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6 December 1982

USSR REPORT ECONOMIC AFFAIRS

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

IMPROVEMENT OF MANAGEMENT OF BELORUSSIAN INDUSTRY

Moscow EKONOMICHESKAYA GAZETA in Russian No 26, Jun 82 p 5

[Article by Secretary of the Central Committee of the Communist Party of Belorussia L. S. Firisanov: "Improve the Methods of Management"]

[Text] In Belorussia practically all the sectors of industry will take part in the implementation of the Food Program which was approved by the May (1982) CPSU Central Committee Plenum. It is natural that the greatest responsibility will rest with those of them, which are directly connected with agriculture and are called upon to ensure the strengthening and a high technical level of its material and technical base.

Today we can note with satisfaction that the majority of labor collectives, which produce tractors, combines, other agricultural machinery and equipment and mineral fertilizers, are working persistently on the solution of these problems. During the current five-year plan the machine builders of the republic, for example, have to assimilate the production of new agricultural machines and devices of 15 descriptions. It is planned to carry out the modernization of 13 models of the agricultural equipment presently being produced. The party organizations are increasing the attention to the construction and renovation of enterprises which produce products for the countryside. It is possible to judge the scale of this work if only from the fact that during the 11th Five-Year Plan twofold more capital investments are being allocated for these purposes than during the preceding five-year plan. Much is also being done in the republic for the more efficient operation of the enterprises of other sectors.

The Educational Consequences of Economic Practice

The successful accomplishment of the set tasks, of course, is inconceivable without the further improvement of the economic mechanism. At the May (1982) CPSU Central Committee Plenum Comrade L. I. Brezhnev stressed that the methods of management and planning, the means of stimulation and the mechanism of management should create the conditions for highly productive labor. A number of questions of the improvement of the economic mechanism and the improvement of the methods of management have already found reflection in the measures of the Central Committee of the Communist Party of Belorussia, the oblast, city and rayon party committees on the implementation of the decisions of the 26th CPSU Congress.

Here we are proceeding from the fact that the methods of management and the managerial decisions being made should develop the creative initiative of the masses and should have an increasing educational influence on the collectives of workers. In this sense it is difficult to overestimate the practice of management and its educational consequences.

A comprehensive approach to the solution of problems is becoming characteristic.

Standards of the planning of the wage fund and the limiting of the number of workers are being used at enterprises of the republic Ministry of the Forestry Industry, the Ministry of Motor Transport, the Ministry of the Construction Materials Industry, the Ministry of Industry Construction and the Ministry of the Gas Industry. Five ministries have adopted the standard method of the distribution of the profit. At present 544 associations and enterprises, that is, nearly half of their total number, are using the indicator of the standard net output. For example, all the enterprises of such sectors of industry as the food, mixed fodder and wood processing industry, the construction materials industry, the construction industry and others are already working with the use of this indicator. Next year it is envisaged to complete for the most part the changeover of industrial associations and enterprises to work in accordance with the new indicators of the planning and evaluation of activity.

The new methods of management presume first of all the tightening up of planning and contractual discipline. These questions are under the constant control of the Central Committee of the Communist Party of Belorussia, the oblast, city and rayon party committees and primary party organizations. The movement for the adoption of stepped-up counterplans, the competition of associated collectives which are connected by a single technological chain and the creation of councils of associated industries are aimed at this.

In the republic there are many labor collectives which are meeting their contractual obligations in good time and at a high technical level. I want to especially point out the work experience of the party organization and administration of the Gomel Machine Tool Building Plant imeni S. M. Kirov. Socialist competition under the motto "All Orders on Time and at a High Technical Level" was developed here on the initiative of the communists. For several years now there have been no cases here of the violation of contractual obligations.

Unfortunately, this advanced know-how has not yet been made accessible to all enterprises and associations of the republic. There are labor collectives which are not fully meeting their contractual obligations on deliveries of products. During the first quarter of this year, for example, the enterprises and associations of the republic Ministry of Local Industry, the Ministry of the Timber and Wood Processing Industry, the Ministry of Light Industry and several others did not cope with the plan on the sale of products with allowance made for their deliveries in conformity with contracts and orders. A considerable number of enterprises which are subordinate to union ministries were indebted to consumers.

The Central Committee of the Communist Party of Belorussia is directing the attention of the oblast, city and rayon party committees and primary party organizations to the fact that they should keep under constant party control the progress of the meeting by labor collectives of contractual obligations and should see to it that

every section, shop and plant would operate smoothly and would provide the national economy of the country with high quality products in the prescribed assortment.

Subject to the End Results

The changeover to intensive methods of management requires of party organizations active work on the introduction of advanced forms of the organization and stimulation of labor. At present in the republic more than half of the industrial workers are covered by the brigade form of the organization of labor. At the enterprises of a number of sectors this percentage is considerably higher. As the practice of work shows, the formation of brigades is not only an organizational rearrangement, but often also the breaking of habits and the overcoming of a peculiar psychological barrier.

The example of the Borisov Plant of Automotive and Tractor Electrical Equipment of the Ministry of the Automotive Industry, which is the base enterprise in the sector with respect to the adoption of the know-how of the Volga automakers, is typical in this respect. The brigade form of the organization and stimulation of labor has been used here for several years now. The party organization and the administration of the enterprise approached skillfully the formation of the brigades and the selection of their managers and showed concern about the increase of the technical level of production and the creation of the necessary conditions for highly productive labor. The wages were made dependent on the final results of the work. More than 60 percent of the workers of the plant have mastered related occupations. This was conducive to the fact that last year 96 percent of the increase of output was obtained by means of the increase of labor productivity. The collective of the plant is working steadily and is achieving high technical and economic indicators. A republic seminar was conducted on the basis of this enterprise.

At the same time it should be noted that much work still lies ahead. At a number of enterprises the changeover to the brigade form of the organization of labor is being carried out without the necessary preliminary work. It is impossible to recognize it to be normal that about a third of the operating brigades are small. In many brigades wages are being paid not in accordance with the end results of the work. The creation of brigades is not always being backed by the proper engineering, material and technical support. We are focusing the attention of party committees and organizations on the elimination of these shortcomings. This year it is envisaged to conduct in all the oblasts seminars of managerial personnel and specialists on the adoption of brigade forms of the organization and stimulation of labor. And this is also one of the means of increasing the effectiveness of management and decision making, which should increase the educational importance of the new methods of management.

In Accordance With the Comprehensive Programs

In the implementation of the measures on the improvement of the economic mechanism great importance is being attached to the improvement of planning. Today it is still impossible to say that the level of planning work in the republic completely meets the requirements of the present stage of the development of the economy. The imbalance of the plans and the inefficient use of capital investments and production capacities so far have not been eliminated, the growth rates of the production of individual types of products are being planned at times without the

consideration of the potentials of related industries, shortcomings also exist in the use of quality indicators. We are taking steps on the improvement of sectorial and territorial planning and the coordination of the activity of ministries and departments. In particular, the republic applied science conference, which was held last year, was devoted to these questions.

In recent years a specific system of comprehensive territorial planning has been formed in the republic. Along with the plans for the territory of the republic the Belorussian SSR Council of Ministers approves the indicators of the plans of national economic development for each oblast and Minsk. Comprehensive territorial plans of economic and social development are being drafted in the oblasts and cities on the basis of these indicators.

Starting with the 11th Five-Year Plan consolidated plans of the production of consumer goods and local construction materials and of housing, municipal and general construction are being drafted and approved in the republic and the progress of their fulfillment is being monitored. The elaboration of a diagram of the development and distribution of productive forces for the period up to 2000 with a more detailed substantiation for the 12th Five-Year Plan is being carried out by the republic State Planning Committee with the participation of ministries, departments and oblast soviet executive committees.

The goal program method is also being used in planning. The elaboration of the first stage of the republic comprehensive program of scientific and technical progress and its socioeconomic consequences up to 2000, as well as the comprehensive goal programs "The Product," "Quality," "Labor," "Powder Metallurgy," "Consumer Goods" and a number of others has been completed in the republic. However, experience has shown that for the successful implementation of our comprehensive programs at the stage of the formulation of the plans they should be examined in USSR Gosplan and the union ministries. This would promote the more complete backing of the programs with all types of resources.

The requirement of the joint review of the drafts of the plans of development of sectors for the present is also not being completely met. The indicators of the plans for enterprises located in the republic, which are approved by USSR ministries and departments, are being reported not in full and with a great delay. Therefore it would be advisable, in our opinion, for the drafts of the plans of union ministries and departments to be examined with the participation of representatives from the republics.

The Basic Cost Accounting Unit

In the decree of the CPSU Central Committee and the USSR Council of Ministers on the improvement of the economic mechanism the goal is outlined to complete in the next few years the formation of production associations as the basic cost accounting unit of industry. In our republic a good deal has been done in this direction. At present 220 production associations, including 10 scientific production associations, are operating in Belorussia. About 900 enterprises belong to them. Today they account for about 60 percent of the volume of industrial production.

It is possible to cite many examples of the efficient work of associations. The role of associations in the acceleration of scientific and technical progress,

the strengthening of the creative cooperation of science and production and the introduction of new equipment and advanced technology is especially great. As an example it is possible to cite the Gomsel'mash Production Association. Here the production of KSK-100 self-propelled fodder harvesters was assimilated under the conditions of thorough renovation, without stoppages of production. And hence new reliable equipment is going to the countryside.

The efficiency in the work of the Belorussian Republic Scientific Production Association of Powder Metallurgy is high. A characteristic feature of this association is the fact that it is organizing its own activity according to the territorial, intersectorial principle. Within the association there are a scientific research institute, a special design and technological laboratory with a pilot works, an experimental laboratory testing ground and a plant which is under construction. The placement into operation of the powder metallurgy plant will make it possible to save annually 20,000 tons of rolled steel and to save the labor of 3,000 people.

At the same time it should be acknowledged that there are still many shortcomings in the work on the specialization and concentration of production. Individual associations are being created formally, without the detailed analysis of their economic feasibility. That is what happened, for example, during the organization of the Belorus'torgmash Production Association of the Ministry of Machine Building for Light and Food Industry and Household Appliances. The 5 years of experience of its operation showed that the association had not become a unified production economics complex, as the decree of the CPSU Central Committee and the USSR Council of Ministers requires, and is the mechanical combination of enterprises. After the creation of the association the enterprises included in it practically did not improve their work.

The collective of the Beloruskaliy Association is experiencing serious difficulties. The new capacities accepted for operation, due to design flaws of the equipment, which was developed by the Scientific Research Institute of Chemical Machine Building, and design omissions of the All-Union Scientific Research Institute of Halogens, proved in essence to be inoperative. More than 10 million rubles have already been spent here on alteration and modernization. Another 25 million rubles is required for the elimination of the flaws. In this connection, in our opinion, the Ministry of Mineral Fertilizer Production should take the most energetic steps on the fulfillment of the approved program of the modernization of mine management. This will make it possible to give the country hundreds of thousands of tons of potassium fertilizers and to respond by a most specific deed to the decisions of the May (1982) CPSU Central Committee Plenum.

It is also necessary to note that although the work on the improvement of the economic mechanism is being performed in many directions, at the same time for the present it is impossible to recognize it to be adequate either in scale or in content. Much still has to be done. The republic party organization is also focusing the attention of communists and all workers on this.

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

MANAGEMENT DEVELOPMENT, LEGISLATION

Moscow FINANSY SSSR in Russian No 5, May 82 pp 18-22

[Article by T. V. Konyukhova, assistant to the RSFSR Minister of Finance: "The Improvement of Management and the Development of Legislation"]

[Text] The party and government have constantly devoted the most serious attention to the improvement of the structure of management, the improvement of the activity of the state machinery and the observance of socialist legality and the strictest policy of economy in the expenditures on management. Back in 1922 V. I. Lenin wrote: "The systematic reduction and decrease of the cost of the Soviet staff by its cutback, more perfect organization, the elimination of red tape and bureaucracy and the decrease of unproductive expenditures are the primary immediate task of the present and the most important one for the next few years."¹

The 26th CPSU Congress posed the tasks: to increase the role of planning as the central link in the management of the national economy, to tighten up the policy of economy, to strengthen cost accounting, to improve the style and methods of the management of the economy on the basis of the Leninist principles of management.

The Soviet state annually spends billions on the maintenance of the management staff. Moreover, the assets for the financing of organs of state power and administration, organs of the court and the prosecutor's office for the most part are allocated from the budget, while the outlays on the maintenance of the management staff of numerous state, cooperative and public organizations and enterprises are made by means of their own assets.

In 1980 in the country there were 44,000 production and scientific production associations, combines and enterprises which were carried on an independent balance, 26,400 kolkhozes, 21,000 sovkhoses and 9,600 interfarm enterprises and organizations. In the RSFSR there were respectively 25,400, 12,300, 11,800 and 4,000. During the 10th Five-Year Plan much was done to improve management. The change-over to a two- and three-level system of management on the basis of the creation of economic associations and the introduction of general diagrams of management in the majority of industrial ministries was carried out. Measures were implemented on the improvement of the work of ministries and the middle level of sectorial management of the economy, the extensive introduction of the scientific organization

1. V. I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 45, p 310.

of labor, production and management with the use of modern means of organizational and computer technology. Interkolkhoz, kolkhoz-sovkhoz and state-cooperative associations, as well as agro-industrial associations for the production, processing and sale of agricultural products were developed; the structure of management in the nonproduction sphere was improved.

The changeover of industry and a number of other sectors to the new arrangements of management made it possible to increase the concentration and specialization of production, to decrease the number of links and to prevent the excessive increase of the expenditures on management. The number of production and scientific production associations in industry by the end of 1980 had reached 4,083, 17,896 enterprises, including 7,542 which are carried on an independent balance, were subordinate to them; in 1975 there were respectively 2,314, 9,558 and 4,663.

Much work on the improvement of the management system was also performed in the union republics. In the RSFSR, for example, in 1976-1980 general diagrams of the management of the food industry, the fish industry, geology and the prospecting for mineral resources, road management, the construction materials industry of Moscow, the structure of the service for the operation of reclamation systems and others were approved.

The closer attention to questions of management is connected with the policy of the intensification of production. From 1972 to 1980 the total volume of industrial output increased by 1.5-fold, fixed production capital--1.8-fold, the number of production associations, combines and enterprises, which are carried on an independent balance, decreased by 10 percent. The production potential of the industrial association (enterprise) increased accordingly by 1.7- to 2-fold.

The complication of the production ties within industry and in the relations of industrial enterprises with enterprises of other sectors is characteristic of the period of mature socialism.

According to the data of the intersectorial balances of the production and distribution of output, which were compiled by the USSR Central Statistical Administration, in the structure of the gross national product both the proportion of the output of industry, which is consumed by its various sectors, and the proportion of the output of agriculture, which undergoes industrial processing, are increasing. The proportion of the capital investments for retooling and renovation in the total amount of investments in industry (for production facilities) has become greater--from 64 percent in 1972 to 72 percent in 1980--and the placement into operation of the active portion of fixed capital: machines, equipment, means of transportation and others, accordingly has become greater.

The timeliness of the deliveries of products and the placement into operation of production capacities by each association or enterprise of industry, construction and agriculture and the efficient work of organs of management--all this has acquired decisive importance for the organization of production, the elimination of rush work, idle times and losses of all kinds and the increase of the qualitative level of the work of the entire national economy.

At the 26th CPSU Congress L. I. Brezhnev noted: "The improvement of the organizational structures of management does not tolerate stagnation. It is impossible to

adapt the living, developing organism of the management of the economy to stabilized, customary forms. On the contrary, the forms should be put into effect in conformity with the changing economic tasks." The congress outlined a number of measures, which are aimed at the overcoming of departmental isolation, the proper combination of sectorial and territorial management and the better coordination of the activity of central, sectorial and local organs of management. The general diagrams of the management of sectors, which have been elaborated in industry, have to be made more precise as applied to the tasks of the 11th Five-Year Plan, the organizational structures and the efficiency of the work of production and industrial associations have to be improved systematically by the further intensification of specialization, concentration and cooperation. It is envisaged to complete the implementation of the general diagrams of management in capital construction, to clearly specify the spheres of activity of construction ministries and to decrease the number of links and the number of small independent construction and installation organizations (by the beginning of 1930 there were 2,819 production construction and installation associations, trusts and organizations equated with them, of them only 4.8 percent were production associations, while the amount of contracting work performed by them was 11.7 percent of the total amount). The tasks were set to improve the management of agriculture and material and technical supply, to improve the organizational structure of the management of trade, culture and personal services and housing services and to increase the role of the soviets of people's deputies.

The party and government have taken a number of steps on the development of democratic principles in the management of production and the creative initiative of labor collectives, the increase of the organization, smoothness and efficiency in the work of all levels of the economy and the managerial staff, the broadening of the powers of the local soviets and the legal regulation of the functioning of the organs of state power and administration. The new USSR Constitution and the new constitutions of the union and autonomous republics specified the basic principles of the activity of the Soviet state and were the basis for the development of legislation. A number of important acts, which establish the powers of the organs of state power and state administration, were adopted: the Standing Order of the USSR Supreme Soviet of 19 April 1979, the USSR Law on the USSR Council of Ministers of 5 July 1978. The corresponding acts were adopted by the supreme soviets of the union and autonomous republics and the local soviets. The Statutes on the Permanent Commissions of the Supreme Soviet of the USSR and the Union Republics were updated (see the Ukaze of the Presidium of the USSR Supreme Soviet of 19 April 1979 and the Ukaze of the Presidium of the RSFSR Supreme Soviet of 26 March 1980). On 28 November 1978 the Ukazes of the Presidium of the USSR Supreme Soviet "On the Basic Rights and Duties of the Rayon Soviets of People's Deputies" and "On the Basic Rights and Duties of the City and City Rayon Soviets of People's Deputies" (both of 19 March 1971) and "On the Basic Rights and Duties of the Settlement and Village Soviets of People's Deputies" of 8 April 1968 were adopted in a new wording.

