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NATIONAL ECONOMY

LABOR: WAGE REFORM DECREE

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Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK (OTDEL PERVIY) in Russian No 43, 1986 pp 603-622.

[Decree of the CPSU Central Committee, USSR Council of Ministers, and All-Union Central Council of Trade Unions, dated Moscow, 17 September 1986, and signed by M. Gorbachev, secretary of the CPSU Central Committee, N. Ryzhkov, chairman of the USSR Council of Ministers, and S. Shalayev, chairman of the AUCCTU: "Item 179. On Improvement of the Organization of Wages and Introduction of New Wage Rates and Salaries of Personnel in the Production Sectors of the Economy"]

[Text] The USSR Central Committee, the USSR Council of Ministers, and the All-Union Central Council of Trade Unions take note that performance of the tasks set by the 27th CPSU Congress to accelerate the country's socioeconomic development, to raise production efficiency, and to strengthen social justice makes it necessary that the entire system of material incentives be improved substantially and that the necessary order be brought about in this important area.

In industry, construction, transportation, communications, and agriculture certain constructive experience has been gained in stimulating highly productive work and in applying progressive forms of individual and collective motivation for high attainments in work.

But the present wage system in many sectors of the economy does not meet the requirements of acceleration of scientific-technical progress, of the transition to intensive methods of carrying on economic activity, nor of improvement of product quality, and it does not meet the present level of organization of production and of work. Incentives for performance of complicated and responsible jobs are inadequate, and differences in remuneration of workers and specialists as a function of their qualifications and effective performance have been unjustifiably reduced. Payment of various types of money unearned and upward exaggeration of reports have become quite widespread. The system for the organization of work and for remuneration does little to stimulate the manufacture of high-quality products.

The wage rates and salaries in effect have become quite outdated. The share of the regular wage (tarif) represents less than 50 percent of worker earnings

in a number of sectors. Bonuses, premiums, and supplements have largely lost their role as incentives. Major shortcomings have persisted in the setting of work quotas, work to improve it is going extremely slowly, and it is not yielding the economic results required. Often personnel are recruited or kept in production by increasing remuneration and by granting benefits and advantages unjustifiably. Wages are regulated by a multitude of normative acts, instructions, and regulations loosely connected to one another and hampering the initiative and independence of enterprises. Work collectives do not have an adequate role in settling the issues of remuneration and material incentives.

All of this results in diminished interest of the workers, specialists, and employees in the results of work, widespread leveling, ineffective expenditure of resources for wages, violations of the established relationships between the growth rate of labor productivity and that of the average wage, and ultimately this is holding back the rise of the efficiency of social production.

Ministries and departments, party, soviet, and trade union authorities, and the managers of associations, enterprises, and organizations quite often reconcile themselves to this situation, do not evaluate these defects from the standpoint of principle, have been paying less attention to the organization of wages, and have not been sufficiently concerned about dissemination of progressive know-how concerning work incentives.

The CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU hereby decree as follows:

1. USSR ministries and departments, councils of ministers of union and autonomous republics, ispolkoms of local soviets of people's deputies, trade union authorities, associations, enterprises, and organizations shall regard the improvement of wages as one of the most important instruments for guaranteeing fulfillment of the tasks set by the party of speeding up the rates of economic growth and as an organic part of the new economic mechanism, of full cost accounting (khozraschet), and of self-financing.

Measures shall be taken to substantially improve the organization of wages by seeing that they are directly related to the results of work; leveling shall be eliminated in all forms and manifestations, and the system of remuneration shall be made accessible and clear to the understanding of every worker. This effort shall be made with the direct participation of the workers, and those broad rights which have been granted to work collectives in the area of remuneration and the setting of work quotas shall be utilized to the fullest.

The central committees of the communist parties of the union republics, party kraykoms, obkoms, gorkoms, and raykoms, and primary party organizations shall through their organizational efforts and political indoctrination act to increase the efficiency of the entire system of financial and nonfinancial work incentives on a fundamentally new basis. To that end the efforts of work collectives shall be concentrated on mobilizing untapped internal potential to create the necessary resources for the rise and improvement of wages, for introduction of new wage rates and salaries of personnel in the production sectors of the economy. Performance of this exceedingly important socioeconomic

measure of the 12th Five-Year Plan shall be systematically and effectively monitored.

