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USSR Report

ECONOMIC AFFAIRS

(FOUO 12/81)



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PLANNING AND PLAN IMPLEMENTATION

MEETING ON SCIENTIFIC-TECHNICAL PROGRAMS REVIEWED

Moscow VOPROSY EKONOMIKI in Russian No 6, Jun 81 pp 154-155

[Article by L. Peshkova and V. Logachev: "Problems of Forming Scientific-Technical Programs for the 11th Five-Year Plan"]

[Text] In Moscow in January 1981, the Scientific Council for the Problem "Organization and Economics of Scientific-Technical Research and Development" of the State Committee for Science and Technology held an expanded session at which questions were discussed on the forming of scientific-technical programs for the 11th Five-Year Plan. There participated in the session personnel of the State Committee for Science and Technology, Gosplan USSR, Gosstroy USSR, gosplans and academies of sciences of the union republics and USSR ministries and departments.

In accordance with the "Basic Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990," broad use is being provided for special-goal complex programs in the solution of concrete scientific-technical problems. The use of the special-goal program method makes it possible to concentrate financial and material resources and scientific cadres on the attainment of end goals, to ensure integration in the solution of set tasks, to speed up introduction of the results of scientific research and development and to take into consideration interrelations among sectors.

The reports and speeches emphasize that a special feature of the use of the special-goal program method in planning of the development of science and technology during the 11th Five-Year Plan is that the programs constitute the system. Moreover, they act as an integral part of state plans of economic and social development. A close connection was pointed out between national-economic (social-economic and regional) and scientific-technical programs, inasmuch as the greater portion of the latter are included in one degree or another in national-economic programs.

A further development of the special-goal program method of planning in the current five-year plan is also singling out of special-goal complex programs from among scientific-technical programs that provide for large-scale realization of the most significant scientific-technical achievements. The end aim of these programs is concrete production volumes and industrial integration of new equipment and technology, manufacturing processes, new methods of organization of production, manufacture and use of already assimilated (in process of assimilation) progressive types of products and technology for already created facilities.

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A list of scientific-technical and also new special-goal complex programs has been set for the current five-year plan by the State Committee for Science and Technology, Gosplan USSR, Gosstroy USSR and the USSR Academy of Sciences with the participation of USSR ministries and departments and the councils of ministers of the union republics.

In the development of all the types of programs, a major role was played by the Complex Program of Scientific-Technical Progress for the Period to the Year 2000, which presents a unified conception of the development of science, technology and production in the form of a system of interrelated forecasts.

In distinction to the 10th Five-Year Plan, all the programs for the current five-year plan have been approved by the State Committee for Science and Technology jointly with Gosplan USSR and the USSR Academy of Sciences. Of exceptionally important significance for operation of the programs is the designation of directors of programs and individual targets and the organization of coordinating councils for individual programs and coordinating departments at leading scientific-research institutes (at the State Committee for Science and Technology there has been prepared a statute on the coordinating department). Program directors compile work plans for programs and exercise control over their implementation.

In accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers (July 1979), expert examination of individual work operations performed according to the programs is obligatory (at the State Committee for Science and Technology a draft has been prepared for an appropriate statute).

At the conference, there were examined also questions of material stimulation of work performed according to the programs. Major interest in this connection was provoked by a report on the work experience of the Ministry of Electrical Equipment Industry.

Problems of material-technical provision for the scientific-technical programs were also discussed. The existing system of material-technical support for the programs is imperfect. The need evidently exists to develop a special-goal complex program for material-technical support of the programs. Of major importance for the operation of the programs is the Uprant Program; it constitutes a social-economic experiment on the scale of several special-goal complex programs. Within the framework of the Uprant Program, provision has been made for the development, experimental verification and introduction of a complex of measures for improving the planning and administration of scientific-technical progress in the country.

The programs include basic targets which in turn are included in the State Five-Year Plan of Economic and Social Development of the USSR: the creation and start-up of facilities with new equipment and new production operations based on progressive manufacturing processes; the development and introduction of new types and systems of high-production machines and automated equipment, new types of buildings and structures, effective means of mechanization and automation for comprehensive equipment of all sectors of the national economy. Basic assignments designate leading ministries and departments responsible for the creation and assimilation of new equipment and technology, provision of the required scientific and technical level, coordination of the work of coexecutors, material-technical support, exercise of control

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over the fulfillment of the entire complex of work and timely statement of accountability. Basic assignments also indicate the most important indicators of the technical-economic level of production and concrete examples of new equipment and technology, time of beginning and assimilation in production of new products and introduction of progressive technology with a breakdown by years of the five-year plan and estimated cost of the work.