The further development of socialist democracy and the increase of the role of the soviets in economic and sociocultural construction found reflection in the USSR Law of 25 June 1980 "On the Basic Powers of the Kray and Oblast Soviets of People's Deputies, the Soviets of People's Deputies of Autonomous Oblasts and Autonomous Okrugs." The corresponding changes were also made in the legislation of the union republics. The status of the deputies of the soviets of all levels, their powers

and rights, as well as the duties of officials with respect to them were specified. The Law on the Status of the Deputy in the USSR was approved in 1972, and was adopted in a new wording on 19 April 1979.

In recent years in conformity with Paragraph 24 of Decree No 693 of the USSR Council of Ministers of 22 June 1959 the councils of ministries of the union republics turned over many questions of economic and social construction, which are in their competence, for settlement by the ministries and departments of the union republics, the councils of ministers of the autonomous republics and the kray (oblast) soviet executive committees.

The development of economic legislation and the legal regulation of the powers of the organs of economic management are of great importance. At present unremitting attention is being devoted to this. The decree of the CPSU Central Committee and the USSR Council of Ministers "On Measures on the Further Improvement of Economic Legislation" of 25 June 1975 was adopted. The Statutes on the Production Association (Combine), on the All-Union and the Republic Industrial Association, on the Production Association in Agriculture, on the Scientific Production Association, on the All-Union Cost Accounting Foreign Trade Association Which Belongs to the System of the Ministry of Foreign Trade and on the Trust of Sovkhozes have been approved. The legal regulation of the activity of state enterprises and interfarm enterprises in agriculture, higher educational institutions, tekhnikums and a number of other organizations was also carried out.

For the stricter monitoring of the expenditures of assets for the maintenance of the management staff Decree No 822 of the CPSU Central Committee and the USSR Council of Ministers "On Measures on the Improvement and the Decrease of the Cost of the Management Staff" of 13 October 1969 establishes the approval of the maximum allocations for this purpose, while Decree No 372 of the USSR Council of Ministers of 31 May 1973, "On Measures on the Regulation of the Use of Official Passenger Cars and the Decrease of the Expenditures on Their Maintenance," establishes the singling out of allocations for the maintenance of official passenger cars in the estimates of enterprises, institutions and organizations by a separate line. Additional steps on the use of official and special passenger cars were taken by Decree No 178 of the USSR Council of Ministers of 16 February 1981. The governments of the union republics, particularly the RSFSR Council of Ministers by Decree No 190 of 3 April 1981, took the same kind of steps for establishing the overall limits of the number of official passenger cars. It is intended to bring the number of these vehicles in line with the total amounts of the allocations for their maintenance, as well as to specify the list of special passenger cars.

Decree No 695 of the CPSU Central Committee and the USSR Council of Ministers, "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Efficiency and Work Quality," of 12 July 1979, which envisages a new indicator of the five-year plan of economic and social development--the limit of the number of workers and employees (with a breakdown by years)--is playing an important role in the further improvement of management. Departmental enforceable enactments, including on the control of staffs and wage funds, for example, the Methods Instructions on the Procedure of Determining the Long-Range Standards of Wages Per Ruble of Output, have been adopted in conformity with this decree. In connection with the passage by the USSR Government of the decree "On Official Business Trips Within the USSR" of 17 January 1980 changes were made in the legislation and instructions on official business trips within the country were approved.

In light of the decisions of the 26th CPSU Congress much has to be done for the further improvement of management, particularly its organizational structure, and for the increase of the role of the soviets of people's deputies. This will entail the adoption of new enforceable enactments, for example, on the broadening of the independence of associations and the rights and responsibility of economic managers.

For the purposes of the further increase of the role of the soviets of people's deputies in economic construction the CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the USSR Council of Ministers on 19 March 1981 promulgated Joint Decree No 292. It is aimed at the assurance of the comprehensive economic and social development of regions, the broadening of the coordinating and control functions of the soviets, the increase of their influence on the efficiency of the work of the enterprises and organizations located on their territory and the improvement of the working and living conditions of the Soviet people. The decree proposes the taking of steps on the improvement of the structure and lists of the staff of the councils of ministers of the autonomous republics and the executive committees of the local soviets.

Many enforceable enactments, which regulate the questions of the improvement of the organizational structure of management, the powers in the area of managerial activity, particularly staffing and the monitoring of the wage funds, are now in effect. The observance of these norms, undoubtedly, promotes the economy of the expenditures on management. For example, new scientific research, planning, design and technological organizations are being created in accordance with established procedure with the permission of the USSR Council of Ministers upon the representation of the USSR State Committee for Science and Technology or USSR Gosstroy, while other organizations (associations, administrations, departments, trusts, trade organizations, inspectorates, computer centers, offices and other organizations with management functions), as well as construction, supply and marketing organizations are being created with the approval of the USSR Ministry of Finance. The lists of workers of the management staff of enterprises, organizations and institutions are approved in accordance with established procedure within the limit of the number of these workers, which has been approved for them.

In the structure of the expenditures of the USSR State Budget the proportion of the expenditures on management is steadily decreasing. In 1940 they came to 3.9 percent, in 1980 they came to only 0.9 percent. The trend is also the same in the union republics. In the RSFSR budget, for example, the proportion of these expenditures in 1940 amounted to 10.9 percent, in 1975--1.3 percent and in 1980--1.3 percent.

The questions of the improvement of management and the increase of the level of management in all the links of the economy are reflected extensively in Section XII of the Basic Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990. It is envisaged, in particular, to improve the work of the management staff, to decrease the expenditures on its maintenance and to eliminate superfluous and redundant links. From the measures on the further improvement and the decrease of the cost of the management staff the USSR State Budget in 1982 alone should obtain a saving of 1.1 billion rubles.

The Communist Party regards the assignments being planned on the economy of financial resources as the minimal ones and ones which are subject to mandatory fulfillment. Recently the USSR Council of Ministers adopted the decree "On Measures on the Limitation of the Growth and the Decrease of the Number of Workers of the Management Staff and Some Sectors of the Nonproduction Sphere." The ability to use it properly in practice will promote the search for and use of reserves, the further reduction of the expenditures on management, the improvement of the style and methods of work and the observance of socialist legality.

The 26th party congress is making clear and strict demands on us: to work better and more efficiently, to observe executive discipline rigorously.

Financial organs have to tighten up the monitoring of the correctness and degree of economy of the expenditures of state assets for the maintenance of the management staff and the observance of the established procedure of approving the lists of workers of the management staff and the estimates of the expenditures on its maintenance. A matter of honor of the workers of the financial system is to mobilize all their knowledge, ability, energy and experience for the successful implementation of the decisions of the party and the government.

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

PAMPHLETS ON SOVIET ECONOMY

Moscow KNIZHNOYE OBOZRENIYE in Russian No 31, 30 Jul 82 p 2

[Review by Candidate of Economic Sciences L. Baladov, chief of a department of the Scientific Research Institute of the USSR Central Statistical Administration, of the series of pamphlets "The USSR Economy: 1981-1985", Izdatel'stvo "Ekonomika": "Today and Tomorrow of the Soviet Economy"]

[Text] The "Ekonomika" Publishing House has published the series of pamphlets "The USSR Economy: 1981-1985." Included in the series are the works: "Upravleniye i effektivnost'" [Management and Efficiency] by A. Aganbegyan, "Perspektivy ekonomicheskogo razvitiya SSSR" [The Prospects of USSR Economic Development] by G. Vlasenkov and V. Silin, "Nauchno-tekhnicheskii progress i effektivnost' proizvodstva" [Scientific and Technical Progress and Production Efficiency] by K. Yefimov, "Trudovyye resursy v odinnadtsatoy pyatiletke" [Manpower Resources During the 11th Five-Year Plan] by L. Kostin, "Territorial'noye razvitiye narodnogo khozyaystva" [The Territorial Development of the National Economy] by V. Pavlenko and V. Varlamov, "Effektivnost' obshchestvennogo proizvodstva: puti povysheniya" [The Efficiency of Social Production: The Means of Increasing] by B. Plyshevskiy, "Sotsialisticheskaya ekonomicheskaya integratsiya. Opyt i perspektivy" [Socialist Economic Integration. Experience and Prospects] by V. Sitnin, "Potrebitel'skaya kooperatsiya v odinnadtsatoy pyatiletke" [Consumer Cooperatives During the 11th Five-Year Plan] by A. Smirnov, "Torgovlya v odinnadtsatoy pyatiletke" [Trade During the 11th Five-Year Plan] by A. Struyev, "Razvitiye agropromyshlennogo kompleksa v odinnadtsatoy pyatiletke" [The Development of the Agro-Industrial Complex During the 11th Five-Year Plan] by G. Rudenko, "Sorevnovaniye v novykh usloviyakh khozyaystvovaniya" [Competition Under the New Conditions of Management] by S. Shkurko and "Kapital'noye stroitel'stvo v odinnadtsatoy pyatiletke" [Capital Construction During the 11th Five-Year Plan] by V. Shcheglovskiy.

The series reflects one of the central provisions of the economic policy of our party for the 1980's and for the future up to 1990: the changeover of the national economy to the primarily intensive path of development, the increase of production efficiency and the improvement of quality in all the units of the economy.

The most important indicator of economic might is the national wealth of the country. In the past 10 years it has increased by more than 1.3 trillion rubles, from 1965 to 1980 the national income increased from 193.5 billion rubles to 458.5 billion rubles, the real per capita income increased by approximately two-fold. The retail commodity turnover of state and cooperative trade increased from

209 billion rubles in 1975 to 268.6 billion rubles in 1980. The increase of industrial output due to the increase of labor productivity during the 1st Five-Year Plan, for example, came to 51 percent, while during the 10th Five-Year Plan it came to 75 percent.

"The economy should be economical--such is the demand of the times," it was emphasized at the 26th party congress. During the 11th Five-Year Plan it is planned to save up to 200 million tons of conventional fuel as against 125 million tons during the 10th Five-Year Plan. In machine building and construction the saving of rolled ferrous metal products will come to 10.6 million tons, or 60 percent of the increase of the production of rolled metal products, which is planned for the five-year plan. The productivity of the equipment being produced on the average should increased by 1.3- to 1.5-fold, the reliability should increase by 25-35 percent.

The intensification of production has become the most important task of this five-year plan. The elimination of losses is an indispensable condition of intensification for the enterprises of all sectors of the national economy. Today the problem is especially urgent in agriculture. A reliable barrier to losses on the way to the consumer of grain, vegetables, potatoes, meat, milk and other products should be erected. During the 11th Five-Year Plan the capital investments in the building of storehouses will increase by 1.6-fold, the capital investments in the construction of hard-surface intrafarm roads will increase by 1.4-fold. During the five-year plan it is envisaged to allocate nearly 190 billion rubles of capital investments to agriculture for the entire set of operations.

The need to promote in every possible way the acceleration of scientific and technical progress has been repeatedly emphasized in party decisions. And this is inseparably connected with major qualitative changes in the national economy. The efficient use of fuel and energy resources, for example, will be achieved by the rapid development of nuclear power engineering, as well as thermal electric power stations which use the inexpensive coals of strip mines. The increase of the generation of electric power in the European part of the country will be obtained for the most part at nuclear electric and hydroelectric power stations.

About 2.5 years have passed since the CPSU Central Committee and the USSR Council of Ministers adopted the decree "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality." During this time considerable procedural and organizing work has been performed in all the units of management and production. The plan of economic and social development of the country for the 11th Five-Year Plan is better balanced than previous five-year plans with the resources, was drafted with allowance made for the new procedural and standard documents and includes a number of major comprehensive goal programs.

The pamphlets of the series were produced on a high theoretical and practical level, and this ensured for them success among the broadest reading audience.

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INVESTMENT, PRICES, BUDGET AND FINANCE

RETAIL PRICES, LABOR PRODUCTIVITY

Moscow EKONOMICHESKIYE NAUKI in Russian No 6, Jun 82 pp 126-128

[Article by Candidate of Economic Sciences Docent N. Figurnova: "Stable Retail Prices in the Presence of Increasing Labor Productivity"]

[Text] Candidate of Economic Sciences Docent N. Figurnova responds to the question of why the increase of labor productivity under the present conditions of the development of the Soviet economy is not leading to the mass decrease of commodity prices.

The price of a commodity, that is, the monetary expression of its value, being determined by the amount of the socially necessary expenditures of labor, at the same time is inversely proportionate to the labor productivity. The ratio between supply and demand also influences the amount of the price. But no matter how great the degree of this influence might be, it is not the commodity circulation, but immediate production that forms the magnitude of the value and, consequently, the price. The socially necessary expenditures of labor serve as the material base of the price of a commodity.

It is well known that scientific and technical progress is responsible for the increase of labor productivity and the decrease of the socially necessary expenditures of labor. It would seem that this trend should manifest itself in the overall decrease of commodity prices, especially if it is a question of socialism, of which the steady increase of labor productivity is characteristic. Meanwhile the real movement of prices does not confirm such an assumption. Thus, in our country during 1940-1980 the productivity of national labor increased by 10.8-fold, while the retail prices for the entire set of goods not only did not decrease, but even increased by 43 percent.¹ The need is arising to explain such a proportion, which at first glance seems incompatible with the classic dependence of prices on the increase of labor production, which is due to the effect of the law of value.

In order to understand this question, let us examine first of all the present specific nature of the formation of the socially necessary expenditures of labor, since precisely they determine, as was already noted, the magnitude of the value of commodities and, consequently, of their prices. The importance of this circumstance is attested by the fact that it found reflection in the CPSU Program, in which it was indicated: "Prices should reflect to a greater and greater extent the socially necessary expenditures of labor...."² The 26th CPSU Congress also directed attention to the need for improving pricing on the basis of the socially

necessary expenditures of labor. In the report, which Comrade N. A. Tikhonov delivered at the congress, it was stated, in particular, that the new prices and rates should promote the creation of the conditions for the normal cost accounting activity of enterprises.³ Such conditions can be formed only in the case of the proper orientation of prices toward the socially necessary expenditures of labor.

The formation of the socially necessary expenditures of labor under present conditions is characterized by contradictory trends. The main one--the increase of labor productivity--is a mighty factor of the decrease of the socially necessary expenditures of labor. At the same time important factors, which are impeding this progressive process, are in effect in the national economy.

In those sectors, in which the production technology is not directly connected with natural conditions, the increase of labor productivity is being accompanied by a substantial decrease of the socially necessary expenditures of labor per unit of an item. This trend has appeared especially clearly in machine building and metalworking, which are distinguished by a faster growth rate of labor productivity. In the indicated sectors the output of gross production per worker increased by 104 percent (1970-1980), for industry as a whole the increase came to 56 percent.⁴ It is possible to judge the decrease of the socially necessary expenditures of labor in machine building and metalworking by the data on the dynamics of the expenditures per ruble of commodity production. Such an indicator is constructed, as is known, on the basis of the use of wholesale, and not retail, prices. Wholesale prices are usually under the direct influence of changes of the production conditions, while retail prices are more actively connected with distributive relations, with a specific social policy of the state, owing to which the dependence of retail prices on production factors is not that clearly revealed.⁵

How have the expenditures per ruble of commodity production changed in the above-indicated sectors? In machine building and metalworking in 1970 as compared with 1965 they had decreased by 11.1 percent⁶ and subsequently continued to decrease; as compared with the preceding year in 1975 they decreased by 2 percent, in 1979--by 1.2 percent, in 1980--by 0.9 percent.⁷ The increase of labor productivity and the decrease of the production cost of products made it possible to decrease the wholesale prices for items of machine building and metalworking: the wholesale price index of enterprises (excluding the turnover tax) of the indicated sectors in 1979 as compared with 1949 had decreased to the level of 0.3, as compared with 1967--to 0.75.⁸ Thus, the increase of labor productivity in metalworking and machine building was accompanied by a decrease of the socially necessary expenditures of labor, which caused a decrease of the wholesale prices for the products of these sectors.

However, the positive effect from the decrease of the socially necessary expenditures of labor at times is neutralized by the increase of the labor-output ratio in the extractive sectors. At the 26th CPSU Congress it was noted that the maintenance and especially the increase of the volume of extraction of raw material, fuel and energy resources are costing more and more. For the meeting of the needs for them it is necessary to go to the sparsely populated and hard to reach regions of the north and east.⁹ In these regions the so-called pioneer expenses, the expenditures on the building and expansion of expensive objects of the infrastructure are great. As a result a significant increase of the socially necessary expenditures of labor per unit of output of the extractive sectors is occurring. Thus, in the

gas and coal industries, the output of which makes up more than half of what the fuel industry produces, the expenditures per ruble of commodity production had increased in 1970 as compared with 1965 by 2.1 percent in the gas industry and 4.1 percent in the coal industry.¹⁰ In the 1970's the increase of the expenditures both in these sectors and in the fuel industry as a whole continued. Whereas in 1975 the expenditures per ruble of commodity production as compared with the preceding year in this sphere of social production had increased by 0.3 percent, in 1979 they had increased by 2.5 percent, while in 1980 they had increased by 1.9 percent. A similar situation also has formed in the logging industry.