Basic Principles Governing Improvement of the Organization of Wages

2. In the course of improving the entire system of wages ministries, departments, associations, enterprises, and organizations shall see to the following:

- i. creation of the necessary conditions for consistent and universal establishment of strict dependence of wages on the quantity and quality of work and on the final results of production, and closer monitoring of the measure of labor and the measure of consumption;
- ii. broader rights and greater responsibility of associations, enterprises, and organizations in stimulating effective work under the new economic conditions, improved management, more detailed cost accounting, and transition to the principles of self-financing on the basis of broad introduction of stable economic standard rates and allowances;
- iii. orientation of the system of financial and nonfinancial incentives toward a radical improvement of the quality of products and jobs performed with a view to attainment of the highest world level. Quality must be the principal criterion for evaluation of the level of vocational training of workers;
- iv. a rise and improvement of wages within the limits of the resources earned by work collectives by raising production efficiency and by making optimum use of funds allocated for remuneration of personnel;
- v. expansion of the independence of associations, enterprises, and organizations in spending the wage fund and in stimulating performance of work operations with fewer personnel;
- vi. enhancement of the role of work collectives in organizing an effective system of financial and nonfinancial incentives. The resources earned by collectives must be left at their disposition and must be used for financial stimulation of workers in accordance with the contribution of work which each one makes to the overall operating result;
- vii. a strengthening of the motivation of workers, specialists, and employees to activate untapped potential, to introduce progressive know-how, and to work conscientiously, skillfully, and productively; greater accountability of workers for oversights in their work and for breaches of work discipline and production discipline.

The organization of wages is to be improved on the basis of a revamping of the wage and salary system, improvement of the quality of work quota setting, introduction of progressive forms of remuneration and bonuses, and stronger correlation of premiums and supplements to specific achievements in the work process. The measures outlined are to be organically linked to introduction of the new methods of economic activity and management, to progressive organization of work, and to progressive organization of production.

3. During the 12th Five-Year Plan new higher wage rates and salaries shall be introduced for the personnel in the production sectors of the economy within the limits of the wage fund formed at the established stable rates and according to indicators of output and the volume of work performed.

As the new rates and salaries are introduced, relations in remuneration shall be improved among sectors, categories, and occupational groups of workers so as to take into account the complexity and working conditions of the jobs they do. The share of regular rates in the average monthly wage of workers shall be raised to 70-75 percent. Preference shall be given in remuneration to workers and specialists directly employed in developing, manufacturing, and operating new and highly productive equipment and processes.

The conditions of remuneration, the wage rates, and the salaries of personnel in the production sector shall be established pursuant to Appendices Nos 1-31. (Footnote) (The appendices are not given here.)

4. During 1987 USSR Gosplan, USSR ministries and departments, and the councils of ministers of union republics shall see that the transition is made everywhere to normative methods of forming the wage fund in the production sectors of the economy. On that basis the direct relation between the amount of resources for remuneration and the final operating results shall be strengthened.

The stable standard rates and allowances for the 12th Five-Year Plan shall be devolved to ministries and departments, and ministries and departments shall in turn devolve them to subordinate associations, enterprises, and organizations differentiated so as to take into account the specific features of production.

Associations, enterprises, and organizations shall widely apply the normative method of planning resources for the wages of structural subdivisions, especially in connection with introduction of internal cost accounting within the production unit and the transition to contract principles of operation.

The standard rates for formation of the wage fund established in the 5-year plan for the year in question shall not be subject to change.

5. Opportunities shall be broadened for stimulating performance of a larger amount of work with fewer personnel. Managers of associations, enterprises, and organizations in the production sectors shall be extended the right subject to clearance with the trade union committees to introduce supplements for personnel for combining occupations (salaried positions), for broadening service areas or for increasing the volume of work they do without restricting the list of occupations (salaried positions) which may be combined or the size of the supplements, which would be financed from and within the limits of the saving on the wage fund realized from the regular wage rates (salaries) of the workers eliminated.

Improvement of the Wages of Workers

6. An interrelated set of measures shall be carried out to improve the organization of the wages of workers, with a view to the following:

- i. raising the wage rates of workers an average of 20-25 percent;
- ii. increasing the interest of workers and improving their qualifications and in performing complicated and responsible jobs in connection with the transition to the higher wage ratings on the basis of the progressive increase in the level of wage rates. A sound evaluation shall be made of working conditions and of the intensiveness of operations performed;
- iii. advantages in remuneration shall be afforded workers employed on especially complicated and one-of-a-kind equipment and in flexible machine systems and of workers operating units, machines, machinery, and transportation equipment which make it possible to sharply increase labor productivity, to radically improve the quality of the product produced or the work performed, and to conserve fuel-and-energy and other physical resources;
- iv. unity shall be safeguarded in the remuneration of workers in the same occupations and performing work of equal complexity in different sectors. Start-to-finish conditions of remuneration shall be established in all production sectors for workers employed in railroad and motor transport shops and doing repair, materials-handling, and a number of other operations.

