significance under conditions of conducting the economic reform.

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PROFIT AND LOSS ACCOUNTING INDICES OF PRODUCTION ASSOCIATIONS.

Practice testifies that the Soviet industrial enterprises made a large step/pitch by means of transition from the formal to real profit and loss accounting. However, still are retained elements of formal profit-and-loss accounting in the interrelations between enterprises, and especially between enterprises and the higher economic organs. The here two interdependent reasons: 1) some higher economic organs lead by enterprises on the old ways, i. e., by predominantly administrative methods, 2) the separately undertaken enterprise, working on full/total/complete profit-and-loss accounting, has the limited possibilities for realizing all phases of the expanded reproduction.

Problem consists in of full/total/complete profit-and-loss accounting injecting at the level of production associations.

Are such the distinctive unique characteristics of

profit-and-loss accounting of production association from profit-and-loss accounting of plant or factory, not entered the unification/associations?

Profit and loss accounting is a method of control socialist and by enterprise-commodity producers. Is instituted it on the cost commensuration of the expenditures of production with the results of industrial and economic activity, during the compensation of expenditure/consumptions by its own money incomes and the provision for profitableness of enterprise. In view of the uniformity of production association with separate plants and factories (as socialist enterprises) the overall definition/determination of profit-and-loss accounting equally is related also to those and to others.

Full/total/complete profit-and-loss accounting is always connected with the profitableness of economic activity.

Some economists deny the economic indicator of production associations and object to acknowledgement as the criterion of the effectiveness of their economic activity profitableness. They equate unification/associations with the economic complex, which has by their problem the provision for a profitableness of subbranch. This substitution of the concept of production association and evaluation

criteria of its economic activity draws together it, actually, with the economic unification/association of the middle link of control, it impedes demarcation of forms and methods of their management.

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The practice of socialist management in the USSR shows that profit-and-loss accounting most completely is adopted/employed only in production associations, but at separate plants, the factories, not entering the unification/associations, it very often is converted into formal.

Unfortunately thus far there is no conventional definition/determination of full/total/complete profit-and-loss accounting of production association. Some economists connect full/total/complete profit-and-loss accounting with granting to the enterprises of the unlimited economic isolation, others - with the introduction of the separate elements of profit-and-loss accounting into relations between enterprises and the higher economic organs, the third - with translation/conversion into profit-and-loss accounting of the apparatus of control of central board and ministry.

Proposition to inject full/total/complete profit-and-loss accounting on vertical line (enterprise - production association -

branch central board - ministry) distorts very concept of profit-and-loss accounting. It is reduced to some cases to the advisable use of money means, in others - to the use of a system of stimulation, in the third - to bonus awarding, etc. In practice profit-and-loss accounting on vertical line limits profit and loss accounting relations by the framework only of of one plant, one factory. As far as higher levels concerns of control, here profit-and-loss accounting is substituted by the material encouragement of the workers of central boards and ministries because of deductions from the stimulating funds of subordinate enterprises. This is explained by the fact that when in the composition of economic unification/associations of the type of central boards the plants retain full/total/complete independence, then each enterprise into individual independence, then each enterprise individually act/appears as independent commodity producer, but the center of unification/association - as independent economic organ, but not production association.

Another matter, when on the foundation of concentration, specialization and cooperation of production subbranch is converted into production association. It as a whole act/appears as independent commodity producer, and the interrelations between production associations and within them (between structural subdivisions) are built on profit-and-loss accounting.

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Specifically, in that case is expanded the real basis of profit-and-loss accounting, since it covers plants, production association, the apparatus of control and interrelation between the production, transport, commercial and other associations.

The concept of full/total/complete profit-and-loss accounting must be connected with socialist production association as economically independent commodity producer. The basic maintenance of such a profit-and-loss accounting is the observance of the principle of equivalency in interrelations with internal subdivisions and external contractors, the compensation of expenditure/consumptions by our own money incomes and the provision for profitability of all unification/association as a whole.

Self-support and the profitability of production association acquires great importance, rather than self-support and the profitability of separate independent plant. This is explained by the fact that at the level of separate plant are considered not all expenditures, connected with the preparation of production and the realization of commodities, but only those that are connected

directly with production. Remaining expenditures (for scientific, research and designed developments, the study of the conditions of sale, the training of personnel, etc.) are carried out in essence because of budgetary appropriations.

At the level of production associations all the scientific research, design, planning organizations, the control apparatus, just as basic and auxiliary works, are seized by profit and loss accounting relations. Unification/association itself represents uniform profit and loss accounting organism.

Thus, ancestral concept and the basic features of profit-and-loss accounting are equally common/general/total for a separate enterprise and production association. But profit-and-loss accounting of unification/association differs from profit-and-loss accounting of separate enterprise in terms of the more full/total/complete cost account of all conjugated/combined and current expenditures (beginning from scientific developments, mastery/adoption, production and ending the realization of commodities), with their comparison with their own money incomes and the more precision determination of profitability. Consequently, profit-and-loss accounting of production association - more developed, more full/total/complete form.

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The profit and loss accounting mechanism of unification/association covers all the phases of reproduction, while profit-and-loss accounting of enterprise - in essence the phase of production. The profit and loss accounting mechanism of unification/association expands its sphere on NII [Scientific Research Institute], KB and other organizations, who were being earlier located on state budget. Profit and loss accounting interest and responsibility is spread also to the workers of all control apparatus of unification/association.

The qualitative results of the economic activity of production, the effectiveness of control of production are characterized economic indices. These indices make it possible to correctly evaluate the effectiveness of creation and functioning of production association for society, to include the activity of unification/association for society, to include the activity of unification/association in branch and national-economic plans, to regulate the bond/connections of unification/association with state budget, bank, ministry.

At the level of production association, are utilized the following forms of economic indices: directive, calculated (internal), natural and cost.

Directive are named the indices, asserted by the higher organizations. These indices are compulsory/necessary for execution by economic and production associations.

Calculated indices are utilized by unification/associations, also, for substantiation of directive, and for the substantiation their internal indices. The latter are establish/installled by unification/associations themselves.

Natural indices express the physical properties of use value. They are utilized for definition/determination and maintaining the real structure of plan, for the compensation of national-economic, interbranch, branch and subbranch proportions.

Cost indices express in money form the magnitude of socially necessary expense of the work, personified in commodity.

Some economists identify natural indices with directive, and cost - with economic. On this base it propose to give up natural indices and to build control of unification/association on the foundation of the use of cost categories. In the opinion of these economists, only cost categories serve as profit and loss accounting instrument.