The provided assimilation of new types of equipment and technology by the programs is at the same time taken into account in the plans for introduction of new equipment and in production plans.

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REGIONAL DEVELOPMENT

ECONOMIC DEVELOPMENT OF MOSCOW EVALUATED

Planning Strategy Discussed

Moscow VOPROSY EKONOMIKI in Russian No 6, June 81 pp 15-22

[Article by V. Bitunov: "Comprehensive Planning for the Economic and Social Development of Moscow]

[Text] One of the most important directions in improving planning is the combining of its sector and territorial aspects. The essence of territorial planning lies in insuring the comprehensive development of the national economy in each economic region on the basis of an optimum sector structure.

Two trends can now be discerned in territorial planning. The first is associated with planning for the comprehensive development of relatively large regions within the territorial context, and the second is connected with regulating urban agglomerations. In the period of developed socialism the role of the cities--one of the most important forms in the socioeconomic and territorial organization of society--objectively grows. "...Cities are centers of the economic, political and spiritual life of a people and are the motive force of progress."* Lenin's appraisal of the role of the city in the life of a society is particularly apropos today.

During the years of soviet power the urban population of the USSR has more than quintupled. Urban dwellers now make up 63 percent of the country's total population.** During the course of the planned socialist transformations the network of new cities has been expanded and the national economic potential of old cities has grown and been renewed. By the mid-seventies a network of population centers had been created. Its basis was formed from cities with populations of more than 100,000. By 1977 the number of such cities had topped 250. Their

* V.I. Lenin. Complete Collected Works, Vol 23 p 341

** "SSSR v tsifrakh v 1979" [The USSR in Figures, 1979], Statistika Publishing House 1980, p 7

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economic base is growing rapidly. Almost two-thirds of the country's fixed capital is in the cities. Direct expenditures on the development of city construction during the 10th Five-Year Plan exceeded R100 billion.* The proportion of the total population living in major cities is growing substantially. Some 53 million people, or more than one-fourth of the urban population of the USSR, are now concentrated in 46 cities (with populations of more than 500,000).

The substantial growth in the urban population is creating the objective basis for deepening the approach to revealing the essence and features of the urban aspect of socialist planning. Insuring the correct combination of the interests of individual enterprises and organizations and sector and departmental interests while effecting comprehensive planning in a major city is associated with the implementation of specific planning functions. A city is a unified national economic complex that requires harmonious and balanced development. However, there is still no organ that draws up the plan for a city in its entirety and for its entire national economic complex. As a result, plans for the comprehensive development of cities frequently suffer from a one-sidedness.

In the period of developed socialism the range of problems in which the urban aspect of territorial planning is paramount is widening. In terms of their nature, problems like public health, improving labor and everyday conditions and trade and personal services, the more complete satisfaction of cultural requirements and so forth are largely territorial, but their resolution calls for comprehensive urban development.

A number of questions connected with further improving the comprehensive development of the country's major cities are now being resolved. In recent years appropriate methodologic materials have been compiled. Interesting experience in comprehensive planning for the development of the urban economy has been gained in Leningrad, Sverdlovsk, Donetsk and other large cities. Moscow is making a substantial contribution to the resolution of this question.

The constant concern of the CPSU and the Soviet Government and the help from all the Soviet people have made it possible in a short time historically to make Moscow a very large economic, administrative and political, scientific and cultural center. At the 26th CPSU Congress the task was set of transforming Moscow into a model communist city. The role of the plan in solving this task is great.