Simultaneously with introduction of the new wage rates and salaries, managers of associations, enterprises, and organizations shall be required in agreement with trade union committees to reevaluate the wages assigned to jobs and the ratings assigned to workers and to establish skill classes in accordance with the requirements of the Unified Wage and Skill Manual of the Jobs and Occupations of Workers Employed in the Economy.

7. With a view to expanding the independence of associations, enterprises, and organizations in evaluating working conditions, their managers shall be granted the right in agreement with trade union committees to adopt in light of the experience of the "AvtoVAZ" Production Association differentiated (by steps) supplements for workers in a proportion not to exceed 12 percent of the regular wage rate (salary) in operations with heavy work and harmful working conditions and not to exceed 24 percent of the regular wage rate (salary) in operations with especially heavy work and especially harmful working conditions. The supplements are to be assigned according to the results of a job evaluation and credited to them for the time the worker is actually employed at such work stations. The supplements are to be reduced or altogether eliminated in connection with subsequent optimalization of work stations and improvement of working conditions.

The list of specific operations and work stations and the proportions of the supplements for adverse working conditions shall be included in collective agreements of associations, enterprises, and organizations along with the measures to improve working conditions.

The appropriate ministries and departments and trade union organizations shall submit standard lists of jobs with heavy work and harmful working conditions and especially heavy work and especially harmful working conditions to the USSR State Committee for Labor and Social Problems for its approval jointly with the AUCCTU, and sectoral lists based on them and cleared with the Central Trade Union Committee shall be submitted to ministries and departments.

Managers of associations and enterprises in machinebuilding and light industry shall be granted the right in agreement with trade union committees to assign to workers working on assembly lines, flow production lines, and automatic lines differentiated (stepped) supplements for the intensiveness of work in a proportion not to exceed 12 percent of the regular wage rate.

The sum total of supplements for working conditions and the intensiveness of work may not exceed 24 percent of the regular wage rate. These supplements are to be included in wage rates when all calculations related to remuneration are made.

8. In order to stimulate improvement of the professional skill of workers and to strengthen their financial interest in and responsibility for the quality of the product produced (job performed) and for fulfillment of production targets, managers of associations, enterprises, and organizations shall be granted the following rights which they may exercise in agreement with trade union committees:

a) to adopt differentiated premiums applied to regular wage rates for professional skills of workers not to exceed 12 percent in skill category III, 16 percent in category IV, 20 percent in category V, and 24 percent of the corresponding regular wage in category VI or higher. The premiums are to be assigned to workers who regularly provide a high quality of the product produced and work performed, who have mastered new occupations and related job duties, and they shall be paid out of the saving on the wage fund.

These premiums shall not be paid for a month in which there have been cases of rejects or a drop in product quality. When substandard products are produced and planning (quota-governed) assignments or the established allowances of work inputs have not been fulfilled, the supplements for professional skill shall be discontinued completely;

b) skill ratings (classes and categories) of workers shall be reduced for a flagrant breach of technological discipline or for other serious violations that detract from the quality of the product they produce or the work they perform, but they shall also be reinstated, guided by Decree No 540 of the CPSU Central Committee and USSR Council of Ministers, dated 12 May 1986 (SP SSSR, No 24, 1986, Item 139).

9. It is deemed necessary to carry out measures to improve wages simultaneously with a radical improvement of the organization of work and the setting of work quotas. Massive participation of workers and specialists shall be achieved in the discovery and activation of internal potential for increasing production efficiency, in better utilization of production capacities and

labor resources on the basis of the experience in job evaluation and optimization of associations, enterprises, and organizations in Dnepropetrovsk Oblast. As one of the principal sources from which resources are to be found to raise wages and salaries, the setting of work quotas is to be substantially improved. This work is to be regarded as one of the important criteria as to the readiness of associations, enterprises, and organizations to introduce the new conditions of remuneration.

Managers of associations, enterprises, and organizations shall act jointly with trade union committees to perform the following:

- i. when raising wage rates and salaries replace the rates in effect by progressive ones everywhere. As a rule the new rates are to be set on the basis of intersector and sectorwide standard allowances of work inputs or uniform and model standard allowances;
- ii. conduct measures to improve the organization of production, to guarantee the smooth pace in the output of products and performance of jobs, to improve the supply of materials and equipment, and to create at every work station the conditions necessary for highly productive work and for successful fulfillment of progressive quotas;
- iii. achieve improvement in the setting of work quotas by involving staff technical, economic, and sociological services and through direct participation of work collectives.