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The bankruptcy of such "rationalization" of control of unification/association is indisputable. After all directive can be both natural and cost indices. Without natural indices, i.e., without physical properties and the volumes of consumer cost/values, it is not possible to include the activity of unification/association in rational-economic and branch proportions and to ensure the reproduction of public aggregate product. In the composition of profit and loss accounting indices, there can be both cost and natural, directive and calculated.

The economic indices of the first form (directive, calculated and their own) and of the second form (natural and cost) intersect between themselves within the framework of the system of the economic indices of production association and economic unification/association, and also within them - plants, NII, etc.

It must be noted that the composition of the directive, cost and other indices can be not profit and loss accounting. In particular, the composition of economic indices depends substantially on that, to which unification/association they are related - to production or economic.

Profit-and-loss accounting of production association in practice is built on the foundation of the indices, introduced by reform for enterprises. For the theoretical foundations of generality and differences in the profit and loss accounting indices of production associations and enterprises are not still developed.

In our view, improvement of the system of the economic indices of production association (just as economic) must be carried out variously. Is required, for example, higher scientific substantiation of the standard basis of directive, calculated and its own, natural and cost economic indices. It is necessary to provide the optimum composition of economic indices taking into account the ultimate purpose of each of its forms. To insufficient propose the replacement of one index by others. It is necessary necessarily in this case to reveal/detect/expose, which function it will bear on itself one or another index.

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The formation of profit at the level of production association and the realization of all calculations with budget at this level is theoretically been sound, since unification/association act/appears

as the independent commodity producer. It is virtually justified by experience in some of our unification/associations.

The centralized order of the formation of profit and realization of all calculations with budget at the level of production associations is utilized in those firms, all or majority of enterprises of which lost the right of legal person. Their number includes Moscow production associations "Bolshevik woman", "rise", "electrical insulator" (in Moscow region), "eye" (Ryazan), the overwhelming majority of Leningrad firms.

The centralized calculations at the level of production unification/association have their advantages. For example, the centralized order of interrelations with budget, introduced into unification/associations "Vdgomebel'drevprom," makes it possible to increase the fraction of profit, dropped from the roll by unification/association into budget. If in 1967 it was 47%, then in 1968 - 57, and in 1969 - 59% of balance profit. With an increase in the profit for the years 1967-1968 to 191% fraction, which remains in unification/association, it increased to 150%, and that directed to budget - to 238%. Was fastened the regime of budgetary payments. If during the decentralized calculations were cases of the delay of the enumeration of contributions and of payment thereof, then now of such facts no. Were simplified the interrelations of financial organs

with enterprises, was increased the check of unification/association after the results of the work of plants, were shortened unproductive expenditure/consumptions for the execution of financial process/operations.

Disputable/debatable is a question concerning the preferability of the index of the calculated profit before the index of net profit, utilized in the calculations of unification/associations with state budget. Practice asserts that is until today useful the use not of a net-profit, but the index of calculated profit. This is explained by the fact that planning calculated profit each time is accompanied by the concrete/specific/actual calculations of the bet of payment for funds, the rent and other payments, the percentages for credit, while planning a net-profit it is possible with the stable and prolonged norms of the payment for funds and of other payments. In the course of time, when the standard basis of all indices is sufficiently scientifically sound and stabilized, calculated profit can be replaced with a net-profit.

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In both indices we virtually deal with the definition/determination of the profitableness of production association. In connection with this direction of the profitableness of unification/association

becomes meaningless, since duplicate/backups reinforce planning calculated profit.

Therefore it is expedient into the composition of the indices of unification/association of instead of index "common/general/total sum they arrived and profitableness" to include/correct directive cost index "sum of balance and calculated profit". This index according to its maintenance more full/total/complete and more precisely determines the profitableness of production association, i. e., it is profit and loss accounting index.

It cannot be refused the directive planning of the volume of sales, just as from the volume of capital investments, and to convert the latter into quota. Rejection is not advisable not only because the production associations can produce production taking into account only conjuncture interests (with the exception/elimination of the planned/glide nomenclature of production), but first of all and because unification/association not in state independently to be included in complex market bond/connections. It needs the appropriate services only of not specialized commercial organizations, but also of the higher planned/planning, economic and supply organs.

It is not possible to recognize been sound and proposition about the replacement of the directive planning of the volume of the

centralized capital investments by limits by capital investments. This proposition proceeds from idea, that the expanded reproduction at the level of production association must be carried out only because of its own profit. It is known that under conditions of reform and in connection with the displacement/movement of the expanded reproduction for the level of production association grow/rises the proportion of the noncentralized sources of accumulations. However, this does not eliminate expansion and the reconstruction of production because of the centralized sources and does not eliminate the central control of the expanded reproduction at the level of production association. The centralized sources of the expanded reproduction at the level of unification/association and the centralized definition/determination of the volume of capital investments must be preserved even during the translation/conversion of the capital construction into long-term crediting.

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Furthermore, as the directive planned/glide indices of the economic activity of unification/associations one should preserve those that provide the maintenance of the natural substantive proportions.

For production association is utilized at present the same composition of economic indices, as for the separate, independent

enterprises. And within the unification/association between its production subdivisions are utilized, as a rule, the same indices. During the Leningrad machine-building unification/association in the name of K. Marx, for example, planning economic activity is carried out according to one and the same indices (as a whole for unification/association and for plants).

The indices of the evaluation of the effectiveness of production association as a whole coincide with the indices of enterprises. But they contain essential differences. Instead of profitability plan/slides calculated profit. In connection with the fact that calculated profit each time is accompanied by the *calculated* payments into budget, these indices act/appear together. Profitability in unification/association plan/slides as calculated index.

Experience in the production association in the name of K. Marx on the use of a calculated profit instead of profitability as the estimated index final economic activity can be useful to other production associations. But in this case one should solve two supplementary questions: 1) planning the index of the payments of unification/association into the centralized funds of ministry and assignment on them, 2) provision of a crossmatching of the indices of the appraisal of the economic activity of production association

and its structural subdivisions.

Payments into the funds of ministry and assignation of them regulate the interrelations of ministry and production and economic associations on the foundation of the system of economic funds and depend on the latter. The crossmatching of the indices of unification/association and its structural subdivisions is carried out depending on organization of profit-and-loss accounting in different types, levels, forms and the forms of production associations.

