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ECONOMIC AFFAIRS

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

OPERATION OF PRODUCTION ASSOCIATIONS ASSESSED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 4, Apr 84 pp 67-74

[Article by Ye. Gel'fand, candidate of economic sciences: "Some Conclusions from Analysis of Associations' Development"]

[Text] The importance of accelerating work to improve the entire field of economic management--administration, planning, the economic mechanism--was noted at the December (1983) Plenum of the CPSU Central Committee.

Implementation of these tasks has been conditioned by fundamental processes in development of the socialist economic system--by further socialization of the means of production, expressed in extension of the division of labor, accompanied by concentration and specialization of production. Measures being carried out in sectors to improve the organizational structure of production, particularly to complete the formation of production associations as the basic self-supporting unit in industry, contribute to these processes. These measures are by no means particularly administrative in nature, but express shifts in production itself which assume extension of its specialization, expansion of cooperation and other production ties, centralization of ancillary and auxiliary services of the enterprises being consolidated, and the like. At the same time, changes in the physical structure of production have given rise to the necessity for additional measures to expand the rights of production associations (enterprises) in planning and economic activity, in providing for their incentive to achieve high production efficiency and in reinforcing responsibility for the results of work. The experiment being conducted at present in five sectors has been subordinated to this objective.

One of the principal conditions for improving production efficiency is specialization, on the basis of which concentration is carried out and cooperation is developed. Precisely specialization is the prerequisite for forming production associations, and for including enterprises in them which are linked together by a technological cycle to turn out a final product.

Different variations of specialization are well known from practice: by article, by component, by processing method. But chance occurrences and a subjective approach in selecting them are ruled out, and only a thorough technical and economic analysis and scientifically sound conclusions make it possible to decide which one of them is the most efficient and can ensure the end results required in a specific instance.

A great deal of attention is being devoted in our industry to the development of intraplant specialization of production with the aim of improving its efficiency, increasing production output, and raising labor productivity. Progress in this direction is evident. This may be judged from the results achieved by the Minsk Tractor Replacement Parts Plant (MZTZ), where work has been carried out to introduce production specialization by component and by manufacturing method of a large products list of replacement parts for different kinds of tractors, agricultural machinery and motor vehicles which are being turned out. For example, machinery production has been completely specialized in the flow-line method of machining components, for which a number of automated and mechanized flow lines which have been provided with highly productive domestic and imported equipment have been made and introduced. More than 20 units without muffles [bezmufel'nyye] for machining gears and other components have been installed in the heat treatment shop, which has made it possible to fully automate the process and improve production quality. As a result, the shop has become one of the largest and best equipped in the sector. All this contributed to the fact that as far back as the 8th Five-Year Plan the MZTZ had achieved high indicators, production volume had been increased by 20 percent, labor productivity had been increased by 16 percent, and three-quarters of the production increase was brought about through an increase in labor productivity.

At the same time, experience has shown that specialization on the scale of just individual enterprises cannot provide for a significant increase in the efficiency of public production. Acceleration of the increase and intensification of production has required its further concentration and the association of enterprises which are linked with each other by a technological cycle to turn out a finished product. The functioning of the Svetlana, Elektrosila, and also the LOMO production associations established in Leningrad, where gains have been achieved through specialization of ancillary production as well, is a graphic example.

The number of workers in ancillary production facilities, which include tool, repair and other shops, as well as similar sections in the basic production facility's shops, constitutes up to 40 percent and more of the total number of workers at the plants. At the same time, labor productivity here is three to four times lower than in the shops of the basic production facility. Precisely for this reason, specialization was begun basically in the ancillary production facilities when the LOMO association was formed. Instead of four machinery and repair shops, one shop, which specializes in capital repair of industrial and materials handling equipment, was established. This alone has made it possible to transfer more than 100 skilled repairmen to basic production. Expenditures for equipment repair have been reduced by one-third. In addition, more than 1,500 square meters of production space was made available, which has contributed to future expansion of production capacities without significant increase in capital investments.

A large gain also has been achieved from specialization of the association's tool facilities. One shop was specialized in the production of dies, another for molds, press-molds and accessories, and a third for manufacture of a

cutting and measuring tool. As a result, labor productivity has been increased by 1.7 times as much, and basic production's requirement for the output of the tool facilities is being fully met.

An important contribution to the increase in production efficiency and its economic results also has been made by centralization of the most important administrative functions--planning, accounting, technical policy, capital construction, supply. Implementation of these measures has enabled production volume to double practically without an increase in the labor force. Expenditures for production have been significantly reduced and profit has been tripled.

However, work in this direction has not been conducted successfully in all sectors. In the past, small enterprises were established side by side with the formation of associations in the Ministry of Tractor and Agricultural Machine Building system. Thus, independent plants were set up on the basis of the tool and motor shops of the large tractor (Chelyabinsk, Vladimir, Cheboksary, Minsk) and other plants. Some of them, especially in the Glavtraktordetal', were overspecialized.

Specialization is progressive if it is scientifically sound and economically expedient. In addition to a large products list of different gears, the Minsk Tractor Replacement Parts Plant also was turning out several types of crankshafts, which were supplied as replacement parts to the Volgograd Motor Plant, among others. With the plant's specialization just in the production of gears, crankshaft production was shifted to the Uralsk Machinery Plant. However, this was a partial shift. They continued to stamp crankshafts at the Minsk Gears Plant (MZSh), but they sent the forgings for additional machining to the Uralsk plant and then to the Volgograd Motor Plant. This lasted for about 10 years (now the forgings, but not the completed crankshafts, are supplied to Volgograd). Two types of crankshaft also are being stamped at the MZSh which go for additional machining to the Volgograd Crankshaft Plant imeni 20th Anniversary of October, and from there to the Kharkov Serp i Molot Motor Building Plant and other plants.

It would have been more sound, in our view, to implement the following specialization alternatives. At the Minsk Tractor Replacement Parts (now Gears) Plant, with its large-scale forging production, to specialize the two then available (now three) machine shops: one entirely for the production of gears, and the other for crankshafts. If the ministry had decided to conduct basically interplant component specialization and even, apparently, step-by-step specialization, then it would have been expedient, along with the shift of crankshaft machining to other plants, to increase the capacity of forging production at them.

One of the results of production specialization should be increased efficiency in the use of production capacities. This is especially important for enterprises which turn out replacement parts, since the restoration of tractors, motor vehicles and other equipment reduces the demand for them for machines taken off production. The fact is that for operational reorganization of

flow lines for the production of other components, even those similar in structure, it is necessary to manufacture additionally the appropriate specialized tools and equipment accessories and to adjust the equipment. However, this is not within the capability of the ancillary production facilities which were formed within individual enterprises. In this connection, the equipment workload level in ancillary production facilities is low. Thus at the MZSh, its load coefficient even now is little more than a unit, that is, the equipment practically operates on just one shift. The shift coefficient at a number of enterprises of the Glavtraktorodetal' also has been reduced. According to the central board it amounted to just 1.5 at the beginning of the 1970's.

Increasing the workload of installed equipment and the shift coefficient in its use is one of the important ways to improve the intensiveness of public production without increasing particular capital expenditures at the same time. As noted at the December (1983) Plenum of the CPSU Central Committee, "Vast reserves for increasing both production efficiency and labor productivity lie here."¹

The inadequately justified specialization of enterprises which was carried out in the Ministry of Tractor and Agricultural Machine Building contributed to the emergence of elements of a formal approach in the establishment of production associations as well.

Out of 11 enterprises in the sector located on Belorussian territory, eight have been closely linked by the common nature of the industrial process and by the large volume of reciprocal shipments in a cooperative arrangement, in complete units. Moreover, four of them--the tractor, motor, and specialized tool and equipment accessories (SIiTO) plants, and the former shops of the tractor, as well as the gear plants--have been located in Minsk, in one area separated only by a rail line. The gear plant manufactures 15 descriptions of components for the motor plant and 12 for the tractor plant. The tractor plant supplies a large volume of output to the motor plant, including crankshaft forgings. The motor plant then returns over two-thirds of its output to the tractor plant.

In the technical and economic substantiation conceived by the tractor plant management for creation of a production association on the basis of the plants named, as well as the Vitebsk branch of the tractor plant, the Bobruysk Motor Vehicle and Tractor Components, the Borisov Hidroprivod and the Gomel Starting Engines plants, it was noted that this will make it possible to concentrate about 10 percent of the sector's output, in the production of which 7 percent of the country's tractor manufacturing industry will be engaged at the same time. The association of these enterprises, related basically with turning out the sector's end product, has created important prerequisites for intensifying production by means of further specialization and better use of production capacities, as well as for achieving a significant reduction in distribution costs. Preliminary calculations have shown that the economic gain from establishment of the association will amount to 5 million rubles, and about 20 percent of it will be achieved through improvement in the structure of administration and reduction of expenditures for this purpose.

The Minsk Tractor Building Association was formed with the Minsk Tractor, Vitebsk Tractor Replacement Parts, SliTO and Bobruysk Sel'khozagregat plants. Other enterprises, including the Minsk motor and gear plants, the association of which with the tractor enterprise should have provided a basic proportion of the economic gain, remained independent.

According to results of a study of the functioning of the sector's production associations conducted by the Minsk PKTI [Planning-Design and Technological Institute] of the Ministry of Tractor and Agricultural Machine Building, it was determined that the volume of their internal cooperative shipments is insignificant--5 to 6 percent, which is four to five times lower than indicators for internal cooperation (and such links are practically absent in nine associations). A serious shortcoming which hampers achievement of the end results being required in the functioning of the associations also is the poor concentration and centralization of ancillary production.²

Production specialization has not been provided practically on the proper level under the present form of association. As a result, for example, crankshafts, gears and other components similar in structure are being stamped at the same time in two forging production facilities located next to each other. Tools, specialized accessories, molds, press-molds and other items of the same type are being made in the existing four tool shops. It is evident that large reserves are still being concealed here in the use of production capacities and material, labor and financial resources. This does not mean that the association is lagging behind. Quite the reverse; for 62 consecutive quarters it has held first place in socialist competition among the sector's enterprises, has been awarded the Challenge Red Banner of the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU and the Komsomol Central Committee, and has won the "Gold Mercury" prize.

The creation of independent enterprises on the basis of former shops has made it possible for the Ministry of Tractor and Agricultural Machine Building to automatically increase output volume through repeated accounting, that is, in value terms. This was convincingly expressed by Ye. Klimchenko, a CPSU Central Committee member and fitter-tool maker at the Minsk Tractor Plant imeni V. I. Lenin Association, after taking part in the November (1982) Plenum of the CPSU Central Committee: "We had a tool shop at our tractor plant, and it supplied accessories for equipment. But gaps in the plan turned up in the ministry. In order to repair them, the comrades developed an 'initiative': they assigned tool work to an independent plant. And although it is doing what it also did previously, the volume of production realized goes into the account. Such an operation was rushed through not only in Minsk. The figures according to the ministry may be in good condition, but there is no benefit to the state at all. Quite the opposite: there are additional expenditures for administrative personnel."³

The "volumes" of production also are being systematically increased through the interplant step-by-step specialization being conducted, for the cost of the forgings being transferred from plant to plant, already triple, quadruple ...is being included in the volumes of production output. Thus, according to

data on work results for the first half of 1983 published by the USSR TsSU [Central Statistical Administration], the Ministry of Tractor and Agricultural Machine Building increased the output of the basic production of tractors by 2 percent and agricultural machines by 6 percent, at the same time that the overall increase in production amounted to 7 percent. It would seem that such efficiency in functioning should provide the end results required from the sector--an increase in the output of tractors and agricultural machines, at the same time meeting the requirements of the current stage of organization of agricultural production, as well as the replacement parts for them. In fact, this has not taken place.

The basic reason for such a situation, it seems to us, is the reluctance to lose the volume results obtained through the breakup of enterprises into smaller units and the interplant step-by-step specialization. In addition, certain ministries are delaying an objective analysis of the activity of the VPO's [All-Union production associations] with the aim of ascertaining the expediency of their activity in the form in which it has taken shape. Large production associations do not need an intermediate administrative link. The question automatically arises: isn't that why the formation of PO's [production associations], as it follows from the facts cited, was carried out only on the basis of plants subordinated to one central board?

Analysis of the functioning of VPO's attests to the fact that the previous methods of administration of enterprises within their jurisdiction have been retained in them, and responsibility for the status and development of production has remained at the same level. Industrial enterprises are continuing to duplicate the plan targets and directives which come from the ministry, distributing them only among their own subunits, and then gather reports according to them and compile summaries.

Arguments are being advanced for retention of the VPO's that their functioning makes it possible to concentrate in the same hands a single technical direction in developing the item specialization of production that has taken shape (engines, replacement parts, and so forth), which provides for high quantitative and qualitative production indicators for the sector's end product as a whole (tractors, combines, and so forth). Under this pretext the ministry in 1981 increased these subunits even further, and divided the VPO Soyuztraktorprom into the Soyuzsel'khoztraktor and the Soyuzpromtraktor, thereby increasing the number of administrative personnel.

Meanwhile, valuable experience has been accumulated in a number of sectors of industry in organizing progressive forms of production administration and in reinforcing the concentration of production and its specialization, which has made it possible to substantially increase the efficiency of production associations' activity, to improve the utilization of capacities, and to accelerate introduction of the achievements of scientific and technical progress. Improvement of the system of managing production complexes by means of shifting it to a two-unit system also has a positive effect. In this regard, dissemination of the experience of the Ministry of the Automotive Industry, where large associations (AvtoVAZ, ZIL, BelavtoMAZ imeni 60th Anniversary of

Great October, and others) have already been subordinated directly to the ministry, deserves attention. The expediency of this also is confirmed by the statement of B. Fomin, general manager of the Elektrosila PO and Hero of Socialist Labor, who noted that the time has come to release the labor collectives of many thousands from petty custody and to subordinate them directly to ministries, and not to VPO's, which are "only a superfluous intermediate authority."⁴ The necessity of resolving the problem cited also is dictated by the fact that custody of every description of this intermediate link by itself is at variance with the implementation of measures to extend the rights of PO's (enterprises) in achieving high end results for work.

Scientifically sound specialization and concentration of production and the establishment on their basis of progressive forms of management also have been called upon to assist in resolving the transportation problem by means of more efficient organization in goods shipment and by increasing the efficiency of use of working capital and the state's financial and labor resources.

