

JPRS: 2873

26 June 1960

FOR THE CLOSEST TIES BETWEEN THE SCIENCE OF
ECONOMICS AND THE PRACTICE OF COMMUNIST
CONSTRUCTION

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[This is a translation of an unsigned article appearing in Planovoye Khozyaystvo (Planned Economy), No. 6, 1959, pages 3-10.]

The Seven-Year Plan for the development of the national economy of the Soviet Union in the 1959-1965 period signifies a new and vigorous upsurge in the socialist economy, culture, and material well-being of the workers of our country. With the fulfillment of this plan, a decisive step will have been taken toward the creation of the material-technical basis of communism. In addition, progress will have been made toward the fulfillment of the fundamental economic task of the USSR -- to catch up with, and to surpass, in the shortest possible period of history, the most advanced capitalist countries in the per-capita output of goods.

The magnificent tasks of the development of the national economy, set forth in the control figures for 1959-1965 and by the prospects for the next 15 years, have raised a number of involved theoretical problems for Soviet economic science. The resolutions of the 21st Congress CPSU state that "the role of economic science has assumed greater significance in view of the present conditions of the development of the national economy of the USSR, the successful reorganization of the administration of industry and building construction, the development and strengthening of the kolkhoz structure, and the growth of the labor activities of the people. The science of economics must be closely linked with the planning of the national economy and the whole conduct of communist construction." This Party directive concerning the necessity of a close link between science, the planning of the national economy, and all the practical aspects of communist construction has determined the fundamental tasks of Soviet economic science.

The report of Comrade N. S. Khrushchev presented at the 21st Congress of the Communist Party of the Soviet

Union constitutes a brilliant example of the creative development of Marxism-Leninism and the close unity of theory and practice. The report includes a profound analysis of the basic mechanisms of the development of Soviet society, as well as a comprehensive characterization of the decisive stage in the economic contest between socialism and capitalism. The report deals with the new requirements for the further development of the country's economy and formulates the most important theoretical aspects of the transition from socialism to communism. The various evaluations, positions, and conclusions contained in the report have armed the Party and the entire Soviet nation for the struggle to construct communism; at the same time, revisionism has been dealt a staggering blow. The report will undoubtedly assist the fraternal communist and workers' parties, in all countries, in their struggle for the victory of peace, democracy, and socialism.

During the last few years, Soviet economists have achieved positive results in reorganizing their theoretical work. Studies of the mechanism of the socialist economy have begun to be conducted on a more solid foundation; this is particular by true studies of socialist reproduction. Among the positive features is the increased attention given to studies of the economic effectiveness of individual manufactures, capital construction, and the organization of labor in industry and agriculture. Greater attention is being given to the analysis of structural shifts in the national economy that occur in connection with technological progress and the attainment of greater perfection in manufacturing. Problems of peaceful economic competition between the socialist and capitalist systems are among the important subjects included in the scientific studies of the economic institutes.

A number of measures for the improvement of the organization of scientific work on problems of planning the national economy have been put into practice. The Economic Scientific Research Institute /NIEI/ of the State Planning Commission USSR has been established in the course of implementing this task. The Institute has been entrusted with work on a number of essential problems of national economic planning, including the problem of the balance-sheet methods of planning, problems of competition between the two world systems, problems of distribution of productive forces, and a number of other problems. In addition, the following institutes have prepared a report for the State Planning Commission USSR on problems related to the solution of the basic economic task of the USSR: the NIEI of the State Planning Commission USSR, the Institute of World Economics

and International Relations, the Institute of Economics of the Academy of Sciences USSR, and The Scientific Research Institute for Business Conditions [Economic Cycles] of the Ministry of Foreign Trade.

The bold and creative formulation of complex theoretical problems and the clarification of these problems contained in the resolutions of the 21st Party Congress and in the reports and speeches of Comrade N. S. Khrushchev constitute a call to our scientists to more actively participate in the solution of the urgent problems of communist construction, and in bringing scientific research activities closer to the practical requirements of national economic planning. Under the new conditions in our country, economic science is faced with the great responsibility of extending maximum cooperation in the development and utilization of the reserves of the national economy and in the prior realization of the targets of the Seven-Year Plan.

In this connection, it should be stated that, at the present time, the level of our economic research still does not measure up to the expanding practical requirements of communist construction. It was noted at the 21st Congress COSU that some economic scientific research institutions and many economic scientists are engaging in work on abstract subjects and avoiding work on solutions of the most important practical problems of communist construction. Published works frequently have a descriptive character and reiterate long-known theses and arguments; moreover, some of these works contain errors.