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SYSTEM OF ECONOMIC FUNDS.

Use by a production association of its own funds makes it possible for it to act/appear as the economically independent commodity producer. Therefore it is logical to fasten to it fixed and reverse, stimulating and spare capital. They have ultimate purpose, they serve as the material foundation of the realization of control functions of profit and loss accounting methods.

At present basic reserves and funds are created only in ministries. Are utilized these reserves and the funds through branch

central boards. But this way impedes effectiveness and maneuverability in their use and the redistribution of means between enterprises.

It is considered advisable the creation of the system of reserves and funds of economic control in production and economic associations.

As the sources of the formation of the funds of unification/association, it is proposed to utilize a part of the stimulating funds, depreciation allowance of enterprises, and also the spare funds of ministry.

Some economists propose to create the uniform fund of the development of the production means which must be utilized for the capital construction, for the current needs with respect to the provision for the necessary level of the material status and for rendering to financial aid to enterprises. Others propose to create several funds with the strictly ultimate purpose of their use. In this case, are not demarcated the systems of the funds of production and economic association and different sources of their education/formation and use. Meanwhile it is necessary to distinguish the common/general/total and specific principles of formation of the system of the economic funds of production and economic associations.

The formation of these funds is carried out: a) because of decentralization of the determined/definite part of the analogous/similar funds and reserves in branch ministries, b) because of the centralization of the determined/definite part of the stimulating funds of enterprises.

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The decentralization of the part of funds and reserves of branch ministries and the formation of funds in unification/associations are the consequence of the transmission of the linear functions of the operational control of plants to production associations.

The centralization of the part of the stimulating funds of enterprises within the framework of unification/associations is the consequence of the centralization of the most important control functions of plants in production associations.

The centralization of means in unification/associations will make it possible to concentrate here considerable material and money resources, will raise the role of unification/associations in economic control of structural subdivisions and at the same time will

place the size/dimensions of funds direct depending on the quality of leadership and effectiveness of the work of all industrial and economic complex.

Funds in production associations must be created according to ultimate purpose. At the same time unification/association one should in the specific size/dimensions grant the right to maneuver with means different funds by their redistribution, similar this is made in the relation to working capital of material encouragement, sociocultural measures and housing construction of enterprises. Such an order of the formation of the funds of unification/association it has as a goal - to contribute to goal-directed use to previously prepare material basis with respect to the technical support for the planned/glide measures, to guide the underused (on different reasons) part of working capital to the realization of the necessary measures for conducting which means from special funds in the current year render/showed insufficiently.

Are such the common/general/total principles of education/formation and utilization of economic funds of all unification/associations. At the same time one should distinguish sources, composition, the order of education/formation and use of a system of the profit and loss accounting funds of production and economic associations. First of all, one should distinguish two

groups of qualitatively varying funds. The first group - is fixed production and reserve capital, which stimulate the funds, provided by the situation concerning state production enterprise and by the resolution by the Central Committee of the CPSU and Council of Ministers of USSR No 729. The second group - is reserves and the centralized funds of economic organ (ministry, central board).

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Inasmuch as the production associations fulfill the functions of plants or factories and economic organ, inasmuch as they must be allotted the funds of the first and the second of groups.

Economic unification/associations fulfill the functions only of economic organ. Therefore they must be allotted only second group of the funds, i. e., by reserves and the centralized funds of ministry.

In common/general/total form it is necessary to keep in mind that if the ultimate purpose of the composition of the funds of production association consists of the provision for the expanded reproduction of all complex on full/total/complete profit-and-loss accounting, then the composition of the funds of the economic unification/association of the middle link of control is intended for realizing the leadership of economic methods by profit and loss

accounting enterprises and unification/associations.

Which system of the profit and loss accounting funds of the production association of primary component/link? As already mentioned that the property of unification/association consists of the property of enterprises, NII and other organizations, entering its composition, and also reserves and the centralized funds, isolated by ministry. All this is reflected in the uniform compound balance of unification/association.

In different production associations is created a different quantity of centralized reserves and funds and not of identical norms.

It is considered advisable to have following reserves and the funds:

- 1) the reserve of means for rendering to financial aid to enterprises and organizations;
- 2) the reserve of means the depreciation allowance, intended to major overhaul;
- 3) reserves of fund for the sociocultural measures and housing

construction and for the fund of the development of production;

4) the fund of means to scientific studies;

5) the fund of means for the mastery/adoption of new technology;

6) the fund of bonus awarding for creation and introduction of new technology;

7) the fund of means for the development of export production;

8) the reserve of wage fund;

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9) the reserve of fund to development of technology and capital investments;

10) the centralized funds of economic stimulation: for the development of production, for material encouragement, for the sociocultural measures and housing construction.

Which order of education/information and use of each fund and reserve?

construction and for the fund of the development of production;

4) the fund of means to scientific studies;

5) the fund of means for the mastery/adoption of new technology;

6) the fund of bonus awarding for creation and introduction of new technology;

7) the fund of means for the development of export production;

8) the reserve of wage fund;

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9) the reserve of fund to development of technology and capital investments;

10) the centralized funds of economic stimulation: for the development of production, for material encouragement, for the sociocultural measures and housing construction.

Which order of education/information and use of each fund and reserve?

Reserve for rendering to financial aid is created because of the part of the fund of ministry, budgetary grants and supplementary deductions from the profit of enterprises (from their agreement). It is utilized for rendering to the enterprises of the time/temporary financial aid: for the coating of the losses, connected with the production of waste-planning production, for the compensation of the losses, caused by a change in the plan, to the control of the level of profitableness and other goals.

Under conditions of the isolation of the property of the unification/associations it is expedient of deduction from the profit of enterprises for the education/formation of reserve for rendering to financial aid to carry out on cost norms directly to unification/associations (but unification/association, in turn, to ministry).

The reserve of means depreciation allowance is formed because of the part of the same deductions by enterprises to major overhaul. Is utilized reserve for rendering aid to that enterprises in which insufficient means for conducting the major overhaul.

Reserves of the fund of means for the socioeconomic measures and

housing construction and for the fund of the development of production are formed because of the deductions of the profit of enterprises into ministry. These reserves can be transmitted to branch central boards, to economic and production associations. Means are utilized for rendering to gratuitous aid or recurrent credit to the enterprises, which do not have a sufficient profit for the formation of the named funds.

Some ministries, passing unification/associations, distribute these reserves between unremunerative enterprises, I level highly remunerative and unremunerative enterprises in the relation to the formation of such funds. As a result are reduced the stimuli of enterprises for the formation of the funds indicated because of their of profit.