It is not hard to see that the "specialization" being carried out at enterprises of the Ministry of Tractor and Agricultural Machine Building complicates the work of transport first of all: many thousands of railway cars are carrying heavy crankcases, their forgings, and other semimanufactures from one region of the country to another. Thus, the Omsk Sibzavod imeni Bortsy Revolyutsii is manufacturing transmissions which are produced in complete units with gears which it formerly made itself. Four years ago, production of three types of them was transferred to the Minsk Gear Plant. Sibzavod did not lose the volume of realization for putting together complete transmission units, but at the MZSh it was increased by more than 2 million rubles annually. This provided the plant with one-third of the growth rate in volume of realization planned for the last five-year plan, ahead of its completion. Such cooperation gave rise to additional demand for hundreds of railway cars to carry metal to Minsk and later return to Siberia. In 1983 the volume of this cooperative activity increased still further--in addition to finished gears, another 54,000 heavy forgings were shipped to Sibzavod.

Is this a general state approach? Such occurrences have been subjected to criticism in the press. However, the facts attest that the cardinal practical conclusions for resolving the problem have not been drawn. "Evidently, this problem must be thoroughly examined," it was noted at the December (1983) Plenum of the CPSU Central Committee, "and the necessary measures must be worked out to put the proper order into the siting, specialization and subcontracting of production and to eliminate the many unnecessary crosshaul shipments which are burdensome to the entire economy."⁵ In order to improve the situation in this area we must raise collective and personal responsibility. Specialists propose that the subunits in sectorial ministries which are in charge of shipments be reinforced. It appears that the reinforcement of such subunits in ministries will not resolve the problem completely. With the aim of correcting the situation that has developed and increasing the work efficiency of transport, it seems advisable to create special subunits for rationalization of shipments not only in the ministries, but under the gosplans of the republics and the country by transferring the corresponding work force from

ministries and departments. Here the competent specialists will be able to closely analyze any change being proposed in matters of cooperation requiring additional shipments, as well as the system which is making them more complex. We believe that such a step will contribute to a greater extent to solution of the problem, which has another aspect as well.

Lengthy "trips" of metal for its stamping in one region of the country and machining of forgings in another, putting together complete sets of assemblies and units in a third region, and assembly of tractors in a fourth region have led to the point that hundreds of thousands of tons of critical metal have been frozen, the time to turn it into the end product of production has been increased significantly, and the turnover rate of working capital has been retarded. All this has a negative effect on the economic system. Moreover, the separation of shops into independent plants has led to the establishment of their own allowances of working capital for each group, and accordingly, additional diversion of it from turnover and retardation of the turnover rate.

Intradepartmental dissociation also retards efficient utilization of the state's important resources being directed at establishing automated control systems. For example, on the basis of the tractor plant's computer center it would be expedient to introduce an ASUP [automated system for enterprise administration], which would also cover the production of engines and gears. But part of the financial resources have been directed at the establishment of two more VT's [computer centers] equipped (all three) with nine EVM's [computers] which are being inefficiently utilized. But these facilities could be utilized for production and for expansion of its capacities. There also has been a significant increase in ITR's [engineering and technical personnel] and employees.

With the putting into industrial operation of the ASUP at the Minsk Gears Plant, expenditures for administration, calculating on 1 ruble of commodity production, increased and amounted to 1.6 kopecks in 1978, which is 3.3 times more than the corresponding indicator at the tractor plant. Despite the fact that the ASUP performs several tasks for the practical management of basic production, as well as technical and economic planning, the number of ITR's and employees performing these administrative functions at the plant has exceeded the sectorial standard by 22 and 16 persons, respectively.

From everything that has been said a conclusion suggests itself about the necessity for thorough study of the structure of individual production associations and its justification. In particular, in our view, it is expedient to improve the structure of the Minsk Tractor Plant imeni V. I. Lenin Association in the near future, after studying the advisability of including the motor and gear plants in it, as well as the Borisov Gidroprivod and Gomel Starting Engines plants, which are located in this region. In the process it is necessary to plan and put into effect specific measures of specialization and concentration of basic production, and especially ancillary production and auxiliary services. Development of the structure and a position on efficient organization of administrative departments of the association, with the maximum possible centralization in the main enterprise of planning, bookkeeping,

supply, technical and other services, especially of enterprises located in the same city, is viewed as no less important. At the same time, a single computer center and accordingly, the comprehensive automated management system "ASUP-traktor" which covers the entire production complex, should be established on the basis of the latter.

Experience in improving the structure of the Minsk Tractor Plant imeni V. I. Lenin Association should then be used to analyze the activity of other tractor and combine building associations in which it would be expedient to include technologically related production facilities--motor, replacement parts, assembly, and other plants--which are located in these cities (regions). The Ministry of Tractor and Agricultural Machine Building surpasses other sectors of machine building in opportunities to establish such highly efficient production complexes based on territorial considerations.

Improvement in the structure of production associations will contribute to an increase in the efficient use of production capacities and scientific and technical potential. Owing to this, efficiency in utilizing financial resources, both in capital investments and in working capital, will be increased. The stocks of similar physical assets which are accumulated at plants at the same time will be significantly reduced, and consequently, the turnover rate of working capital will be accelerated. The flow of payment documents for the delivery of semimanufactures will be reduced.

The association of enterprises territorially, closely interlinked by the output of the end product, will make it possible to basically change the system of cooperative links which has taken shape. This relates first of all to the manufacture by large forging and casting production facilities of stampings and molds, the bulk of the output of which may be kept within each production complex. It is expedient to machine them completely here to meet internal needs for components, as well as for delivery of replacement parts. In cases where stampings and castings are used for the production of machines, assemblies and units being turned out by other associations, and in conformity with scientifically sound arguments for the inadvisability of duplicating their production there, they will also be supplied under a cooperative arrangement. As a result, a greater contribution will be made to rationalization in the shipment of freight in the country, to increasing the efficient use of material resources, and to accelerating the turnover rate of working capital.

The establishment of efficiently functioning production associations (up to 30 in the sector, that is, within the limits of the number of enterprises which now would be part of the VPO Soyuztraktorozapchast'), will prepare conditions for a shift to the two-link system of administration in the Ministry of Tractor and Agricultural Machine Building. In that way, the opportunity will appear to concentrate in the highest link of administration--the ministry--the functions of carrying out a single technical policy for the sector. For this, a specific part of the technical and production services of existing VPO's may be included in the corresponding subunits of the ministry, and large main administrations may be established here which are specialized in the technological and production processes in manufacturing the appropriate types of

equipment. In addition, administration of the activity of research, planning and design and technological institutes of the sector will be improved. All this will contribute still further to a rise in the technical level, to an increase in the reliability and useful life of machines, and to the reduction and elimination of instances of inefficient utilization of metal and other resources mentioned above.

A specific number of VPO workers--planning, bookkeeping, supply and other services--also will be directed at reinforcement of the corresponding functional administrations of the ministry. But a significant proportion of these persons will be released. The implementation of measures to improve the general systems of administration will make it possible to reduce the number of administrative personnel in other ministries as well.

These, in our view, are the reserves for improving the organization of production and its administration, the utilization of which will have a positive influence on production efficiency.

FOOTNOTES

1. "Materialy Plenuma Tsentral'nogo Komiteta KPSS 26-27 dekabrya 1983 goda" [Materials on the CPSU Central Committee Plenum, 26-27 December 1983], p 11.
2. See A. Shevchuk, "Production Associations: Trends and Conformity to Principle," PROMYSHLENNOST' BELORUSSII, 1980, No 11.
3. "Everyone in His Place," PRAVDA, 1982, 29 November.
4. "What Can a Collective Do?" TRUD, 1983, 7 June.
5. "Materialy..." op. cit., p 16.

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PLANNING AND PLAN IMPLEMENTATION

OCTOBER 1983 PLANNING CONFERENCE HIGHLIGHTED

Moscow EKONOMIKA I MATEMATICHESKIYE METODY in Russian No 2, Mar-Apr 84 pp 360-365

[Article: "Improving the Methodology of National Economic Planning"]

[Text] The All-Union Scientific Conference, "Improving the Methodology of National Economic Planning in Light of the Decisions of the 26th Party Congress and the June (1983) Plenum of the CPSU Central Committee", was held on 19-21 October 1983 in Moscow. It was organized by the National Economic Archive of the USSR Council of Ministers, the USSR Gosplan [State Planning Committee], the USSR Academy of Sciences Economics Section, the All-Union Council of Scientific-Technical Societies, and the Scientific-Economic Society. Over 800 representatives of planning and economic management organs and scientific and educational institutions participated in the conference. The work was conducted at plenary meetings and in six sections.

The conference participants were greeted by chairman of the organizing committee of the USSR Council of Ministers ANKh [National Economic Archive], academician Ye. M. Sergeev, who stressed the importance of the problems on the conference agenda.

N. P. Lebedinskiy (USSR Gosplan) opened the plenary meetings. The speaker reviewed the basic directions of work by the USSR Gosplan on increasing the level of substantiation of adopted decisions. Among these were: intensification of the leading role of consolidated sections; formulation of subdivisions implementing the planning of development of intersectorial (particularly the agro-industrial) and territorial-industrial complexes and economic management zones; development of integrated programs (national economic, social, scientific-technical, and long-term target programs for cooperation by CEMA member states); formation of territorial organs of the USSR Gosplan, etc. It was noted that the mechanism of managing the development of integrated plan tasks, interdepartmental coordination of plan work, mechanisms of economic management along the line of horizontal ties at all levels (primarily target integrated programs), as well as the coordination of sectorial, territorial and program plan sectors are all in need of further development. The speaker indicated the need for increasing attention to balance work, particularly under conditions of average time and annual planning, for increasing the responsibility of plan and economic management organs for integrated balance of the plan assignments and for the balance and coordination

of the production, investment, finance and labor sections of plans developed at all levels of the management system.

An increase in the effectiveness and quality of planning is impossible without further automation of plan computations. The second phase of the ASPR [automated system of plan computations] is being implemented in the present five-year plan. Provisions are being made for further expanding the combination of problems solved by computer at all ASPR subsystems, along with their subsequent unification into problem complexes and, ultimately, into a unified system of computations. As V. V. Kossov (GVTs [Main Computer Center], USSR Gosplan) indicated, the substantiation of the make-up, content and means of practical introduction of the central problems complex (TsKZ) of the ASPR takes on great importance in this connection. It is based on the integrated application of economic-mathematical models and direct plan computations in planning practice. The formulation of the ASPR, its development, and the expansion of the make-up of computer-solved problems will undoubtedly be an important direction in increasing the work quality and the level of substantiation of decisions.

The system of economic laws and the planned organization of socialist production was the topic of P. A. Skipetrov's speech (USSR Council of Ministers ANKh). The speaker pointed out the objective character of laws and the harm of subjectivism, the inadmissibility of fetishism, lack of organization and spontaneity in the laws, the hopes for so-called "automatism" of "normal" economic development, and the importance of economic education and unity of theory and practice. He gave particular attention to regularity, to society's maintaining the necessary proportionality in the national economy, as well as to the new content of commodity-monetary relations, to the place and role of the law of cost in the economics of Socialism, and to the problems of expanding the independence of the basic economic link and improving the unified plan system and the unified national economic complex.

R. A. Belousov (CPSU Central Committee AON [Academy of Social Sciences]) devoted his speech to the future of national economic planning. The historical experience of planning in the USSR has proven its huge advantages and the relative stability of the basic principles, methods, indicators and organizational forms. At the same time, the objective need has currently arisen for bringing planning to a qualitatively higher level. Evidently, definite changes in some of its elements are forthcoming. Thus, significant qualitative changes must take place in the content of planning. Over the course of many decades it was conducted under conditions of inadequate material and financial resources. In the future the accumulated scientific-technical and resource potential will make it possible to change over to planning and regulation of a balanced economy, to planning a balanced structure of production capacities and their intensive application. This indicates a rejection of further increase in the number of natural balances for vital types of production, their reduction and consolidation, and the significantly greater role of real balances of production capacities and indicators characterizing their degree of application.

Academician L. V. Kantorovich VNIISI/possibly All-Union Scientific Research Institute of Systems Research/ examined the means of application of mathematical modelling and computers in planning the socialist economy. He stressed particularly that the extreme diversity and the integrated character of economic problems require different approaches and means of modelling. Optimization models, which are based primarily on

the apparatus of mathematical programming, correspond best to the nature of the socialist economy, since they are aimed at effective solutions for the system as a whole, they are universal (applicable in statics and dynamics for the entire economy and its subsystems), they are flexible, and they have a system of evaluation of the optimal plan which gives a multi-faceted qualitative and quantitative description of it. Intersectorial balance models and other matrix models differ in their lesser flexibility and adequacy and depend on the existing system of prices. They do, however, have advantages in regard to the informational base. Target planning models are more objective and specific in time, but their sphere of application is limited. Imitational models may have various spheres of applications, but they do not have a sufficiently developed content apparatus and are applicable in combination with other methods. Having further examined the possibilities of using production functions, temporal series and other prediction methods, as well as a number of special models, the speaker indicated the inadmissibility of comparing some models and methods with others. He also indicated the expediency of combining this entire apparatus, of comparing the obtained results, and of attaining computational reliability on this basis. It is specifically experience, and not subjective evaluations and trends, which must be the guiding force in the evaluation and selection of these means of economic-mathematical instruments.

In the opinion of Yu. V. Yakovets (USSR Council of Ministers ANKh), the consolidated state plan for the development of science and technology which realizes the target integrated programs must be turned into the "backbone" for long-term, five-year and annual plans, and organically tied in with other plan sections. It is necessary to restructure the system of indicators for planning scientific-technical progress: to differentiate them by level of newness of technology (principally new, improved, modernized) and by stages of scientific-technical progress (fundamental research, applied research, experimental-design work, assimilation, production and renovation of technology); to orient the system of plan and evaluative indicators toward the final national economic results (number of developed and assimilated machine systems; their technical level and total national economic potential and real effect; number of workers freed and reduction in the portion of manual labor, etc.); and to disseminate the plan and reporting indicators of the effect of new technology introduced into industry to construction, agriculture, transport, personal services, and management. Along with increasing the role of the central management organs and their responsibility for the rate and effectiveness of scientific-technical progress, it is necessary to significantly expand the rights of the basic cost accounting segment -- the scientific-production and production associations -- and to increase their responsibility for increasing the effectiveness of production. It would be expedient to have a fund for the development of science and technology (as a guaranteed portion of the sectorial fund) at each association. This fund could be utilized (together with bank credit) for financial provision of the plan for development of engineering and technological retooling of production and for creating a specialized subsystem of priority and effective satisfaction of the needs of NIOKR [scientific-research and experimental-design work] for material-technical resources.