The interaction of the contradictory trends of the formation of the socially necessary expenditures of labor at the present stage of economic construction is such that the increase of labor productivity in many processing sectors still cannot offset the increase of the socially necessary expenditures of labor in the extractive industry. Therefore, the final product as the result of the cooperation of the extractive and processing sectors has reflected in recent times the stabilization or increase of the magnitude of the socially necessary expenditures of labor in individual years. Such a picture is characteristic of the economy of the 1970's, to which the following statistical data attest: in 1970 as compared with 1965 the expenditures per ruble of commodity production of industry in comparable prices had decreased by 4.9 percent, in 1975 as compared with the preceding year--by 0.7 percent; in 1979 the corresponding indicator already attested to an increase--by 0.3 percent, in 1980 a decrease of this indicator, but only by 0.1 percent, was noted again.¹¹

The upward trend of the socially necessary expenditures of labor stems, in addition to the changes of the working conditions in the extractive sectors, from the increase of the expenditures of society on environmental protection. Thus, the peculiarities of the formation of the socially necessary expenditures of labor at the present stage of economic construction do not make it possible to carry out the mass reduction of wholesale and, consequently, retail prices. In the formed economic situation the economic policy is oriented not toward the mass reduction of the prices for basic goods, but toward their stabilization.

There is another aspect of the indicated problem, which is intensify the tendency for the stability of the planned wholesale price: the cooperation of production units, which has increased and is becoming complicated under present conditions, requires with particular urgency that the economic mechanism rest on a stable, balanced national economic plan which uses stable long-term standards. The wholesale price is one of these standards, and it acts as a long-term standard, the bearer of economic information on the permissible level of expenditures, on the needs for specific types of products, on the necessary level of quality of the commodities being produced and so on. Relying on this information, the managing units obtain an opportunity to determine the anticipated effect from the invested expenditures and to calculate the most effective directions of their economic initiative. All this requires that the wholesale price be distinguished by a certain stability, and this situation found reflection in the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality" (12 July 1979).¹²

The need to ensure the stability of the planned wholesale prices, which is connected with the fact that such prices act as long-term value standards, does not make it possible when establishing them to automatically keep track of the increase of labor productivity, which was achieved in the sector at each given moment. This circumstance to a certain extent explains the difference of the dynamics of the increase of labor productivity and the commodity prices.

Thus, at the present stage of economic construction the wholesale prices are being formed under the influence of changes in the socially necessary expenditures of labor and are characterized by an opposite dynamism: the products of the extractive sectors are becoming more expensive, the products of the processing sectors are becoming cheaper. The interaction (and even the mutual cancellation) of these trends should be reflected in the retail prices, which serve the turnover of the finished products. The above-cited data testify that the socially necessary expenditures of labor in terms of the final product at present are not decreasing, but rather are in a state of relative stability. Under these conditions stable retail prices meet the requirement of the law of value--to reflect in prices the socially necessary expenditures of labor. The economic policy, which is called upon to adjust the mechanism of the use of the economic laws of socialism as applied to the specific conditions of the management of the country, should have taken this circumstance into account. Starting with the 24th CPSU Congress the policy of ensuring the stability of state retail prices for basic foodstuffs and nonfood consumer items, which is being consistently pursued, was proclaimed.

The accomplishment of the task of increasing the real income of the population is connected with the system of retail prices.

The increase of real income, which is based on the development of physical production and is carried out on the basis of the mass reduction of retail prices, solves a number of problems. Among them one should first of all name the strengthening of the purchasing power of the monetary unit and the increase of the standard of living of all strata of the population. At the same time, as is known, the experience of the mass reduction of retail prices, which was carried out in the late 1940's and early 1950's, revealed along with the noted merits the weak points of this economic action. It is not always possible to back with the necessary goods the increase of the demand of the population, which is due to the reduction of prices, especially as an increase of the demand is noted not at all only for those goods, the prices for which have been reduced. The sharp mass change of prices causes difficulties in the balancing of the effective demand and the supply of consumer goods. Moreover, the direct link of distributive relations with the labor contribution of each individual worker also weakens, since the well-being of all the strata of the population increases, regardless of the quantity and quality of the labor of the members of society. Life has also shown that with the mass reduction of prices greater advantages actually are afforded to the high-paid categories of workers. Meanwhile under the present conditions of our development the policy of rapidly increasing the income of low-paid and average-paid groups of workers has been outlined and is being pursued. If the retail prices are stable, the opportunity is created to use a selective, concrete address approach to the regulation of real income by influencing the nominal income and its increase.

The increase of the level of income of specific groups of workers subject to the degree of their participation in social production in the case of stable retail

prices is a more preferable means for society of increasing the standard of living of the population as compared with the orientation toward the mass reduction of retail prices.

FOOTNOTES

1. See "Narodnoye khozyaystvo SSSR v 1980 godu" [The USSR National Economy in 1980], Moscow, 1981, pp 39, 437.
2. "Programma Kommunisticheskoy partii Sovetskogo Soyuz" [The Program of the Communist Party of the Soviet Union], Moscow, 1976, p 90.
3. See "Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 126.
4. See "Narodnoye khozyaystvo SSSR v 1980 godu," p 136.
5. It should be borne in mind that the expenditures per ruble of commodity production, like any value indicator, do not reflect entirely accurately the socially necessary expenditures of labor. Changes in pricing, as well as assortmental changes in the structure of the commodity production can have an influence on this indicator. Moreover, a one-time increase of wages leads to an increase of the expenditures per ruble of commodity production, which is by no means connected with the increase of the socially necessary expenditures of labor.
6. The 1967 wholesale price change did not have a substantial influence on the dynamics of the indicated indicator, since the wholesale price index in these sectors in 1967 as compared with the preceding year remained unchanged (see "Narodnoye khozyaystvo SSSR v 1970 godu" [The USSR National Economy in 1970], Moscow, 1971, p 175).
7. See "Narodnoye khozyaystvo SSSR v 1970 godu," p 173; "Narodnoye khozyaystvo SSSR v 1980 godu," p 152.
8. Calculated according to "Narodnoye khozyaystvo SSSR v 1979 godu" [The USSR National Economy in 1979], Moscow, 1980, p 164.
9. See "Materialy XXVI s"yezda KPSS," p 109.
10. See "Narodnoye khozyaystvo SSSR v 1970 godu," p 173.
11. See "Narodnoye khozyaystvo SSSR v 1980 godu," p 152; "Narodnoye khozyaystvo SSSR v 1970 godu," p 173.
12. See SOBRANIYE POSTANOVLENIY PRAVITEL'STVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK, No 18, 1979, p 392.

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INVESTMENT, PRICES, BUDGET AND FINANCE

BELORUSSIAN PRICE DECISIONS

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 7, Jul 82 p 70

[Article: "In the Belorussian SSR State Committee for Prices"]

[Text] The Prices Are Maintained

Individual types of products, for which retail prices have not been established, until 1 January 1982 were sold at wholesale prices with the use of trade markups. They are also being maintained in the future regardless of how the new wholesale prices put into effect this year have changed. The difference between the old and new wholesale prices is being reimbursed by means of the profit which is subject to payment to the state budget by the suppliers of these products.

Taking Into Account the Type of Raw Materials

It has been established that if goods produced from waste products conform to the standards and specifications for the same goods made from full-fledged raw materials and materials, the wholesale and retail prices for which are specified in the price lists, the prices of these price lists apply to them.

If goods made from local raw materials and waste products differ in quality from similar items made from full-fledged raw materials, the retail prices for them are established in conformity with the level of the existing prices for similar goods, but with allowance made for the change of the quality and other consumer properties of the items.

The standards of the net output for goods made from local raw materials and waste products are calculated in accordance with the general procedure in conformity with the Procedural Instructions, which were approved by USSR Gosplan, the USSR State Committee for Prices, the USSR Ministry of Finance and the USSR State Committee for Labor and Social Problems in 1978. Here in conformity with the labor expenditures the standards of the net output for items made from waste products may be higher than the standards of the net output for items made from full-fledged raw materials. Production associations and enterprises submit the plans of the wholesale and retail prices, as well as the standards of the net output for items made from local raw materials and materials directly to the pricing organs and copies to the organs of their superior organization.

An Additional Markup

A new procedure of establishing the wholesale prices for less materials-consuming products of machine building, which is called upon to stimulate the economy of material resources, has been specified. Now such products, if they are recommended for certification as being of the highest quality category or have already been certified, in addition to the incentive markup for great efficiency, will also have an additional markup for the economy of material and manpower resources. Its amount is up to half of the obtained saving. If the new, less materials-consuming (labor-consuming) products are assigned to the first quality category, only half of the saving obtained from the decrease of the material and labor expenditures is additionally included in their wholesale price. At the same time it has been established: if the new products in their technical and economic parameters and quality are equivalent to the previously produced (replaced) products, their wholesale price with the incentive markup cannot exceed the wholesale price of the previous products.

In conformity with the new procedure the Belorussian SSR State Committee for Prices has reviewed the materials submitted by the republic Ministry of Local Industry for the establishment of the wholesale price with the incentive markup for the saving of metal for cast iron sewer manhole covers. The new manhole covers are 34 kg lighter than the former manhole covers, which will make it possible in a year to save more than 800 tons of cast iron and to decrease considerably the consumption of coal and coke. The incentive markup for this item has been set at 2 rubles 10 kopecks.

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INVESTMENT, PRICES, BUDGET AND FINANCE

BRIEFS

WHOLESALE PRICE ANALYSIS--The USSR State Committee for Prices has adopted instructions on the conducting of a universal analysis of the wholesale prices and rates in industry, which were put into effect on 1 January 1982. There are specified as the main directions of the analysis: the profitability of sectors, associations, enterprises and individual types and groups of products under the conditions of the effect of the new wholesale prices; the change of the indicators of the commodity production, the production cost and the expenditures per ruble of commodity production; the comparison of the production cost and the profitability, which were used when establishing the new wholesale prices and the actual ones for 1982 for individual types and groups of products. The ministries and departments will make the economic analysis for types and groups of products, the state committees for prices of the union republics and the USSR will make the analysis of the cumulative materials. It is planned to obtain the overall results in September 1983. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 29, Jul 82 p 10] 7807

FABRIC PRICES--The USSR State Committee for Prices reports that in connection with the decrease of the demand of consumers the temporary (higher) prices have been rescinded in advance and on 1 July 1982 permanent wholesale prices were put into effect for the suit fabrics: Pritok, Elektron, Uel's, Molodezhnaya and Azurit of the Bryansk and Chernigov Worsted Production Associations; Vesta, Snegopad, Izluchina and Krutoyar of the Pavlovskiy Posad and Krasnyy Kholm Worsted Combines; Sheda of the Zavidovskiy Thin Cloth Factory; Verkhnevolzhskaya, Veresk, Molodost', Peno, Piros, Priznaniye, Korifey and Rodeo of the Kalinin Worsted and Woolen Cloth Combine. The difference between the temporary and permanent retail prices less the discounts to trade and wholesale marketing organizations from 1 July of this year to the time of the repeal of the current retail prices is being fully paid to the budget by the named enterprises and associations. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 29, Jul 82 p 10] 7807

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INDUSTRIAL DEVELOPMENT AND PERFORMANCE

INDEX OF PRODUCTION COST USED TO MEASURE INTENSIFICATION, ESTABLISH GOALS

Intensification of Production

Moscow EKONOMICHESKAYA GAZETA in Russian No 33, Aug 82 p 14

[Article by Candidate of Economic Sciences V. Kotov: "The Production Cost as an Indicator of Intensification"]

[Text] The quantitative measurement of the factors of intensive growth is of great importance for the extension of the intensification of production. The solution of this problem involves first of all the determination of the content of the process of the intensification of production. At times it is reduced to the improvement of individual aspects of production and to the improvement of the use of individual types of resources and accordingly is determined by means of special technical and economic indicators, while overlooking the end results and the expenditures with which they were achieved.

The Criteria of the Differences

Science and technical progress are a decisive factor of intensification. However, at the present stage of development it would be incorrect to link it only with the technical level of the means of production being used. The increase of the technical level of production, in our opinion, is not a general criterion, but one of the factors of intensification, the indicators of this level are its special characteristic.

By the criterion of the differences of the extensive and intensive development of production there is frequently understood the level and growth rate of labor productivity, regarding them as the only gauge of intensification. The indicator of the increase of output, which is obtained by the increase of labor productivity, is being used extensively as a general characteristic of the process of intensification. A number of other indicators of the use of labor, for example, its increase which stems from the capital-saving form of scientific and technical progress, and the number of workers engaged in mechanized and manual processes, have also been proposed.

The intensification of production is inconceivable without the improvement of the quality, the effectiveness of labor. However, the indicators named above still cannot serve as a general gauge of intensification, since they characterize the use of only a portion of the expenditures--the living labor, which was directly

used in the production units which produce the finished product, and not the total expenditures of labor in the sphere of physical production.

Of course, the indicator of labor productivity reflects an important aspect of the intensification of production, but far from exhausts its content. Moreover, the dynamics of labor productivity, which is calculated according to the expenditures of working time and according to the expenditures of all (living and embodied) labor in value terms, is far from unambiguous. To a certain extent the following comparison attests to this. During the 10th Five-Year Plan labor productivity in industry increased by 17 percent, while the expenditures per ruble of commodity production (in comparable prices and under comparable conditions of wages) decreased by less than 1 percent.

Several criteria of intensification, which also include along with the technical level of the means of production and labor productivity the structure of production, product quality, the use of fixed and working capital, the effectiveness of capital investments and others, are frequently proposed. In turn this gives rise to a considerable number of indicators and to the vague notion of intensification as the qualitative improvement of all aspects of production.

However, the task consists precisely in giving an unequivocal appraisal of all the processes of the intensive development of production in their aggregate and interconnection. The problem of evaluating the level of intensification in the case of such a comprehensive approach is becoming even more complicated, since the dynamics of the indicators can be different. The improvement of any one or several indicators is regarded as partial intensification, although it might also not lead to the growth of production and the increase of its efficiency.

The indications of the individual directions and factors of intensification cannot replace the general definition of this category as a special type of the development of production.

When working on such an important, key task as the changeover to intensive development, precise and clear guidelines are especially important. Such guidelines are contained in the materials of the 26th CPSU Congress, which indicated that "the intensification of the economy, the increase of its efficiency, if this formula is translated into the language of practical affairs, consist first of all in the fact that the results of production should increase more rapidly than the expenditures on it, that, while committing comparatively fewer resources to production, it would be possible to obtain more." A clear criterion of the division of the two types of development, for which the connection between the expenditures and results of production is the basis, is given in this formulation.

The Expenditures Per Ruble of Output

Intensive development implies that the overwhelming portion of the increase of output is achieved by the better utilization of resources and a relatively smaller portion is achieved by the increase of their amount. The indicator corresponding to this criterion is the increase of the output, which was obtained by means of the saved resources. The amount of resources used in production is reflected in the production cost of output. In general form the expenditures per ruble of output are its indicator. This indicator is calculated in many units of the sphere of

physical production on the basis of the data of systems accounting, which ensure its accuracy and comparability in dynamics.

Intensification encompasses not only production proper, but also the reproduction cycle as a whole, within which the use of fixed and working capital and capital investments is of great importance. To what extent and by what means are these factors connected with the above-named indicator, does it reflect the utilization of resources with the necessary completeness? When answering this question, it seems to us, one should recall the approach of K. Marx to the definition of the total expenditures which form the cost of an item, which includes the depreciation of fixed capital. Its technical level influences, on the one hand, the volume and quality of the output being produced and, on the other, the amounts of the expenditures which are due to the operation of the capital. The improvement of the use of fixed capital thereby finds a direct reflection in the indicators of the expenditures per unit of output.

The influence of new capital investments, just as the improvement of the use of previously created fixed capital, is manifested through the increase of the volumes and the decrease of the expenditures on production.

The improvement of the structure and quality of the output also finds reflection in the indicator of the expenditures per ruble of output through the prices, which are established with allowance made for the consumer properties of the items. This indicator takes in, therefore, the effect of all the factors of the intensification and the efficiency of production and serves, in our opinion, as a tool of the comparison of the amount of consumed resources with the produced product and of the intensive and extensive factors of its growth.

In the five-year and annual plans assignments on the decrease of the production cost of products (operations), as well as a limit of the material expenditures per ruble of products (operations) should be approved for industrial, construction and transportation ministries, associations, enterprises and organizations.

The limits of material expenditures will be established starting with the plan for 1983 (the instructions on the procedure of establishing the limits are published in this issue). Here it is important to ensure great technical and economic soundness of the limits and a direct connection with the technical norms of the utilization of material resources and with the measures on the decrease of their consumption. The economy of material expenditures as against limits is being stimulated by additional contributions to the incentive funds. At the same time in the case of the exceeding of the limit the amount of the incentive funds should be decreased.

Under present conditions the saving of all material resources, and first of all agricultural and industrial raw materials, as well as fuel and energy, is of especially great importance as a source of the intensive growth of production. A decrease of the materials-output ratio of the gross national product by 1 percent makes it possible to additionally produce products worth more than 10 billion rubles, to save capital investments in the extractive and raw materials sectors and thereby to free assets for the enlargement of the scale of the introduction in production of scientific and technical achievements, including resource-saving technology.

In recent years the rate of decrease of the expenditures per ruble of commodity production has declined. This testifies to the inadequately complete utilization of the intensive methods of management. But the task of changing the economy over to the primarily intensive path of development requires a substantial increase of the rate of decrease of expenditures, which under present conditions is a most important prerequisite of the acceleration of the growth rate of production.