The Party has repeatedly referred to the necessity of raising the level of ideas and theories in economic studies and strengthening the connection between science and production. But this has not sufficiently penetrated the consciousness of the economic-science workers. As a result, we are lagging behind in the theoretical solution of many of the important economic problems of socialism and communism. The absence of serious scientific studies on problems of national economic planning is being felt particularly sharply. This is also true of various problems in the balance of the national economy, the rates and volumes of growth in public output, the planning of national economic ratios, the enhancement of labor productivity, and the publication of the experience of the work of the sovnarkhozes. It has also had an effect on problems of price formations, material incentives, and a number of other problems.

Under the conditions of a planned socialist economy, the results of scientific studies in the field of economics must be widely utilized in state planning. Unfortunately,

many of our economists and, frequently, entire institutions, have been working, year after year, on the same theses. Their works have no real connection with practice, the actual forms of production, and the life of the Soviet people. Although the Institute of Economics, Academy of Sciences USSR, has occupied itself for many years with the problems of the economic effectiveness of capital investments, up to now it has been unable to develop positive scientific recommendations on this problem. Research work on economic problems in agriculture has been conducted along incorrect lines. Some economic institutions, -- especially the Institute of Complex Transportation Problems -- have not participated sufficiently in the presentation of long-range plans for transport development. Serious shortcomings also exist in the work of other economic scientific-research institutions.

Especially intolerable is the fact that the thousands of teachers of the economic disciplines in the higher educational institutions have not yet sufficiently developed a scientific analysis of the actual problems of economic development. In the meantime, the great majority of economic scientists are lumped together in these higher educational institutions. Thus, according to data of the Central Statistical Administration USSR, issued on 1 October 1958, 7,194 of the 11,609 scientific workers in the field of economics, or 62 percent of all the scientific workers in the field, were employed in the country's higher educational institutions. These workers constitute an entire army, which possesses all the facilities for a creative solution of the problems of economic science. However, most of the holders of professional positions in political economy and practical economics confine themselves to lecturing and to other forms of pedagogic activity. Thus, they remain completely aloof from independent scientific research. Experience shows that such practices also lead to the deterioration of the scientific level of teaching. It is no secret that a number of doctors of economic science, not to speak of numerous candidates, do not have to their credit published works of a serious nature. This cannot but reflect on the creative character of the work of professors of economics. When teaching is severed from practical labor and from scientific work connected with practice, it cannot arouse the interest of the youth and it cannot ensure a high level in the training of specialists for the various branches of production.

It should also be noted that there is great amount of duplication in economic research. The absence of sufficiently coordinated plans has led to the dissipation of

cadres and money. For example, although 11 scientific research and economic pedagogic institutions were independently engaged in studying the problems of labor productivity in the years 1957-1958, up to now the development of a scientific method of accounting and planning in the field of labor productivity has not yet been completed.

Until recently the plans of almost all the economic institutions of Moscow contained provisions for work on identical subjects. Accordingly, small groups of two or three people, working quite separately from each other, occupied themselves with the same problems without achieving substantial results.

The conditions of the universal struggle of the people for the fulfillment of the grand program of the construction of communism, as worked out by the 21st Party Congress, require the thorough reorganization of scientific research in the field of economics. The work of the scientists must be coordinated and a close relation must be established between economic science on the one hand, and the practice of communist construction on the other. Furthermore, it is vital that there be a close relation between the process of planning the national economy and the work of economic science. The experience of formulating the control figures for the development of the national economy during the years 1959 - 1965 has clearly demonstrated the great contributions that Soviet scientists and specialists can make to the work of the planning organs. Many of these workers took an active part in the work of various organs, including Gosplan, the state planning bureaus of the Union Republics, and the sovnarkhozes. Their work dealt with the problems of developing the national economy of the Soviet Union as a whole, and according to economic areas. In this connection, reference should be made to the great and responsible tasks that confront the Council of Economic Institutions established in the NII of Gosplan. The Council is concerned with the coordination of the work of the scientific-research and pedagogic-economic institutions, as well as with strengthening their ties with the practical planning of the national economy. In addition, representatives of a number of economic scientific-research institutions of the country actively participated in the work of the Commission on Composite Problems.