The USSR Integrated Program for Scientific-Technical Progress for the period 1986-2005 provides for the regional aspect in solving scientific-technical problems. The speech presented at the conference by academician N. N. Nekrasov (KEPS [Permanent Commission for the Study of Natural Productive Forces in the USSR], USSR Academy of Sciences Presidium) indicated that in their character and directionality, a number of such major problems are directly tied with regional factors. Among these are: the latest production and transport technology in its northern and tropical variants; the system of new technological processes ensuring comprehensive utilization of raw material and energy resources for a certain region; the radical improvement in the productive structure of individual zones and rayons. Zonal requirements for scientific-technical progress are rather specific and characterize the main directions in the highly effective development of each zone. Scientific-technical progress determines to a certain degree the rationalization of territorial economic proportions. On this basis, the task is set for the next 10-15 years to significantly increase the industrial potential of the eastern regions. The speaker dealt in detail with the major scientific-technical and economic tasks of the following zones: the European portion of the USSR, Siberia and the Far East, Central Asia and Kazakhstan, and the North.

VASKhNIL [All-Union Order of Lenin Academy of Agricultural Sciences imeni V. I. Lenin] Academician V. P. Mozhin (USSR Gosplan SOPS [Council for the Study of Productive Forces]), in studying the methodological and methodical questions of combining territorial and sectorial planning, indicated the importance of strengthening the sectorial as well as the territorial bases in economic development. On the one hand, further differentiation of sectors takes place on the basis of specialization and new organs of sectorial management are created. On the other hand, the need increases for integration of management, not only at the level of the national economy, but also in the individual regions -- republics, oblasts, and economic rayons. This is also associated with an increase in the number of sectorial economic management organs and with the need for solving a number of social questions at the worker's places of residence, as well as with problems of environmental protection and rational application of labor and natural resources in the individual territorial units. In order to better integrate sectorial and territorial planning, the development and implementation of target integrated regional programs must be improved as a component part of the state plans for economic and social development. It is necessary to intensify the directionality of indicators for territorial development in state plans (including sectorial plans), and to improve the regional cross-section of sectorial plans. The sectorial and territorial schemes for development and siting should be called upon to play a definite role in improving the integration of territorial and sectorial development. These are generalized in the General Scheme for the Development and Siting of USSR Productive Forces, which is being developed in accordance with the decisions of the 26th CPSU Congress.

N. S. Zenchenko (RSFSR Gosplan) dealt with questions of planning social development and increasing the living standard in the union republic. While within the scope of the republic the accounting of changes in socio-economic proportions is rather complete, in the oblasts it is being hindered. A rather limited number of indicators have been confirmed here. Some of them,

characterizing individual aspects of increasing the living standard, are found in different sections of the integrated plans. The plans for improving the living standard of the oblast population are compiled with existing departmental dissociation as a combination of plans for individual enterprises and associations. As a result, the planning organs cannot determine ahead of time what the inter-regional relations will be in the living standard or to actively influence them.

The speaker noted that as yet not all the questions specified in the resolution of the CPSU Central Committee and the USSR Council of Ministers dated 12 July 1979 and associated with the preparation of a plan section on social development and increased living standard have been resolved. A lengthy discussion drags on about the number of indicators for the union level and for the level of the union and autonomous republics, krays, oblasts, ministries and enterprises. New indicators are being sought for evaluating the effectiveness of production and social-cultural construction which reflect the interaction of economic and social processes under conditions of developed socialism. The central plan organs and the scientific organizations should expedite this work.

Based on the experience of program-target planning accumulated in Latvia, M. L. Raman (Latvian SSR Gosplan) recommended a number of organizational and methodological principles for the development and realization of republic comprehensive target programs (TsKP). At the present time, the TsKP developed in the Latvian SSR are being formulated according to a single methodology and form. They contain an annotation of the program, schemes of its structure and management, and a comprehensive program with subprograms corresponding to measures, tasks and jobs. The TsKP, which is aimed at attaining a definite goal whose realization is facilitated by the participation of various sectorial and territorial organizations, differs by its integrated character from the plan where everything is mapped out according to sectorial and territorial sections and tables. The republic TsKP is a directive plan document which contains system-integrated program measures of production, socio-economic, scientific-research and organizational-management significance. These measures are grouped according to the corresponding subprograms in the form of program directed measures with indication of their executors (regardless of departmental affiliation), and with the necessary resource provision. The comprehensive program has a specific system for managing its realization, and together with the sectorial and territorial sections forms the program section within the plans for economic and social development. Integrated programs of lower levels are formulated on the basis of the subprograms or program measures. These are programs for republic-subordinate cities and rayons. A system of comprehensive programs and its corresponding structural subdivisions are created. Having noted the absence of economic levers for stimulating the realization of the main element in the comprehensive program -- the program measure enactment -- as one of the disadvantages, M. L. Raman proposed equating the program measure enactment with the fulfillment of plans for supply of industrial production, with all the economic consequences stemming from this.

Other speeches presented at the plenary meetings were: V. M. Ivanchenko (USSR Academy of Sciences Economics Institute) -- on the methodological questions

of technology and organization of planning; A. N. Lyusov (USSR Council of Ministers ANKh) -- on the planning and analysis of the effectiveness of scientific-technical measures in sectors of industry; V. Yu. Budavey (USSR Gosplan NIEI [Scientific-Research Economics Institute]) -- on the program approach to the system of planned management of the economy, etc.

The work of the conference sections was devoted to the following problems:

- 1) theory and methodology of national economic planning; 2) planning scientific-technical progress and increasing production effectiveness;
- 3) the Food Program and planning of the agro-industrial complex; 4) planning social development and improving the living standard of the people; 5) combining sectorial and territorial planning; 6) improving methods of planning and automation of plan computations.

The recommendations of the conference noted specifically that as a result of the implemented measures for increasing the level of plan work, the methodology of planning economic and social development has significantly improved. The role of long-range plans, and particularly of the five-year plan, has been increased. The system of plan indicators is being more strongly oriented toward final national economic results. The target-program method of planning has become more widespread. The system of plan balances and standards has been improved. An experiment is being implemented on expanding the rights and increasing the responsibilities of production associations (enterprises) in the sphere of planning.

Nevertheless, there are still significant shortcomings in the methodology, organization, and practice of national economic planning. Fundamental research in the field of theory of national economic planning aimed at improving the planned utilization of the system of economic laws, regularities of primarily intensive reproduction, economic, scientific-technical and social development has not experienced the necessary development. Methods and mechanisms for determining national economic priorities have not been worked out. A number of questions remain unsolved. These deal with provision of balance and stability in plan indicators and standards, target-program planning for development and assimilation of principally new technology, long-range planning of finances and prices, consolidated planning of rational application of natural resources and environmental protection, and the content and indicators of the plan for social development at the national economic level. The methodology for formulating target comprehensive programs and for planning intersectorial and territorial-production complexes needs to be improved. The application of economical-mathematical models has not yet become an organic component part of planning.

Among the theoretical and methodological problems of national economic planning in a developed socialist society, the conference considered the primary task to be the concentration of scientific efforts on the development of the following problems:

the theoretical basics of national economic planning, the mechanism of planned application of the system of economic laws in a developed socialist society, the increased role of planning as the central link in managing the national

economy, and the intensification of its ties with economic levers and incentives;

the regularities of a primarily intensive type of socialist expanded reproduction and methods of their application in planning the rate, proportions and structure of social production;

The methods of planned application of regularities in the development of science and technology, the content of the modern stage of the NTR [scientific-technical revolution] and its reflection in long-term plans and comprehensive target programs;

the scientific bases of planning intersectorial, functional and territorial complexes and of the development and increased effectiveness of agricultural-industrial integration;

the criteria and indicators for planning the effectiveness of social reproduction; principles and methods of long-range planning of production costs and prices, financial-credit resources, absolute and relative price reduction of technology;

the regularities of social development and increased living standard and their reflection in national economic planning; the criteria for determining substantiated relations between productivity and labor wages and for evaluating the effectiveness of social measures;

the improvement of the methodology and organization of counterplanning, methods for increasing the creative activity of the workers and for attracting labor collectives and social organizations toward planning the introduction of scientific-technical achievements into production and toward the realization of plans and programs;

objective basics of planning the development of socialist economic integration, improving the joint planning activity of the CEMA member states, and increasing the effectiveness of foreign economic ties;

a criticism of bourgeois and revisionist theories of planning under Socialism, an analysis of planning experience in certain developing countries and of efforts at programming under conditions of capitalism.

In the sphere of planning the development of science and technology and assimilating the achievements of the scientific-technical revolution, the conference proposed taking an active part in the preparation of normative documents, in the generalization of results of conducted experiments, in the implementation of measures for improving planning and economic stimulation ~~in the development~~ and introduction of new engineering and technology.

In order to improve the planning, financing and accounting of fundamental scientific-technical research and experimental-design work and to ensure their rapid development, it was considered expedient:

to ensure greater interdependence of the five-year plan for the development of science and technology with the comprehensive program for scientific-technical progress and the all-union scientific-technical programs;

to examine the question of creating a centralized fund at the expense of budget allocations for financing fundamental scientific-technical research and intersectorial projects on creating generations of technology reflecting the content of the new stage of the scientific-technical revolution in accordance with the all-union scientific-technical programs;

to increase the share of the unified fund for science and technology of the ministries and departments, which is directed toward financing theoretical and exploratory research work, creating the engineering and technology of the future, and compensating expenditures for assimilation of principally new technology;

to individually plan and keep an accounting of the expenditures for fundamental and applied scientific research and experimental-design developments, as well as principally new, improved and partially modernized technology.

To accelerate the realization of the USSR Food Program and improve the planning of the agro-industrial complex as an integral whole, the conference recommended the development of the following problems: the methodology of planning APK [agro-industrial complex] as a unified multisectorial complex, and the formulation of a system of plans for regional and sectorial segments of the complex; the increased level of balance in plans for the APK by means of development of a system of interrelated standards and balances ensuring the goal-oriented planned change in proportions and increased effectiveness of the entire complex; the substantiation of the system of plan indicators orienting the sectors of the APK toward its ultimate goals -- increasing the level of meeting public demand for food products and products in light industry, reducing the production cost and improving the quality of products, as well as goods and services for agriculture, and acceleration of scientific-technical progress; the generalization of experience in comprehensive planning of agriculture and its associated sectors in the USSR and in the CEMA member states, and promulgation of this experience; improving the methods of planning the economic and social development of the APK, including methods of intersectorial balance, economic-mathematical modelling, and regression analysis; further improvement in the organizational-management structure of the APK and the economic management mechanism, including the development of a system of planned price formation.

In the sphere of planning social development and improving the living standard, the following were recognized as having top priority for development: means of ensuring balance between the monetary income of the population and the mass of consumer goods based on the development and realization of all-union and regional comprehensive target programs; increase in the production of consumer goods and services to the population; increased growth of labor productivity as compared with the increase in the average wage; methods for compiling five-year and annual balances of supply and demand; methods for computing the dynamics of demand in planning the production of consumer goods

and goods turnover; questions of increasing the economic responsibility of enterprises for the manufacture of goods which are not in demand; standards of rational consumption for various strata and groups of the population and for individual territories for purposes of more complete satisfaction of demand and formulation of a rational demand structure; means of improving the methodology of comprehensive planning of material production and sectors of the social infrastructure, particularly in the eastern regions of the country and in rural areas; methods for more complete accounting in the planning of residential housing and social-cultural construction for the real needs of families, national and regional specifics, and methods for improving the proportions in the development of production, residential and communal construction; problems of improving the system of indicators for planning education and public health on the basis of current requirements of a unified general, polytechnical and professional education and for improving the public health.

For purposes of improving the territorial aspect of planning and its better combination with sectorial planning, the conference recommended focusing attention on:

developing the theoretical bases, practical means and methods of integrating sectorial and territorial development of the national economy in the process of long-range planning, as well as pre-plan studies and preparation of territorial target programs;

improving the system of indicators and balances, standards and norms for territorial planning, the methods of analysis of territorial development of the national economy, and the evaluation of its economic effectiveness;

improving the planning of TPK [territorial production complexes] and economic regions of the USSR;

preparing methods of economic stimulation for the rational siting of productive forces and integrated territorial siting;

planning inter-republic specialization and coordination in the development of the light and food industry and in the production of goods having a cultural-domestic and household function;

developing intersectorial cooperation in the manufacture of products of general machine building application within the union republics and the economic regions of the USSR;

further increasing the role of the union republics and the local Soviets in planning economic and social development, and particularly in planning a unified social infrastructure, with involvement of the means of union-subordinate enterprises.

for improving the organization and methods of planning and automation of plan computations, the conference specifically proposed expanding work in the following areas: improving the methodology of target-program planning,

giving greater attention to the goals of programs and means of attaining them; providing programs with resources and improving program management; developing methods for their systematic coordination and inclusion into the plan structure; increasing the level of substantiation of the system of plan balances for the purpose of coordinating their various types; accelerating the development of a system of progressive technical-economic norms and standards and their introduction into the practical operation of planning organs; increasing the level of substantiation of these norms and standards, as well as their mutual coordination, and subjecting them to timely review.

For purposes of a systematic and effective application of economic-mathematical methods and modern computer technology in planning work, it was considered expedient: to activate the development of models and methods which provide multi-variant computations of plan projects and optimization of plan decisions in accordance with the requirements for national economic planning stemming from the decisions of the 26th CPSU Congress and the November (1982) and June (1983) Plenums of the CPSU Central committee; to expand the application of prediction methods in scientific research and practical activity; to continue scientific research on the development of imitation models of long-range planning as applicable to the intensive type of economic development, of enlarged intersectorial models and expanded natural-cost intersectorial balances on the basis of creation of a unified informational data fund; to introduce economic-mathematical models for optimal planning of the development, specialization and siting of sectors and intersectorial complexes; to accelerate the development of effective all-system and general provision means of ASPR for the USSR Gosplan and the gosplans of the union republics, as well as an ASU [automated control system] for ministries and departments; to improve the interaction of the automated systems of the USSR Gosplan, ministries and departments.