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It would be expedient these funds to create directly in unification/associations, and reserves to form only in economic and production associations of middle link and to utilize on recurrent principles.

In the production associations of primary component/link, all the stimulating funds are formed on the uniform norms of

unification/association. Therefore here there is no need for the redundancy of the centralized reserves and funds for the sociocultural measures, housing construction, and also for the development of production.

The fund of means to scientific studies is created because of budgetary means, deductions from means ministry, and also from the profit of enterprises and unification/associations. It are utilized for the organization of interbranch and branch search studies, and also studies for the subbranches of industry.

It goes without saying that this fund must occupy considerable proportion in the interbranch scientific and industrial and other unification/associations. Indeed the scientific and industrial unification/associations serve as base education/formations on the realization of a scientifically-technic revolution not only in subbranches, but also in the branch of industry. The scientific and industrial unification/associations conduct development and the mastery/adoption of the new forms of production, the introduction of the new technological processes, of the overall mechanization and automation of production. They determine economic effectiveness from the introduction of new technology, are taken measures for the increase of the level of technology and production in enterprises and in associations, develop/process the sound propositions for the

inclusion into the state plan of the development of new engineering and technology in the appropriate branches and the subbranches of industry.

The fund of means for the mastery/adoption of new technology is formed because of the determined/definite part of the additions to the prime cost of the production of enterprises. Ministry has a right to partially transfer means from this fund to central boards, to economic and production associations. Fund is utilized for the financing of the planned/planning expenditures of enterprises on the design, experimental and other works on the preparation of the production of the new forms of production.

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It would be expedient to create this fund directly in production and economic associations or stable norms, and the analogous fund of ministry to form because of additions for the prime cost of the production of production association. This would free ministry from operational control functions of enterprises and the redistributions of money means.

The fund of bonus awarding for creation and introduction of new technology is formed because of deductions from the fund of ministry

for development of science and technology, and also because of deductions from the profit of enterprises. It is utilized for the supplementary material encouragement of the workers of enterprises and general board of unification/associations for the organization of the introduction of inventions and the rationalizing suggestions, for giving bonuses to the leading workers of NII, KE, the planning and other organizations of unification/association, for the payment of reward for especially important inventions and the rationalizing suggestions.

Fund of means for the development of export production - new phenomenon for unification/associations in the USSR. In the European socialist countries, analogous funds stimulate the production of production at the level of world standards and their realization on external markets.

The fund of the development of export production is formed because of deductions from the profit of foreign trade unification/associations, and also deductors from the profit of enterprises. Is utilized fund for the acquisition of imported equipment and technology for production association, etc.

The reserve of wage fund is created because of the redistribution of the part of the limits of ministry. Is utilized it

for rendering to financial aid to the enterprises, which have time/temporary deficit on wage fund.

Are spare the fund of means or development of technology and capital investments it occurs only in some production and scientific and industrial associations. To known degree it duplicate/back up/reinforce some centralized funds and the reserves: for rendering to financial aid, to depreciation allowance, to the scientific research, for the mastery/adoption of new technology, etc. But is intended this fund for the financing of the capital investments of unification/association and reconstruction of the branch of industry, realization of the expanded reproduction because of self-financing of unification/association.

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In production associations, as is known, the expanded reproduction occurs on full/total/complete profit-and-loss accounting and because of the self-support of all conjugated/combined and current expenditures of the different phases of reproduction. This means that the realization of the capital construction is competence of unification/associations, but not ministry. Unification/association independently distributes between the plants of means for the centralized and noncentralized capital construction,

it asserts project-estimate documentation and the title lists of production objects, which are built because of the centralized capital investments, it concludes agreements with contract organizations, etc.

The centralization of the capital construction in production associations is justified by the fact that the separately undertaken plant cannot effectively master the centralized and its own means for the capital construction. Furthermore, the launching phase and mastery/adoption of new production is often accompanied by the nonfulfillment of plan and by deterioration in the financial state of enterprises, by the abstraction/distracton of material and labor resources from the basic production. Under the conditions of unification/association, because of the centralization of means and previously conducted training of personnel, they are removed the different kind of interference and difficulty.

The spare fund of technical development and capital investments is formed because of the part of the means, intended to the centralized capital investments, not distributed between enterprises, or the part of the means the corresponding fund of ministry. Furthermore, fund can be supplemented because of deductions from the funds of development, formed by the enterprises of unification/association, part of the depreciation allowance, and also

supplementary deductions from profit from the agreement of enterprises. Is utilized it for the centralized development of technology and the perfection/improvement of production within the framework of unification/association, on the financing of the construction of new and the reconstruction of the existing plants and factories, modernization and the restoration of large equipment, the expansion of scientific and technical basis, and also on grant to the enterprises whose funds are reduced in the lead time and introduction of new technology.

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The centralized funds of economic stimulation according to their structure consist of the fund for material incentive, fund of the sociocultural measures and housing construction, fund of the development of production, and also of reserves of the fund of sociocultural measures and housing construction and the fund of the development of production.

The structures of the centralized funds of the economic stimulation of economic unification/associations (All-Union central boards) and of production associations have a difference.

Within the framework of economic unification/associations, it is

expedient to create reserves of the fund of means for the sociocultural measures and housing construction and for the fund of the development of production, now formed in ministry.

The structure of the centralized stimulating funds of production association consists of the fund for material incentive, fund of the sociocultural measures and housing construction and fund of the development of production, formed for uniform norms also at the level of the unification/association of primary component/link. As concerns the centralized reserves of the fund of sociocultural measures and housing construction and for the fund of the development of production, then they can be isolated by ministry, branch central board, economic unification/association each time to that production association which does not have a sufficient profit for the formation of its stimulating funds. However, the active at present production associations, as a rule, highly remunerative. Therefore reserves of the centralized stimulating funds over them are not virtually distributed.

Are how ultimate purpose, the sources of education/formation and the ways of the utilization of the centralized stimulating funds at the level of the production association of primary component/link?

The centralized fund for material incentive is formed because of

deductions from the profit of the enterprises of unification/association. Is utilized it for the remuneration of the workers of the apparatus of control of unification/association, for pre-time encouragements of the workers of NII, KE, etc. for the execution of especially important target/tasks also for the addition/completion of this fund in separate enterprises.

