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 CHARACTERISTICS OF THE LAW ON THE METHOD
 FOR FINANCING SCIENTIFIC ESTABLISHMENTS
 YUGOSLAVIA
 By B. S.

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CHARACTERISTICS OF THE LAW ON THE METHOD
FOR FINANCING SCIENTIFIC ESTABLISHMENTS

- YUGOSLAVIA -

Following is a translation of an article by B. S. in Finansijske (Finance), No 5, Belgrade, 1960, pages 255-256.

The system of financing scientific research work would not be complete and successful if the questions pertaining to the financing of scientific establishments themselves were not resolved. The law on the financing of these establishments provides a solution in that by means of economic and finance measures it assures for scientific research establishments economic independence, the realization of income from their own work and services, and incentive compensation connected with success. The administration of scientific establishments is expanded also to institutes, developmental laboratories, and similar organizational units of other establishments and organizations and state organs if they are engaged in scientific research work.

Scientific establishments may be determined to have the status of an economic organization or the status of an independent establishment. In the first instance, the provisions governing financial transactions of economic organizations are applied to the scientific establishments whereby the council of the establishment exercises the function of a workers' council and an administrative council. They do not pay a percentage of interest into the fund for basic means or the fund for operating means nor do they pay a land tax. The rate of amortization is determined by the council of the establishment according to specified conditions.

The amortization means created may be used without limitation upon the expiration of the quarter in which they were paid. In using the means from their funds for investments the scientific establishments are not obligated to make an appropriation to the fund for operating means or, where amortization means are used, to a special account.

In addition to these concessions, scientific establishments which have the status of independent establishments allot the contribution from income according to the most favorable rate prescribed for economic organizations of the specific branch or area of the economy. This contribution is left to them for deposit in the fund of basic means, the fund for operating means, and the fund for scientific research.

The provisions governing financing of independent establishments apply to scientific establishments which assume the status of such establishments, which means that the provisions of the Law on the Budget and Financing of Independent Establishments apply to them.

All scientific establishments regardless of status are required to establish a fund for scientific research. The means in these funds are created by the appropriation of means through the application of a specified percentage figure to the amount of compensation realized for scientific research services or from means received for scientific research work performed and from part of the contribution and income left at their disposal. The means in these funds may be used for scientific and scientific research work included in the program of work of the scientific establishment for the advancement of inventions and as an incentive for scientific research work in specified scientific fields.

It is of particular interest to economic organizations which according to the provisions of the Law may also be founders of scientific establishments to be acquainted with the method whereby the relations between such founders and the scientific establishments which they have founded can be regulated. The reason for this is that the provisions of the Law could not be applied to institutes, developmental laboratories, and scientific research units within the composition of the economic organizations but only if these units and establishments were to be made independent to a specified degree and were to attain the status of a scientific establishment.

The primary duty of an economic organization as the founder of a scientific establishment is to provide that establishment with the means necessary both for its creation and for its operation. For this purpose the founder may also use his own amortization means, which means that operating expenses may be charged to them.

The basic rights of the founding economic organization which it as founder may include in the charter of the scientific establishment, developmental laboratory, and the like are reduced mainly to the right of granting consent to the rulings or statute, to intervene in the naming of members of the council or a specified number of members of the administration and from the ranks of members of the workers' council and the collective of the founder, to the granting of consent to the election of a director for the scientific establishment, to the distribution and deposit of means in the funds of such an establishment, and, what is especially important to the founder, he can determine the tasks to which the establishment is obligated to give priority in performing work for his needs. This authority offers the founder a guarantee that the means invested will be used for scientific research work in which the founder is interested.

Provision may likewise be made in the regulations of the establishment whereby it cannot claim ownership of (otudjiti) the means received from the founder as well as a provision for the return of these means to the founder in case the establishment ceases to exist.

A special concession for the founding of scientific establishments is the possibility, until the issuance of new regulations on the organization of scientific work, of founding scientific establishments even when they do not have personnel with the scientific qualifications prescribed by the provisions of the law on the organization of scientific work. However, this is possibly only on condition that the republic council for scientific work affirms that the personnel in such an establishment according to their professional qualifications and the results achieved in their previous work are capable of performing scientific research work.

Such provisions of the Law create the conditions for considerably greater interest in the founding of scientific establishments and their development also in economic organizations which should be a very active factor in this field.

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