A number of recommendations related to the coordination of scientific research and training of a work force in the sphere of national economic planning.

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PLANNING AND PLAN IMPLEMENTATION

COUNTERPLANNING PROCEDURES, IMPLEMENTATION DETAILED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 5, May 84 pp 123-126

[Article: "The Development, Record-Keeping, and Stimulation of Fulfillment of Counterplans"]

[Text] In connection with requests received the USSR Gosplan, the USSR TsSU [Central Statistical Administration], and the AUCCTU, in accord with the USSR Goskomtrud [State Committee for Labor and Social Problems], and the USSR Minfin [Ministry of Finance] offer the following explanation to supplement the established system for development, record-keeping, and stimulation of fulfillment of counterplans and socialist obligations of labor collectives to increase labor productivity and reduce the prime cost of output, adopted in accordance with decisions of the December (1983) Plenum of the CPSU Central Committee (letter of the USSR Gosplan, the USSR Goskomtrud, the USSR Minfin, the USSR TsSU, and the AUCCTU on 19 January 1984, No LV-7-D).

1. On Development of Counterplans

Counterplans to the plan authorized for 1984 are developed and adopted by labor collectives of production associations and enterprises (organizations) of industry, construction, transport, agriculture, and other sectors of the national economy.

Counterplans adopted on the initiative of production associations and enterprises are reported to higher management and trade union organs, but are not subject to ratification.

2. On Stimulation of Counterplans

Stimulation of counterplans adopted by labor collectives based on indicators of production-economic activity (increased profits, expanded production of output of the highest quality category, increased production of consumer goods per ruble of the wage fund, increased production volume achieved by conserving resources, and others) is produced in conformity with the system for stimulating counterplans for increased labor productivity and reduced prime cost of output.

This system of developing and stimulating counterplans is also disseminated to production associations and enterprises of ministries participating in the economic experiment.

Stimulation of enterprise and production association (organization) counterplans which exceed the assignments of the five-year plan, both those included in the 1984 plan and those adopted relative to the ratified plan, is achieved in accordance with the Statute on the System for Developing Counterplans for the 11th Five-Year Plan and Stimulating Their Fulfillment, ratified by USSR Gosplan, the USSR Goskomtrud, the USSR Ministry of Finance, the USSR TsSU and the AUCCTU on 25 May 1981.

3. On Distribution of Output Produced Under Counterplans

Output produced by production associations and enterprises (organizations) as a result of fulfilling counterplans adopted to the annual plan should be distributed in the system operating to distribute output produced above and beyond the plan.

Consumer goods produced by counterplans remain at the disposal of Union republic councils of ministers in accordance with the territorial distribution of enterprises which have adopted these counterplans. Union republic councils of ministers may make available up to 50 percent of the noted excess to councils of ministers of autonomous republics and executive committees of kray, oblast, and okrug Soviets of Peoples Deputies for sale to the population through the retail trade network.

4. On Record-Keeping of the Fulfillment of Counterplans

Record-keeping of the fulfillment of counterplans adopted beyond the annual plan by production associations and enterprises of industry is done following form No 1-VP "The Report of the Production Association and Industrial Enterprise on Counterplans."

In this report these associations and enterprises should include data on growth (increase) envisioned by the counterplan above the assignments of the authorized plan and on the scope of the authorized plan with the addition of the counterplan adopted by the association (enterprise) for the whole year and for the appropriate periods since the beginning of the year.

Fulfillment of counterplans is evaluated according to those indicators for which they were adopted. In addition, production associations and enterprises should also include in the report on form No 1-VP other indicators necessary to summarize counterplans and evaluate their fulfillment in industry as a whole, Union and autonomous republics, krays, oblasts, and ministries.

Similar directives on the system for organizing reporting on counterplans are given in the appendix to the present letter.

Ministries, departments, and local statistical organs are monitoring the timeliness and accuracy of the presentation of reports on counterplans by production associations and enterprises. In light of this, the counterplan adopted by the labor collective (broken down into quarters) in agreement with the trade union committee is ratified by the director(manager) of the production association and enterprise and sent to the higher management and trade union organ and the statistical administration before 1 March.

Ministries, departments, and Union republic councils of ministers transmit to the USSR Gosplan, the USSR Goskomtrud, the USSR Ministry of Finance, the USSR Central Statistical Administration, and the AUCCTU the summary data on counterplans adopted by production associations and enterprises (organizations) of industry, construction, transport, agriculture, and other sectors of the national economy above the assignments of the annual plan (broken down into quarters) no later than 10 March 1984.

The USSR Statistical Administration summarizes this data for the country, republics, and sectors before 25 March 1984 and also makes a quarterly report on fulfillment of counterplans.

On the System of Record-Keeping for the Adoption and Fulfillment of Counterplans in Industry in 1984

1. Record-keeping of counterplans adopted above the annual plan of production associations and enterprises of industry is done following form No 1-VP "The Report of the Production Association and Industrial Enterprise on Counterplans," authorized by the USSR Central Statistical Administration [TsSU] on 2 June 1983. Formulation of the report on these associations and enterprises is carried out by the following system:

under the title of the form the words "adopted beyond the annual plan" are also given;

column 1 -- "Five-Year Plan for the Year" is not filled in;

included in columns 4 and 5 is data for the year and for the period since the beginning of the year on the growth (increase) beyond the assignment of the authorized plan as a result of the counterplan. Indicated in the headings of these columns is: "In addition, growth (increase) under the counterplan as compared to the authorized plan."

The data in columns 4 and 5 should not be included in the indicators in columns 2 and 3;

an additional column 7 is introduced -- "Ratified Plan with Appended Counterplan Adopted by the Enterprise." In this column for each of the indicators for which a counterplan was adopted, the data is recorded with a numerator and a denominator: data for the whole year is in the numerator, while data for the period since the beginning of the year is in the denominator;

the blank line No 885 is used to show the growth rate of labor productivity for the authorized plan for the year (column 2), for the period since the beginning of the year (column 3), additional increase in labor productivity for the counterplan for the year (column 4) and the period since the beginning of the year (column 5), actual growth of labor productivity since the beginning of the year (column 9), and the authorized plan with the appended counterplan (column 7).

Indicators shown in the numerator of column 7 should correspond to the total of data from columns 2 and 4 for all lines, while those in the denominator of this column should correspond to the total of indicators in columns 3 and 5.

2. Fulfillment of counterplans adopted in associations and enterprises is determined in the following ways:

for output -- by the indicator for volume of output sale (line 823);

for labor productivity -- by indicators introduced in line 885 (production of commodity or normative net output);

for output of the highest quality category -- by the proportion of output of the highest quality category in commodity output (line 812) and normative net output (line 811), dependent on which indicator is adopted for determining the proportion of output of the highest quality category;

for production of output in physical terms -- by indicators of section II of form No 1-VP;

for prime cost of output -- by indicators introduced in the report on form No 1-s.

Data on counterplans for normative net output in the report on form No 1-VP is filled in only for those production associations and enterprises which have adopted counterplans on labor productivity and output of the highest quality category; and assignments for these indicators are established according to normative net output.

3. Counterplans are summarized for the group of enterprises which have adopted counterplans.

For industry on the whole, Union republics, krays, ASSR's, and oblasts, summarization of counterplans and evaluation of their fulfillment is done by the indicators of volume of output sold, increase in labor productivity (based on production of commodity output at wholesale prices of enterprises for 1 January 1982 per worker of industrial-production personnel), proportion of output of the highest quality category in the total volume of commodity output, production of output in physical terms, and reduction of prime cost of output.

For ministries summarization of counterplans and evaluation of their fulfillment is carried out based on indicators adopted for these ministries in authorized plans, including on volume of output sale, increase in labor productivity (according to the indicator of commodity or normative net output), production of output in physical terms, and reduction of prime cost of output.

4. In order to summarize data on counterplans for labor productivity and proportion of output of the highest quality category and fulfill them, all production associations and enterprises which have adopted counterplans on these indicators also cite planned (estimated) and actual data on commodity output (line 805), volume of output of the highest quality category (lines 808 and 809), and number of industrial-production personnel (line 871).

5. If the association (enterprise) has adopted a counterplan for increased labor productivity, then data on both production volume and the number of industrial-production personnel must be filled in on a compulsory basis, regardless of the fact that a counterplan was not adopted for one of these indicators. This relates, in particular, to those cases when the growth in labor productivity according to the counterplan is achieved through increasing production volume without decreasing the number of workers, or through decreasing the number of workers without increasing production volume.

In those cases when increased labor productivity is envisioned through reducing the number of workers, the data on line 871 in columns 4 and 5 is given with a minus sign.

For production associations (enterprises) which have adopted counterplans based on output of the highest quality category, it should be compulsory to cite data on total volume of output as well. In light of this, if a counterplan on growth of output of the highest quality category is adopted without increasing the total volume of output, then in the line where total volume of output is cited, data should be cited in columns 2, 3, and 6 only.

6. Data on production of output in physical terms in part II of the form should be cited for only those types of output for which the production associations and enterprises adopt counterplans. Names of types of output (column A), codes of items (columns V and G), and units of measure (column B) must fully conform to the names, codes, and units of measure cited in part III of form No 1-P.

7. Enterprises which have adopted a counterplan based on additional above-plan reduction of prime cost of commodity output as compared to the 1984 plan and data on counterplans based on reduction of prime cost are cited in the report on form No 1-s.

Production associations and enterprises of industry present data monthly on counterplans adopted by collectives for additional reduction of prime cost (in percentage points of the planned prime cost) on line 350 of form No 1-s and show the amount of savings from above-plan reduction of prime cost on the counterplan in thousands of rubles on additional line 351, which is written

in. Data on the annual plan is cited in column 1 and data on the plan for the period since the beginning of the year in column 3.

At this time, the name of the indicator "Reduction of Prime Cost Based On the Counterplan (in Percentage)" is inserted in column A, line 350, and in line 351, "Savings in Prime Cost Based on the Counterplan (in Thousands of Rubles)." Above line 350 and 351 in column 1 "per year" is inserted, and in column 3, "since the beginning of the year." These lines in column 2 are not filled in.

Evaluation of the fulfillment of counterplans based on above-plan reduction of prime cost is conducted by summarizing total savings actually obtained from reducing prime cost of the output adopted for evaluating fulfillment of the assignment for prime cost (line 260 of column 3, form No 1-s), with total additional savings based on the counterplan.

8. Along with reports on form No 1-VP, which are submitted quarterly on the fourth day of the month after the end of the report quarter, associations and enterprises which have adopted counterplans for 1984 submit on a blank form No 1-VP data on counterplans for 1984 on the whole and for its first period, with data on all indicators, based on which the counterplan was adopted, filled in. This is being done once, on 1 March 1984. Columns 1 and 6 are not filled in. And for associations and enterprises which have adopted a counterplan based on prime cost of output, data on reduction of prime cost (in percentage) and savings in prime cost (in thousands of rubles) based on the counterplan is cited on lines 886 and 887, respectively.

9. For production associations and enterprises which have adopted counterplans which are part of the authorized plan and which exceed the assignment of the five-year plan for 1984, the report on form No 1-VP is composed in the manner given in Instructions No 04-92 for filling out reports on form No 1-VP, ratified by the USSR Central Statistical Administration on 21 July 1980.

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INVESTMENT, PRICES, BUDGET AND FINANCE

RSFSR FINANCE MINISTER REVIEWS FISCAL PLAN OBJECTIVES

Moscow FINANSY SSSR in Russian No 3, Mar 84 pp 3-11

[Article by Andrey Andreyevich Bobrovnikov, RSFSR minister of finance: "To Meet Current Requirements"]

[Text] The year of 1983, a year of heroic labor by the Soviet people for the fulfillment of the 11th Five-Year Plan, has become part of history. The past year in the life of the Soviet people was marked by great events of historic significance. The December (1983) CPSU Central Committee Plenum and the Ninth Session of the USSR Supreme Soviet became important events in the life of the party and our entire country. All of the Soviet people heartily approved and supported the decisions of the December (1983) CPSU Central Committee Plenum on the attainment of short- and long-range economic objectives in the development of the national economy and the continued improvement of the developed socialist society.

The decisions of the December (1983) CPSU Central Committee Plenum and USSR Supreme Soviet defined new, even higher levels for 1984 and cogently revealed our country's successes in economic and social development.

The fulfillment of the state plan for the economic and social development of the RSFSR and the state budget of the republic and the entire country in 1983 took place in an atmosphere of enthusiastic political activity and labor by the entire population to implement the decisions of the 26th party congress and subsequent CPSU Central Committee plenums and to launch widespread socialist competition for the fulfillment and overfulfillment of assignments for the third year of the 11th Five-Year Plan. Several measures were taken to raise the level of economic management even higher. Practical steps were taken to strengthen state, plan, labor and performance discipline. The consistent development of the republic economy was secured, economic growth rates rose, budget income and accumulations increased and the well-being of the Soviet people was enhanced.

National income in the Russian Federation rose to 3.9 percent above the 1982 level. The production output of industries under the jurisdiction of the RSFSR Council of Ministers increased by 2.5 percent in the past year, and the entire increase was the result of heightened labor productivity. Labor productivity in industry rose more quickly than average wages. Consumer goods production and sales increased.

The institution of measures stipulated in the decisions of the May (1982) CPSU Central Committee Plenum increased the output of agricultural products, resulted in the fulfillment of the animal husbandry product procurement plan and strengthened the financial status of kolkhozes, sovkhoses and other enterprises and organizations making up the agroindustrial complex. An important step was taken in the fulfillment of the Food Program. Other sectors of the republic economy developed dynamically.

The conservation of crude resources, materials, fuel, energy and other resources lowered production costs. The profit plan--one of the main sources of socialist accumulations--was fulfilled. The growth of national income resulted in a rise in the wages of workers, employees and kolkhoz members.

The income section of the state budget of the RSFSR was fulfilled by 100.3 percent. The uninterrupted financing of all measures envisaged in the plan and budget was secured.