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The centralized fund of the development of production is formed because of the part of working capital of the development of enterprises. It are utilized for the financing of important measures for concentration and the specializations of production, to strengthening the scientific and technical basis of unification/association.

The centralized funds of means for sociocultural measures and housing construction connect the part of the means the same funds in the enterprises of unification/association, they are utilized for the financing of the sociocultural measures and housing construction on the centralized scale.

The practice of the work of unification/associations in the USSR and other socialist countries shows that is expedient to approach

differentiated the order of education/formation and use of each of the stimulating fund, taking into account the classification of unification/associations on their level, to forms and forms.

For the production or economic association of middle link, one should preserve the order of the formation of the centralized stimulating funds via the deductions of the part of the means analogous/similar funds in the enterprises of the unification/association of primary component/link, but on the stable norms, establish/installed general board according to agreement with directors's council. As far as formation is concerned of the centralized stimulating funds of the production association of primary component/link, it one should carry out on the uniform norms of depreciation allowance and profits, by the adjustable ministry for unification/association as a whole.

To utilize each centralized fund within the framework of production association of the primary element should also be differentially.

The fund for production development is concentrated within the framework of the production association as consequence of the centralization of the realization of capital investments. Problem of unification/association - to ensure the increase of the effectiveness of the capital construction.

Fund for material incentive is formed at the level of enterprises on uniform norms. The part of this fund is

expend/consumed on the remuneration of the workers of the control apparatus.

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The full/total/complete centralization of fund for material incentive within the framework of unification/association is unsuitable. This can forge the independence of plant-affiliates and other subdivisions in the introduction of the different forms of the supplementary material encouragement of workers, taking into account the conditions of their work at plants, in shops, services, on sections and on work sites.

The funds of means for the sociocultural measures and housing construction are formed at the level of production association. They partially are centralized and they are partially utilized by structural subdivisions. But working capital, directed for housing construction, need centralization within the framework only of production association. However, during the distribution of new living space, is considered the share of the participation of each enterprise in the common/general/total fund of construction, with the fact in order not to pinch the material interest of the workers of production.

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Economic unification/association differs significantly from the production in the ultimate purpose of the system of economic indices, funds and reserves.

At present at the level of the subbranch of industry, are utilized the become obsolete indices. They are located in conflict with the new indices, utilized in production associations and in enterprises. Is received explicit contradiction. Enterprises and production associations are stimulated for the acceptance of the stressed plans, but the development of analogous plans at the level of subbranch within the framework of central boards additionally is not stimulated. It will logically be, if we additionally interest the control apparatus of economic unification/association in the composition of the stressed plans of enterprises, production associations and subbranches as a whole. Material interest to increase structural subdivisions and economic unification/association supposes material liability for the economic consequences of the adopted decisions, the compensation the material damage, caused to enterprise, to production association, by NII, KB, etc.

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Indeed under conditions of economic reform economic unification/associations also utilize economic indices and funds. Such economic unification/associations are, for example, Glavkembaynprom, Glavturbprom, branch central boards of the Ministry of Instrument manufacture, means mechanization and the control systems of the USSR, etc.

Consequently, the system of economic indices and funds of economic unification/association must be aimed at the provision "ambient conditions" for realizing the normal activity of enterprises and unification/associations on full/total/complete profit-and-loss accounting. This means that each change in the indices of the activity of enterprises or unification/associations from the side of the control apparatus, which affects their profit and loss accounting interests, must be supported materially because of reserves and the centralized funds of economic unification/association.

The place of economic unification/association in the branch

control system of industry is such, that it must ensure the proportional and profitable development of subbranch, requirement of rational economy for the determined/definite production. This receives into mapping the composition of the economic indices of economic unification/association. Its indices are due to ensure: a) the inclusion of enterprise (unification/association) into branch complex, b) their economic isolation, c) the profit and loss accounting independence of enterprises and organizations.

Which specific composition of economic indices and decentralized reserves and funds of the economic unification/association of the middle link of control? ⁹ the economic activity of branch unification/association still was not formed in all parts. In some cases they use pre-reformist numerous indices, in others - by the new indices of enterprises and unification/associations.

Ministry of Instrument-Making, Automatic Equipment, and Control Systems of the USSR transferred all branch central boards to the new methods of planning and economic stimulation.

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It asserts for central boards the following basic planned/planning

indices:

the total volume of the realizable production in the acting
wholesale prices;

production of the most important forms of production in natural
expression (with the indication of production and for export),
including the indices of quality of production;

the common/general/total sum of profit and profitableness (to
the sum of basic productive capital and normalized circulating
capital);

payments into budget and assignments from budget;

payments into the centralized funds of ministry and assignation
of them;

common/general/total wage fund;

the volume of the centralized capital investments, including
volume of the construction-assembly work;

the input/introduction into action of the fixed capital and

production capacities because of the centralized capital investments;

target/task with respect to the mastery/adoption of the production of the new forms of production, on the introduction of the new technological processes, mechanization and automation, which have especially important significance for a subbranch;

the volume of supplies of raw material, materials and equipment of those distributed by ministry.

Remaining indices are developed/processed by central board as calculated and by ministry they are not asserted.

This composition of economic indices differs from the new indices of enterprises in terms of the fact that in it is a supplementary index "payments into the centralized funds of ministry and assignation of them", but from the indices of production association, it differs in terms of the fact that instead of the calculated profit is included the profitableness. In all other the economic indices of central board, enterprises and production associations are duplicate/backed up/reinforce.

For economic unification/associations of the type of central boards expedient to utilize an index of common/general/total sum

arrived the profitableness, but as calculated, but not as directive. Therefore all the calculations from budget will be carried out through production associations and enterprises, but economic unification/association will be limited by the corresponding calculations.

For economic unification/associations one should preserve the index of the total volume of the realizable production and production of the most important forms of production.

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These directive indices are logical at all levels of branch administration (branch, subbranch, production association and enterprise), since without them it is not possible to plan/glide natural proportions in the development of national economy.

The index of commcr/general/total wage fund is retained for a branch central board as calculated, asserted by ministry.

Volume of the centralized capital investments, including volume of the construction-assembly work, to expedient directive plan/glide for economic unification/associations just as for production associations and enterprises. For the expanded reproduction at all

levels is carried out on the foundation of the combination of the centralized and decentralized sources and methods. Without the directive planning of the centralized capital investments, it is not possible to carry out a proportional development of enterprises, production associations, subbranches and economic unification/associations.