Scientific and technical progress is a decisive factor of the decrease of the expenditures on production. In 1982 it is envisaged by means of the increase of the technical level of production to obtain a saving from the decrease of the production cost of industrial output of 3.3 billion rubles.

The Influence of the Plan

The proper estimation and optimization of expenditures are one aspect of the matter. Another, no less essential one consists in ensuring the sound determination of the results and their leading increase as compared with the expenditures. In this case the cost accounting results should serve the achievement of high end national economic results. The identification of the means of their increase and the methods of calculation are now acquiring decisive importance.

The more complete utilization of the factors of intensive growth is envisaged in the plan for 1981-1985 as compared with the preceding 5-year period. More than half of the increase of the output in the Ministry of Chemical and Petroleum Machine Building, the Ministry of the Machine Tool and Tool Building Industry, the Ministry of Instrument Making, Automation Equipment and Control Systems and a number of other sectors will be obtained by means of the saved resources. A significant increase of the production volume in the food industry and the USSR Ministry of the Fruit and Vegetable Industry is being achieved on the basis of the better use of raw materials and the increase of product quality.

Great possibilities of reducing the expenditures exist in all the sectors of the national economy. For the purposes of their more complete utilization the maximum level of expenditures per ruble of commodity production has been set for industrial and construction enterprises and organizations and the maximum level of expenditures per unit of volume of transportation work has been set for transportation organizations in the plan for 1981-1985 and in the plan for 1982. These assignments, which have been reported to every shop, section and brigade, should serve as one of the criteria of the evaluation of their work.

The establishment in the plan of the maximum level of expenditures will be the organizing basis of the efforts of enterprises on the more complete utilization of the possibilities of saving all resources, in order to maintain under the conditions, which are becoming more complicated, a high rate of economic growth and to ensure the fulfillment of the assignments of the 11th Five-Year Plan. This requires the improvement of the day-to-day monitoring by management organs at all levels of the expenditures of production, the more thorough analysis of the use of all types of resources and the search for means of their economy.

The meaning of the new indicator, which is extremely important for the analysis of the dynamics and structure of expenditures, lies not only in the fact that it defines the upper limit of their possible change, but also in the fact its value

during the planning period does not change with a change of the volumes and composition of the output. Consequently, the formed system of indicators with the introduction of the maximum level of expenditures is becoming more complete and is aimed at the unconditional fulfillment of the plan assignments on saving, and thereby at the active use of the intensive methods of management.

Production Cost, Expenditures

Moscow EKONOMICHESKAYA GAZETA in Russian No 33, Aug 82 pp 17-18

[Letter No AB-30-D of USSR Gosplan, the USSR Ministry of Finance and the USSR Central Statistical Administration of 30 June 1982: "The Production Cost and the Limits of Material Expenditures: The Establishment of Assignments and the Evaluation of Their Fulfillment"]

[Text] In connection with the approval in conformity with Decree No 612 of the CPSU Central Committee and the USSR Council of Ministers of 30 June 1981 in the five-year and annual plans of assignments on the production cost of products (operations) and within these assignments of the limit (maximum level) of material expenditures USSR Gosplan, the USSR Ministry of Finance and the USSR Central Statistical Administration by Letter No AB-30-D of 30 June 1982 adopted the following procedure of the establishment of the indicated assignments, as well as the evaluation of their fulfillment.

In Industry

1. The assignments on the production cost of products are approved for USSR ministries and departments and the councils of ministers of the union republics in the five-year and annual plans of USSR economic and social development in the form of the maximum level of expenditures in kopecks per ruble of commodity production in wholesale prices.*

Within the assignments on the production cost of products, starting with the plan of USSR economic and social development for 1983, the limit (maximum level) of material expenditures in kopecks per ruble of commodity production in wholesale prices** is approved.

By the maximum level of expenditures there is understood the maximum permissible amount of expenditures (which is established on the basis of the planned list, assortment and quality of the products), the exceeding of which is not permitted both with respect to the absolute amount of the expenditures on each type of product and in the case of its production in proportions (a structure), which do not conform to those stipulated by the plan.

The maximum level of expenditures is defined as the ratio of the planned production cost of the commodity production, which was planned for production during

* Hereinafter referred to as the maximum level of expenditures.

* Hereinafter referred to as the limit (maximum level) of material expenditures.

the period being planned, to the value of this production in the wholesale prices of enterprises, while the limit (maximum level) of material expenditures is defined as the ratio of the planned amount of material expenditures, which are envisaged within the planned production cost, to the value of the commodity production.

2. The ministries and departments of the USSR and the union republics on the basis of the maximum level of expenditures and the limit (maximum level) of material expenditures, which have been established for them, approve the assignments on these indicators for subordinate associations and enterprises with the breakdown by quarters and, as needed, by months.

Assignments on the production cost of a unit of output or on the decrease of the production cost of the comparable commodity production as a percentage of the preceding year can be established for enterprises.

The assignment on the production cost of products in the form of the decrease of the production cost of the comparable commodity production as a percentage of the preceding year is the ratio of the difference between the planned production cost of the comparable commodity production of the period being planned and the production cost of this production, which is calculated on the basis of the average annual production cost of the corresponding types of this production during the preceding year, to the production cost of the comparable commodity production of the period being planned, which is calculated on the basis of the average annual production cost of the corresponding types of this production during the preceding year.

The planned production cost of the total commodity production and the amount of material expenditures, which is envisaged within it, are reported to associations and enterprises at the same time as the approval of the maximum level of expenditures and the limit (maximum level) of material expenditures.

3. The expenditures on all the material resources, which are used for the production of the commodity production: raw materials and materials (including the expenditures connected with the use of natural resources), purchased components and semimanufactures, operations and services of a production nature, the wear of tools, accessories, implements and equipment, which are grouped with inexpensive and rapidly wearing items, fuel and power, which are used for technological and other production and economic needs, are included in the limit (maximum level) of material expenditures.

The deductions for geological prospecting, the stump fee, the fee for the water, which is taken in by industrial enterprises from water management systems, and other expenditures are grouped with the expenditures connected with the use of natural resources.

The expenditures on the payment for operations and services of a production nature, which are performed for the production association (enterprise) by nonindustrial works and managements of this association (enterprise) and by outside organizations, are included in the limit (maximum level) of material expenditures. In this case the independent industrial enterprises, which are a part of production associations, when performing operations and services of a production nature for other structural subdivisions, which are a part of the association, act as outside organizations.

In those sectors of industry, in which, as an exception, the value of the semimanufactures and products of their own making, which are turned over for further processing within the same enterprise, is included in the volume of the commodity production, the value of the indicated semimanufactures and products of their own making is included in the limit (maximum level) of material expenditures.

4. The amount of the material expenditures should coincide with the expenditures which have been included in the production cost of the commodity production in accordance with the following elements: raw materials and basic materials (less the waste products); purchased items, semimanufactures, operations and services of a production nature; auxiliary materials; fuel and power.

For the determination of the production cost of the commodity production in accordance with the elements from the total amount of the expenditures on production in accordance with the corresponding elements:

a) the expenditures on operations and services, which are not included in the gross output, including the expenditures which are reimbursed by means of the unified fund for the development of science and technology (the fund for the assimilation of new equipment), are excluded;

b) the changes of the balances of the expenditures of future periods and the reserves of forthcoming expenditures and payments, as well as the changes of the balances of unfinished production, semimanufactures, tool and accessories of their own making are excluded (are added);

c) for some sectors of industry the other expenditures, which are taken into account in the production cost of the gross output, but are not included in the production cost of the commodity production in conformity with the peculiarities of the planning, recording and calculation of the production cost of the products in these sectors, which are stipulated by sectorial instructions, are excluded.

The amount of the expenditures, which are listed in subparagraphs a, b and c, is determined by elements, as a rule, directly, while in the case of the impossibility of determining the amount of the expenditures by such a method it is determined on the basis of the proportion of each element in the estimates of the corresponding types of expenditures.

The breakdown by elements of the actual expenditures, which are excluded from (are added to) the expenditures on production, is made, as a rule, on the basis of the data of the accounting on each of these types of expenditures.

In those instances, when it is impossible to carry out the organization of the recording to these expenditures by elements, a different procedure, which is established by ministries and enterprises and ensures their reliable breakdown by elements and calendar periods, can be used.

The specific nature of the calculations of the limit and the actual amount of the material expenditures at individual works is established by the sectorial instructions which are issued by ministries and departments.

5. The calculations of the maximum level of expenditures and the limit (maximum level) of material expenditures are made in conformity with the Procedural Instructions on the Drafting of State Plans of USSR Economic and Social Development, which were approved by Decree No 63 of USSR Gosplan of 31 March 1980, by this letter, as well as the Basic Statutes on the Planning, Recording and Calculation of the Production Cost of Products at Industrial Enterprises, which were approved by USSR Gosplan, the USSR Ministry of Finance, the USSR State Committee for Prices and the USSR Central Statistical Administration on 20 July 1970, with the subsequent additions to and changes in them.

The necessary specifications and additions to the prevailing sectorial instructions on the planning, recording and calculation of the production cost of products at industrial enterprises, in which the specific methods of the planning calculations and the recording of the material expenditures for the corresponding sectors should be stipulated, are made by ministries and departments with allowance made for the provisions of this letter.

6. The assignments on the production cost of products and the limit (maximum level) of material expenditures, which are established by ministries and departments of the USSR and the union republics for subordinate associations and enterprises, should take into account as completely as possible the results of the work on the decrease of the consumption of raw materials, materials, fuel and power, the decrease of waste products, the maximum utilization of secondary resources and the elimination of losses of various types, which is being performed in conformity with Decree No 612 of the CPSU Central Committee and the USSR Council of Ministers of 30 June 1980. In this case the great technical and economic soundness of the limit (maximum level) of material expenditures, which is being approved, should be ensured on the basis of:

the calculations of the material expenditures on the basis of the need for material resources for production needs in accordance with advanced rates of consumption of resources, which are determined with allowance made for the assignments on the average decrease of the rates of consumption, which are being established;

the coordination of the resources being used with the allocated assets (with allowance made for the use of a portion of the resources for nonproduction needs and the change of the amount of transient stocks);

the calculations on the technical and economic factors of the economy which is obtainable as a result of the increase of the technical and organizational level of production, the introduction of rationalization proposals, the improvement of the use of natural resources, the replacement of traditional types of resources with new, advanced types, the improvement of material and technical supply and the reduction of the losses of raw materials and materials during their procurement, transportation, storage and use;

the consideration of the influence of the change of the structure of the output on the level of material expenditures;

the consideration of the influence of the placement into operation of new enterprises and works on the basis of the standard periods of the assimilation of the rated capacities and the indicators of the production cost;

the careful analysis of the composition and dynamics of the material expenditures and the elimination of excessive expenditures and losses.

In instances of a change in accordance with established procedure of the planned structure of production the ministry can, as an exception, make the appropriate specifications in the assignments on the production cost of products and the level of material expenditures, which have been established for subordinate associations and enterprises, within the limits of the maximum level of expenditures and the limit (maximum level) of material expenditures, which have been approved for it.

7. The evaluation of the fulfillment of the plan assignments on the maximum level of expenditures and the limit (maximum level) of material expenditures is made by the comparison of the actual expenditures per ruble of commodity production (in the prices used in the plan) and the material expenditures included in them with the corresponding expenditures in accordance with the approved plan. Here the actually released commodity production (in the wholesale prices of enterprises, which are used in the plan) is taken without the markups on the wholesale prices for new highly efficient products for production engineering purposes and products with the State Seal of Quality, without the temporary markups on the wholesale prices for new consumer goods of improved quality (in the portion intended for offsetting the additional expenditures of the enterprises and for forming the profit) and without the deduction of the reductions of the wholesale prices for products of the second quality category and products, which were not certified on the set date, and the reductions of the prices for goods which are in limited demand among the population.

The actual production cost of the total commodity production, as well as the actual material expenditures in the prices used in the plan are decreased by the amount of the additional expenditures, which have been included in the actual production cost of the commodity production and are connected with the assimilation and the expansion of the production of new consumer goods of improved quality.

The evaluation of the fulfillment of the assignments on the reduction of the production cost of a unit of output is made by comparing the actual production cost of a unit of output in the prices used in the plan with the planned production cost, while that of the assignments on the decrease of the production cost of the comparable commodity production is made by comparing the actual production cost of the comparable commodity production in the prices used in the plan with the assignment on the decrease of the production cost of the comparable commodity production, which is stipulated in the plan.

8. The saving of expenditures from the decrease of the production cost of products, which was obtained during the period under review as compared with the planned period as a result of the nonfulfillment of the measures on the development and improvement of production (the placement into operation and assimilation of production capacities, the assimilation of the production of new types of products, preliminary mining operations, labor safety practices and so forth), the violation of the regulations of the technical operation of enterprises and the regulations of the use of natural resources, the nonfulfillment of the measures on environmental protection, as well as in the case of the production of products in proportions which do not conform to the ones stipulated by the plan, is not taken into account when evaluating the fulfillment of the assignments on the production cost and the limit (maximum level) of material expenditures.

In this connection, superior organizations in the calculations of the assignments on the production cost and the limit (maximum level) of material expenditures, which are reported to associations and enterprises, distinguish the expenditures for the above-indicated measures on the development and improvement of production and environmental protection.

At associations and enterprises of the food industry, moreover, the amount of the saving, which was formed as a result of the violation of the established standards, specifications and formulas, is not taken into account when evaluating the fulfillment of the assignments on the production cost and the level (maximum level) of material expenditures, while at associations and enterprises of light industry the amount of the saving from the use of less expensive raw materials when producing wool fabrics is not taken into account.

9. The influence on the level of expenditures per ruble of commodity production of a change of the products list and product assortment as compared with the plan for the evaluation of the fulfillment of the assignments on the production cost is determined in accordance with the direct expenditures on the basis of the planned production cost of a unit of output for the current year (quarter) less the expenditures on the maintenance and operation of the equipment, the shop and plantwide expenses and other production outlays.

The determination of the influence on the level of expenditures per ruble of commodity production of a change of the products list and product assortment as compared with the plan on the basis of the total production cost of a unit of output is permitted in individual sectors (subsectors) of industry, in which the proportion of the expenditures, which are not grouped with the direct expenditures, is not more than 10 percent of the production cost of products.

Moreover, the planning calculations of the production cost of the output being produced by the association (enterprise) should conform to the planned production cost of the total commodity production in the absolute amount.

The change of the level of the direct expenditures as a result of deviations from the planned structure of the output, which occurred during the period under review, is defined as the difference between the planned direct expenditures per ruble of commodity production in the actually formed structure (products list and assortment) and the direct expenditures per ruble of commodity production, which correspond to the level of expenditures per ruble of commodity production in accordance with the approved plan.

The planned direct expenditures per ruble of commodity production in terms of the actual production and assortment of products are defined as the quotient from the division of the planned direct expenditures of the total actually released commodity production by the volume of the actually released commodity production in the wholesale prices of enterprises used in the plan, which has been decreased by the amount of the markups on the wholesale prices for new highly efficient products and products with the State Seal of Quality for production engineering purposes, which have been taken into account in this indicator, the temporary markups on the wholesale prices for new consumer goods of improved quality (in the portion intended for the reimbursement of the additional expenditures of enterprises and the formation of the profit), the additionally obtained commodity production as a

result of the exceeding of the plan on the grade and quality of products, the additional charges on the prices for the products of machine building in connection with a change of the conditions of the making up of complete sets as compared with the conditions used in the plan and which have been increased by the amounts of the reductions of the wholesale prices for products of the second quality category and products, which were not certified on the set date, the reductions of the prices for goods which are in limited demand among the population, the decrease of the volume of the commodity production as a result of the nonfulfillment of the plan on the grade and quality of products, the reductions of the prices for the products of machine building in connection with a change of the conditions of the making up of complete sets as compared with the conditions used in the plan.

For the determination of the planned direct expenditures of the total actually released commodity production the actually produced commodity production in physical terms (the number of items, operations) is evaluated in accordance with the planned direct expenditures of a unit of the corresponding types of products, which is determined on the basis of the planning calculations.

10. The influence on the level of material expenditures per ruble of commodity production of a change of the products list and product assortment as compared with the plan is determined in accordance with the direct material expenditures on the basis of the expenditures stipulated in the planning calculations for the current year (quarter) by line items: raw materials and materials; usable waste (subtracted); purchased items, semimanufactures and services of a production nature of outside enterprises and organizations; fuel and power for technological purposes.

The change of the level of the direct material expenditures as a result of the deviations from the planned structure of output, which occurred during the period under review, is defined as the difference between the planned direct material expenditures per ruble of commodity production in accordance with the line items listed above in terms of the actual production and assortment of products and the direct material expenditures per ruble of commodity production in accordance with the approved limit (maximum level) of material expenditures in accordance with the procedure set forth in Paragraph 9 of this letter.

11. In the reports on the fulfillment of the assignments on the production cost of products and the limit (maximum level) of material expenditures along with the planned and actual data on these indicators there are cited the actual amounts of the saving (excessive consumption) with respect to the production cost of products and the material expenditures with the distinction at the same time of the saving, which is not taken into account when evaluating the fulfillment of the assignments, as well as the data on the saving (excessive consumption) with respect to the production cost of products and the material expenditures on the released products, which are used when evaluating the fulfillment of the assignments.