Inspired by the decisions of the December (1983) CPSU Central Committee Plenum, republic work teams reached new, higher levels in the fulfillment and over-fulfillment of annual and five-year-plan assignments, concentrating on the maximum use of reserves and possibilities for the above-plan growth of labor productivity by 1 percent and an additional reduction of 0.5 percent in production costs.

The RSFSR state budget for 1984 with income and expenditures of 91.4 billion rubles and a growth rate of 2.6 percent was ratified by a session of the RSFSR Supreme Soviet. Plans were made for the continued mobilization of reserves in sectors of the national economy and the fuller use of intensive factors of economic development--the augmentation of labor productivity, the improvement of product quality, the reduction of the overhead costs of production, work and services and the augmentation of accumulations and budget income on this basis.

Income from socialist enterprises and economic organizations will increase this year and will total 81.6 billion rubles, or 89 percent of all republic budget income.

The consistent development of the national economy is evident from the increase of a billion rubles in the profits of all sectors in comparison to last year's profits. It is significant that 42 percent of all the profits, or 13.2 billion rubles, will be left at the disposal of enterprises and economic organizations for the further enlargement and modernization of production units, the augmentation of working capital, the formation of economic incentive funds and the financing of other planned expenditures. Sovkhoses will retain over 90 percent of their profits.

For the successful fulfillment of plans for production and sales, profits, payments into the budget from profits and turnover tax, the RSFSR Council of Ministers requested ministries, departments and ispolkoms of local soviets of people's deputies to raise the level of organizational work to promote full awareness in each sector and each work team, from the first days of the year,

of the means and methods by which the overfulfillment of assignments for the reduction of overhead costs can be secured and all existing reserves and potential can be mobilized.

It is also noteworthy, however, that the reorganization of production and the introduction of progressive experience, new equipment and modern technology are not being accomplished quickly enough in some sectors, crude resources, materials and fuel and energy resources are not being conserved, and labor productivity assignments are not being fulfilled.

Under these conditions, the financial system must heighten the influence of financial and credit leverage on economic administrative agencies to raise the level of organizational work for the fulfillment of assignments and the mobilization of intraorganizational potential. All of the economic and supervising operations of financial agencies of the Russian Federation must meet the current requirements of the party and government.

The augmentation of consumer goods production and the improvement of the public supply of consumer goods will be particularly important in the attainment of the social objectives stipulated in the Basic Directions for the Economic and Social Development of the USSR During 1981-1985 and the Period up to 1990. It must be said, however, that several industrial ministries and departments are not fulfilling assignments for the production of consumer goods in the specified volumes and assortments and are still producing goods that do not meet the higher consumer requirements of the present day.

The situation with regard to the fulfillment of plan assignments for sales volume with a view to delivery contracts is being improved too slowly. This is still not being used everywhere as the main indicator in the evaluation of economic performance results. In 1983 delivery assignments were not fulfilled by many enterprises of the ministries of light industry, the meat and dairy industry, local industry, the fuel industry, the fruit and vegetable industry and the fish industry.

Production capacities were utilized unsatisfactorily at enterprises of the ministries of the food industry, light industry, the fuel industry, the construction materials industry and rural construction.

The search for reserves for the augmentation of labor productivity is not being given sufficient attention everywhere. This extremely important economic indicator is not being met at several enterprises of the fuel industry, the fruit and vegetable industry, housing and civil construction and the construction materials industry. The continuous augmentation of labor productivity, as speakers noted at the December (1983) CPSU Central Committee Plenum and the Ninth Session of the USSR Supreme Soviet, is the primary task of all economic agencies, and it can be performed successfully only on the basis of the further improvement of labor organization, with the introduction of its most progressive and advanced forms, primarily the brigade form, the better use of scientific and technical achievements, the reinforcement of labor discipline and the elevation of occupational training standards for workers.

To strengthen the economy and transfer it to the intensive channel of development, the party and government have set the important task of radical improvement in the use of crude resources, materials and fuel and energy resources and the consistent promotion of conservation in all spheres of economic activity. Positive advances are evident wherever this matter is given the necessary attention. There are many associations, enterprises and organizations which have successfully fulfilled material resource conservation assignments in all sectors of the republic economy, but not all ministries and departments of the RSFSR, autonomous republic councils of ministers and ispolkoms of soviets of people's deputies have taken the necessary measures for the fulfillment of these assignments and the eradication of mismanagement in this field.

Problems in retooling operations connected with the introduction of waste-free and low-waste technology and progressive crude resource and material expenditure norms are being solved too slowly and excessively high norms are being used in some cases. As a result of serious shortcomings in the norming and use of material, fuel and energy resources, the planned level of material expenditures in industry has been exceeded by the ministries of the food industry, the fruit and vegetable industry and the fish industry.

Some ministries and departments of the RSFSR have not been exacting enough in their dealings with the managers of associations, enterprises and organizations for the planning and implementation of measures to prevent the unproductive expenditures and losses that have remained high in economic units under the jurisdiction of the RSFSR and totaled 548 million rubles in industry alone during 9 months of 1983. Unproductive expenditures and losses increased substantially at enterprises of the ministries of light industry, the textile industry, the meat and dairy industry and the food industry.

Shortcomings in financing and economic activity were the main reason for the nonfulfillment of overhead cost reduction assignments and the accumulation plan by many enterprises and organizations.

In line with the demands of the December (1983) CPSU Central Committee Plenum, financial agencies should take a precise and principled approach in informing ministries, departments, autonomous republic councils of ministers and ispolkoms of soviets of people's deputies of the need for decisive action to raise the level of economic management, reinforce performance discipline and cost accounting, accomplish the continued augmentation of labor productivity, reduce overhead costs while simultaneously improving product quality, and increase accumulations.

With a view to the nonfulfillment of the turnover tax plan for 1983, financial agencies must give this matter special consideration in the current year. The assignment for this indicator for 1984 has been stepped up to 64.9 billion rubles, with 36.3 billion, or 55.9 percent, to be deposited in the RSFSR state budget.

To secure the fulfillment of profit and turnover tax assignments, financial agencies must institute more effective control over the work of ministries,

departments, enterprises and organizations in the fulfillment of consumer goods production and sales plans, particularly with regard to the improvement of quality and assortment. A persistent effort must be made to remove unsaleable goods from production and replace them with modern goods in high demand.

Efforts must be made in conjunction with planning, banking and administrative agencies to raise the level of work to seek out potential for the increased production of consumer goods by means of the conservation of crude resources and materials and the more complete and efficient use of production waste and local crude resources. Specific proposals on this matter should be submitted to soviet and party organs, and all industrial enterprises in autonomous republics, krays and oblasts, regardless of their jurisdiction, must be included in the production of goods in short supply and of the simplest products and other goods for household and consumer use.

For the fulfillment of the state income plan, it will be important for financial agencies to regularly monitor the work of wholesale bases and enterprises of the retail trade network and institute stricter control over the level of trade organization and the timely and effective promotion of the industrial manufacture of a better assortment of goods with excellent consumer properties. All of this should have a positive effect on the satisfaction of effective demand, the fulfillment of the retail trade turnover plan and the Gosbank accounting plan and the improvement of monetary circulation in the country.

The quality and productivity of economic analyses and inspections of the financial activity of ministries, departments, associations, enterprises and organizations must be augmented. When this work is being performed, more attention must be given to the fulfillment of product sales plans with a view to contractual obligations and the disclosure of reserves for the augmentation of labor productivity, the reduction of material and energy requirements and the overhead costs of products and services, the elimination of losses and unproductive expenditures and the timely preparation of the materials of economic analyses and inspections.

Financial agencies must make higher demands on the managers and financial offices of associations, enterprises and organizations to secure timely budget accounts and to reinforce mass explanatory work among the population for the timely payment of taxes.

In line with the decisions of the 26th CPSU Congress, work is being performed in the republic to secure the steady development of state personal and property insurance for citizens. The number of contracts with them now exceeds 102 million. State insurance is also playing a more important role in strengthening the financial position of agricultural enterprises. In the past year, the property of sovkhozes of the Ministry of the Fruit and Vegetable Industry was insured.

In 1983 the plan for all types of insurance was fulfilled and budget obligations were overfulfilled. Insurance agencies in Krasnoyarsk Kray and Ivanovo, Kaluga, Kirov, Tyumen and some other oblasts had the best indicators.

State insurance payments for 1984 have been projected at 8.3 billion rubles, including 5.6 billion in voluntary payments, with a growth rate of 1.9 percent. The fulfillment of assignments will be possible under the conditions of the uninterrupted work of all insurance agency collectives, the observance of plan discipline and the maximum use of potential for the better organization and continued development of state insurance. Methods of raising the level and standards of public service should be given special attention. The need for active work in this field is attested to by letters and proposals from insurants, particularly in the Buryat and Yakutsk ASSR's, Krasnodar Kray and Kursk, Tula and some other oblasts.

The state budget of the RSFSR for 1984 envisages the necessary allocations for measures stipulated in the plan for economic and social development. In accordance with the party's policy-planning requirement of "Everything on behalf of the individual, everything for the good of the individual," the plan and budget envisage allocations for the further development of group "B" industries. Light industry and the textile, food, meat and dairy, local and fish industries will be allocated 11.4 billion rubles. Financial agencies must establish strict control over the use of these funds to maximum advantage.

In line with the decisions of the May (1982) CPSU Central Committee Plenum, republic kolkhozes and sovkhoses achieved definite successes in the production and sale of agricultural products. The rise in purchase prices, the introduction of surcharges, the assignment of budget allocations to lagging farms for specific measures and the cancellation or deferment of loan obligations to the USSR Gosbank all aided considerably in improving the financial status of kolkhozes and sovkhoses.

In spite of this, the favorable conditions established by the May (1982) CPSU Central Committee Plenum for the augmentation of agricultural output and the improvement of economic and financial conditions on several farms were not used to the maximum. Sometimes the funds of sovkhoses and kolkhozes are used for purposes unrelated to the development of agricultural production. Product losses during harvesting, shipping, storage and processing are still sizeable.

Allocations for the Food Program in the current year have been projected at 40.8 billion rubles, including over 25 billion from the state budget. The sum of 8.4 billion rubles will be allocated for the comprehensive program for the further development of agriculture in the RSFSR Nonchernozem Zone.

This will necessitate the establishment of strict control by financial agencies over the financial activity of sovkhoses, kolkhozes, organizations of the ministries of land reclamation and water resources and of procurement and the State Committee for the Supply of Production Equipment for Agriculture for the correct and effective use of allocated material and financial resources in all sectors of the agroindustrial complex. Financial agencies, Gosbank branches and state statistical establishments must give kolkhozes and sovkhoses constant assistance in the improvement of accounts and reports, the reinforcement of cost accounting and the radical reduction of unproductive expenditures and losses.

Speakers at the 26th party congress noted that the improvement of capital construction is the main objective of the 11th Five-Year Plan. Financial agencies will have the important job of supervising capital construction.

Certain steps have been taken in this direction in the republic. The number of new construction projects for production purposes was 21 percent lower in 1983 than in previous years, and the number of unfinished projects ceased to rise. At the same time, the necessary steps have still not been taken to concentrate forces and resources in priority fields, and this is having a negative effect on the fulfillment of the plans for the incorporation of fixed capital and production capacities and is diverting funds to unfinished construction and above-norm stocks of uninstalled equipment.

The sum of 11.5 billion rubles will be allocated from the budget for the financing of state capital investments in 1984. The rest of these expenditures will be covered by the organizations' own funds and bank credit. The plan and budget envisage the mobilization of internal resources in construction in the amount of 656.2 million rubles as a result of the reduction of above-norm stocks of equipment and other pieces of physical property.

Bank establishments must work with financial agencies to oversee the correct use of funds allocated for capital investments, the observance of plan and financial discipline by construction teams, enterprises and organizations and the fulfillment of assignments for the mobilization of internal resources.

The brigade contract can be instrumental in the mobilization of reserves in capital construction. In view of the fact that this method aids in the creation of a favorable social climate in collectives, the cultivation of a truly communist attitude toward labor and the improvement of technical and economic indicators, financial and banking agencies must give maximum support to measures for the better planning and organization of construction.

The party and government attach exceptional importance to the precise organization of transport operations. Although motor transport continued to be developed during the first 3 years of the 11th Five-Year Plan and is regularly augmented with new and improved vehicles, there are still serious shortcomings in the use of this form of transport. The freight volume and freight turnover at enterprises of the Ministry of Motor Transport in 1983 fell below the 1982 figures. Empty runs and above-norm stopovers have not decreased, and the use of trailers has been unsatisfactory. False reports and the overexpenditure of fuel and lubricants still have not been eliminated. The organization of passenger transport needs considerable improvement.

Financial agencies must institute stronger control over the operations of motor transport enterprises. Every effort must be made to improve auditing and monitoring operations to eliminate defects. Financial agencies should also establish control over the organizations of the Ministry of the River Fleet, which are not making maximum use of existing potential for work of heightened efficiency and quality and are not fulfilling assignments for the augmentation of fleet productivity, the reduction of overhead costs and the growth of profits.

When financial agencies are overseeing the financial activities of enterprises and organizations of the RSFSR Ministry of Motor Transport, they must concentrate on the fulfillment of plans for the construction and repair of highways and the encouragement of enterprises and organizations to allocate funds and resources and participate directly in road work.

Housing and civil construction, consumer services and communications have an important role to play in the attainment of the socioeconomic objectives set by the 26th party congress. Large sums have been allocated for the development of these sectors in recent years and the volume and assortment of public services have grown. In spite of this, allocated funds do not always have sufficient impact. The present level and standards of service in these sectors are not completely consistent with the rising demands of the Soviet people.

Plans call for the allocation of 6.7 billion rubles for housing and civil construction, 800 million rubles for consumer services and 1.1 billion rubles for communication enterprises. Allocations for 1984 will secure the further development of these sectors. Financial agencies must supervise the elimination of existing shortcomings and the elevation of service standards and the quality of service.

When Comrade Yu. V. Andropov, general secretary of the CPSU Central Committee, addressed the December (1983) plenum of our party's central committee, he said that party requirements demanded the unconditional fulfillment of the plan, but with every effort to simultaneously overfulfill it; a constant and persistent search for additional reserves and much more active work to heighten the initiative of work teams; the augmentation of the effectiveness of all economic leverage and incentives.