The input/introduction into action of the fixed capital and production capacities because of the centralized capital investments, target/tasks with respect to the mastery/adoption of the production of the new forms of production, the introduction of the new technological processes, mechanization and automation of the production, which has especially important significance for a subbranch, also cannot manage without directive planning. As concerns the directive planning of the volume of supplies of raw material, materials and equipment, distributed by ministry, this is explained by the fact that the economic unification/association act/appears by fund holder. But this index must be the calculated, asserted ministry.

Index "payments into the centralized funds of ministry and assignation of them" requires particular attention. It serves as the financial foundation of the property isolation of economic unification/association, it makes it possible for it to mediate

between enterprises, production associations and by ministry during redistribution they arrived. This index in its maintenance consists of two terms: a) the payments of unification/association to ministry, b) the assignation of ministry to unification/association.

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Economic unification/association can introduce payments into ministry from the appropriate payments of enterprises and production associations. But indeed enterprises and production associations independently carry out all the calculations with budget and receive assignations from budget. Which calculations must carry out they with branch central boards?

Then there can be several:

- payment of the administrative services, i. e., maintenance of the vehicle of the workers of economic unification/association;

- the payment of the services of scientific, planning, design and other organizations, subordinate to economic unification/association;

- the deduction of the part of the profit on the goal of the

formation of the centralized spare and stimulating funds of economic unification/association.

The structure of the payments of production association into the centralized reserves and the funds of ministry and assignation of them to economic unification/association they are located between themselves in direct/straight interdependence.

Economic unification/association disposes of the same centralized reserves and funds, that also production, but do not have the funds of enterprises. This is explained by the fact that the economic unification/association carries out only administrative functions, while production association fulfill administrative functions, and it is occupied by the economic activity of enterprises.

Unfortunately until is regulated the practice of payments into the centralized funds and the reserves of ministry and assignations of them. The centralized reserves and the funds of ministry are formed, as a rule, partially because of state budget and partially because of deductions to ministry from the profit of enterprises and additions to the prime cost of their production. Assignations from the centralized funds and the reserves of ministry to enterprises are carried out through central boards, in many instances passing

production associations. Actually, from the side of ministry occurs the administrative redistribution of the profit between enterprises.

Of ten reserves and funds, nine can enter in the composition of the centralized funds and reserves of economic unification/association.

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As concerns the centralized fund of economic stimulation, it is expedient to form on uniform norms only at the level of production association and enterprises. Deductions into the centralized reserves of economic unification/association are permissible on the fund of the sociocultural measures and housing construction and for the fund of the development of production.

UNIQUE CHARACTERISTICS OF INTRA-FIRM PROFIT-AND-LOSS ACCOUNTING.

Some economists cost the specific character of profit-and-loss accounting of intra-industry unification/association. They assume that profit-and-loss accounting within the unification/association of the same, and within plant or the factory, i. e., they are identical. This opinion is erroneous. There is a difference between profit-and-loss accounting within production association and

profit-and-loss accounting within the separately undertaken enterprise - plant or factory, not entered the unification/association.

The functions which fulfill unification/association in intraorganizational bond/connections, differ from volume and character of the functions, made in terms of those been independent by plant or factory. But the functions of a plant-affiliate (even with the preservation/retention/maintaining of economic independence in unification/association) do not coincide either with the functions of those been independent of plant or factory or with the problems of the shops of such enterprises.

Profit and loss accounting in production association although retains some features of in-plant profit-and-loss accounting, in essence is built during the use of the new economic instruments: profits, payments for funds, the calculated prices, the funds of encouragement, etc. In known meaning profit-and-loss accounting within production association is the intermediate component/link between the general economic and in-plant profit and loss accounting.

Within production associations profit-and-loss accounting is distinguished also depending on their forms. If plant-affiliates are deprived the right of legal person, then they are

translate/transferred into internal profit-and-loss accounting. But if plant-affiliates in unification/association retain the right of legal person, then they are translate/transferred into general economic profit-and-loss accounting.

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In the same case when the part of plant-affiliates preserved, and the part of plant-affiliates lost juridical independence, in unification/association are combined the elements of general economic profit-and-loss accounting (presence of its own circulating capital, is right the formation of its own stimulating funds, realization of calculations with suppliers, by users and by budget, etc.) with the elements of profit-and-loss accounting within the independent plant or the factory (are centralized functions of supply, sale, the execution of scientific developments, capital construction, etc.).

An example of the production associations whose structural subdivisions work on internal profit-and-loss accounting, are Moscow firms "rise", "spring", "youth", "work", "shift", and during the combination of general economic and in-plant profit-and-loss accounting, - a Leningrad unification/association "electric power", on general economic calculation - Glavfizprikor, Glavturboprom, Glavkembaynprom, etc.

When plants or the factories of unification/association completely retain juridical and economic independence and work on general economic calculation, then control center of unification/association makes the functions of the organ of economic control, but not the economic functions of enterprise. Virtually this is no longer production, but purely economic association. Within the framework of such unification/associations, intra-firm profit-and-loss accounting is not utilized. Here plants or factories with the full/total/complete preservation/retention/maintaining of the right of legal person work on general economic calculation, and the independent control center exerts them paid services on the principles of material interest and responsibility of workers for the consequences of its decisions. Therefore intra-firm profit-and-loss accounting is utilized in unification/associations with the full/total/complete centralization of functions and juridical rights of structural subdivisions (first version of centralization) and the partial centralization of functions and juridical rights of structural subdivisions (second version of centralization).

In production associations with the full/total/complete centralization of functions and rights of structural subdivisions, is carried out the compensability of expenditures on production and sale

of production, the tally of activity in the accumulations (count "arrived losses"), etc.

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The basic principle of the profit and loss accounting activity of plants and affiliates, which are found on internal profit-and-loss accounting, is the comparison of their actual expenditures on production with planned/planning norms and norms for define/determining of the achieved/reached savings or overexpenditure. The structural subdivisions of association retain only production independence, but they lose commercial.

The preservation/retention/maintaining of the operational-production independence of the plants of unification/association in their internal activity means that the managing director of plant or affiliate, within the framework of the established/installed planned/planning indices and on the foundation of the situation concerning intra-firm profit-and-loss accounting of unification/association, independently solves the problems of production activity, it is managed by those given to him means production and labor resources, it will bear full responsibility for the execution of planned targets. Material and technical supply and the sale of production, the capital construction and repair are

carried out centralized. Basic and auxiliary materials (on agreements with suppliers) enter the common/general/total or specialized storages, whence they are dispatched in the necessary quantities to plants. Finished production is dispatched from the storages of plants on the indication of unification/association. Plants and affiliates sometimes can consist economic transactions on behalf and by arrangement of unification/association; however, all the calculations according to supply and sale are conducted by unification/association centralized. Plants and affiliates are not allotted by their own circulating capital and do not have state fund. However, unification/association can secure to plants utilized by them the fixed capital. To plants are released also necessary for the execution of planned targets raw material, materials, fuel and other reverse productive capital.