Moscow's history is eloquent testimony to the great possibilities opened up by socialism and the planned system for managing the economy for the comprehensive development of cities. The statistics show that during the years of Soviet power the volume of gross industrial output in Moscow has increased by a factor of 230 and labor productivity by a factor of 36. The development of Moscow's industry represents the path of radical reconstruction of old enterprises and the creation of new and modern enterprises, the introduction of the achievements of science and technology into production, the modernization and replacement of equipment,

* D. Khodzhayev. "Kompleksnost' - glavnoye napravleniye v zastroyke gorodov"
[Complexity--the Main Direction in the Construction of Cities], PLANOVOYE
KHOZYAYSTVO No 8, 1976 p 43

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and the provision of means of mechanization and automation. Moscow's share of industry in the all-union output of automobiles, machine tools, construction materials, instruments and other very important products is high. It is the country's largest transportation junction. Each year the Moscow railroad junction handles more than 72 million tons of various kinds of freight; each day it deals with about 1.6 million passengers using the commuter lines and the long distance railroad lines; while each year more than 30 million tons of freight and 5.2 million passengers are transported on the waterways. Each day more than 20,000 passengers fly out of Moscow's four airports to the cities of the Soviet Union and abroad. Moscow is a gigantic construction site where each year about R3.5 billion of capital investments are assimilated. The scope of housing construction is enormous. Each year 4 million to 4.5 million square meters of housing are built.

In Moscow, much experience has been gained in planning--experience that is characterized by considerable changes in the system and methods of planning and that introduces qualitatively new elements into them. These changes are of a periodic nature, since planning methods must be stable for definite and sufficiently long periods of time (several years); this is essential for the most complete realization of the tasks that have been set. Moreover, the methods, indicators and forms of planning should be unified.

Along with the growth of cities, many complex problems, seen especially acutely in Moscow and other major cities, have arisen. During the past decades, a combination of three kinds of national economic plan have been set and gradually resolved--the annual plan, the five-year plan and the long-term plan (for 10 to 20 years). This applies also to planning for the development of large cities.

The first general plan for the development of Moscow confirmed in 1935, was a document of enormous significance for the development of the urban economy. With its development a base was created for the work of the planning organs, for comprehensive planning and for the development of all sectors of the urban economy. Now, virtually all large and medium-sized cities, and also many small cities, have long-term development plans (general plans). The development of general plans is an important feature of urban planning. They are designed to insure the comprehensive and harmonious development of the cities. The general plan for the development of Moscow is a plan for comprehensive economic and social development over a long period. Its basis is formed from calculations of the size of the population in the planned period, the age-and-sex groups, the labor force, and the actual possibilities for expanding its territory.

In order to improve the living standards of the population, normatives are worked out for providing the basic services--housing, schools, kindergartens, the public health network, trade enterprises, public catering, personal services. These normatives are aimed at resolving both social and economic tasks.

In 1951 a new general plan was drawn up for the construction of Moscow. It was fulfilled in all its main indicators. Work was started on a new general plan. In September 1966 the government confirmed its technical and economic indicators and in 1971 the CPSU Central Committee and USSR Council of Ministers confirmed

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a general plan for the long-term development of Moscow through 1990. Experience and practice have shown the correctness and sound scientific basis of the most important provisions of the general plans. Whereas in the first plan the architectural planning base predominated and the intention was merely to combine it with the economy of the city, the latest plan envisages a comprehensive approach to the planning of the city's multisector economy and improving the balance between the individual component parts of it.

The steps taken to regulate the development of the urban development base and to limit the size of the population are creating the economic prerequisites for solving fundamental problems in improving the labor, domestic and leisure conditions for the population. The general plan is built not on the departmental but the functional principle. Although it is obligatory on all ministries and administrations this means only that they should be guided by the general principles and provisions of the general plan. The plan itself is not a plan intended for separate economic organs [adresnyy plan] and it does not contain specific targets confirmed for each ministry and administration separately. Consequently, it also does not contain measures that would insure its fulfillment and it does not appoint organizations or enterprises to be responsible for achieving each indicator. These are characterized in comprehensive five-year plans for the economic and social development of the city.

Comprehensiveness is one of the demands made on planning work. The CPSU Central Committee and USSR Council of Ministers decree of 12 July 1979 recommended to the USSR Gosplan and ministries and administrations and the union republic councils of ministers that when they are drawing up plans for the economic and social development of the USSR they should make provision for comprehensive solutions to economic and social problems and concentrate their efforts and resources on fulfilling the most important state programs without allowing a narrow, sector approach.