In light of this, financial agencies must organize their economic and supervising work in such a way as to focus on the accurate and complete use of rewards for the best results in these sectors and the simultaneous use of financial and material penalties for negligence in management.

The correct use of financial and moral incentives is an important way of intensifying the struggle for more efficient labor and more active participation by enterprise collectives in the development of national production. Thousands of progressive work teams in Moscow, Leningrad and the autonomous republics, krays and oblasts of the Russian Federation set high levels in counterplans for 1984 for the purpose of the above-plan augmentation of labor productivity and the further reduction of overhead costs.

This movement has clearly demonstrated the Soviet people's high level of political awareness. Counterplans benefit the state, the enterprise and each worker. Intraorganizational reserves are simultaneously being included in the production process. Enterprises and their personnel are inspired by the fact that if the enterprise overfulfills the 1984 annual plan by instituting a counterplan, additional contributions to incentive funds will be calculated on the basis of normatives 1.5 times as high as the standard level.

Decree No 759 of the CPSU Central Committee and USSR Council of Ministers for 1983 envisages economic levers and incentives to heighten the effective use of transport vehicles and secure the conservation of fuel and lubricants. For example, it stipulates that motor transport workers who conserve gasoline and diesel fuel will be paid 95 percent of their value. In addition to this, strict penalties have been set for violations of state discipline, such as the inclusion of incomplete operations in freight reports or the excessive expenditure of fuel.

Financial agency personnel who oversee the financial activity of motor transport organizations of varying jurisdiction must determine whether the economic levers and incentives envisaged in existing normative acts are being used to the maximum. They should verify the observance of instructions on financial penalties for the falsification of freight reports--the confiscation of funds received by enterprises as a result of the exaggeration of freight volumes.

The December (1983) CPSU Central Committee Plenum demanded maximum effort for the successful accomplishment of the economic experiment which is being conducted in several sectors to give associations and enterprises greater authority, independence and responsibility for the results of their work. The CPSU Central Committee and USSR Council of Ministers adopted a decree on the institution of this economic experiment at enterprises of the Ministry of Consumer Services in the Bashkir and Komi ASSR's, Altay Kray and Ivanovo, Kemerovo, Saratov and Yaroslavl oblasts.

Financial agencies must support this experiment in every way possible and participate in it directly, they must thoroughly analyze and monitor the financial activity of enterprises under these new conditions, they must keep local administrative agencies and the RSFSR Ministry of Finance informed of the progress in the experiment and, if necessary, they must suggest ways of perfecting it.

The party central committee and USSR Council of Ministers have paid constant attention to the social program of the 11th Five-Year Plan and the continued development of public education, culture, health and social security. Budget allocations for these purposes have invariably increased and will total 40 billion rubles in 1984, or 43.8 percent of all budget expenditures. The network of hospitals, preschool establishments and cultural-educational institutions will be enlarged and more students will be admitted to general educational schools, secondary specialized academic institutions and vocational and technical institutes. State budget allocations for education in the amount of 13.8 billion rubles will secure the attainment of current objectives in public education and science.

The draft CPSU Central Committee "Basic Directions for the Reform of General Educational and Vocational Schools" provided new evidence of the party's concern for the younger generation and for its thorough and balanced development. Financial agency personnel must take an active part in the compilation of local plans for the implementation of this reform.

Republic scientific establishments have an important role to play in the resolution of major national economic and social problems. When financial agencies

are supervising the effective use of resources allocated for the development of science, they must remember that the republic has great scientific potential. It is not, however, being used to maximum advantage. Scientists must suggest ways of accelerating the intensification of production, augmenting labor productivity and exerting more influence on economic efficiency.

The improvement of public health agencies and measures for comprehensive clinic services for the laboring public have been assigned priority in the republic. Allocations of 8.8 billion rubles have been envisaged for the development and maintenance of therapeutic and preventive health establishments in the current year.

All forms of social security will also be developed further. Allocations for these purposes in 1984 will total 17.4 billion rubles, or 1.1 billion more than in 1983. Besides this, 1.8 billion rubles will be allocated for the payment of pensions and stipends to kolkhoz members from the centralized union social security fund for kolkhoz members.

The allocation of large sums from the budget for sociocultural measures will mean that financial agencies will have to organize more effective control over their expenditure. At the same time, the reports of audits and inspections and data on the compilation of estimates for the maintenance of budget-carried establishments and organizations in some places, such as the Bashkir ASSR, Maritime Kray and Penza, Ryazan, Smolensk, Chelyabinsk and several other oblasts, testify that allocations planned on the basis of these estimates were too high in some cases, laws and normative acts on wages were violated, and expenditures on food, medicine, capital repairs and administrative services were made illegally.

In line with the demands of the June and December (1983) CPSU Central Committee Plenum, financial agencies must establish strict control over the correct planning of expenditures on sociocultural measures and the effective use of state funds for these purposes and strive for a constant rise in the level of the work of establishments engaged in enlightenment, higher and secondary specialized education, culture, public health care and social security.

The party and government regard the improvement of the economic administrative structure and the reduction of expenditures on the maintenance of the administrative staff as a pertinent and fundamental political issue. Allocations for the maintenance of government, public administration and judicial bodies have been projected at 920 million rubles in the state budget of the RSFSR for 1984, representing 1 percent of total budget expenditures. The budget envisages a savings of 143.5 million rubles as a result of reduced expenditures on the maintenance of the administrative staff.

Financial agencies and branches of USSR Gosbank must establish stricter control over the expenditure of state funds, prevent the unjustified growth of the administrative staff, take a more active part in the work to improve administrative networks, strive to eliminate duplicate links and take a more exacting approach to the proposed establishment of new organizations. Financial penalties should be imposed on organizations violating staff estimates, and legal

measures should be taken against the parties responsible. Financial agencies must heighten the effectiveness of measures to eliminate hidden shortcomings in this field.

Measures have been taken in the Russian Federation to improve bookkeeping and auditing work and to heighten their influence on the final results of the financial activity of industrial and production associations, enterprises, organizations and establishments.

Reliable accounts are an essential element of economic management. Bookkeeping plays an important role in the improvement of the economic mechanism. Financial agencies must strive to raise the level of the organization of accounting in economic sectors and organize the timely and proficient inspection of enterprise and establishment accounts and reports by superior organizations. The unconditional fulfillment of government demands regarding the completion of the transfer to the normative method of calculating production expenditures and overhead costs at enterprises and organizations in the 11th Five-Year Plan must be supervised effectively. The fulfillment of plans for the introduction of standardized accounting forms in all enterprise and organization departments with computer-aided, centralized, mechanized and automated bookkeeping must be influenced more actively.

The auditing staff of the RSFSR Ministry of Finance is constantly enhancing the productivity of audits and inspections by disclosing and mobilizing additional budget revenues, strengthening state and financial discipline in economic sectors, securing the economical and efficient use of funds and putting an end to all types of excesses and mismanagement in the expenditure of budget allocations.

In 1983 alone this staff disclosed and mobilized 200 million rubles. Chief auditing offices are operating effectively in Altay and Stavropol krais, Orenburg, Perm and Sverdlovsk oblasts and the cities of Moscow and Leningrad. At the same time, the necessary attention is not being given to this extremely important field of work in the chief auditing offices of Voronezh, Novgorod and Sakhalin oblasts.

In their daily work, financial agencies and the auditing staff must concentrate on the fulfillment of the RSFSR Ministry of Finance's orders on the establishment of stronger control over the activity of departmental auditing offices.

In December 1983 the RSFSR Ministry of Finance held a conference-seminar for the managers of the auditing and bookkeeping offices of RSFSR ministries and departments to inform them of specific objectives in the eradication of existing shortcomings in the procedural and practical administration of auditing work by ministries and departments, the enhancement of the quality of audits and the effectiveness of subsequent supervision in economic sectors and the improvement of the work with auditing and bookkeeping personnel. The results of the conference were reported to the RSFSR Council of Ministers, which passed a resolution on the matter. When conferences of this type are convened on the local level, participants must be taught to regard the observance of conservation requirements and financial laws and the protection of socialist property

as an essential condition for the successful fulfillment of plans for economic and social development and the budget of the republic.

Measures to improve the style and methods of work are constantly taken in the central staff of the RSFSR Ministry of Finance and local financial agencies, and updated methods of organizing the activity of financial establishments are tested. Considerable attention is being given to the improvement of work with the letters, reports and complaints of workers and personal meetings with citizens.

The widespread use of legal means in the work of financial agencies and the improvement of the legal background of their personnel are considered to be extremely important. This aids in the more proficient preparation of documents on matters related to daily work, draft normative acts and the decisions of ispolkoms of soviets of people's deputies, particularly their legal substantiation, and allows for stronger and more effective control over the observance of laws in enterprise, organization and establishment operations by financial agencies.

The RSFSR Ministry of Finance is establishing an automated system of financial accounts to heighten the effectiveness of economic work by incorporating the achievements of the scientific and technical revolution. The purpose of this is to give financial personnel a simple and convenient instrument to facilitate time-consuming calculations and accounting operations. The automated system will make more information available to ministry personnel and will give them more time for the economic analysis and supervision of financial activity in sectors of the national economy. The RSFSR Ministry of Finance is preparing all financial agencies for the computer-aided automation of financial calculations.

After considering the results of the fulfillment of the republic state budget for 1983 and determining ways and means of securing successful work in 1984, the RSFSR Ministry of Finance believes that each staff member in the financial system will perform his professional duties energetically and will heighten labor discipline, order and efficiency.

High indicators in the fulfillment of plan assignments necessitate thorough and painstaking work in the placement and training of personnel, the widespread use of socialist competition and the preparation of financial agency personnel to fulfill and overfulfill plans for the mobilization of income and stepped-up socialist commitments. Financial agencies must do everything within their power to ensure that the sizeable sums allocated from the RSFSR state budget for further economic and cultural development are used to maximum advantage and in line with the strictest economy and conservation requirements.

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INVESTMENT, PRICES, BUDGET AND FINANCE

ALL-UNION CONFERENCE ON INVESTMENT PLANNING HIGHLIGHTED

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/Article by V. Silin and V. Borodin: "Results of the All-Union Conference on Improving Investment Planning"/

/Text/ An All-Union Scientific and Practical Conference "Improving the Planning of the Investment Process--an Important Factor in Accelerating an Increase in Industrial Capacity," which was organized by USSR Gosplan and the NIEI /Scientific Research Institute of Economics/ of USSR Gosplan, has taken place. Participating in its work were personnel of USSR Gosplan, the Gosplans of the union republics, Gosstab USSR, Stroybank /Construction Bank/ USSR, Gosstroy USSR, AN /Academy of Sciences/ USSR, scientific research institutes, and higher educational institutions.

The Deputy Chairman of Gosplan USSR, N. P. Lebedinskiy, in opening the conference dealt with matters of organizational policy and increasing the effectiveness of investments. Objective principles of the process of expanded socialist production at the present stage require an acceleration of investment growth rates. This is related mainly to putting the Food Program, the Energy Program, etc. into operation.

Considerable resources for improving the efficient use of funds and the effectiveness of investment are contained in the achievement of maximum productive capacity. In a number of industries the latter is below accepted standards because of lack of coordination within and between industries, and a low coefficient of equipment utilization.

Expanding the scale of re-equipping and rebuilding operating enterprises is one of the main directions for increasing industrial capacity. The effectiveness of re-equipping and rebuilding can be increased not only by increasing allocations for these purposes, but also by way of improving the planning, the financing, the material and technical support and the organization of these projects.

The problem of concentrating investment and reducing project construction time still remains critical. To resolve it we must target improvement of

the basic planning standards in capital construction and in the management mechanism, coordination of the activities of all participants of the investment process etc. A considerable role can be played by the Unified System for Planning Capital Construction.

V. N. Kirichenko, Director of NIEI of USSR Gosplan, in his report "The Most Important Directions for Increasing the Effectiveness of the Investment Process" analyzed the characteristic features of the contemporary stage in the development of production, and the conditions and directions for increasing the efficiency of investment activities. The growth resources of production are linked mainly to the use of investment, which is a key factor for progress in distributing productive forces and shaping a rational industrial structure for the national economy. Developing and improving the technical level of machine building is a priority direction for improving the industrial structure of investments. Without improvement in this it is impossible to successfully resolve the tasks of increasing the efficiency of the investment process, introduce resource-saving technology, or substantially improve labor productivity.

Needed in the future is a rationalizing of the structure of investments directed to the agricultural sector. The volume of agricultural output can be significantly increased by reducing losses. This requires changing the structure of the material and technical base of the agricultural sector to enhance the production of the means of production and to increase and improve the technical level of capacities to store and process the product.

A very important condition for growth in investment effectiveness is the elimination of imbalance in the investment process by way of improving the planning of capital construction and the management mechanism in the area of contract activities. A methodology has now been prepared at NIEI of USSR Gosplan that makes it possible during the drawing up of a plan to assess its merit by the degree of concentration of investment relative to the accepted standards for its distribution.

N. T. Arkhipets, Deputy Chairman of USSR Gosplan, in his report described the main directions for improving the material and technical support of capital construction. The existing system of material and technical support does not promote the efficient use of resources. It is therefore necessary to establish a system that will stimulate a decrease in consumption of material and in cost of capital construction, aid in attaining a good end result, and reduce the time required to put facilities under construction into operation.

This system should be government-wide, the same for all participants in capital construction, and promote the comprehensive supply of materials for all construction projects included in the state plan through local organs of material and technical supply in accordance with the orders of construction and installation organizations and in conformity with their requirements, as defined in designs and estimates. To resolve this task

USSR Gossnab, together with construction organizations and USSR Gosstroy, has worked out a Unified System for Supporting Capital Construction. It consists of three subsystems, which depend on the makeup of the plans for supplying materials and equipment to construction projects in accordance with designs and estimates and in conformity with title lists, the practice of production operations and the order of construction organizations; on the dispatcher management and monitoring of the performance of supply plans in accordance with designs and estimates; and on analysis of the expenditure of construction materials and comparison of actual expenditures with demand. USSR Gossnab, together with the construction ministries, has now arranged for the support of 1,300 very important installations in accordance with the orders of construction organizations.