Between the plants of unification/association, are not carried out buying and selling commodities and money calculations through the State Bank. The displacement/movement of materials and semi-finished products within unification/association is considered on the actual and planned/planning prices and is reflected in count "internal calculations".

In economic relations between plant-affiliates, material liability is provided by the fact that to the affiliate, guilty of the emergence of material damage or supplementary expenditures (as a result of, for example, the incomplete or late feed of materials, semi-finished products, disturbance/breakdown of their completeness or nomenclature, reject, etc.), they are presented to claim. The sum of damage is related by the prime cost of affiliate-culprit's production, which leads to the decrease of the bonus reward of its workers. It can be adopted/employed money sanctions in the form of fines, penalties, allowances, surcharges with their reflection on the results of economic activity. In the work of plants, are utilized the cost instruments: planning and the account of actual expenditures on production and their comparison with planned/planning norms is conducted in accordance with plan-calculated, releasing/tempering and conditionally-releasing/tempering prices.

The most important indices of the economic activity of plant-affiliates is the execution of target/tasks with respect to a reduction in the prime cost, and in a series of the cases - plans with respect to profits and the realization of production.

In intra-firm profit-and-loss accounting of unification/associations, can predominate the elements of plant (factory) or the elements of shop profit-and-loss accounting. The

elements of plant profit-and-loss accounting predominate in affiliates with the locked production process, which covers all stages of the technological process and producing finished production, and also in affiliates with shop structure. In the affiliates, specialized at the separate stages of the technological process (issue of separate parts, node/units, part of assembly) and which do not have shop structure, predominate the elements of shop profit-and-loss accounting.

Is accumulated at present experience on the use of indices of the realization of production and profit in intra-firm profit-and-loss accounting. By finishing/bringing the index of the realization of production to plant- affiliates it occurs taking into account their production unique characteristics. If affiliate has fore-and-aft cycle of production and dispatches production directly from its storage, then planned target with respect to realization it is expedient to present to affiliate. But if sale is carried out by a unification/association centralized, then plan with respect to realization is establish/installated by the volume of the production, transmitted to the storage of unification/association.

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To complexly establish/install the fraction of the realization

of a plant-affiliate when it according to the plan of internal cooperation supplies to head enterprise or another affiliate of the unification/association of part, node/units, semi-finished products. In these cases the fraction of affiliate in the realization production can be determined on the basis of the price lists to semi-finished products, counted by unification/association. This makes it possible to establish/install the planned/planning volume of production on the foundation of an according to plan-calculated appraisal of articles. The auto works in the name of Likhachev, for example, and some other Mscow unification/associations use extensively the calculated prices between their plants.

There are two versions of finishing/bringing the index of profit to affiliates. The first version - this when the plants of unification/association retain the right of legal person, production is organized on closed cycle, the produced finished production is released to side. In this case the profit is counted by the method of direct/straight count and by the method of economic indices. The second version - this when plants lose the right of legal person, are produced parts or semi-finished products according to the plan of internal cooperation, i. e., for other affiliates of unification/association. In that case the released by affiliate articles are its finished production. It "is realized" in internal "turnover" on the calculated prices and the price lists. The sum of

"internal turnover" of a series of the cases reaches 60-70 o/o of all cost/value production, realized by unification/association. For this version are utilized according to plan-calculated prices (with the connection/inclusion of the specific size/dimension of profit) of node/units, the parts and semi-finished products.

Plant- affiliates with the predominance of the elements of plant profit-and-loss accounting keep bookkeeping account according to the abbreviated nomenclature of counts and comprise balance according to the abbreviated nomenclature of the article. They consider basic means and their wear, material values, expenditures on production, finished production on storages, money means in cashbox and on the current [nonbusiness] accounts, calculations with working and employees according to the wages, addition and the payment of premiums from the funds of encouragement, calculations with other plants of unification/association (intra-firm calculations), the accountable persons, calculate prime cost (factory and plant).

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To the affiliates, which planned/glide the full/total/complete prime cost of finished production, unification/association it transfers the fraction of non-production and overall by unification/association expenditure/consumptions.

Plant- affiliates with the predominance of the elements of shop profit-and-loss accounting carry out planning in the narrower circle of the indices, which coincide in essence with the indices of ТЕКХПРОМФИНПЛАН [technical output and financial plan] of shops. In particular, they do not plan/glide target/task with respect to the use of production capacities, the mastery/adoption of the new types of articles. Instead of the factory and plant prime cost here is determined shop prime cost. The norms of reverse productive capital are not calculated. In such affiliates is conducted primary bookkeeping account, balance is not comprised. Uniform bookkeeping balance is comprised in unification/association.

Profit-and-loss accounting of a plant-affiliate of the unification/association when predominate the elements of in-plant profit-and-loss accounting, differs from the shop in the enterprises, not entering the unification/association, in terms of the following factors: 1) affiliate, as a rule, has in State Bank that flow of account for the payment of the wages, extinction of small economic expenditure/consumptions, and the shops of plant (or factory), not entering the unification/association, such accounts do not have; 2) the director of affiliate has a right to accept and to dismiss workers, to be managed by incentive funds, to participate in deciding of a

question concerning the establishment of the size/dimensions of the centralized stimulating funds of unification/association, and the chief of profit and loss accounting shop such rights does not have; 3) in a series of the cases on affiliates, are establish/installed the norms of reverse productive capital, is calculated the full/total/complete prime cost of production and is comprised balance (according to the abbreviated nomenclature of the article), but the chief of the profit and loss accounting shop of the enterprise, not entering the unification/association, by these questions is not occupied.

In unification/associations with the partial centralization of control and with the preservation/retention/maintaining of the determined/definite economic independence of plants or factories profit-and-loss accounting differs from profit-and-loss accounting of the enterprise, not entering the unification/association, in terms of following moment/factors. First, between the plants (or factories) of unification/association do not consist agreements for products delivery and rendering of services, provided by the plan of the cooperated supplies.