Close cooperation should obtain between scientific forces and planning organs in every respect. These cooperative efforts should be broadened in devising the plan for developing the national economy of the USSR over the next 15 years. The problems raised by this plan are so great that they cannot be solved merely by the collective

efforts of the planning organs, the sovnarkhozes, and the country's economic institutions.

There are a great number of complex problems that require serious scientific study and further theoretical analysis.

In the first place, problems connected with the determination of the concrete methods for realizing the transition to communism must be put in a separate category. With the aid of the resolutions of the 21st Congress CPSU and the report of Comrade N. S. Khrushchev, Soviet economists must work out in detail the concrete economic problems connected with the developmental prospects of the economy of the USSR and that of the entire socialist camp. It is necessary to analyze in detail both the economic trends and the most important means for the solution of the basic economic task. The problem of the time factor requires comprehensive study in the form of an analysis to determine ways of gaining time in the economic struggle with capitalism. It is imperative that studies be made of the fundamental outlines of the material-productive basis of communism, the conditions of the transition to communist society, and positive methods for eliminating the essential differences between city and village. At the same time, it is imperative that studies be carried out on the problem of strengthening the new forms of the organization of public production. These forms are dependent on a highly productive technology and on raising the cultural-technological qualifications of workers to a level that would permit us to overcome the existing differentiations between physical and intellectual labor.

A particularly important role must be assigned to studies on the problems of realizing an increase in labor productivity -- the most important prerequisite for the successful transition from socialism to communism. It is necessary to carry out comprehensive analyses of the problems of the effective utilization and distribution of the productive forces and labor resources of our country. At the same time, we must thoroughly analyze the problems of using material incentives to realize an increase in the labor productivity and skills of the socialist production workers.

A further analysis of the problems of the political economy of socialism is of enormous significance. In particular, an analysis should be made of the operation of the basic economic law of socialism. This law includes the law of the planned (proportional) development of the national economy, the law of the preferential growth of the output of means of production, and the law of cost under the conditions of a socialist economy. At the present time,

only the most general characteristics of this law are treated in the literature on economics.

For example, let us take the law of the planned development of the national economy. A concrete statement of the problem of its substance should deal in detail with the characteristics of the most important proportions actually present in the national economy. It should show the dependence of these proportions on the operation of the basic economic law and other laws of socialism. At the same time, it should unfold the factors that influence these proportions and their changes.

An analysis of long-range plans viewed from the angle of national economic proportions is a necessary condition for the characterization of the operation of the law of the planned development of the national economy and for the application of this law. One may say that economic science has as yet accomplished very little in this field. While Soviet economists have published a rather large number of works on the subject of five-year plans, the aspects indicated above are still not treated in the literature. The characterization of five-year plans is, therefore, mainly of a descriptive nature. There is an urgent need for works, which would demonstrate the methods by which the Party, proceeding from objective economic laws, knowingly effects changes in national economic proportions in the required directions. A study of these problems, with reference to the proportions in the Seven-Year Plan, which would be of tremendous significance.

The relatively low level of scientific analysis of the law of planned (proportional) development of the national economy constitutes a stumbling block in the way of the further perfection of national economic planning methods. Considering our great experience in planning work, the quality of the scientific analysis of planning methods is still most unsatisfactory. In short, we do not have serious scientific treatises on the theory and methodology of planning the national economy; individual treatises, for the most part, consist of descriptions of planning practices, written up in simplified form.

The Soviet Union is the homeland of national economic planning. However, it has given substantial assistance to the countries of the people's democracies in the adjustment of their planned economies. Nevertheless, our economists have not yet compiled a textbook on national economic planning which would make accessible to the extensive experience in planning accumulated over the almost 42 years of the existence of the Soviet regime.

Great tasks confront us in the field of analyzing

the problems of the balance of the national economy. These problems present a great number of subjects for scientific research. In particular, it is necessary to analyze the methodology of the free, checkered varied balance of the national product, the scientific substantiation of the growth rates of industrial and agricultural production, the structural changes between the various branches of the national economy, and the interrelation and interdependence of production, accumulation, and consumption. It is entirely unsatisfactory to speak of a general connection between production and consumption. Today, the problem is to establish these connections more effectively with the smallest possible expenditure of public labor.

The theoretical study of the problems of the balance of the national economy must take into account the problem of drawing up a single balance sheet for the national economy of the USSR. At the same time, it must perform an analysis of a number of the elements of the economy in a cross-section of the Union Republics.