G. A. Shirayev, a department chief of USSR Gosplan, presented a report: "Improvement of Planning and Estimating" A Necessary Condition for Accelerating an Increase in Capacity." Designing and estimating have a substantial influence on the effectiveness of investment. Designs predetermine both the one-time and the day-to-day costs of future enterprises designated for new construction or undergoing expansion, rebuilding or re-equipping.

The main reason for the increase in cost estimates for projects under construction is prolonged construction times. Therefore, with the goal of reducing them, the task of designing is included in lowering the volume of construction and installation operations on a project by way of cutting down on the demand for labor and materials by a construction unit. A condition for the shortening of time is construction in phases, and for this, designs must be worked out with the phases identified.

It is important to start the planning of capital construction with the planning of design and survey operations, and even at that stage to define cost indicators per volume and construction targets on the level of the national economy. For this we may use the data in long-range plans, and industrial and regional plans. The establishment of the state system for monitoring the quality of designing has made a real demand on time. Planning to increase the technical and economic level of design solutions has been included in the 11th Five-Year Plan.

Problems of financing and providing investment credit were reviewed in the report of V. N. Kulikov, Chief of Management of USSR Stroybank. An active role in improving construction management belongs to such factors as finance and credit. However, the finance and credit mechanism is still not fully guiding all participants of the investment cycle toward the most intensive development route. What is mainly required is further improvement in the structure of the sources for financing investment. We must define the optimum limits for the use of budgetary, in-house and credit assets for the financing of investment. Preference ought to be

given to in-house assets and bank credit, since the utilization of these sources calls for the development of cost-accounting principles of management. But even in the future, budgetary allocations will play an important role in the expansion of production and in effecting investments related to introducing new forms of production and exploiting natural resources.

To increase the role of short-term bank credit in improving the effectiveness of investment, it is necessary to improve the process of working-capital formation, and above all, to increase the share of in-house assets to cover the expenses of the incompleting work of construction organizations.

V. A. Korolev, a deputy department chief of USSR Gosplan, gave an account in his report of the problems of setting up a system of accepted standards for the planning of capital construction. The difficulties that exist in construction are to a considerable extent related to inadequacies in the standard base for planning. The latter are defined mainly by methodological incoherence and the absence of a unified organizational basis for setting up the various groups of norms and accepted standards, and by shortcomings in their goal orientation and a low level of dynamism. A system of norms and accepted standards for planning capital construction should be set up from the results of analyzing design merits on the base of a unified body of technical and economic indicators for designs. To follow through on the directions indicated for improving the standard base for capital construction requires improvement in the organization of scientific-research and standardizing work, of the system of planning documentation, and the adoption, along with the traditional methods of standardizing based on direct technical and economic calculations, of the contemporary methods of systems analysis and simulation.

With the goal of setting up a comprehensive standard base for capital construction, USSR Gosplan and NIIPiNom/Scientific Research Institute of Planning and Standards/ of USSR Gosplan have completed the preparation of a unified system of designating industries, types of production, enterprises, start-up systems and capacities. In the GVTS /Main Computer Center/ of USSR Gosplan a system has been adopted of calculating the norms of expenditures for a broad range of material resources to ensure correlation between capital construction plans and those of material and technical supply.

S. P. Tokarev, Chairman of SOPS /Council for the Study of Productive Resources/ of USSR Gosplan, presented the report "Improving the Regional Planning of the Development of the Construction Sector: The Most Important Direction for Improving the Effectiveness of Capital Construction." Improving the planning of capital construction must begin above all with the comprehensive assessment of construction projects started, and of the installations and capacities of the construction sector in the rayons in order to determine their status and the requirements

in materials, equipment and labor resources to complete the construction, and the necessary phasing into operation of the corresponding installations. This work must be carried out in the framework of YeSPKA /Unified System for Planning Capital Construction/, and with the broad involvement of ministries and departments, and of union republic, kray and oblast organizations.

Multidepartmental control of the construction sector is one of the main reasons for the imbalance in capital construction and the inefficient transportation of construction materials that require shipment. The absence of unified management of the construction sector in the economic regions is the reason that the expansion of construction capacities is proceeding not so much from building up construction and installation organizations, as from an increase in their number. All this evidence of a need for a decisive rebuilding of the system of managing construction, which must be put on a territorial basis, to enable construction and installation operations in a region to be carried out under unified management. This will make it possible to set up in the rayons large-scale construction and installation associations, to establish a unified industrial-equipment and material base for construction, to ensure a high level of flexibility in the utilization of resources, and sharply reduce the freight burden of construction on the railroads.

Problems of planning and managing the construction industry were examined in the report of I. L. APARIN, Deputy Director of NIIES /Scientific Research Institute of the Economics of Construction/ of USSR Gosstroy. The main tasks in the area of improving the structure and the organizational forms of managing the construction industry are regulating the spheres of activity in the construction ministries, reducing the number of steps in management, and strengthening construction and installation organizations.

To support the planning of capital construction and on-going production as a unified whole requires a change in the approach to planning capital construction: instead of the plan currently developed for investment, we must convert to a plan to increase capacities and basic resources. In order to increase the stability of construction industry plans we must make broader and fuller use of the experience of Orel construction workers in biennial planning, which should be reflected in the methodology of planning capital construction.

The recommendations of the conference contain proposals to strengthen the centralized management of the investment process and the planning of on-going production and new construction as a unified whole, to ensure the balance of plans and the stability of planned programs, and to raise the technical and economic level of design solutions, etc.

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REGIONAL DEVELOPMENT

GOSPLAN OFFICIALS DISCUSS DEVELOPMENT OF SIBERIA, FAR EAST

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 4, Apr 84 pp 98-103

Article by N. Kazanskiy and N. Singur, chiefs of subdepartments of Gosplan USSR: "Siberia and the Far East in the National Economic Complex of the Country"

Text The eastern regions of the Russian Federation occupy a special place in the economic development of the country. The West Siberian, East Siberian and Far Eastern economic regions are situated on an area of 12.7 million square kilometers, which constitutes over half of the territory of the country. This in itself is a most important reserve for the economic development of the entire national economic complex, especially since significant reserves of natural resources (oil, coal, gas, nonferrous and rare metal ores, asbestos, potassium salts, and other resources) discovered in the Soviet period are concentrated on the vast territory here. Many types of natural resources are not found in other regions of the country. The water resources of this region have important significance: three great Siberian rivers of our country -- the Ob, Yenisey and Lena -- provide over 70 percent of the all-Union water flow. Almost one-fifth of the world reserves of especially pure fresh water is concentrated in Lake Baykal.

Around 60 percent of the all-Union reserves of timber, which, in turn, constitute over one-third of the world reserves, are located in Siberia and the Far East. One-fourth of the state land fund of the country suitable for use in agriculture is also concentrated here.

The fact that the region borders on the Pacific and Arctic oceans has great national economic significance for the country and presumes fuller utilization in the future of the biological, mineral, and fuel and energy resources of the ocean and also the development of export industries and strengthening of economic cooperation with countries of the Pacific basin.

Even now Siberia and the Far East play a visible role in the formation and development of the whole economic complex of the country while ensuring the growth of extraction of many essential types of raw material and fuel, producing output required for realization of progressive changes in the structure of the national economy, and ensuring independence of the country -- its renunciation of imports from capitalist countries. This means oil, gas, thermal-energy and coking coal, electric power, ferrous and nonferrous metals, timber-processing products, and many types of petrochemical-chemical products.

At the present time 18 percent of all the electric power of the country, 11 percent of the rolled ferrous metals, 11.5 percent of the chemical fibers and threads, 27 percent of the cellulose, 21 percent of the cardboard, 34 percent of the lumber, 13.6 percent of the cement, and 12 percent of the agricultural equipment are produced in Siberia and the Far East. Siberia and the Far East are basic suppliers of fur and so-called gifts of the taiga -- wild game, cedar nuts, fern, berries, and medicinal herbs and culinary roots (lemon nut, eleuterokokka, ginseng, aralia and others). Around 40 percent of the fish and products of the sea are caught in the Far East and around 90 percent of the soybeans and a considerable quantity of rice are produced here.

The region has all the prerequisites for the development of hydroelectric power stations, coal mines and ferrous and nonferrous metal mines, which are the largest in the USSR and the world, powerful oil and gas wells, and the largest timber-processing complexes. Fuel and energy resources are distinguished by especially high efficiency. For example, productivity of labor in the fuel industry of the eastern regions is double that in the European part of the USSR and its growth is much faster.¹ Here, too, the cost of fuel extraction is the lowest. The utilization of hydroelectric power and timber resources is highly economical. From this it follows that the development and location in the eastern regions of industries which consume much power, fuel, materials, and water are facilitating an increase in efficiency of the national economic complex of the country. Thus, calculations made by the Council for the Study of Productive Forces, attached to Gosplan USSR, show that a 100 million ton increase in extraction of coal in the Kansk-Achinsk basin will enable us to lower the cost of coal mining in the country almost 20 percent and to increase labor productivity during its extraction 25 percent.²

High, stable rates of development of the national economy cannot be achieved without drawing the new raw-material and fuel-power resources of Siberia and the Far East into circulation. Therefore, special attention should be devoted to problems of utilization of the resources of these regions in practical planning work. In this connection the significance of elaborating a scientific-technical strategy of the development of Siberia and the Far East, with due consideration of the specific features and conditions for economic development of these regions, is growing during planning. It should envisage a clear substantiation of the goals of the economic development of the regions undergoing development, utilization of the latest achievements of scientific-technical progress, effective phasing of development (sequence in time and space), provision with the requisite material resources, and an efficient system of construction bases for fulfillment of investment programs.

Utilization of the latest technology and equipment has special significance for the development of Siberia and the Far East. The application of new scientific-technical solutions permits us not only to ensure the growth of the economic potential of the country but also to achieve unprecedented rates of resources development. For example, while it took 100 years to bring oil extraction up to a billion tons in Azerbaijan, in Western Siberia this took only 14 years, and for extraction of the second billion, only 3 years in all.

This was facilitated by the utilization of new technology in developing the oil fields. The development of gas deposits of Western Siberia has been accelerated by the introduction of more productive technological lines for preparing the gas (with a capacity of 3-5 million cubic meters per 24 hours) and the construction of main gas pipelines from pipes with a diameter of 1,420 millimeters (for a pressure of 75 kilograms-force per square meter) and wide utilization of equipment and systems for automating technological processes.

The influence of the regions of Siberia and the Far East on the economic and social development of the country is being sharply intensified in the 1980's. The investment program for these regions, already included in the plan for the 11th five-year plan, is becoming comparable with our most important all-Union programs, such as, for example, the food program. The volume of capital investments allocated for these regions in the 11th five-year plan exceeds over 120 billion rubles. Even greater problems must be solved in the future. That is why it is necessary to overcome a departmental approach as rapidly as possible during the allocation of branch investments, while orienting toward utilization of resources exclusively for branch production goals, since it leads to disproportions and negative phenomena in development of the regional economy of Siberia and the Far East, especially in the fuel-energy balance. For example, the fact can hardly be justified that over 700 million tons of standard fuel are now transported from Siberia into the European regions, while at the very same time a shortage of fuel is found to exist in different rayons and cities of this region, which has to be eliminated by resorting to complicated and economically unprofitable methods (for example, the requirement of the West Siberian territorial-production complex is satisfied through the transmission of power from the Urals, which meets en route a veritable stream of coal, oil and gas!). A similar picture is developing in the Far East: fuel is being transported here from Eastern Siberia although fuel resources are available in this region. There are also other shortcomings, such as the intrabranched structure of different branches of the economy of the region which developed as a result of incomplete accounting of its needs, an unfavorable ratio of thermal and hydroelectric power stations in Eastern Siberia, the reduction of extendable construction in progress in priority branches (nonferrous metallurgy and petrochemistry, gas chemistry and wood chemistry), the gap in tempos of prospecting for a number of resources and growth of their extraction, the lag in the production of construction materials behind an increase of the capacities of the construction industry, and other problems. The slow buildup of capacities of processing industries is leading to the appearance of superlong-distance and unreasonable deliveries of raw materials and semi-finished products from Siberia and the Far East and also within these regions. Insufficient development of the transportation system is impeding not only the transporting of products but also the placement of new enterprises and production facilities in these regions. Questions of capital construction require a fundamental solution. Industrial construction projects and housing are being built too slowly as a result of disruptions in fulfillment of plans.

The untimely and incomplete solution of a number of social problems (provision of the population with foodstuffs and industrial goods, housing, organization of public health, et cetera) is causing an undesirable migration of the population from Siberia and the southern regions of the Far East.

All of the above-noted information is explained, to a considerable extent, by the lack of a comprehensive approach to planning of the development of regions of Siberia and the Far East. A number of measures for improvement of planning of the development of Siberia and the Far East were envisaged in the decree of the CPSU Central Committee and Council of Ministers USSR of 12 July, 1979. Thus, in addition to the allocation in state plans of basic indices of the socioeconomic development for the West Siberian, East Siberian (with appropriations for Krasnoyarsk Kray), and the Far Eastern economic regions, Gosplan USSR was instructed to consider schemes of the development and location of productive forces of these regions and also to approve basic indices of the socioeconomic development for the TPK's [territorial-production complexes] included in these regions. It was proposed that ministries and departments allocate in draft plans the indices of the development of their subordinate associations (enterprises) and organizations included within the framework of these TPK's.³

Such a procedure has become a practice in planning, starting with the preparation of the plan for the 11th five-year plan. The main task in the planning of regions of Siberia and the Far East and of the forming of TPK's in them is reduced to increasing effectiveness in the utilization of the resources which are being drawn into the active process of economic development. More purposeful participation of different ministries and departments in resources development, a comprehensive approach to the solution of inter-branch problems, and the manifestation of bottlenecks in the development of the economic regions and formation of TPK's are needed for this.

The West Siberian TPK, which unites the Yamalo-Nenetsk and Khanti-Mansiysk autonomous okrugs, the city of Tobol'sk, and Tobol'skiy and Uvatskiy rayons of Tyumen Oblast, and Aleksandrovskiy, Kargasokskiy and Parabel'skiy rayons of Tomsk Oblast, is being developed at rapid rates. As was noted at the 26th CPSU Congress, the extraction of gas and oil here must be made a most important element of the energy program of the 11th and 12th five-year plans.