Ministries and departments shall be made more accountable for the state of work norm setting in the respective sectors, and they shall have a greater organizational role in the adoption of progressive quotas. Research work on work quotas should be expanded and its quality improved, staffs of work norm setters are to be bolstered, and dissemination of progressive know-how concerning the scientific organization of work and the setting of work quotas is to be speeded up. The state of work norm setting in subordinate associations, enterprises, and organizations is to be kept under regular observation.

The USSR State Committee for Labor and Social Problems and USSR Gosstroy, jointly with the AUCCTU and ministries and departments, with the participation of the respective trade union authorities, shall see that intersector and sectorwide work norms are drafted and revised in 1986 and 1987 to take into account improvement of equipment, technology, and the organization of production and the organization of work.

10. In order to bring about the conditions necessary for systematic increase in the level of work norm setting, managers of associations, enterprises, and organizations are to be granted the right to do the following in agreement with trade union committees:

- i. when workers transfer to jobs governed by quotas calculated according to intersector, sectorwide, and other progressive work norms and by consolidated and comprehensive norms centrally established, to assign them piece rates as much as 20 percent higher to be financed out of the saving on the wage fund

achieved through reduction of labor intensiveness of the product (the work item) because of revision of output quotas (standard times);

ii. when time-rate workers transfer to jobs with rated assignments established on the basis of technically sound work standards and allowances, to apply to them wage rates that are as much as 10 percent higher within the limits of the saving on the fund for remuneration at regular wage rates achieved by reduction of the work force;

iii. to pay out of the saving on the wage fund achieved by reducing the labor intensiveness of the product (work item) because of revision of quotas and standard work inputs to workers who have shown initiative in revising them a one-time award according to the saving achieved over a period not to exceed 6 months, and when quotas are replaced on the basis of organizational and technical measures to assign workers supplemental payment over the time it takes them to adjust to the new quotas, but not to exceed 6 months.

The saving achieved may also be used to pay one-time bonuses to foremen, process engineers, work norm setters, and other specialists who take direct part in developing and introducing new standard allowances of work inputs and in the preparation and performance of the related organizational and technical measures.

11. Ministries, departments, associations, enterprises, and organizations shall see that the most effective collective forms of the organization of work and work incentives are developed, above all brigade cost accounting and the collective contract, making them the principal form of the organization of work by the end of the 12th Five-Year Plan. Extend widely the practice of distributing the collective earnings in brigades so as to take into account the labor participation coefficient.

Heads of ministries, departments, associations, enterprises, and organizations shall be granted the right, jointly with trade union committees and with the participation of work collectives, to extend the contract principles in conduct of economic activity to associations, enterprises, sections, shops, livestock-raising projects, construction organizations, and other analogous subdivisions.

Brigade leaders are to be given stronger motivation to improve the production performance of the brigades they head, to enlarge the brigades, and to convert them to cost accounting and the collective contract. Supplements shall be assigned to brigade leaders for supervision of the brigade so as to take into account specific indicators of performance, and they shall be paid only if production targets are fulfilled and high quality of the product (work item) is guaranteed.

Improvement of the Wages of Managers, Specialists, and Employees

12. It is deemed necessary to increase the social recognition and prestige of engineering work, to elevate the role and authority of skilled craftsmen, designers, and process engineers, and to strengthen the financial work incentives

of managers, specialists, and employees in order to guarantee that they take a creative attitude toward their work. These ends are to be served by the following:

- i. by raising the salaries of managers, specialists, and employees by an average of 30-35 percent;
- ii. by establishing more highly differentiated remuneration of managers, specialists, and employees as a function of the quality and effectiveness of their work and of the final results of their work;
- iii. by heightening the interest of engineers and other specialists in improvement of their qualifications and in performance of complicated and responsible jobs. By introducing qualification categories for engineer (engineer, category I and II engineers, supervisory engineer) and corresponding categories for other specialists. By increasing the range between minimum and maximum salary levels for each position and qualification category;
- iv. by providing advantages in the level of salaries for designers, process engineers, and other specialists directly involved in developing and applying to production new technology and processes, within the limits of their wage fund computed at stable rates;
- v. by achieving unity in remuneration of employees of the production branches and by adopting an overall salary scheme for them.

Managers of associations, enterprises, and organizations shall be allowed to fix the salaries of managers of subdivisions, specialists, and employees without adhering to average salaries on the table of organization and without taking into account their numerical relations within the limits of the wage fund determined at the stable standard rate separately for designers, process engineers, scientists on the one hand, and for other specialists and employees on the other.