Superior organizations exercise control over the complete and accurate identification and reflection in the reporting of the saving, which is not taken into account when evaluating the fulfillment of the assignment on the production cost and the limit (maximum level) of material expenditures.

12. When evaluating the fulfillment of the assignments of the annual plans on the decrease of the production cost of products and the level of material expenditures

one should be guided by the Instructions on the Compiling of Current Reports of Industrial Enterprises on the Fulfillment of the Plan on the Production Cost of the Commodity Production and by this letter.

In Construction

13. The assignments on the production cost of construction and installation work are established for USSR ministries and departments and the councils of ministers of the union republics in the five-year and annual plans in the form of the maximum level of expenditures in kopecks per ruble of construction and installation work.

The maximum level of expenditures per ruble of construction and installation work is defined as the quotient from the division of the planned production cost (disregarding the expenditures which are reimbursed to construction and installation organization by way of compensation) of the amount of construction and installation work, which is envisaged for the period being planned and is performed by their own forces, by the estimate cost of this work.

When reporting the assignments on the maximum level of expenditures per ruble of construction and installation work to production construction and installation associations, trusts and other organizations along with the approved assignments on the indicated indicator the planned production cost of the amount of construction and installation work in the absolute amount, which is envisaged for the period being planned, is also reported, in order to ensure the conformity of the assignments on the production cost of construction and installation work, which are being established for the associations and trusts, to the assignment for the ministry and department of the USSR and the union republic, which is stipulated in the state plan.

14. The limit (maximum level) of material expenditures in kopecks per ruble of construction and installation work is approved within the assignments on the production cost of construction and installation work.

The limit (maximum level) of material expenditures per ruble of construction and installation work includes the expenditures on all the materials, structural components, parts, fuel and power, which are consumed in the performance of construction and installation work, including the products and services of ancillary and auxiliary works and service managements of construction organizations, which are formed into a separate balance, and is calculated as the quotient from the division of the planned amount of all the material expenditures (disregarding the expenditures which are reimbursed by way of compensation) by the estimated cost of the construction and installation work.

The planned amount of all the material expenditures is determined on the basis of the calculations of the saving from the decrease of the production cost of construction and installation work with respect to the technical and economic factors and elements of the expenditures. In this connection in the planning and recording of the expenditures in construction along with the grouping of the expenditures by line items in the established products list their grouping by the following elements is being introduced: material expenditures, wages, contributions for social insurance, the amortization of fixed capital and other expenses.

15. The evaluation of the fulfillment of the assignments of the annual plans on the production cost of construction and installation work and the level of material expenditures is made:

according to the maximum level of expenditures per ruble of construction and installation work by comparing the actual expenditures per ruble of construction and installation work (which have been decreased by the amount of the expenditures which are reimbursed by way of compensation) with the expenditures per ruble of construction and installation work according to the approved plan;

according to the level (maximum level) of material expenditures per ruble of construction and installation work by comparing the actual material expenditures per ruble of construction and installation work (which have been decreased by the amount of the material expenditures which are reimbursed by way of compensation) with the limit (maximum level) of material expenditures per ruble of construction and installation work, which is stipulated in the plan.

When evaluating the fulfillment of the assignments on the production cost and the limit (maximum level) of material expenditures per ruble of construction and installation work the saving, which was obtained during the period under review as compared with the plan as a result of the nonfulfillment of the measures on the improvement of the quality of construction, labor safety techniques and so forth, is not taken into account in conformity with Paragraph 8 of this letter.

16. When evaluating the fulfillment of the assignments of the annual plans on the production cost of construction and installation work and the level of material expenditures one should be guided by the Instructions on the Procedure of Compiling the Statistical Reporting on Capital Construction and this letter.

In Transportation

17. In the five-year and annual plans the assignments on the production cost of transportation are approved in the form of the following indicators:

the Ministry of Railways--the production cost of 10 adjusted ton-kilometers of rail transportation;

the Ministry of the Maritime Fleet--the production cost of 10 adjusted ton-miles of sea transportation;

the Ministry of Civil Aviation--the production cost of 1 adjusted ton-kilometer of the operation of air transport;

the Ministry of the Gas Industry--the production cost of the transportation of 10,000 m³ of gas through main gas pipelines;

the Ministry of the Petroleum Industry--the production cost of 10 ton-kilometers of the transportation of petroleum through main petroleum pipelines;

the ministries of motor transport (motor transport and highways) of the union republics--the production cost of 10 adjusted ton-kilometers of motor transportation or the expenditures per ruble of revenues from motor transportation and other types of operations;

the ministries (main administrations) of the river fleet of the union republics--the production cost of 10 adjusted ton-kilometers of river transportation.

The councils of ministers of the union republics can establish for the republic transportation ministries (administrations), while the transportation ministries of the USSR and the union republics with the approval respectively of USSR Gosplan and the Gosplans of the union republics can establish for subordinate enterprises and organizations assignments on the production cost on the basis of other indicators of the amount of work, which are used in the plan.

For transportation organizations belonging to nontransportation ministries and departments, the indicators on the production cost of transportation are established by the corresponding ministries and departments.

Along with the approved assignment on the production cost the absolute amount of the expenditures, which is used in the plan, is reported to subordinate enterprises and organizations.

18. The limit (maximum level) of material expenditures per unit of transportation work is established within the assignments on the production cost of transportation.

The maximum level of material expenditures includes the expenditures on all the materials, fuel and power, which are consumed for transportation, including the cost of the products and services of ancillary and auxiliary works and managements of the transportation organization, which are formed into a separate balance.

In this connection in the planning and recording of the expenditures in transportation, along with the grouping of the expenditures by line items in the established products list, their grouping by the following elements is being introduced: material expenditures, wages, contributions for social insurance, the amortization of fixed capital and other expenses.

19. The planned production cost of transportation and the amount of material expenditures are determined in conformity with the Procedural Instructions on the Drafting of State Plans of USSR Economic and Social Development.

20. The evaluation of the fulfillment of the assignments of the annual plans on the production cost and the limit (maximum level) of material expenditures per unit of transportation work is made by comparing the actual level of expenditures in the prices used in the plan with the planned level.

When evaluating the fulfillment of the assignments on the production cost and the limit (maximum level) of material expenditures per unit of transportation work the saving, which was obtained during the period under review as compared with the plan as a result of the nonfulfillment of the measures on the development and improvement of transportation work, labor safety techniques and so forth, is not taken into account in conformity with Paragraph 8 of this letter.

The peculiarities of the evaluation of the fulfillment of the assignments on the production cost and the limit (maximum level) of material expenditures per unit of transportation work for some enterprises and organizations are submitted for approval by USSR transportation ministries to USSR Gosplan and by republic transportation ministries to the Gosplans of the union republics.

21. The evaluation of the fulfillment of the assignments of the five-year plan on the decrease of the production cost of products by years of the five-year plan is made in conformity with the Procedural Instructions on the Evaluation of the Fulfillment of the Assignments of the Five-Year Plan at All Levels of Economic Management by a cumulative total since the beginning of the five-year plan, and of the annual plan by a cumulative total since the beginning of the year, which were approved by [Decree] No NB-21-D of USSR Gosplan and the USSR Central Statistical Administration of 24 June 1980 (Section 7).

The necessary changes in and additions to the forms and instructions on the compiling of current and annual reporting on the production cost of products and the level of material expenditures, on the basis of the procedure of establishing and evaluating the fulfillment of the assignments on these indicators, which is stipulated by this letter, will be made by the USSR Central Statistical Administration and the USSR Ministry of Finance with the approval of USSR Gosplan.

7807

CSO: 1820/212

INDUSTRIAL DEVELOPMENT AND PERFORMANCE

BRIEFS

PRODUCTION COST, STIMULATION--Rostov-na-Donu--In industry the standards of the formation of the material incentive fund for 1981-1985 are being established for the increase of labor productivity and the proportion of products of the highest quality category in the total production volume of products as a percentage of the profit. However, with allowance made for the peculiarities of individual sectors of industry the standards can also be established with respect to other indicators, for example, the decrease of the production cost (Paragraph 4 of the Basic Statutes). It seems to me that such an approach to the production cost is already inadequate. The decrease of the production cost of products is a most important indicator of intensification for any sector of industry. It is impossible, for example, to stimulate the collective of an enterprise for the exceeding of the assignments on the output, if the fulfillment of the assignment on the decrease of the production cost of products is not ensured: this would be economically incorrect. In my opinion, it is expedient to examine the question of the use in all sectors of industry without exception of the production cost as a mandatory and the main indicator, in accordance with which the economic stimulation funds at enterprises should be calculated. Such a procedure, in my opinion, is economically more justified. [By Candidate of Economic Sciences G. Al'perovich] [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 20, May 82 p 13] 7807

CSO: 1820/212

RESOURCE UTILIZATION AND SUPPLY

LESS WASTE, MORE EFFICIENT USE OF RESOURCES IN MOSCOW OBLAST

Moscow EKONOMICHESKAYA GAZETA in Russian No 36, Sep 82 p 5

[Article by V. I. Konotop, first secretary of the Moscow Oblast Party Committee, in column "Putting the Decisions of the 26th CPSU Congress into Practice": "The Oblast Five-Year Plan of Economy"]

[Text] "Our country," said L. I. Brezhnev, "will become even stronger and richer, we will move toward communism more quickly, if we learn to make the most of every minute of working time, every gram of raw materials and fuel, every machine part, and every hard-earned kopeck."

The Moscow Oblast party organization assigns paramount importance to the problem of consistent execution of a policy of economy. Huge amounts of resources are consumed in our oblast's economy. Suffice it to say that conserving one percent of our electrical power consumption would provide enough electrical power for 300,000 apartments for one year. This would be a city with a population of almost one million. Conservation of one percent of the metal output would "weigh" the same as 15,000 "Zhiguli" automobiles. Conservation of one percent of the cotton output would allow production of an additional 15 million meters of fabric. The consumption of cement, lumber, chemicals, combustible lubricants and other materials is also very high.

A plenum of the obkom in November 1981 considered the tasks of the oblast party organization involving intensification of the drive for economy and thrift, and recognized the necessity of working out five-year programs for economizing on material resources in every labor collective. This work was carried out under the direction of party gorkoms and raykoms. Now all cities, rayons, and the oblast as a whole, have "Five-Year Plans of Economy".

The development of the "Five-Year Plans of Economy" allowed us to analyze thoroughly current reserves from economy of material resources, take into consideration accumulated experience, and give all our work a systematic character.

According to a Directed Program

A directed five-year program for the oblast as a whole defines the limits of economy for resources such as ferrous and non-ferrous metals, fuel-energy re-

sources, artesian water, timber, cotton, diesel fuel and automobile gasoline. Considerable attention has been given to increasing procurement of secondary resources: recycling used paper, polymer and textile materials, ferrous and non-ferrous scrap metal, worn tires and food waste products.

Work on rational utilization of energy and fuel is one of the most important directions of the five-year program for economy of material resources. We are guided here by the experience acquired by workers in the Moscow area.

During the 10th Five-Year Plan, the volume of industrial production increased by 21 percent and fuel-energy consumption increased by only 9 percent. Many collectives are making constructive use of the achievements of science and technology and are managing to make significant reductions in fuel and energy expenditure. Energy-saving techniques and technology are being implemented into production on a large scale at the "Eksiton" factory. The enterprise has an efficient system for rate-setting, control and accounting of electrical power. In 1981 the enterprise's volume of production increased by 17.5 percent and the electrical power expenditure increased by only 1 percent.

After industry, the second largest consumer of fuel-energy resources is the municipal, everyday living enterprises--the residential sector. Calculations show that for heat, hot water and lighting of residential buildings, more than 20 percent of total fuel-energy resources is used. Therefore, questions of an economical, thrifty approach to heat and electrical power in municipal services and everyday living take on an even greater significance. The reserves here are also great.

It was noted at the plenum of the oblast party committee that the average expenditure of heat, gas and water in the oblast's cities varies widely. This is the case because not all municipal workers take an economical approach to fuel-energy resources. The oblast's cities still have a considerable number of uneconomical small boiler plants. Liquidation of these plants in the city of Mytishchi alone would save 15,000 tons of fuel per year and would also free up almost 200 service personnel.

In the current five-year plan, by reducing waste and introducing means for automatic regulation and control of the combustion process, there is an expected savings of over 1.6 billion cubic meters of natural gas.

The "Five-Year Plan of Economy" has in the forefront the task of reducing the metal content of industrial products and construction designs. In this area the application of advanced techniques and technology takes on particular importance.

At the Kolomenskiy heavy machine tool construction factory, for example, in cooperation with scientific organizations and other similar factories, an essentially new technology was developed for manufacturing parts for plates of high-power hydraulic presses. Employing this method reduces the amount of metal required to 1/2 to 1/6 the previous amount, while at the same time increasing its reliability. At present, more than 140 units of 24 type-sizes

have been produced using the new technology. This has allowed a saving of over 20,000 tons of metal. The work of the Kolomenskiy machine tool constructors has been entered in the competition for the 1982 Lenin Prize.

The contribution of construction organizations to the oblast program of metal economy is growing. In the first half of this year they saved 1700 tons of rolled metal. Realization of the measures outlined for the five-year plan will allow a saving of 20,000 tons of metal.

Altogether, workers in the oblast have decided to save approximately 180,000 tons of ferrous and non-ferrous metal over the five-year period.

Concrete figures for economy have been outlined for other types of resources as well. Over the five-year period, 120,000 tons of cement and about 200,000 cubic meters of lumber should be saved. There are opportunities to accomplish this--and they are not insignificant. Utilization of different additives in manufacturing the concrete mixture and reinforced concrete designs alone have already allowed Glavmosoblstroy [Moscow Oblast Main Construction Administration] organizations to save 4500 tons of cement in a year.

The Condition of High Profitability

The problem of rational utilization of resources is especially critical for agriculture--the fundamental link in the agro-industrial complex.

In the last 3 five-year plans basic production resources in the oblast's farms have grown from 900 million to 4.2 billion rubles. Consumption of electrical power by agricultural enterprises increased by 4.4 times and surpassed 1.5 billion kilowatt hours last year. Working in the oblast's fields are 23,500 tractors and 3600 grain-harvesting combines. Sovkhozes and kolkhozes have more than 18,000 trucks and a great deal of other technical equipment. Wise, economical use of all the agricultural production resources is an urgent and very important economic task.

We can note with satisfaction that the circle of farms showing a profit from their work is constantly expanding. The "Kashir" sovkhov has become a profitable enterprise. In the last 10 years at the sovkhov a profit has been firmly established in each phase of production. A planning-economic service carries out cost-accounting tasks for all the brigades in the crop and livestock farms and also for auxiliary production. The sovkhov also has an active office of economic analysis. It consists of specialists, brigade leaders and leading workers. They systematically analyze expenditure of material resources in production. In livestock farming this analysis is conducted monthly and in crop farming it is done according to the work periods; in auxiliary subdivisions it is done quarterly. Every specialist at the sovkhov thinks carefully about economy and this has results. In 1981 the sovkhov showed a profit of 1.4 million rubles.

Rational use of technical equipment is one of the major directions taken in the campaign to improve economy by the collective of the sovkhov imeni Chapayev in Noginsk Rayon. The sovkhov used its own forces to build a machin-

ery yard where the entire tractor and machinery fleet is concentrated and reliable repair and technical maintenance is organized. The specialists' calculations showed that the farm is able to do the work with a smaller number of machines, so part of the technical equipment was sold to neighboring farms.

Many farms, however, have low economic indicators and operate at a loss.

Our task consists of the following: to reduce the number of farms operating at a loss this year by no less than half in comparison with last year's number; and as a final goal, to have no more unprofitable sovkhoses and kolkhoses in the oblast.

It is necessary to close all channels of waste and raise the efficiency of resource utilization. At many enterprises and organizations there is evidence of a careless attitude toward the expenditure of combustible-lubricating materials. Often this carelessness is observed in petroleum product storage areas. Many oil storage tanks at enterprises, sovkhoses, and kolkhoses are in unsatisfactory condition, which leads to fuel losses and a reduction in its quality. Often motor diesel fuel is used for other than its designated purpose. It is burned in boiler plant furnaces. This is happening while many transport organizations are experiencing an acute shortage of diesel fuel.

Strengthening Cost-Accounting

An important condition for reinforcing the policy of economy is introduction of cost-accounting. Not all economic directors, however, make use of available possibilities for developing and strengthening cost-accounting. In industry alone at the end of the first half of the year, 143 enterprises did not fulfill the established profit plan; 134 did not handle the production-cost tasks. At a number of industrial enterprises work on norm-setting, control and accounting of expenditure of resources is in a state of neglect. In construction and transportation the expenditure of solid and liquid fuels is often not controlled. There is no proper accounting in place for all types of fuel and energy in agriculture and everyday living uses.

Meanwhile, in collective production sound norm-setting, control and accounting of expenditures of all types of resources must be brought to the brigades and work sites. Without meeting this condition, it is impossible to promote a true mass movement for economy and thrift, and to avoid formalism in organizing competition according to personal accounts of efficiency.

The oblast party committee sets the following task before party committees, economic directors, trade unions and Komsomol organizations: eliminate existing shortcomings more rapidly; bring forward more boldly for general discussion facts concerning mismanagement, poor workmanship, wastefulness, theft of state property, and violation of working discipline. This negative behavior must be dealt with aggressively.

Communists are coming forth as organizers of the mass movement for economy. According to their initiative, a movement is being promoted at enterprises in the oblast "to bring to the 11th Five-Year Plan highly productive, reliable and economical techniques." The Moscow Oblast Party Committee is assigning great importance to the development of this movement since economy of resources is tied inseparably to technical progress.