It is necessary to carry out large-scale operations for the development of new oil and gas fields (Yamburgskiy, Gubkinskiy, Russkiy and others) and perform a large volume of transport construction (to complete construction of the Surgut-Urengoy Railroad, a network of motor vehicle roads in regions of the oil and gas fields, and six of the world's largest main gas pipelines, including the one to Western Europe). A large program of housing and socio-cultural construction is being carried out. In comparison with the previous five-year plan, plans call for a 2.1-fold increase in housing construction, a 1.8-fold rise in schools and children's preschool institutions, and a 1.7-fold increase in the number of hospitals.

In the current five-year plan it will be necessary to assimilate capital investments amounting to more than 47 billion rubles for the West Siberian complex, which exceeds outlays of funds for this complex during the three preceding five-year plans. There will be significant structural changes in the industry of the complex in the 11th five-year plan. By the end of the five-year plan the proportion for the petroleum and gas industry will be reduced from 97 to 85 percent by virtue of the growth of industrial production of other branches of the complex, including expansion of the production of electric power, the production of output of construction industry enterprises, and the activation of capacities at the Tomsk Chemical Plant and Tobol'sk Petrochemical Combine.

The vast territory of the TPK, the scales of the investment program being implemented here, the nature of the system of economic ties taking shape, and, finally -- and this is the main thing -- its significance as the largest all-Union and international base for the supplying of hydrocarbon raw material permit us, in our view, to raise the question of the formation of an independent economic region in Western Siberia in which the West Siberian TPK can serve as the nucleus.

With respect to dynamics of development, Krasnoyarsk is outstanding in the East Siberian economic region. A very large production complex is being developed here in the center of Siberia on the basis of the unique combining of large-scale resources (40 percent of the all-Union reserves of the least expensive lignite in the country, 18 percent of the commercial timber, highly economical hydroelectric power resources, large reserves of the ores of ferrous and nonferrous metals, and construction and chemical raw material). The basic indices of socioeconomic development for this complex are allocated in state plans.

The Kansk-Achinsk and Sayanskiy TPK's are being formed on the territory of the kray. The Kansk-Achinsk fuel-power complex (KATEK), which is being developed on the basis of the unique lignite basin that stretches for 800 kilometers along the Trans-Siberian Railroad, is the nucleus of the former. It includes the cities of Achinsk, Nazarovo, Bogotol and Achinskiy, Nazarovski, Bogotol'skiy, Sharypovski and also the Uzhurskiy, Kanskiy, Rybinskiy, Uyarskiy and Ilanskiy rayons of Krasnoyarsk Kray, the city of Mariinsk, and the Mariinskiy, Tyazhinskiy and Tisul'skiy rayons of Kemerovo Oblast. The powerful coal seams (up to 80-100 meters in places) lie at a shallow depth. The coal reserves suitable for open-pit mining alone are estimated at 140 billion tons and the overall geologic reserves, at 1.2 trillion tons. Here it is planned to build gigantic mines with an annual productivity of 55-60 million tons of coal. The largest thermal electric power stations in the world, each with capacity of 6.4 million kilowatts, are situated around them. Each of them will generate as much electric power as the Krasnoyarskaya and Sayano-Shushenskaya hydroelectric power stations combined.

In the 11th five-year plan the first stage of Berezovskiy Mine No 1, which will have a capacity of 13 million tons, will be put into operation and reconstruction will be completed on the Irsha-Borodino and Nazarovo mines, with a combined total capacity of 8 million tons of coal per year. The extraction of coal in KATEK should be over 48 million tons by the end of the five-year plan. It is planned to put into operation the first turbine, with capacity of 800,000 kilowatts, at Berezovskaya GRES No 1.

The utilization of Kansk-Achinsk coal in the powerful thermal electric power stations will permit the release of an additional quantity of transportable Kuznetsk coal for delivery of fuel to the Urals and other European regions of the country. In the future it is planned to organize the overall industrial conversion of Kansk-Achinsk coal into solid, liquid and gaseous types of fuel and valuable chemical raw material.

The output of a heavy excavators plant under construction in Krasnoyarsk is designed for future coal mines of KATEK. With the commissioning of its first stage in the current five-year plan, the plant will produce excavators, walking draglines, and powerful rotor complexes -- equipment which will permit a significant rise in labor productivity at the coal mines.

A large TPK, composed from enterprises of nonferrous metallurgy and the chemical and petrochemical industry, is being formed around the fuel-power nucleus in Eastern Siberia. The expansion and construction of an alumina combine and petroleum refinery are being continued in Achinsk along with the development of agricultural machine building.

Urban construction is being increasingly developed along with the gigantic coal mines, electric power stations and plants. Blocks are being built up in Sharypovo, the new city for coal miners and power industry workers, and the old cities of Achinsk, Nazarovo, Zaozernyy, Kansk and Borodino are undergoing expansion. In the 11th five-year plan it is planned to turn over for use 2 million square meters of housing and a large number of pre-school facilities, schools and hospitals and to expand the construction base significantly.

The Sayanskiy TPK, located in the south of Krasnoyarsk Kray, is moving into the final phase of its formation in the current five-year plan. It includes the cities of Abakan, Sayanogorsk, and Chernogorsk, and the Tuim workers' settlement; Ust'-Abakanskiy, Askizkiy, Beyskiy and Altayskiy rayons of the Khakass Autonomous Oblast; Minusinsk; and the Minusinskiy, Kuraginskiy and Shushenskiy rayons of Krasnoyarsk Kray. The last three power units of the Sayano-Shushenskaya GES are being put into operation and its output will be 6.4 million kilowatts. The Maynskaya GES, with capacity of 320,000 kilowatts, is being built for regulation of the tail-water inflow. The main consumer of electric power, the Sayanskiy Aluminum Plant, will go into operation. New capacities are being put into operation in the Abakan Railcar Machine Building Association, at enterprises of the Minusinsk electrical equipment complex, the Tuim Nonferrous Metals Processing Plant, the Sorskiy Molybdenum Combine, and also at the Irbinskiy Iron Mine. The base of the

construction industry and building materials industry is being developed. Operational enterprises include the large Sayanmramor Sayanskiy Marble Stone-Processing Combine, with a capacity of 250,000 square meters of facing articles per year. A number of large consumer services enterprises (sewn-goods, knitwear and shoe factories and a meat combine) are now in operation and under construction.

Much attention is being devoted to further development of the production base of the Sayanskiy TPK. It is planned to put into operation animal husbandry complexes for raising and fattening pigs, young cattle, and the production of milk and also capacities for production of whole-milk products.

The commissioning of new productive capacities in different enterprises of the complex will require the significant additional attraction of labor resources. In connection with this it is necessary to fulfill a large volume of housing construction and the construction of sociocultural facilities in the cities and workers' villages of the complex.

The Southern Yakutsk TPK stands out in the Far Eastern economic region. It includes the city of Neryungri with subordinate territory and Aldanskiy and Olekminskiy rayons of the Yakutsk ASSR. Its formation is connected with the development of deposits of coal, iron ore, phlogopite mica, apatites and rare-earth elements discovered here. Construction of the BAM Baykal-Amur Main Line - Tynda - Berkakit Railroad in the 10th five-year plan opened access to the natural resources of this region. In the 11th five-year plan construction is being completed here on the Neryungri Coal Mine, with a capacity of 13 million tons, a concentration mill for 9 million tons, and the first stage of the Neryungrinskaya GRES, with capacity of 390,000 kilowatts.

The validity of considering the place and role of Siberia and the Far East together in the national economic complex is determined by a number of objective characteristics of these regions. First and foremost, these regions have many similar natural resources -- the whole range of nonferrous and rare metals and minerals, timber, water and other resources. In many cases these resources are adapted to localities with harsh climatic conditions. This predetermines analogous fundamental decisions on the technology and equipment needed for the utilization of these natural resources. The development of a number of other industries based on economic conditions requires due consideration of the needs of both Siberia and the Far East. This pertains, for example, to mining, timber-processing, and road and transport machine building, repair industries, specialization of a number of machine building plants, the development of a large new metallurgical base in the regions east of Lake Baykal, the production of mineral fertilizers, et cetera. Cooperation of Siberia and the Far East in providing the economy with electric power is possible in the future.

Major transportation arteries -- the Baykal-Amur Main Line, Northern Sea Route, and others -- are exerting an influence on the development of new natural resources of these regions.

Problems of attracting personnel are also relevant for both Siberia and the Far East and require the solution of a number of social problems.

Special-purpose programmed planning methods are finding wide application in Siberia and the Far East as in no other region of the country. For example, the economic development of the BAM area, which was begun in the current five-year plan, is being realized on the basis of a comprehensive special-purpose program, the basic indices of which were approved by Gosplan USSR for the 11th five-year plan. A comprehensive special-purpose program is now being elaborated for the economic development of the BAM area for the period up to the year 2000. Dozens of ministries and departments and many branch and academic scientific research and planning institutes are participating in the elaboration of this program.

Within the framework of this program scientists of the Yakutsk Affiliate of the Siberian Department, Academy of Sciences USSR, and the Institute of Economic Research of the Far Eastern Scientific Center, AS USSR, are working out a comprehensive target program for the formation and development of the Southern Yakutsk territorial-production complex -- the pioneer of the whole system of future TPK's in the BAM area.

At the present time technical and economic substantiations of the iron ore deposits of the Southern Yakutsk TPK are being prepared with the goal of their utilization together with coking coal of the Neryungri deposit for the development of a large, new metallurgical base in the Far East. This is one of the top-priority problems of the present and, especially, the future development of the Far East, or more accurately, of the entire area east of Lake Baykal. The shortage of rolled metal which has developed in this area is impeding the development of capital construction and branches of machine building associated with needs of the region, especially in the Far East. Such problems as the development of the Seligdar apatite deposit for the purpose of providing agriculture of Eastern Siberia and the Far East with mineral fertilizers, the development of transportation, including the Berkakit - Tommot - Yakutsk Railroad, development of nonferrous metallurgy, strengthening of the material-technical base of construction, and social and other problems are also very important for the development of the Southern Yakutsk TPK.

A comprehensive special-purpose program is also now being elaborated for development of the West Siberian petroleum-gas complex and the formation of a TPK on its basis. The basic parameters of the development of the oil and gas base in coordination with the development of other national economic branches within the confines of Tyumen and Tomsk oblasts of Western Siberia for the period to 1990 and the future to the year 2000 are being considered in this program.

Scientific programs, schemes of the development and distribution of productive forces in the future, and comprehensive special-purpose programs are serving as a scientific basis for the elaboration of plans of the economic and social development of Siberia and the Far East.

The elaboration and realization of the above-noted preplanned and planned materials required changes of organizational forms in the management sphere in both the scientific organizations and economic organs.

The Scientific Council on BAM Problems was formed in 1975 under the Presidium of the Academy of Sciences USSR. Under leadership of the council scientific principles were elaborated for the program of economic development of the BAM area, recommendations were made on such important methodological, organizational and economic problems as the formulation of goals and subgoals of the program, its structure, and the phases of achieving the goals, and a national economic estimate was made of the basic natural resources and sequence of their development and also on the priority of solving the major socioeconomic problems of the area (scientific and planning preparation, development of special equipment, social problems, et cetera). The scientific developmental works are being used by planning and economic management organs for solving specific problems and for working out draft plans of the socioeconomic development of the BAM area.

The scales of the development of the productive resources of Siberia and the Far East and the all-Union significance of the problems being solved in this process, which influence the efficiency of the entire national economic complex, require further improvement of the planning work and management of the economy of these regions. The above-noted territorial planning organs should elaborate, together with scientific organizations, sound proposals on draft plans of the socioeconomic development of the regions and TPK's under consideration. They should envisage the formation of an efficient structure, proportionality in the development of all elements and component parts of the regional complex, and efficient organization of intraregional and, especially, interregional ties as an indicator of the place and role of the given region in the national economic complex of the country. With this goal in mind it is expedient, in our view, to extend the list of basic indices of the socioeconomic development of Siberia and the Far East and of the TPK's included in their structure through, for example, the introduction of sections on material-technical supply, the development and supplying of new technology and equipment, preparation of planning estimates for the most important construction projects, et cetera.

An important condition for the preparation of annual and five-year plans lies in the timely elaboration by scientific organizations of comprehensive programs for the formation and development of all territorial-production complexes being planned for the future to the year 2000. Such programs do not exist at present and they are being developed only for the West Siberian TPK and the BAM area. Without such programs, in which goals and subgoals are designated along with the phases of their achievement, major socioeconomic problems are delineated and methods for solving them are noted, the structure of the complex and the proportionality and priority of development of its elements are indicated, et cetera, it is extremely difficult for practical planning personnel to elaborate comprehensive plans for the formation of TPK's and overcome narrow departmental interests of the different ministries.

The intensification of control over the fulfillment of territorial plans on the part of local soviet and planning organs and also of the apparatuses of authorized representatives of Gosplan USSR for the economic regions also has important significance.

Formation of the Siberian and Far Eastern TPK's is unthinkable also without close interaction of the different ministries and departments, enterprises and organizations, which are situated in different parts of the country, in solving specific problems connected with the fulfillment of plans of TPK development.

The consideration and coordination of branch and territorial schemes has now been completed in Gosplan USSR. In this process the schemes of the development and location of the productive forces of the West Siberian, East Siberian and Far Eastern economic regions were considered in advance by the State Experts' Commission of Gosplan USSR, with the participation of a large group of scientists and specialists of different branches of knowledge, including also from departments of Gosplan USSR. The directions of further growth of the economic potential of Siberia and the Far East and enhancement of their role in the national economic complex of the country are outlined in these schemes.

It is important for the ministries and departments, departments of Gosplan USSR, and local soviet and planning organs to take fully into account the main provisions of the above-noted developmental schemes during the elaboration of plans for the 12th five-year plan and the period to the year 2000.

FOOTNOTES

1. V. Varlamov, "Yedinyy narodnokhozyaystvennyy kompleks -- osnova razvitiya soyuznykh respublik" [Unified National Economic Complex Is Basis for Development of Union Republics], Moscow, Znaniye Publishing House, 1982, p 47.
2. Ya. Mazover and T. Makarova, "Efficiency of Fuel Bases of Siberia," PLANOVOYE KHOZYAYSTVO [Planned Economy], No 4, 1982, p 61.
3. "Sovershenstvovaniye khozyaystvennogo mekhanizma" [Improvement of Economic Mechanism], Moscow, 1980, p 17.

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