13. The quality of work of managers, specialists, and employees for the work assigned them shall be evaluated more exactly.

Managers of production subdivisions and staff services, specialists, and employees shall be regularly evaluated at least once every 3 years. On the basis of the results of the evaluation managers of associations, enterprises, and organizations shall make decisions on promotion (demotion) in position held, in class title and qualification category of personnel, on increasing or decreasing their salary within the limits of the maximum and minimum levels for the positioning question, on assignment, alteration, or discontinuation of salary supplements, and, when it is necessary, concerning dismissal from the position held.

In the interval between evaluations these changes shall be made by the manager of the association, enterprise, or organization if there is an improvement of production indicators, high-quality and timely performance of jobs assigned, or in cases of deterioration of the indicators and violations of work

discipline and production discipline. Any decisions to reduce the salary, to reduce the class title or qualification category, or to dismiss the worker from the position held shall be taken only in the light of the opinion of the evaluation commission.

When the new conditions of remuneration are introduced, a special evaluation shall be made of managers, specialists, and employees, and they shall be assigned job duties on the basis of the requirements of the qualification manual concerning the positions of these personnel, and the job titles of these personnel shall be brought into conformity with the work they do and the salary schemes established by the present decree.

14. Managers of associations, enterprises, and organizations shall be granted the following rights which they may exercise in agreement with trade union committees:

i. to assign to foremen and chiefs of sections and shops, other specialists, and employees if they are constantly (at least 50 percent of their worktime) in section shops and production operations where more than half of the workers receive supplements for harmful working conditions, analogous supplements in a proportion not to exceed 12 percent of the salary, or not to exceed 24 percent in the case of particularly harmful working conditions. The specific proportion of the supplement shall be determined on the basis of evaluation of the work position of these personnel with respect to working conditions and so as to take into account the level of supplements assigned to workers in the given section, shop, or production operation;

ii. to introduce for the supervisors of subdivisions, specialists, and employees premiums for high achievements in their work or for performance of particularly important work over the period of its performance. Premiums previously in effect for high qualifications are to be discontinued. Premiums for high achievements in work and for performance of particularly important jobs shall be assigned in a proportion not to exceed 50 percent of the salary and shall be financed out of and not exceeding the saving on the wage fund of the respective category of personnel. Should there be a deterioration of performance indicators and above all a drop in the quality of the product produced, the premiums shall be reduced or altogether discontinued. In construction the premiums for high achievements in work shall be assigned in the same proportions and according to the procedure envisaged by Point 7 of Decree No 87 of the USSR Council of Ministers and AUCCTU, dated 24 January 1985 (SP SSSR, 1985, No 12, Item 48).

15. The USSR State Committee for Labor and Social Problems shall join the AUCCTU in reviewing indicators to be used in assigning associations, enterprises, and organizations to groups with respect to remuneration of supervisory personnel, orienting them toward a higher technical level and quality of the product, toward its manufacture at the level or above world attainments, at increasing the volume of production and work performed, at higher labor productivity and lower production cost, eliminating the size of the work force from the indicators. The number of these groups is at the same time to be reduced.

When the indicators established for associations, enterprises, and organizations (and of their production units and shops) in the first remuneration group are exceeded by at least 100 percent, the salaries of supervisory personnel (those whose salaries depend on the remuneration group) shall be increased 15 percent over those envisaged by this decree.

If associations, enterprises, and organizations regularly fail to fulfill basic planning assignments and produce products of low quality, ministers and heads of departments shall be extended the right to temporarily transfer supervisory personnel of associations, enterprises, and organizations to the immediately lower remuneration group.

16. Managers of associations, enterprises, and organizations shall be allowed in agreement with trade union committees to introduce for specialists and employees piece-rate remuneration, payment by the job, and other progressive forms of remuneration within the limits of their wage fund, provided standard allowances of work inputs have been duly established.

Wherever feasible the brigade form of the organization of work and work incentives, including distribution of collective earnings as a function of the personal contribution of work, shall be instituted in order to make the work of specialists and employees more effective, especially that of designers and process engineers.

Managers of associations, enterprises, and organizations shall join trade union committees in taking steps toward substantial improvement of the setting of work quotas for specialists and employees. Allowances on staff size, standard service areas, and other work standards shall be drafted and introduced for these personnel categories. The management structures now in effect in associations, enterprises, and organizations shall be revised so as to strengthen them and reduce staff size. The management apparatus is to be made substantially less expensive thereby, and the effectiveness of its activity is to be increased.