Under present conditions a plan can be considered to be comprehensive if it covers the main economic and social processes in the development of society and is aimed at the mutually conditioned and coordinated realization of these processes. For Moscow, the concepts of "comprehensive plan" and "comprehensive planning" mean something else. Formulation of a plan for the economic and social development of Moscow differs from the formulation of corresponding plans for other economic regions in that the plan is drawn up by a single organ and covers a larger number of indicators. And here coordination between all sections and indicators in the plan and their correlation are enhanced.

During the last decade the prerequisites that facilitate a transfer to the formulation of annual and five-year plans for the development of Moscow's economy have been created. The ispolkom of the Moscow soviet of working peoples deputies not only fulfills the function of administrative management but also holds the economic levers that actively influence the development of the city's economy. In contrast to other cities in the country, most of the industrial-production construction in Moscow is carried out through the efforts of the construction organizations of the Moscow gorispolkom (Glavmospromstroy) and not by the ministries. Permission for the construction or reconstruction of production facilities in the city is given by the USSR Council of Ministers in possession of the findings

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of the Moscow gorispolkom. The Moscow gorispolkom manages most of the capital investments used for housing, municipal and cultural and everyday services construction and the production of construction materials and structures. The question of providing the labor force for enterprises and organizations, particularly through recruitment from other regions of the country, can be resolved only with the agreement of the Moscow soviet of working peoples deputies ispolkom. Finally, in Moscow the numbers of workers in all sectors, and also in each enterprise and organization are planned for the long term. With the transfer to comprehensive planning, this function in the compilation of the draft plan has been passed to the Moscow soviet of working peoples deputies ispolkom.

A unified comprehensive plan for the development of Moscow's economy, compiled on the basis of proposals from the ministries and administrations, was drawn up for the 9th Five-Year Plan (1971-1975). Preparation of the draft was entrusted to the USSR Gosplan and the RSFSR Gosplan. The plan was confirmed in accordance with established procedure. During the process of plan compilation use was made of balance methods and certain corrections were introduced into the proposals of the ministries and administrations. In the annual plans confirmed for the ministries and administrations, the targets for a number of indicators concerning the development of Moscow's economy were kept quite separate. The development of Moscow as a unified national economic complex proceeded on the basis of centralized planning.

Experience in creating a unified comprehensive plan for Moscow has shown that plan compilation only by the central planning organs is not efficient enough to resolve the tasks of insuring the proportional and balanced development of the capital's economy. In that part of the plan dealing with industry and science--two of the largest sectors of Moscow's economy (more than half the capital's labor force is engaged in them)--the basis for compilation was provided by the proposals from the ministries and administrations. It was precisely industry and science that were examined when the unified plan was drawn up. The Moscow soviet of working peoples deputies ispolkom and its planning commission introduced proposals only for the development of the city's economy. As a result, in the plan the sector approach was preponderant and the specific features of the city were taken insufficiently into consideration, while the existing disproportion between the development of the urban development base (industry, scientific establishments, VUZ's and so forth) and the city's economy was not entirely eliminated. Moreover, planning is not confined merely to drawing up a plan; insuring its fulfillment is an important part of the process of planning management.

All this called for the implementation of further measures to improve the management and planning of Moscow's economy as a single whole. In September 1975, prompted by a proposal from the Moscow organizations, the USSR Council of Ministers adopted a special decree "On Improving Planning for the Comprehensive Development of the Economy of the City of Moscow." The decree considerably extended the rights of the Moscow gorispolkom in resolving questions involving the planning of the capital's economy. The ispolkom was given the task of compiling (on the basis of proposals from the USSR and RSFSR ministries and administrations) draft unified annual and long-term plans for the comprehensive development of Moscow's economy. The draft was then presented to the USSR Gosplan, the RSFSR Council of Ministers and the RSFSR Gosplan. The USSR Gosplan included it as a separate section in the draft state plan for the economic and social development of the USSR.

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When compiling the draft for the comprehensive plan, the Moscow gorispolkom proceeds from the main provisions and indicators in the general plan for the city's development and the need to insure the comprehensive development of the capital's economy. Here, special attention is given to balancing the labor force requirements with the available work force, the volumes of capital investments with the capacities of the construction organizations, and the development of the material production sectors with the nonproduction spheres.