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The cost/value of production and services is paid by the

unification/association through the State Bank (on wholesale or according to plan-calculated prices). In the second place, the mutual claims of plants (factories) and the application/use of sanctions to violators are solved directly by unification/association. Thirdly, depending on the degree of the centralization of functions on supply and the realization of production at the level of unification/association plants do not consist agreements and are not carried out money calculations. Calculations with state budget produce unification/association.

Plants (factories) receive from unification/association planned targets with respect to the narrow circle of the indices: output (and the rendering of services), wage fund, the size/dimension of payment for productive capital, profit and profitability, the size/dimension of the funds of economic stimulation.

In cases when plants (factories) independently are counted with budget, then one should establish/install the size/dimensions of payments in budget and assignments from budget.

In connection with finishing/bringing to the plants of the indices of profit and the payment for productive capital, the unification/association has a right to determine the calculated prices of their production and services. It is provided for coating of

production costs of production and obtaining profit in the size/dimension, sufficient for the payment of the fixed capital and the formation of the funds of economic stimulation.

The system of profit and loss accounting indices within production association (at the level of plants, factories, affiliates) is intended to consider the specific character of the work of each enterprise. Therefore the indices of the production activity of the structural subdivisions of association it is expedient to establish/install to the leadership of unification/association.

THE RESPONSIBILITY OF THE WORKERS OF THE CONTROL APPARATUS.

In production and economic associations material encouragement is spread also to the workers of the control apparatus. Indeed to each worker of vehicle is attached the determined/definite section of activity for which it will bear responsibility. For providing the high quality of work on this section, the worker receives to his wages the supplementary reward of their centralized fund for material incentive.

There are indices, by which they judge the quality of the work: good it is fulfilled for the determined/definite interval of time or is badly/poor. The vehicle of unification/association as a whole is responsible for correct planning and the execution of basic indices by each enterprise. The size/dimensions of the material encouragement of the control apparatus depend on the level of the profit of plants and the factories, entering the unification/association.

The premiums of the workers of the apparatus of control (in percentages to salary rate), as a rule, do not exceed the premium of technical-engineering workers and employees in the enterprises of unification/association.

For the creation of interest of workers in the uniform fulfilment of plan by all plants it is expedient to establish order with which the nonfulfillment of plan by each plant would involve the decrease of the overall size of premium; with nonfulfillment by one or several plants of plan according to the most important indices, the common/general/total sum of premiums decreases by the determined/definite percentage.

In production association "sigma", for example, it is established/installed that for each enterprise, which did not fulfill plan on realization, the common/general/total sum of the premiums of

the control apparatus decreases by 50/c. In the same size/dimension the premium decreases with the nonfulfillment of plan with respect to profitability by separate plant.

The development of indices and conditions of material encouragement not only for the control apparatus as a whole, but also for each division and service, but within the latter - for each concrete/specific/actual executor/performer individually, it is the problem of great importance. Wageleveling is here not admitted.

Besides the observance of the conditions, which give right for bonus awarding (fulfillment of plan with respect to profits, on commodity production or on realization, on the restoration of the assortment of production, etc.), can be establish/installed the supplementary target/tasks, which reflect the specific character of the work of this division (for example, the fulfillment of plan with respect to capital investments, on the timely input/introduction into the exploitation of production capacities, etc.).

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The differentiated approach to the establishment of the system of material encouragement is necessary even because in a series of divisions and services, connected with development and

mastery/adoption of new production, to place the size/dimension of premiums depending on the size/dimension, for example, of profit or profitableness will render/show unsuitable.

In unification/association "Vclgorebel'drevprom" technical-engineering workers and employees give award themselves for execution and overfulfillment of plan with respect to the volume of realization and the increase of the level of profitableness. Here the necessary conditions of bonus awarding is the fulfilment of plan with respect to the issue of basic production - furniture. With the nonfulfillment of the plan of the realization of production and of the level of profitableness by the separate plants of premium to the workers of the control apparatus of unification/association they are decreased to 2-30/o to each plant, which did not fulfill plan.

For the leading workers are establish/installated, furthermore, the individual supplementary conditions of bonus awarding with nonobservance of which the premiums descend to 50o/o.

Supplementary conditions are establish/installated from all structural subdivisions, in connection with their problems and the duty regulations for workers.

The material encouragement of the control apparatus is the

important component part of profit-and-loss accounting of production association. It provides unity of the interests of enterprises and of the control apparatus, it contributes to the creation of the conditions of mutual responsibility, it serves as a good foundation for development of all workers of business activity, initiative and creative relation to work.

Experience in the named above unification/associations represents particular interest. Is here created the system of the material liability of the control apparatus for the consequences its deciding of in leadership of plants. Here they arrived at the conclusion that one administrative responsibilities insufficient. Indeed if some action of the control apparatus causes the material damage to plant or the group of enterprises, then concrete/specific/actual culprit must bear also material responsibility. Therefore to reduce the stock of incentive to the entire apparatus, they lower or completely eliminate the prizes of the specific culprits.

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Furthermore, from culprits exacts itself compensation for the damage, caused to plant or the group of plants.

In full or in part culprits compensate for material damage. Partially as the source of the coating of material damage can serve

the centralized fund for material incentive and the reserves of branch central board. Thus, for instance, enterprises of Glavturboprom, bearing losses, present action to the vehicle of central board. The council of central board examines action and will decide on the deprivation of the premiums of the concrete/specific/actual culprits of loss and partial compensation losses because of the reserves of central board. The material liability of central board is distributed between its workers by a reduction in the size/dimension of the premiums of each of them.

With the development of economic reform at the level of unification/association, is expanded the real basis of the economic stimulation of the control apparatus for the quality of its activity. For good - materially and morally they encourage, while for poor - they punish perceptibly not only administratively, but also it is material. This direction in its essence - good school of training the workers of the control apparatus.

In directives the XXIV Congress of CPSU on the five-year plan of the development of the national economy of the USSR during the years 1971 - 1975 it is indicated that it is necessary to increase work on concentration and cooperation of production, the specialization of enterprises and the rationalization of the economic bond/connections between them. It is simultaneously necessary to improve control of

rational economy, especially middle link of branch administration. The solution of these problems is closely related with the creation of large unification/associations and combines taking into account the unique characteristics of separate branches. This work goes. It will go henceforth - everything are more decisive, everything are more active. For the creation of production associations, the perfection/improvement of their activity - one of the right directions of the deepening of economic reform.

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