The collective of the "Kriogenmash" scientific-production association is one of the movement's initiators. Here every new type of production has the least material requirements and guarantees a reduced specific expenditure of electrical power. The development and organization of production of gas-distribution equipment at "Kriogenmash" are also making a positive contribution to realizing the Food Program; this equipment provides for waste-free storage of fruit and vegetable produce. Implementation of new cryogenic techniques will permit a savings of approximately 90 million rubles for the five-year plan as a whole.

The competition among labor collectives for economy and a thrifty approach to material resources is being expanded on a basis of personal and brigade accounts of efficiency. There are 615,000 workers participating in this competition. In 1981 alone they contributed 50 million rubles to the state's economy fund.

Developing Thriftiness

The participation of labor collectives in the All-Union Public Review of Efficient Use of Raw Materials, Material and Fuel-Energy Resources promotes broad involvement of workers in the fight to strengthen the policy of economy. In the process of the review in 1981 workers in the oblast contributed 325,000 recommendations. The conditional yearly economy resulting from implementation of 266,000 such recommendations was more than 150 million rubles.

Thriftiness is a moral category. Development of thriftiness and a sense of management in every worker is a very important matter. A system of economic education actively promotes the formation of a management approach to the people's property. In the last academic year 633,000 people studied problems of economy and thrift in the system of economic education. The students' attention was concentrated on in-depth study of problems involving improvement of the management mechanism, moving socialist economy onto a path of intensive development, and rational utilization of material resources. With the help of propagandists, workers opened 348,000 accounts of efficiency.

Party gorkoms, raykoms and local party organizations were in charge of all the multi-plan work on rational utilization of raw materials, material, fuel-energy, and labor resources.

The party committee of the Mytishchi machinery construction factory is striving to establish a combined approach to solving the problem of economy. At the enterprise there is a complex system of efficient utilization of material, energy, and other resources. It includes planning, economic stimulation,

measures of an educational nature, and it anticipates active participation of social organizations and every factory worker in the search for reserves.

The goal-oriented work of oblast party organizations in organizing competition among workers for economy and thrift has results. Since the beginning of the five-year plan, 38,000 tons of rolled ferrous metals, 31,000 tons of cement, almost 90,000 cubic meters of lumber, approximately 370,000 tons of conventional fuel in recount, 580 million kilowatt hours of electricity, and more than 40,000 tons of automobile gasoline and diesel fuel have been saved.

The oblast scientific-practical conference which took place recently analyzed the rate at which the responsibilities for economy of resources which were adopted for the five-year plan are being fulfilled. Recommendations worked out by conference participants and directed at achieving better indicators in economy of all basic types of resources were taken under party control.

Putting into practice the measures that were outlined will allow Moscow Oblast workers, under the directions of party organizations, to make a valuable contribution to fulfilling the decisions of the 26th CPSU Congress and the goals of the 11th Five-Year Plan and to the realization of the program adopted for further improvement of the well-being of the Soviet people.

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RESOURCE UTILIZATION AND SUPPLY

CONFERENCE ON BETTER UTILIZATION OF RESOURCES

Moscow EKONOMICHESKAYA GAZETA in Russian No 36, Sep 82 p 6

[Article by B. Balashov and V. Veselov: "For Economy and Thrift: Strict Accounting of Resources--Conference Notes"]

[Text] One of the most important conditions for intensifying production is economical utilization of resources. This was the topic of a scientific-practical conference organized by the Moscow Oblast Party Committee, the ispolkom of the Moscow Oblast Soviet, the presidium of the Oblast Council of Trade Unions, and the editorial board of EKONOMICHESKAYA GAZETA. Directors, specialists, scientific workers, leaders in production from oblast enterprises and organizations, party, soviet, trade union, and Komsomol groups took part in the conference.

The conference considered ways of increasing efficiency of utilization and economy of raw materials, fuel-energy and other material resources in the oblast's economy in light of decisions made at the 26th CPSU Congress, decrees of the CPSU Central Committee and the USSR Council of Ministers from 30 June 1981.

At the plenary session, reports were given by V. I. Konotop, first secretary of the Moscow Oblast Party Committee; A. F. Rummyantsev, chief editor of EKONOMICHESKAYA GAZETA; and V. P. Yefimov, doctor of economic sciences and academic secretary of the Interdepartmental Commission for Economy and Rational Utilization of Material Resources.

Also participating in the work of the conference were I. I. Gladkiy, secretary of the All-Union Central Council of Trade Unions; V. M. Borisenkov, I. Ye. Klochkov, I. M. Cherepanov, and A. T. Shamonin, all secretaries of the Moscow Oblast Party Committee; and directors and responsible workers of oblast organizations.

Discussion of the reports took place at sessions of 10 sections; more than 1000 people participated in this work.

Scientific-Technical Progress Provides the Greatest Gain in Economy

Conference participants emphasized that areas around Moscow offer great scientific-technical potential and a large force of highly qualified personnel.

This allows us to solve the large-scale problems involved in increasing production efficiency on the basis of widespread implementation of progressive resource and energy-saving techniques and technology.

It is therefore understandable that the conference participants discussed with great interest ways and methods of implementing technical and technological innovations and raised questions in this area that have not yet been solved.

The 11th Five-Year Plan includes 170 scientific-technical programs.

There are 110 enterprises and organizations from different branches of the Moscow Oblast economy that are participating in directed programs. It was pointed out at the conference that many of the scientific and production collectives have done a good deal toward realizing the outlined goals. Scholars and specialists from the Paper Central Scientific Research Institute, in close collaboration with the production collectives of the Balakhninskiy and Kondopoga cellulose-paper combines and Syktyvkar lumber complex, worked out new technological processes which will provide a 10-12 percent reduction in the specific mass of paper. Implementation of these developments in the current five-year plan at the three paper-producing factories will allow a yearly saving of 200,000 cubic meters of lumber and 15 million kilowatt hours of electrical power.

Creative collaboration between specialists from the Mosobl'sel'stroy [Moscow Oblast Rural Construction] Trust No 24 and "MosgiproNIIsel'stroy" [Moscow State Institute for Rural Construction Design] helped reduce the time needed to develop and implement into practice rural construction of an essentially new type of unified dairy barn made of large-scale, higher quality, factory-made elements. Making the transition to the new construction of a dairy barn with greater utilization possibilities will allow a saving in construction of each unit of 9 tons of rolled metal, 30 cubic meters of sawtimber and will reduce labor costs by more than half. In evaluating the entire program of dairy barn construction in the 11th Five-Year Plan, 4500 tons of metal and 15,000 cubic meters of sawtimber will be saved.

There Are Possibilities for Economy of Resources at Any Enterprise

The main thing is to keep this task always at the center of attention, so that everyday production concerns do not push it into second place. This idea ran through the presentations of the conference participants.

This is how they operate at the Ramenskoye mechanical factory. V. Loshkarev, chief of the technological department, said that whenever the enterprise's collective puts a new item into production, they strive to implement solutions that will help save metal. Here is a characteristic example: in cooperation with "VNIPIpromstal'konstruktsiya" [All-Union Scientific Research and Design Institute for Industrial Steel], they succeeded by means of a number of design innovations in reducing the weight of a new crane by 30.4 tons compared to the previous model. At the same time they increased its load capacity by 30 percent.

Aiming for economy of metal is a distinguishing feature of all the work done by the collective of the "Elektrostal'tyazhmash" [Electric Steel Heavy Machinery] association. The equipment manufactured there is intended for pipe and rolled metal production. It is understandable that if these new assemblies and machines produced in the Moscow area allow metallurgists to produce economical types of rolled metal, this will save the national economy a great deal of metal. Therefore, as V. Khizov, secretary of the association's party committee, emphasized, all the efforts of machine constructors are directed toward ensuring that production truly contributes to the goal of saving resources.

The axle-rolling assembly that was constructed at the association allows a yearly saving of 5000 tons of metal that previously ended up as shavings. This saving is accomplished by increasing the precision in manufacturing vehicle axles. Next in line is production of equipment for manufacturing hollow axles, which will allow a saving of 10 times more metal.

In a number of cases, however, innovations that appear very promising in practice have difficulty getting started. For example, in the production of pre-fabricated reinforced concrete average specific fuel expenditure has not declined in the past five years and now is almost double the estimated energy expenditure.

I. Aparin, assistant director of the Construction Economy Scientific Research Institute, says "The reason for this is that the products are heated up in inadequate chambers whose efficiency is no more than 10-15 percent."

Is there a solution? Yes, there is, and it was explained by S. Simenko, chief engineer of the Moscow Oblast Association of Large-Panel Building Construction. At the association they have started to use more economical heating chambers. The scale and rate of technical refitting, however, is still insufficient.

The same can be said of the utilization of secondary energy resources. According to calculations of specialists at VNIPIenergoprom [All-Union Energy Industry Scientific Research and Design Institute], utilization of secondary energy resources would save more than 1 million tons of conventional fuel per year. V. Varvarskiy, oblast director of the institute, emphasized that specific expenditures for 1 ton will be 1/5 to 1/6 of the amount spent on the usual method of obtaining fuel.

In Moscow-area industry there are still frequent cases of manufacturing unmarketable, poor-quality products. In the first half of 1982 alone, 18 products from 10 enterprises were denied the State Mark of Quality. Since the beginning of the year, cost of poor quality production totalling more than 2.9 million rubles has been excluded from the accounts for fulfilling the plan; this represents a withdrawal of 320,000 rubles from the State Budget income.

Waste in Production: Why Does It Occur?

Most often waste is due to absence of an elementary order, neglect of responsibilities, and lack of discipline. If we want to close off the channels of waste, first of all we must fight against these things.

N. Glukhov, senior specialist on thermal metal processing at the Balashikha smelting-mechanical factory, supported this idea with examples from the work at his factory. Somehow communists in the finishing section party group, of which N. Glukhov is the leader, noticed that during the lunch break the lighting in the shop was not turned down. In one section alone 68 lamps, each burning at 500 watt capacity, were on; more than 10,000 kilowatt hours of electrical power was wasted. Now during the lunch break only minimum safety lighting remains on.

It is with "trivial details" like this that we usually begin to develop a sense of economy, and habits of order and discipline.

The work of people's controllers plays a large role here. Their job is to be on the alert to prevent the people's property from being carelessly wasted, and to combat negligence in word and deed. This is how the people's controllers operate in the city of Kolomna, for example.

V. Tyurin, chairman of the city People's Control Committee, told of how the work of the patrols was organized at a number of enterprises. The People's Control Committee of the "Kolomenskiy zavod" association put the warehouse management under constant observation; it checks the inventory and storage of equipment received. If there were instances here before of damage and theft of expensive instruments and equipment, they have now succeeded in establishing the necessary order.

Effective measures in the fight against poor management are being taken by patrols at the building construction combine, SMU-2 [Construction and Installation Administration] trust "Stroydizel'mash" [Diesel Machinery Construction], and others. The most important thing is that the effect of control is determined by an actual result. Not only is the material effect important, but the moral, educational effect is as well. An effective, successful fight against wastefulness promotes economy better than many slogans and appeals.

The strongest result in the fight against poor management is achieved when the organization of labor and payment for labor orients the labor collective toward an economical approach to resources.

In such situations the order is not handed down "from above", but grows out of the common interest of all those working together.

It is well known that waste of materials at construction sites is widespread.

"But not at the combined brigade headed by N. Ul'yanov," said A. Krasnikov, secretary of the "Mosoblstroy" [Moscow Oblast Construction Trust] No 2

party committee. "At this collective there is a simple system of paying for labor utilizing stable norms. The fund for wages depends directly on the volume of goods produced. In the brigade waste due to reduplication, spoilage, careless storage or maintenance of parts and materials has been reduced to almost zero."

The trust is gaining more and more collectives that are similar to this one. At PMK-52 [Mobile Mechanized Column] and SMU-3 [Construction and Installation Administration], where all the brigades have switched to this system of payment for labor, the expenditure of materials for the first half of the year was 98,000 rubles less than planned.

Every Year in the Territory of the Oblast 65 Million Tons of Different Waste Materials and Byproducts are Produced

Organizing the collection and processing of secondary raw materials has become an important practical problem today. Wherever the solution to this problem has been given the necessary attention, there have been good results.

L. Akimova, chairman of the Shchelkovo gorispolkom, acquainted the conference participants with some of these results. In Shchelkovo there are quite a few textile enterprises, some of them quite small and lacking the capacity to process production waste products. The director of factory No 8 of the "Mosvtorsyr'ye" [Moscow Secondary Raw Materials] trust, took the initiative to institute processing of these waste products at his factory. This was so successful that USSR Gosplan [State Committee for Material and Technical Supply] and the Moscow Oblast ispolkom decided to appropriate the means for reconstruction and expansion of the enterprise, so as to organize production there of 100,000 square meters of carpeting per year.

Today waste products are being utilized as basic raw materials at 6 enterprises, contributing almost 6 million rubles' worth of consumers' goods to the trade network.

K. Kolkhir, director of the Chekhov regenerator factory, informed us that experimental and research work was conducted at this factory which resulted in the development of a new technological process for processing tire coverings containing metal cord. The "Rezinoprojekt" GPI [State Design Institute] is currently finishing the design for technical refitting of the factory's regenerator production; if the design is implemented, all worn-out tire coverings with metal cord collected in Moscow and Moscow Oblast can be reprocessed at this enterprise.

Utilization of secondary raw materials over five years has allowed a saving of 1,345,000 cubic meters of lumber, 59,000 tons of cotton and wool, and 36,000 tons of synthetic rubber. These figures were provided by I. Matveyev, assistant chairman of the oblast Consumers' Union and A. Sheykhon, manager of the "Mosvtorsyr'ye" trust.

Still, there are more problems in this area than there are achievements. It was emphasized at the conference that the time has come to set the processing

of secondary raw materials on the industrial track. Here one of the possible options provides for formation of a system of corresponding enterprises for processing waste materials from Moscow and Moscow Oblast. I. Tsarev, assistant director of VIVR [USSR Gosplan All-Union Scientific Research, Planning, Design and Technological Institute of Secondary Resources], said that according to calculations by his institute's specialists, substituting secondary resources for primary raw materials will save 240 million rubles and will keep no less than 500 hectares of land from being used for dumping waste.

At the conference a wide range of questions was considered, tied to reinforcing the policy of economy and rational utilization of material resources. Recommendations were worked out that are directed toward putting reserves from economy of resources into the service of production, broadening the path to progressive methods, and mobilizing labor collectives in the fight against poor management and waste.

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RESOURCE UTILIZATION AND SUPPLY

AGANBEGYAN DISCUSSES NEED TO CONSERVE RESOURCES

Moscow SOVETSKAYA ROSSIYA in Russian 5 Aug 82 p 2

[Article by Academician A. Aganbegyan, director of the Institute of Economics and the Organization of Industrial Production: "The Strict Reckoning of Nature"]

[Text] The needs of society for natural resources in our times are increasing unusually rapidly. We have made enormous gains in the area of the extraction of raw materials: we have taken first place in the world in the production of petroleum and iron ore and, finally, in logging. But the belief in the unlimited generosity of the natural storehouse, which formed over the decades, is now assuming more and more the nature of a myth, which it is necessary to debunk. The further increase of the astronomical indicators, which many extractive sectors have achieved, involves colossal capital investments. It is necessary to go to new, more and more inaccessible regions and deeper under the ground or to work comparatively lean deposits. I will cite an example with coal. We are beginning to build mines with a depth of 1.5 km and to work seams 30 cm thick. Of course, such coal is expensive. In the petroleum industry we have been forced to move from high-yield deposits to deposits with a lower yield, in connection with which the capital intensiveness is again increasing sharply. Loggers have to move farther and farther into the taiga, to work less effective forests, to build roads and to create an infrastructure--which also increases appreciably the cost of products. And, moreover, it is necessary to take into account the increasing radius of the transportation of timber and other raw materials and the need for the allocation of more and more assets for the restoration of the disturbed natural environment.

Therefore the conditions themselves--geographic and climatic, economic and ecological--are prompting us to use each unit of raw materials better. Scientists have calculated: the investment of assets in the economical consumption of natural resources is two- to threefold more effective than the expansion of extraction. At present in the economy a period of profound reorganization has begun. During the 10th Five-Year Plan the volume of deliveries of raw materials increased by only 10 percent (during the 9th Five-Year Plan it was 24 percent), while the volume of logging even decreased. We have made the transition to the declining growth of the extraction of natural resources, and then there will be, apparently, stabilization, at any rate for many types of raw materials. And this stage of intensive development, toward which the 26th party congress is aiming us, should become the stage of the dissemination of low-waste technologies, which ensure the complete utilization of raw materials and their more thorough processing.

The discussion of the use of scrap paper, which was begun on the pages of SOVET-SKAYA ROSSIYA, it seems, is especially topical from precisely such a standpoint. The trend toward the increasing consumption of secondary raw materials instead of primary raw materials is typical of the majority of countries of the world. Indeed, we are the richest timber power of the planet, and precisely for this reason the conviction reigned for long years that it is possible to work the wealth of the "green ocean" endlessly. No matter how much you cut here, they say, the increase is nevertheless greater. But this is far from the case. First, it is impossible to work efficiently half of the same Siberian forest, because it grows in frozen soil, is low in productivity and, moreover, is of enormous ecological importance. Or let us take the forest in the mountains. It gives life to many Siberian rivers, and the latter in turn are mighty energy carriers. I will name only the largest GES's in the country: the Krasnoyarskaya, Sayano-Shushenskaya, Bratskaya and Ust-Ilimskaya. Just recently we were faced with such a negative phenomenon as their underloading, which was due to the inadequate head of water. In turn the extensive fellings of timber in the drainage basin are in many ways responsible for it.