Of late, a large number of articles have appeared in our press on questions of utilizing the law of cost in a socialist economy, especially in connection with the problems of price formation. This is, no doubt, a positive phenomena. However, our economists have not made sufficiently rapid progress in this field. Many aspects of the merchandise-monetary relations under socialism have been dealt with unsatisfactorily by our economists; this is particularly true of various aspects of the merchandising form of the means of production. Until now, no fundamental treatises have been published on the mechanism of the operation of the law of cost and on its informed application within the socialist structure.

The backwardness of the scientific analysis of this problem creates certain difficulties in the practice of national economic planning. It is known that the most important indices of the plan manifest themselves in the form of prices. It is precisely by means of price indices that national-economic and interbranch proportions are planned. Just as an engineer needs correct initial data to calculate a complex machine, the workers of planning organs need price indices in order to work out a national economic plan which is in harmony with all its component parts. In this connection, the perfection of the scientific instruments for measuring and distributing work expenditures within the national economy is of particular importance. In particular, a scientifically substantiated price, as a monetary reflection of cost, would constitute such an instrument.

But this is only one side of the problem. It is

known that the law of cost in a planned economy is not only utilized for purposes of calculation and commensurability. As a stimulant, the law of cost influences production; and we must utilize its effects correctly. Here we also encounter number of unresolved scientific problems. The law of cost does not, of course, function as a regulator of the socialist economy. Nevertheless, in the struggle to enhance the effectiveness of output and to increase capital construction, one can and must utilize the law of cost as a force to stimulate the growth of the productivity of public labor.

One of the most formidable problems of socialist political economy is the problem of the economic effectiveness of capital investments in the national economy. This problem is of tremendous practical significance. The most important economic-political tasks of economic development are fulfilled through the distribution of capital investments. Moreover, this factor determines various economic trends, in many respects, as well as the proportions and rates /tempos/ of the public output in both branch and territorial cross sections. The problems of capital investment are also closely linked with the personal consumption levels of the workers. The funds of many billions used for reserve accumulations must be utilized in the most rational and effective manner.

Of late, a number of scientific establishments have begun to be concerned with this problem. But unfortunately, it is not possible to assert that our science can boast of substantial achievements in this area. At present, there exist no scientifically substantiated indices and methods for the determination of the effectiveness of capital investments.

The tremendous tasks connected with the realization of the Seven-Year Plan, as well as those connected with the drafting of a plan for a more extended period, call for acceleration of the theoretical analysis of the problems of the economic effectiveness of both output and capital investments. This work must be closely related to the following tasks: the solution of the basic economic task of the USSR, the automation and electrification of the national economy, the expansion of the chemical industry, and the expansion and perfection of the material-technological basis of production by means of the newest and most economical and effective labor equipment, raw materials, and electric power resources.

The problems of constructing a communist economy dramatically highlight the problem of perfecting the wage system -- one of the most important forms of industrial re-

lations between people. Up to now, our economic science has been moving slowly in this area, markedly lagging behind the demands presented by life. Soviet economists have not analyzed the special problems of the wage-scale system and the standardization of labor. At the same time, very few of the problems that have emerged from practice, relative to the form and system of wages, have been accorded sufficient scientific analysis. In particular, it is imperative that a thorough study be undertaken of the problem of the suitability of a wider application of the by-the-hour wage system.

A considerable number of economists are of the opinion that the piece-rate wage system best corresponds to socialist conditions. Our practice conforms with this viewpoint, inasmuch as three-quarters of all industrial workers are being paid in accordance with the piece-rate system. However, in many instances, piece-rate wages are not in accord with the level of the development of the productive forces. This discrepancy will increase with further technological progress. The piece-work wage system has been construed in such a manner that the worker has been oriented only in the direction of achieving quantitative results in his work. This has frequently lowered the quality of output and interfered with the careful handling of machines, the proper expenditure of materials, etc. Furthermore, the piece-rate wage system has been frequently employed in situations where it has not produced the proper results. This applies to manufacturing processes in which, as a result of technological conditions, the workers are not in a position to influence the volume of output (mechanized processes in the chemical industry) and in which the point of emphasis should be scrupulous care and handling of the equipment.

The automatic processing of products will develop progressively in the future. Given complex automation processes, the output level is determined by the power of the installation or by the raw-material base. A piece-rate wage system is not appropriate under these conditions. It is necessary to arouse the workers' interest in ensuring the continuity of the technological process, in the best possible utilization of the equipment, in the economization of raw materials in the improvement of quality, etc. How can this be attained? Perhaps by means of introducing premium hourly wage payments, or by introducing cost accounting at their place of work? One thing is clear: scientific studies should be developed in this area.