On Strengthening the Role of Bonuses as an Incentive

17. It is deemed indispensable to introduce a new system of bonuses as of 1 January 1987 for workers, managers, specialists, and employees of the production sectors. The following measures are related to this:

- i. the role of bonuses is to be enhanced as an incentive in fulfillment of plans and contractual obligations with respect to product deliveries (shipment of goods), in raising the technical level and quality of the product (work item), in raising labor productivity, in reducing the production cost of the product (work item, shipment of goods), and in conservation of all forms of physical resources;
- ii. bonuses are to be directly related to the work results of each worker and of the work force of brigades and subdivisions;

iii. the transition is to be made to awarding bonuses as a rule to the work force of the brigade or structural subdivision (section, shop, or department) as a whole;

iv. collectives and individual workers are not to be awarded bonuses if they are to blame for a deterioration in the quality of the product (work item), for violation of technological discipline, for failure to adhere to official standards and technical specifications, for claims received or the return of substandard products, for nonperformance of delivery contracts, or other production offenses.

18. Managers of associations, enterprises, and organizations shall be granted the following rights, which they shall exercise in agreement with trade union committees:

i. to independently approve regulations on the awarding of bonuses to personnel for the principal results of economic activity for the following groups: workers; designers, process engineers, and scientists; personnel of the technical inspection service; other supervisory personnel, specialists, and employees. The bonuses shall be awarded on the basis of the specific conditions and tasks confronting the respective subdivisions. Moreover, the awarding of bonuses to personnel of the technical inspection service shall be made dependent solely on the indicators of the quality of the product (work item);

ii. a unified material incentive fund shall be created by combining in it all resources in the special bonus system, and the size, procedure, and intervals for payment of special bonuses shall be determined independently.

19. It is deemed necessary for bonuses to be awarded to the work force of brigades and to individual workers above all for performance of production (norm-governed) assignments established on the basis of plans of sections and shops, for the rise of labor productivity, for improvement of the quality of the product (work item), for assimilation of new equipment and processes, and for conservation of all types of resources.

It is hereby decreed that the size of bonuses paid out of the wage fund to the workers and work force of brigades may not exceed 40 percent of their piece-rate earnings (wage rates) on a monthly basis. Bonuses of members of brigades shall be determined differentially within the limits of the total amount credited in accordance with their personal contribution to the overall results, and they shall not be subject to a maximum level.

The higher maximum levels of bonuses established by decisions of the USSR Government for workers in certain occupations and sectors shall be preserved.

Bonuses paid to workers and the work force of brigades out of the unified material incentive fund shall not be subject to a maximum level.

20. Managers of associations, enterprises, and organizations shall join trade union committees in guaranteeing that the awarding of bonuses to supervisory personnel of structural subdivisions, specialists, and employees enhances

their motivation to achieve high final results of operation, to make more intensive use of the productive potential, to speed up application of the advances of science and technology, to raise labor productivity, to produce high-quality products, to reduce production cost, and to maintain a uniform pace of production.

Bonuses shall be paid to the collectives, specialists, and employees of production subdivisions on the basis of specific tasks they face and according to indicators defined by the manager of the association, enterprise, or organization in agreement with the trade union committee. The criteria used for awarding bonuses to the work force of functional subdivisions shall be closely linked to the final results of the economic performance of the association, enterprise, or organization as a whole.

21. Bonuses shall be given a stronger role in stimulating the work of designers, process engineers, and scientists in acceleration of scientific-technical progress.

It is deemed advisable for bonuses to be awarded to these personnel above all for developing and applying new technology, progressive processes, and materials that meet or surpass world achievements and for improving the quality and reliability of the product produced.

22. The following maximum levels of bonuses are to be established for supervisory personnel (the manager, his deputies, the chief engineer, the chief economist, the head bookkeeper, the chief of the economic planning department) of associations, enterprises, and organizations:

i. in industry: for 100-percent fulfillment of the volume of sales under contracts (including exports) and the principal indicators of production efficiency--three-fourths of the monthly salary. For fulfillment of targets assigned to accelerate scientific-technical progress, planning targets for exports, activation of production capacities and construction projects, production of consumer goods, the rendering of paid services to the public, and other special bonus systems--2.6 monthly salaries for the year;

ii. in construction: for punctual and quality activation of production capacities and construction projects and other principal results of economic activity--three-fourths of the monthly salary, including 65 percent of this amount for activation of capacities and construction projects. For fulfillment of targets assigned for acceleration of scientific-technical progress, production of consumer goods, the rendering of paid services to the public, and other special bonus systems--2.6 monthly salaries for the year;

iii. in rail transportation: for fulfillment of the plan for the volume of freight carried in accordance with the established nomenclature and the principal planning indicators for increasing the efficiency of freight shipment--three-fourths of the monthly salary. For fulfillment of targets assigned for acceleration of scientific-technical progress, activation of production capacities and construction projects, production of consumer goods, the rendering of paid services to the public, and other special bonus systems--2.6 monthly salaries for the year;

iv. in agriculture: the indicators and bonus levels envisaged by Decree No 227 of the CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU, dated 2 April 1970, and Decree No 358 of the CPSU Central Committee and the USSR Council of Ministers, issued 20 March 1986 (SP SSSR, No 17, 1986, Item 90), shall be preserved.