Many believe: the forest grows by itself, without particular expenditures. But even here, in Siberia, there are large territories which are called forest deficient--the same kind as in the Ukraine and in other regions of the European part of the country. Reforestation is first of all large capital investments. And we are carrying it out today on only a third of the areas on which we are carrying out felling. So the gap between the consumption of timber and reforestation for the present is decreasing slowly. The timber complexes of the Carpathian region and Transcarpathia, where reforestation, logging and timber processing are united in the same hands, are a pleasant exception.

In economic decisions today, as never before, the consideration of natural factors is necessary. Our management mechanism, both the existing one and the one which to a certain extent is being planned, does not always stimulate the aspiration for the cleanness of the water and the atmosphere, for the complete processing, for example, of lumber, the introduction of closed technological cycles and the maximum utilization of waste products. I believe that a quite high fee for the use of natural resources should be introduced and a special one should be introduced for the discharge of waste water, for the dumping or burning of waste and so forth. Then there would appear for economic managers a stimulus to study these questions closely and to enlist scientists in the solution of the problems of low-waste technologies and the complete utilization of resources.

The use of scrap paper is, in essence, an intersectorial question. The enterprises of the paper industry produce from it products of their own specialization, construction enterprises produce other products and other enterprises produce still others. Experiments on the use of scrap paper as additives to the fodders of animals have been conducted, while science is discovering newer and newer possibilities of its utilization. Of course, this concerns not only scrap paper, but also many other types of secondary resources. The problem raised in the first articles of the discussion on who is to coordinate the actions of the different departments, ministries and organizations, should be solved not unit by unit, within one sector or another, but on a statewide scale. The conclusion, it seems, is that in the USSR State Committee for Science and Technology there should be a number of institutions, which would study interdepartmental problems of statewide importance. Incidentally, the All-Union Institute of Secondary Resources is a prototype of such an institute.

The stated suggestions on the transfer of the procurement of scrap paper to the USSR Ministry of the Timber, Pulp and Paper and Wood Processing Industry require very serious substantiation. First, this ministry is far from the only consumer of scrap paper. Other departments process more than a third of the secondary raw materials. Second, a considerable amount of scrap paper is being produced in rural areas, where it is inexpedient to create special subdivisions. It makes sense, in my opinion, to concentrate the collection of scrap paper, as well as other waste products, in the city and department organizations of housing and municipal services and in rural areas in the rayon housing departments of the soviets of people's deputies. Precisely these organizations carry out the collection of household and solid waste, while waste paper is just one of its types. The housing and municipal services have close contacts with the population, enterprises and institutions, and if they are allocated some additional material resources, are given the appropriate powers and the economic levers are strengthened, the collection of scrap paper can be carried out very efficiently. Incidentally, abroad the decisive role in this matter belongs to municipal organs.

Now a few words on processing. If an additional 1.5 million tons of scrap paper are included in the national economic turnover, this will provide an annual saving of 7-7.5 million m³ of lumber. In order to procure the same amount of wood, it is necessary to invest about 600 million rubles in the creation of timber managements. Moreover, with each year this figure will increase. In addition to that the annual current expenditures will come to 75-80 million rubles. The building of new enterprises for the processing of scrap paper on the initiative of USSR Gossnab is, undoubtedly, a very useful and necessary matter. Especially if we take into account that the construction of such factories costs two-fifths to one-half as much as those which run on wood pulp. Moreover, their output--packaging cardboard--will make it possible to decrease considerably the employment in the service sphere and will expedite the sale of commodities.

But, on the other hand, it is difficult to agree with the assertion of some workers of the ministry that the reserves of the renovation of operating enterprises, which use secondary raw materials, are running out. The technological difficulties, which are connected with the processing of scrap paper and to which they are referring, given the present level of science and technology are entirely capable of solution. For example, scrap newspaper for many decades now has been used abroad after processing for the production of newsprint. It is possible to incorporate it in the furnish of practically all types of paper and cardboard. And it is possible to explain the reluctance to seek the optimum versions of renovation and retooling of the available capacities for the processing of secondary raw materials only by the sluggishness of thought. For what does it mean to build a new enterprise? To lay roads and underground mains, to erect housing for the future workers, to find personnel and so forth. Twice as much time is needed in order to furnish a new construction project with new equipment than in the case of the renovation of an operating enterprise.

It is very important that in the case of renovation in practice it is not necessary to solve the problems of manpower resources. The formed staffs of engineers, technicians and workers can master the new technological processes in a short time. This is splendidly confirmed by the experience of Ivanovo Oblast, where nearly 50 enterprises of the textile and light industries have found a second life. The labor productivity at them has increased nearly twofold. Foreign experience also testifies in favor of such an approach. For example, in the GDR the

efficiency of the economy in recent years has increased to a considerable extent primarily owing to the fact that the country has adopted a policy primarily of the renovation of fixed capital. Whereas previously only 20 percent of the assets went for this, in recent years fourfold more have.

The policy of renovation is the path of scientific and technical progress. The process of retooling should rest on major scientific and technical ideas, it is necessary to enlist more extensively in the matter planning organizations, scientific research institutions and scientific production associations. For the improvement of the use of secondary resources, as we see, it is necessary to solve a set of organizational, material, technical and social problems with the enlistment of the most diverse sectors. Precisely this will make it possible to develop the basis of a fundamentally new approach to raw material resources in the national economy, to save monetary, material and manpower expenditures and to improve substantially environmental protection.

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REGIONAL DEVELOPMENT

COMPUTERIZED ECONOMIC MANAGEMENT IN LATVIA

Riga SOVETSKAYA LATVIYA in Russian 7 Jul 82 p 2

[Article by R. Soms, deputy director of the Scientific Research Institute of Planning of the Latvian SSR State Planning Committee: "Planning on the Shoulders of Computers"]

[Text] During the past five-year plan our republic was already using successfully comprehensive goal programs of the improvement of planning work. Today the task is arising to develop and put into operation an automated system of the management of the national economy of the Latvian SSR (RASU Latvia). Its main goal is to increase the efficiency of the national economy, while improving comprehensively the management of all its links; to ensure the further development of automated control systems and computer centers, gradually uniting them into a unified republic-wide system for the gathering and processing of information for accounting, planning and management.

The RASU Latvia is defined as an integrated management system; the automated systems of Gosplan, the Central Statistical Administration, Gossnab, the Ministry of Finance, the State Committee for Prices, the ministries of the republic, as well as enterprises and organizations of union subordination operate together within it. Their interaction takes place on the basis of the republic systems of data banks and the transmission of these data, as well as the network of computer centers. The central unit of the RASU Latvia is the automated system of planning calculations.

The tasks for the current five-year plan were formulated so as to increase in the planning calculations the amount of automation as the main unit of the RASU. It interacts with the sectorial systems of ministries, state committees and departments in the main directions: the long-range development of sectors, technical and economic planning, the management of material and technical supply, capital construction, manpower resources, finances and monetary assets.

Within the RASU Latvia the dates of the placement into operation of the individual subsystems constituting it are determined by the dates of the placement into operation of the corresponding subsystems of the planning calculations of the Latvian SSR State Planning Committee.

For example, the designing and introduction of the tasks for the subsystem "Agriculture" (the second section) in the five-year and long-term systems of planning

with the use of mathematical economics models are being completed in 1983. A register of agricultural enterprises and a subsystem of agricultural statistics are being put into operation for the assurance of the information interface of the Latvian SSR Central Statistical Administration and the Ministry of Agriculture. This will ensure the compilation in an automated mode of approximately 60 percent of the standardized forms of the draft of the five-year plan and the balance of its indicators for all the sectors of agricultural production with allowance made for capital investments, manpower, financial and other resources. The opportunity will arise to obtain quickly new versions of the draft of the plan. All this will contribute to the successful fulfillment of the Food Program, which was adopted at the May (1982) CPSU Central Committee Plenum.

In 1984 the second sections of the subsystems "The Consolidated National Economic Plan," "Territorial Planning," "Material and Technical Supply," "Light Industry," "Science and Technology" and several others will be turned over. In 1985 the remaining 14 subsystems will be turned over. Thus, in all during the five-year plan about 500 tasks will be developed and turned over.

At present in the ministries and departments about 30 tasks on the optimization and balancing of production are being used in the process of management. Works of the Institute of Economics of the Latvian SSR Academy of Sciences, the Latvian Agricultural Academy, the State University imeni P. Stuchka, the Latvian Department of the Scientific Research Institute of the USSR Central Statistical Administration and other scientific research organizations confirmed that such tasks are highly efficient and the expenditures on their designing are paid back in 2-3 years. It is expedient, therefore, when drafting the plans in ministries and departments to focus the main attention precisely on the introduction of methods which optimize production.

These question are very urgent for the ministries of construction, the construction materials industry, motor transport and highways and the food industry, which so far have made little use of such methods in management. The more active work of the computer center of the Latvian State University imeni P. Stuchka, in order to provide republic organizations with standard computer programs, should help here.

In the comprehensive program of the RASU Latvia for the 11th Five-Year Plan it is envisaged to carry out the introduction of a system of mathematical economics models for the long-range planning of the economic and social development of the national economy of the republic. Particular attention should be devoted to the pilot use of models of the growth of industrial production in 1983 and to the elaboration of models of territorial planning.

The comprehensive program for the five-year plan includes the problems of the development of the created functional complexes--"Industry," "Agriculture," "Capital Construction," "The Population," "Municipal Services," as well as a new complex--"Fuel and Power Engineering." The main merit of such complexes is the solution of the problems of planning and management on the basis of unified automated data banks.

So-called registers, which include a system of economic indicators and their dynamics, are being formed for the improvement of planning at economic projects. Thus, a system of indicators, which has been coordinated between various organs of

management (intersectorial, sectorial and territorial) and creates the objective basis of the interface of all the subsystems, is being built up in the registers.

There is envisaged, for example, the accomplishment of the tasks which interact with the functional complex "Capital Construction" with respect to the so-called proportionate participation of ministries and departments in housing construction in the cities and rayons of the republic.

Many ministries, state committees and departments of the republic have made a significant contribution to the fulfillment of the assignments of the comprehensive program. They are first of all the ministries of social security and finance and the State Committee for Prices. The creation of the subsystem "Norms and Standards" for material and other types of resources is envisaged in all the ministries of republic and union subordination.

The problem of the hardware of the RASU Latvia also has to be solved. A significant increase of the capital investments for the increase of the production capacities of computer centers has been planned for the five-year plan. It is very important in this case not to allow the dispersal of assets.

A priority task of the developers and users of the automated system of the management of the national economy of the republic is the changeover everywhere to a unified operating system. Consequently, the choice of equipment, the type of computer, the configuration and the peripheral equipment should be appropriate for this unified operating system.

The assimilation and use of standard means of teleprocessing are acquiring exceptionally great importance. The Institute of Electronics and Computer Technology of the republic Academy of Sciences should direct more effectively the work on the assimilation of the telecommunications method, since this method is directly connected with the experimental computer networks being set up by this institute in the Latvian SSR.

New gains in the assimilation and use of computer technology for improving the management of the national economy of the republic will be made by the joint efforts of the developers.

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REGIONAL DEVELOPMENT

INDICATORS OF ECONOMIC GROWTH

Tallinn SOVETSKAYA ESTONIYA in Russian 14 Jul 82 p 2

[Article by V. Vokk, deputy chief of the Estonian SSR Central Statistical Administration: "Factors of Economic Growth"]

[Text] It is difficult to evaluate the process of the intensification of production by means of any one criterion or indicator. A system of indicators is necessary for its comprehensive study.

In all ministries and departments, associations and enterprises attention should be focused first of all on the analysis of the structural relationship of the extensive and intensive factors of economic growth. Until now the indicators of the comparison of the proportion of the growth of the output, which was obtained by means of the increase of labor productivity, and the proportion which was obtained by means of the attraction of additional manpower, have been used in economic practice for these purposes. It is customary to believe that the greater the proportion of the increase, which was obtained on the basis of the increase of labor productivity, the more intensively social production or some individual unit of it is developing.

Let us take, for example, the Estonian SSR Ministry of Local Industry. Here in 1981 94 percent of the increase of the commodity production was obtained by means of the increase of labor productivity. This is a relatively high level, since the task of obtaining by means of the increase of labor productivity more than 90 percent of the increase of output only by the end of the 11th Five-Year Plan was set for all industry of the country. And all the same the figure mentioned above should not satisfy us.

The point is that the evaluation of the intensity of production by means of the indicator of the proportion of the increase of the output due to the labor productivity suffers from substantial shortcomings. The main one is the impossibility of reducing the entire complicated diversity of the process of expanded reproduction only to the increase of labor productivity. Even if the entire increase of output was obtained by means of the increase of labor productivity, as happened in 1981, for example, in the Estonian SSR Ministry of the Food Industry, all the same it is impossible to draw the conclusion that the sector developed exclusively along the intensive path. It is also necessary to take into account the use of other factors (resources) of production. The changeover to the new method of calculating the indicator of labor productivity on the basis of the standard net output does

not eliminate this need, but rather increases it. For the present less than half of the industrial enterprises and associations of the republic have been changed over to such conditions. But this process is continuing.

In the case of the standard net output it is not the labor of the supply enterprises, but internal labor which is being put in first place. The direct interest of the collective in increasing labor productivity by means of the use of more expensive raw materials and materials, components and so forth is eliminated by this.

But as in the past it is necessary to especially take into account the intensity of the use of productive capital and the output-capital ratio.

The analysis made by workers of the Estonian SSR Central Statistical Administration shows that at present in many sectors of the national economy of the republic the disproportionate retirement and replacement of fixed production capital and its inadequately intensive use are slowing the process of the increase of the output-capital ratio. First of all the excess of the coefficient of replacement over the coefficient of retirement of fixed production capital, for example, for the republic Ministry of Construction by more than threefold, testifies to this. This means that in this sector the process of the replacement of worn out and obsolete fixed production capital is occurring extremely slowly--almost its entire increase is going for the expansion of the available pool of machines and equipment. The use in construction of a large amount of technically obsolete, unproductive equipment and manual labor decreases the intensity of production.

Frequently the indicator of the output-capital ratio decreases due to the incomplete utilization of the rated capacities, a low shift coefficient and for other reasons. This is especially noticeable in the sectors of industry, which are connected with agriculture.

For example, in 1981 as a result of the inadequate utilization of production capacities in the Estonian SSR Ministry of the Food Industry the output-capital ratio decreased by nearly 11 percent and in the Estonian SSR Ministry of the Meat and Dairy Industry by more than 7 percent.

The consistent intensification of production presumes the overall improvement of the use of living and embodied labor. Up to now the results have been just the opposite. For example, during the 10th Five-Year Plan with an increase of labor productivity by 18.8 percent the output-capital ratio in social production of the republic decreased by 7.4 percent. This means that only the partial intensification of social production is taking place here. The efficiency of the use of living labor is increasing, and at the same time the intensity of embodied labor is decreasing. In order to change over from partial intensification to comprehensive intensification it is necessary to halt the further decrease of the output-capital ratio and to elaborate and implement measures on its increase. And first of all the attention of economic managers to the questions of the replacement and the utilization of fixed production capital should be increased.

At the same time it is also necessary to improve the analysis of the use of other material resources: raw materials, materials, fuel, power and so forth. For in spite of the steps now being taken, the materials-output ratio in some sectors of the national economy is continuing to increase.

Thus, during the years of the 10th Five-Year Plan the materials-output ratio in construction increased by 4.2 percent. The Estkolkhozstroy Association in 1981 permitted an increase of the production cost with respect to materials by 3.2 million rubles, without having fulfilled at the same time the assignments on the decrease of the cost of construction and installation work.

Under such conditions the comprehensive analysis of the ratios of the extensive and intensive factors of economic growth is of great importance. In each ministry and department, association and enterprise it should be determined, to what extent production should be increased due to scientific and technical progress and the improvement of the organization of labor and management and by how much the production volume should increase due to additional resources.

And still the partial indicators of intensification--the increase of labor productivity, the increase of the output-capital ratio and the decrease of material expenditures--are inadequate for the overall evaluation of the intensification of production. They do not encompass the entire group of expenditures, which is a necessary condition of the change of the intensity of production. At the same time individual types of resources to a certain extent are interchangeable, as a result of which the improvement of any one indicator cannot imply an increase of the intensity of production as a whole. The increase of labor productivity can also be accompanied by the leading increase of wages, while the increase of the output-capital ratio can be accompanied by the increase of expenditures per unit of output, which are connected with the maintenance and use of the capital. Consequently, it is impossible by means of partial indicators to get an idea of the overall level of the intensity of production. For this it is necessary to measure the proportion of intensive factors in the economic growth as a whole.

Such calculations have been made in the Estonian SSR Central Statistical Administration since 1980. An experimental method, by means of which it is possible to calculate the proportion of intensive factors in the increase of the output in any economic unit, has been developed.

If we return to the Estonian SSR Ministry of Local Industry, it must be noted that according to this method it is developing extensively--because the growth rate of the material expenditures here considerably exceeds the increase of the net output. But individual enterprises, which are subordinate to this ministry, in 1981 were already being developed primarily intensively. Thus, at the Tartu Pilot Plant of Plastic Items the proportion of intensive factors in the increase of the output came to 71 percent, at the Flora Production Association of Household Chemicals--more than 69 percent. In other words, at these enterprises the predominant portion of the increase of output is being provided by means of measures of technical progress and the improvement of the organization of labor and management, a smaller portion, as should be, is being provided by the commitment of additional resources.