An important place in the scientific research work of our economists should be assigned to problems connected

with the reorganization of the administration of industry and building-construction and with the work of the sovnarkhozes. All our experiences in the period since the formation of the sovnarkhozes testify in the most convincing manner to the fact that the new form of industrial and building-construction administration has proven its progressive character, as well as its enormous advantages over the departmental system of administration. At the same time, the experience of the sovnarkhozes has posed problems in the following areas: specialization and cooperation in production, utilization of basic funds, distribution and redistribution of profits among the enterprises of one and the same sovnarkhoz and of various sovnarkhozes, material incentives in various sovnarkhozes, etc.

There are a number of very important scientific studies that must be carried out in the field of agricultural economics. Various resolutions of the Communist Party deal with a number of theoretical and practical problems of the development of agricultural output and the two forms of proprietorship -- public and kolkhoz-cooperative -- on the road to communism. These resolutions constitute a challenge for our agricultural economists to undertake a bold and creative analysis of the problems of the agricultural economy, with a view toward extending the greatest possible assistance to the Party and the State in the realization of the projected measures aimed at achieving an increase in the food product resources and raw materials in our country.

During the past few years, certain changes have taken place in scientific research work in the field of agricultural economics. Work is being carried out on a wide front on the development of a system of conducting farming and livestock raising that would constitute a firm foundation for distribution and specialization in agriculture. Consultations and discussions have been held on questions of cost and the adoption of economic accounting. Various meetings have also been held with reference to organization, wages, labor productivity, and the determination of the effectiveness of agricultural production. All this activity has definitely been of positive significance.

However, these measures only constitute the first steps. For the present, various important problems remain unsolved, including the determination of the cost of production in kolkhozes and the methods for the determination of the effectiveness of capital investments in agriculture. Other problems still unsolved concern the development of broader specialization, the methods of planning in individual branches of agriculture and their coordination, the

method of determining the storage volume of agricultural products by taking specialization into account, the balanced tie-in of the development of agriculture with other branches of the national economy, etc. The agricultural economists are faced with the urgent task of carrying out profound theoretical analysis of all these problems in the near future.

The Soviet people are struggling for the creation of a communist society on the basis of fraternal unity with the peoples of other socialist states. In this connection, the highly important problem of organizing cooperation and specialization of production within the socialist camp assumes even greater significance; the solution of this problem will ensure economy in material resources and an increase in the productivity of public labor. It will ensure the most rational utilization of the natural resources and economic conditions in the socialist countries for the end of accelerating the rate of the expansion of reproduction. At the same time, it will ensure a rise in the living standards of the population.

An analysis of the concrete problems of the socialist international division of labor is one of the most important tasks facing economic science. It is necessary to thoroughly study the economies of every country, as well as its role in the socialist system of the international division of labor. The purpose of this study is to determine the branches of each country's economy, which, in the long run (in 15 to 20 years), will undergo preferential development, proceeding from the most expedient utilization of all the production premises possessed by the country and from the requirements of the remaining countries. It is obvious that, to solve the above-mentioned problem, it will first be necessary to work out methods for the comparison of production costs of identical products in various countries. At the same time, it will be necessary to work out methods for the comparison of labor productivity and the determination of the effectiveness of capital investments. We must also study methods for comparing the indices of the production and distribution of the national income. Economists are also confronted by the complex problem of perfecting the system of price formation in the world-wide socialist market; the solution of this problem will substantially advance the cause of international specialization and cooperation in production.

In his report to the 21st Congress of the CPSU, Comrade N. S. Khrushchev stated: "Our economists, philosophers, and historians are being called upon to study profoundly the mechanism of the transition from socialism to communism,

to study the experiences of economic and cultural construction, and to contribute to the education of the workers in the spirit of communism. The scientists working in the field of social sciences, and especially those in economic science, are confronted by the task of creative generalization. They must arrive at bold theoretical solutions of the new problems that have cropped up in life. It is necessary to exhaustively analyze the most important processes that take place in the capitalist world, to expose the bourgeois ideology, and to fight for the purity of the Marxist-Leninist theory." These tasks can be successfully accomplished only on the basis of an indissoluble bond between the social sciences and the practice of communist construction. The science of economics must be closely bound to the planning of the national economy and to the struggle of the Communist Party and the millions of workers, for the realization of the majestic plans of communist construction.

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