Higher maximum levels of bonuses established by decisions of the USSR Government for personnel of certain sectors for the principal results of economic activity shall be retained.

Supervisory personnel shall be paid bonuses for the principal results of economic activity on a monthly or quarterly basis, and under the special bonus systems--quarterly or semiannually. The specific indicators, levels, and intervals for awarding bonuses to these personnel shall be established annually by ministries and departments of the USSR and the union republics in agreement with the respective trade union authorities on the basis of the tasks facing the sectors. Here bonuses awarded to supervisory personnel of associations and enterprises in industry for fulfillment of the volume of sales under contracts shall be established in proportions no less than 50 percent of the total amount of bonuses for the principal results of economic activity.

For collectives or individual specialists and employees bonuses for the principal results of economic activity and also under special bonus systems shall be determined with the limits of the maximum levels indicated by the manager of the association, enterprise, and organization in agreement with the trade union committee. When the size of the bonus is credited to the collective of workers as a whole, the bonuses for specific specialists and employees shall be determined in accordance with their personal contribution to the overall results of work and shall not be subject to any maximum level.

Ministers, department heads, managers of associations, enterprises, and organizations, and head bookkeepers shall be made personally accountable for enforcement of the maximum bonus levels.

23. It is hereby established that the bonus shall be paid to supervisory personnel of associations and enterprises in industry for fulfillment of the sales plan under contract only in the case of its 100-percent fulfillment. If the volume of sales under contract is not fulfilled, 50 percent of the bonuses credited for other principal indicators shall be held in reserve and paid provided the underdelivery of products is made up by the end of the current year.

Ministries and departments of the USSR and union republics shall join the respective trade union authorities in providing an analogous procedure in other production sectors for payment of bonuses for the principal results of economic activity.

24. It is hereby established that when the wage fund for the association, enterprise, organization, shop, section, or other structural subdivision is over-expended, the bonuses of the respective supervisory personnel, specialists, and employees, and also designers, process engineers, and scientists, for the principal results of economic activity shall be held in reserve for the amount

of overexpenditure of the fund that occurred. Assuming the overexpenditure of the wage fund is made up in the subsequent periods of the calendar year, the amounts of bonuses reserved shall be paid in the full amount.

25. Bonuses for the results of all-union and republic socialist competition shall be paid for one supervisory person of the association, enterprise, or organization in industry, construction, transportation, communications, agriculture, and other production sectors of the economy over and above the maximum level of bonuses envisaged in Point 22 of the present decree, but they may not exceed 1.4 monthly salaries for the year.

Lenin Prizes, state prizes of the USSR and union republics, bonuses of the USSR Council of Ministers, other one-time bonuses established and paid by permission of the USSR Council of Ministers, and bonuses of state and public organizations of the USSR and the union republics shall be paid over and above the maximum levels established.

Procedure for Introducing New Wage Rates and Salaries

26. Heads of ministries and departments, managers of associations, enterprises, and organizations, and party, soviet, and trade union authorities shall take into account that the organization of wages and adoption of the new conditions for remuneration are being improved in a period of radical revamping of the economy, of the conversion of enterprises to the new economic methods and self-financing, at a time when resources to increase remuneration must be earned by work collectives themselves.

The entire saving on the wage fund, including the saving achieved by reducing the number of personnel, by improving the wage structure, by revising output quotas and other standard allowances on work inputs, bonus payments, premiums, and supplements, is to be committed to raising wage rates and salaries. In addition, in certain cases with consent of the work collectives, a portion of the resources of the material incentive fund may be committed to these purposes in the year of conversion to the new conditions of remuneration. In subsequent years the base material incentive fund shall be reduced by the amount used for these purposes during the year of conversion, and the base wage fund is to be augmented correspondingly.

27. It is hereby decreed that the saving on the wage fund achieved by ministries, departments, associations, enterprises, and organizations by eliminating superfluous tiers of management, by consolidating enterprises, organizations, and their structural subdivisions, and also by performing other measures to reduce the size of the management staff, shall not be subject to confiscation and may be committed in its entirety to raising wage rates and salaries in accordance with the present decree.