The indicator of the acceleration of the turnover of the material resources of expanded reproduction is an important criterion of the overall appraisal of the changeover of the economy to the path of intensive development. Unfortunately, in many ministries and departments of the republic the turnover rate of working capital is decreasing.

For example, in 1981 as compared with 1980 in the Estonian SSR Ministry of the Timber and Wood Processing Industry the turnover rate of working capital, for which standard rates are laid down, slowed down by 3.4 days, in connection with which capital worth nearly 2 million rubles was additionally committed to the economic turnover, in the Estonian SSR Ministry of Light Industry the turnover rate of working capital, for which standard rates are laid down, slowed down by 1.9 days, and capital worth more than 5.5 million rubles was additionally committed to the economic turnover.

Thus, at the present stage the importance of the thorough analysis of the intensification of production, which makes it possible to determine the most important factors of economic growth, to identify the reserves and to evaluate the degree of completion of this process, is increasing. The matter now is for such an analysis to be used in all economic units.

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REGIONAL DEVELOPMENT

SOCIAL ASPECT OF DEVELOPMENT OF ISSYK-KUL - CHU TERRITORIAL PRODUCTION COMPLEX

Frunze SOVETSKAYA KIRGIZIYA in Russian 25 Jul 82 p 2

[Article by T. Koychuyev, chief of the Sector of Socialist Reproduction of the Institute of Economics of the Kirghiz SSR Academy of Sciences: "The Territorial Production Complex in the Social Aspect"]

[Text] In planning practice goal programs of socioeconomic development are finding extensive use. Their elaboration is due to the fact that under present conditions the scale of production is steadily increasing, social needs are also increasing accordingly, but more rapidly. Meanwhile material, natural raw material and manpower resources to a certain extent are limited. This dictates the need for the concentration of resources on the solution of leading problems, which at this stage are especially important, preferable and urgent.

In the country, as is known, an entire set of comprehensive programs, including territorial comprehensive programs, is being successfully implemented. On the basis of already available experience it is possible to assert that there should be specified in all the programs, regardless of their orientation: the goals and tasks; the basic final indicators, the scientific and technical informational and production support, the norms and standards of the use of material, financial and manpower resources; the methods and forms of economic stimulation and sanctioning of the program (prices, rates and so on); the scale of the training and further training of personnel; the development of the production and social infrastructure; the economic efficiency of the fulfillment of the program and its social consequences.

The comprehensive programs are posing the need for the more extensive development of the practice of the planning of intersectorial complexes. But this does not mean the decrease of the role of sectors and individual works. On the contrary, their goal orientation is increasing, the mutual responsibility for and the interest in the end results of the work are increasing.

In Kirghizia a program of the use of the natural resources of Issyk-Kul Oblast and the regions of the Chu valley has been drawn up in general form. The formation of the Issyk-Kul - Chu Territorial Production Complex will require, in conformity with the scale, growth rate and specific nature of the specific works which will be a part of the territorial production complex, a specific number of

workers of a specific occupation and skill. Hence ensues the question of the building of new vocational and technical schools and secondary technical educational institutions for the training of a regular labor force.

But this is only one side of the problem. With the creation of the territorial production complex it will be necessary to implement an entire set of social measures which are connected with the well-being of the people and their spiritual and physical development. For example, housing, enterprises of trade, personal and medical service and so on have to be built on a large scale.

The territorial production complex is not only the comprehensive development of the richest underground storehouses of the Issyk-Kul Lake region and the Chu valley and the development on their basis of industrial sectors. The increase of the role of Issyk-Kul as an all-union resort is also an important direction of it. A large number of problems requiring a planned solution are also arising here. Take if only the supply of sanatoriums, holiday homes and tourist centers with food products. Clearly, it is necessary to produce them locally. But for this, in our opinion, a number of farms should be specialized in the raising of products of plant growing and animal husbandry, which are intended exclusively for delivery to sanatorium and health resort institutions. Apparently, it would be advisable to create an association like Kurortprodovol'stviye. As even the most approximate calculations show, such an association will be highly profitable.

Such a social consequence of the territorial production complex as the all-round development and strengthening of the ties between the city and the countryside should especially be emphasized. Apparently, at a certain stage the need disappears for the independent, autonomous planning of the socioeconomic development of cities and of the villages and towns adjacent to them. Indeed, the countryside supplies the city with food products and raw materials and offers its residents recreation zones. At the same time the rural suburban population uses the social, cultural, trade and consumer, municipal and medical services of the city not occasionally, but constantly. In other words, the social and personal infrastructures of cities and of the villages adjacent to them are united.

In connection with the further development of Issyk-Kul as an all-union resort the need of vacationers for sanatorium and health resort service will increase. The workers of tens of occupations are called upon to provide it. And it is necessary to train them on an increasing scale. Most likely the need exists in this connection to open in Cholpon-Ata a special-purpose secondary specialized or vocational school, namely a school of sanatorium and health resort service.

Issyk-Kul is not only an object of the development of productive forces and an all-union resort, but also a unique natural zone. The protection of its ecological system is a most important task. One will not be able to cope with it in an amateurish way, on enthusiasm alone.

Specialists in alpine landscape, in lakes, glaciers, soils, vegetation, the animal world and so on, as well as ecology engineers, ecology technicians and medical ecologists, who would keep track of the influence of the construction, growth and operation of economic projects on the ecological balance, are needed here.

Therefore, probably, it makes sense to think about how to utilize better the scientific potential of the Tyan-Shan Physical Geographical Station of the Kirghiz SSR Academy of Sciences and, of course, the Biology Faculty of the Przhevalsk Pedagogical Institute. Perhaps, a tekhnikum for the training of ecology technicians in certain specialties needs to be opened in Przhevalsk.

In passing I would like to note the following. Taking into account the need of the republic for highly skilled ecologists, their planned training should probably be organized. Thus, the Kirghiz State University could train ecologist-geographers, ecologist-hydrologists and ecologist-biologists, the polytechnical institute could train ecology engineers, the medical institute could train medical ecologists.

At the 17th Congress of the Communist Party of Kirghizia it was emphasized that now, "as never before, the commitment to the national economic turnover of the still untapped natural resources of Kirghizstan on the basis of the implementation of large-scale comprehensive goal programs by the joint efforts of scientific institutions and the appropriate ministries, departments and enterprises has now become urgent." Now the matter is to implement persistently and consistently the comprehensive goal program, which was outlined in the republic, on a scientific basis.

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REGIONAL DEVELOPMENT

FULFILLMENT OF TURKMEN PLAN, BUDGET IN FIRST HALF OF 1982

Ashkhabad TURKMENSKAYA ISKRA in Russian 29 Jul 82 p 1

[Article (TURKMENINFORM): "In the Turkmen SSR Council of Ministers"]

[Text] On 28 July a meeting of the Turkmen SSR Council of Ministers with the participation of executives of the ministries and departments of the republic and the oblast, city and rayon soviet executive committees was held, at which the results of the fulfillment of the State Plan of the Economic and Social Development of the Turkmen SSR and the Turkmen SSR State Budget during the first half of 1982, as well as the tasks of the ministries and departments on the increase of the effectiveness of capital investments in light of the decisions of the 26th CPSU Congress, the assumptions and conclusions, which were set forth in the speech of Comrade L. I. Brezhnev at the November (1981) and May (1982) CPSU Central Committee Plena, were examined.

During the first half of the year the workers of Turkmenistan, in implementing the historic decisions of the 26th CPSU Congress and the assumptions and conclusions, which are contained in the speech of Comrade L. I. Brezhnev at the May (1982) CPSU Central Committee Plenum, and in accomplishing the tasks posed by the 22d Congress of the Communist Party of Turkmenistan, developed extensively the socialist competition for the worth greeting of the 60th anniversary of the formation of the USSR and made further gains in the economic and social development of the republic. The state plan on the production and sale of products, labor productivity in industry, the procurement of the basic types of agricultural products, the transportation of national economic freight by motor and rail transport, the retail commodity turnover and several other indicators was fulfilled. The industrial enterprises of all oblasts, with the exception of Krasnovodsk Oblast, fulfilled and exceeded the half-year plan of production and sales. The plan on labor productivity was fulfilled by 101.6 percent. The proportion of products of the highest quality category in the total volume of produced output came to 5.2 percent as against 5.1 percent according to the plan, the volume of its production as compared with the corresponding period of last year increased by 8.4 percent.

Measures on the strengthening of the material and technical base were implemented in agriculture. The half-year plans of the procurement of all types of products of animal husbandry were successfully fulfilled, the procurement of vegetables and cereals is taking place more rapidly. The socialist obligations on the delivery of cocoons to the state were fulfilled. The sowing of cotton, spring cereals and fodder crops was carried out in an organized manner and in the shortest

possible time. The work on the caring for and gathering of the crop is being carried out with a lead as compared with last year.

In capital construction more capital investments have been assimilated, more construction and installation work has been performed and more fixed capital has been put into operation than during the corresponding period of last year.

The state budget of the republic during the first half of the year was fulfilled with respect to revenues by 104.8 percent, 30.9 million rubles of revenue were received in excess of the plan.

At the same time the serious shortcomings in the fulfillment of the plan assignments were noted at the meeting. Not all of the enterprises coped with the plan of sales and the assignments on the production volume, labor productivity and the output of products of the highest quality category. As in the past the Krasnovodsk Petroleum Refinery and the Chardzhou Chemical Plant are permitting a considerable lag in the fulfillment of the plan assignments on the basic economic indicators.

Violations of the completeness of the performance of agrotechnical measures occurred in agriculture. A large number of farms did not cope with the plan of the procurement of livestock products. The plans of state capital investments, as well as construction and installation work and the placement of fixed capital into operation were not fulfilled. Sociocultural construction is lagging considerably. The capital investments allocated for housing construction and the building of hospitals and polyclinics, vocational and technical schools and municipal facilities were inadequately assimilated. The main reasons for this are the poor organization of labor and production and irregular material and technical supply.

The state budget for the republic with respect to expenditures was fulfilled by 88.5 percent.

The Council of Ministers obliged the ministers, the executives of departments, the oblast soviet executive committees and the Ashkhabad City Soviet Executive Committee to analyze carefully the results of the fulfillment by subordinate associations, enterprises and organizations of the plan during the first half of the year and to take steps on eliminating the existing shortcomings in the development of individual sectors and on fulfilling the assignments and the socialist obligations for 1982, which have been assumed by collectives of workers. It has been proposed to step up the monitoring of the observance of the strictest economy and the efficient use of fuel, energy, material and financial resources and to tighten up planning and labor discipline in each section of economic activity. The importance of the fulfillment of the plan assignments on the elaboration of programs of metrological support and on the adoption of the comprehensive system of product quality control was emphasized.

At the meeting special attention of the appropriate ministries and departments was directed to the need for the intensification of the organizing work on the implementation of the decisions of the May (1982) CPSU Central Committee Plenum and the recommendations and instructions, which are contained in the report of General Secretary of the CPSU Central Committee and Chairman of the Presidium of the USSR Supreme Soviet Comrade L. I. Brezhnev at this plenum, and on the fulfillment of the USSR Food Program, in order to elaborate and implement measures on the maximum utilization of material, technical and manpower resources in the performance of

work on caring for the plantings of cotton and other agricultural crops and to ensure the completeness of the performance of agricultural procedures. It is necessary to set up strict control over the use of irrigation water by the farms of the republic and to take specific steps on the steady increase of the productivity of milk cows and the production of milk, the increase of the yield of fodder crops and their efficient use.

On the basis of a thorough discussion of the question of the tasks of the ministries and departments on the increase of the effectiveness of capital investments the Council of Ministers in the adopted decree obliged the Turkmen SSR State Planning Committee, the Turkmen SSR State Committee for Construction Affairs, the oblast soviet executive committees, the Ashkhabad City Soviet Executive Committee, the construction ministries, organizations and client enterprises to ensure the concentration of the allocated capital investments at a limited number of projects which are of great importance for the development of the economy of the republic and the solution of urgent social problems and to decrease considerably the amount of unfinished construction and uninstalled equipment.

For the purpose of the timely training of personnel and the early assimilation of the production capacities being newly put into operation it was recommended to ensure the planning of the start-up of new capacities in combination with the construction of apartment houses and cultural and personal service facilities. The main attention should be devoted to the improvement of the organization of labor at construction projects, the utilization of the available capacities of the construction industry and large-panel housing construction and the increase of the quality of construction, especially of housing, cultural and personal service facilities.

The demandingness on economic managers for the creation of the conditions for highly productive labor, for the improvement of the daily life and relaxation of construction workers and for the organization of public dining at projects should be increased.

Member of the Bureau of the Central Committee of the Communist Party of Turkemistan and Chairman of the Turkmen SSR Council of Ministers Ch. S. Karryyev spoke at the meeting of the Council of Ministers.

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REGIONAL DEVELOPMENT

INVENTORY OF FIXED CAPITAL

Dushanbe KOMMUNIST TADZHIKISTANA in Russian 4 Aug 82 p 2

[Article by T. Shamsiyev, chief of the Department of the Census of Material and Technical Resources and Fixed Capital of the Tajik SSR Central Statistical Administration: "Fixed Capital: Accounting... by Eye"]

[Text] Fixed capital is our main wealth. It is the source of the further development of the productive forces. Meanwhile proper attention is being devoted far from everywhere to its accounting, safekeeping, use and depreciation. Checks have shown that in a number of ministries--education, health, municipal services and the food industry--as well as in some village and settlement soviets of people's deputies the accounting of fixed capital does not meet the requirements of financial organs and the USSR Central Statistical Administration.

The inventory of fixed capital at the end of the year--which is mandatory for all--in many cases is being made formally, while at some institutions and organizations it is not being made at all. The inventory record cards at times are missing, and if they have been introduced, in them there are no entries for many sections. The objects are improperly broken down by types: buildings, structures, transfer equipment, machines and equipment, means of transportation, production and operating stock and others. The situation is the same with depreciation and the use of norms of amortization.

It is not a matter of trivialities. It was established by the rechecking of the Department of Public Education (O. Azizov, chief) and the settlement soviet (T. Khuzeynova, chairman) of Leninskiy Rayon that the accounting of fixed capital and depreciation here, as in the past, are in unsatisfactory condition. The inventory of fixed capital is not being made, on the inventory cards not all of the particulars have been filled in, the fixed capital is improperly grouped. As a result the value of the buildings in the settlement soviet has been overstated by 155,000 rubles, the value of the production and operating stock in the Department of Public Education has been overstated by 10,600 rubles. This led to the distortion of the data of the annual report for 1981.

Or take another example. At the combine of municipal enterprises of Moskovskiy Rayon (T. Suleymanov, chief) the inventory of fixed capital for 1981 was not made, there are no record cards of the fixed capital, inventory numbers have not been assigned, the depreciation is assigned by eye.

A similar picture exists at the combine of municipal enterprises of Matchinskiy Rayon (M. Babakhanov, chief). The data of the annual report here from year to year have been copied without regard for the availability of fixed capital and its grouping by types. As a result there is no technical documentation at all for 20 buildings with a value of more than 100,000 rubles.

The same situation exists at the centralized accounting office of the Matchinskiy Rayon Hospital (R. Niyazov, chief physician). Inventory record cards are not being kept, the depreciation has not been determined since 1972, the value of machines, equipment, production and operating stock has been overstated. Many materials of the reports of the centralized accounting offices of the Moskovskiy and Matchinskiy Rayon Hospitals are also unreliable.

The state of the primary accounting of fixed capital at individual enterprises of the Ministry of the Food Industry is alarming. At the Dushanbe Tobacco Factory (V. N. Terevtsov, director; Z. I. Musatova, chief accountant) the data of the annual report for 1981 do not correspond to the turnover registers, the value of machines and equipment was understated by 85,000 rubles, while the value of means of transportation was understated by 20,000 rubles. Inventory numbers have not been assigned to the fixed capital, there is no technical documentation for 10 buildings.

Gross errors in accounting were permitted at the Shirin Confectionary Factory (L. M. Chernikova, director; M. V. Rusakova, chief accountant). The data of the annual report on the availability and movement of fixed capital and the amortization fund for 1981 by types do not conform to reality. Since 1975 depreciation has not been assigned by the group method for all types of fixed capital. Let us note that the director of the factory prevented the check in every possible way: only after written instructions of the republic Ministry of the Food Industry were the staff members of the Central Statistical Administration allowed to do the work.

In spite of the neglected state of accounting, the directors of factories and the chief accountants received bonuses quarterly. Too few instructional meetings with accounting workers are being held. There are no instructions, inventory cards and other necessary materials, which would make it possible to reconstruct the real picture.

Individual executive committees of the soviets of people's deputies, when examining the materials of the check of the state of the primary accounting of fixed capital and its depreciation, are not taking effective steps against those who are upsetting the situation. Thus, the Leninskiy Rayon Soviet Executive Committee, after examining the results of the rechecking, only slightly reproved the guilty parties. The same thing happened in Dzhilikul.

It is necessary for the ministries, departments and executive committees of the oblast, city and rayon soviets of people's deputies to take effective steps on the organization of accounting. The proper reflection of fixed production capital in the accounting and analysis of the economic operations of enterprises and organizations is one of the conditions of the increase of the efficiency of social production.

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