28. It is deemed essential to set up commissions for the transition to the new conditions of remuneration within ministries, departments, associations, enterprises, and organizations. Responsibility for improvement of the organization of wages and for introduction of the new conditions of remuneration shall be placed personally on ministers, heads of departments, and managers of associations, enterprises, and organizations.

In an atmosphere of openness to scrutiny associations, enterprises, and organizations shall conduct the necessary preparatory work to mobilize internal potential and to work out schedules of the conversion to the new conditions of remuneration with the help of work collectives. Conversion to the new rates and salaries may be done all at once for the entire association, enterprise, or organization, or it may be done by structural subdivisions, and it also may be done by worker categories and occupations as the necessary resources are built up. In all cases the new salaries for supervisory and other personnel on the management staff of associations, enterprises, and organizations shall be introduced after wages and salaries of other personnel have been raised.

The schedules for conversion to the new conditions of remuneration worked out by associations, enterprises, and organizations, together with the necessary computations and substantiations and data on elimination of work positions, shall be submitted to the respective ministries and departments.

In agreement with trade union authorities ministries and departments shall grant permission to subordinate associations, enterprises, and organizations to introduce the new conditions of remuneration after a thorough verification of their readiness for performance of that measure. Schedules for introduction of the new conditions of remuneration shall be worked out for the sector as a whole, practical assistance shall be furnished to associations, enterprises, and organizations, and the conduct of this measure shall be constantly monitored.

In the period of introduction of the new wage rates and salaries associations, enterprises, and organizations are to take the necessary steps to prevent overexpenditure of the wage fund and to guarantee that the growth rate of labor productivity is faster than the growth rate of the average wage.

29. Ministries, departments, associations, enterprises, and organizations shall pay every concern to the retraining and job placement of the workers displaced. They shall first of all redistribute these workers within enterprises to organize work on a second or third shift and to carry out reconstruction and expansion of production. Steps shall be taken to redistribute them within the sector by transferring them to fill out the positions vacant in newly activated enterprises and projects.

Managers of associations, enterprises, and organizations shall be granted the right to maintain for displaced workers the average wage which they had in their last job during fulltime training and improvement of qualifications and to pay the difference up to the average wage for workers going through on-the-job training over the entire training period. The assignment to the training program shall be issued with consent of the workers after the employment contract has been concluded at the new place of employment.

Councils of ministers of union and autonomous republics and ispolkoms of kray, oblast, city, and rayon soviets of people's deputies have an obligation to guarantee the job placement of workers displaced from associations, enterprises, and organizations in connection with performance of the measures envisaged by this decree, and they shall delegate this responsibility to labor

agencies. Cost-accounting job security bureaus shall accordingly be created in those localities where they do not exist at present, and their physical facilities shall be improved.

30. In those cases when the wages and salaries being introduced for personnel in accordance with the present decree so as to take into account coefficients, premiums, and benefits prove to be lower than the existing rates and salaries when coefficients, premiums, and benefits are taken into account, the relevant difference in wages (taking benefits into account) shall be paid to these workers so long as they work in the same or higher position in the same association, enterprise, or organization.

31. The USSR State Committee for Labor and Social Problems and the USSR Central Statistical Administration shall submit annual reports to the USSR Council of Ministers on progress and results of the measures envisaged by the present decree.

32. The USSR State Committee for Labor and Social Problems and the AUCCTU are hereby ordered to do the following:

i. draft and approve normative acts in accordance with the list appended hereto jointly with the interested ministries and departments; (Footnote) (The list is not given here.)

ii. to do the necessary organizational and methods work with ministries and departments and work collectives of associations, enterprises, and organizations to carry out the measures related to improvement of remuneration and introduction of the new rates and salaries. In the necessary cases to provide ministries and agencies clarifications related to application of the present decree.

33. The USSR State Committee for Labor and Social Problems, jointly with the USSR Ministry of Justice, USSR Gosplan, USSR Ministry of Finance, and AUCCTU shall within a 3-month period submit proposals to the USSR Council of Ministers on making amendments in current legislation arising out of the present decree.

The CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU express confidence that the work collectives of associations, enterprises, and organizations will act straightforwardly, in an organized manner, and at a high political level in performing the measures to improve wages and introduce the new conditions of remuneration and will on that basis guarantee an acceleration of scientific-technical progress, a rise in production efficiency, and a comprehensive development of the work effort and creative activity of the workers in carrying out the decisions of the 27th CPSU Congress concerning the country's socioeconomic development.

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