In order to resolve this successfully, the staff of the Moscow City Planning Commission and the Moscow City Statistical Administration was enlarged and the Institute of Economic Problems in the Comprehensive Development of the Economy of Moscow was created. The procedure for plan compilation by enterprises and organization in Moscow was amended. After the proposals have been presented by the enterprises and organizations to the appropriate ministries and administrations, the latter present their proposals (with their own corrections) for the development of Moscow's enterprises and organizations to the Moscow gorispolkom (the Moscow City Planning Commission) [Mosgorplan]. Having analyzed them, the ispolkom draws up a unified comprehensive plan for the development of Moscow's economy; and this is not a simple combination of the proposals from the ministries and administrations but an independent draft that takes into consideration the conditions for development in Moscow and the potentialities of enterprises and organizations. Its indicators differ substantially from the requests of the ministries. The draft, corrected in the USSR Gosplan and the RSFSR Gosplan, is examined and confirmed for Moscow as a whole, with a breakdown by ministries and administrations, as one of the appendixes to the state plan for the economic and social development of the USSR. The ministries and administrations pass on the targets for this plan to the Moscow enterprises and organizations subordinate to them. Thus, in the new procedure for compiling the plan, the opportunities for taking into account the specific conditions of Moscow are considerably enlarged.

The comprehensive plan for the economic and social development of Moscow is a special form in which sector planning and territorial planning are combined. An important economic experiment is being conducted in Moscow, aimed at seeking out and developing the most efficient ways to combine sector and territorial planning. Today, it can be stated that the experiment has been a success: comprehensive planning for Moscow's economy is improved with every passing year.

The comprehensive solution of questions involving the economic and social development of Moscow's economy objectively demands their organic coordination with questions involving the development of the economy of Moscow Oblast. The links between the city and the oblast are becoming increasingly close and multiform. This applies to all spheres of the vital activities of the city--labor, culture, leisure, environmental protection and so forth. The compilation and implementation of long-term documentation are now carried out through the joint efforts of the city and oblast organizations.

The results of the 10th Five-Year Plan have demonstrated the effectiveness of using the new system of comprehensive planning for the economic and social development of the city. Industrial output growth rates were 121 percent as against the planned 120.5 percent. During the years of the five-year plan the output of top quality products more than doubled. The production volume for

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cultural and everyday and domestic articles increased almost 40 percent. Sectors that determine scientific and technical progress--machine building, instrument building and machine tools--were developed at preferential rates.

The material-technical base for all sectors of transportation and communications was further developed. The capacities of railroad transportation were built up in order to increase the traffic handled. The volume of freight moved by road grew significantly. The bus inventory increased 12.5 percent and the trolleybus inventory 6.7 percent. A massive renewal of rolling stock took place. The total capacity of the urban passenger transportation system increased almost 20 percent while passenger utilization increased 2.3 percent. During the five years more than 70 new routes were opened in the city and the 200 existing routes were extended. Some 27 automatic telephone exchanges and two mainline telephone switching centers were built. This made it possible to install new equipment for 652,000 subscribers. At the end of 1980 the telephone density was 35 per 100 against 28.2 per 100 in 1975.

The construction program was successfully completed. A total of 21.7 million square meters of housing was built, which made it possible to improve living conditions for about 2 million people. In a relatively short time more than 70 projects connected with the Olympic Games were completed; some of them are quite unique in present-day construction. The five-year construction targets were met for all projects connected with the social infrastructure. During the five-year period 516 trading stores with a total floor area of 171,000 square meters were opened.

Positive results were achieved in the period 1976-1980 in the field of environmental protection in the city. During this period three times the capital investments of the 9th Five-Year Plan were used for nature conservation measures. More than 200 major water-storage projects were completed. In 1980 the volume of recycled water used increased 26 percent compared with 1976, and this made it possible to reduce the use of potable water by industrial enterprises of the city. In terms of the environmental status, Moscow became one of the leading world capitals.

Thus, it can be said with complete justification that the 10th Five-Year Plan represented a major new step in solving the problems of transforming the capital into a model communist city.

The great dynamism of the socioeconomic processes taking place in the major cities is eliciting the special significance of the question of foreseeing trends in their development. Together with the appropriate sections of the Institute of Economic Problems in the Development of the Economy of Moscow, Mosgorplan is now doing work to set up a system of preplanning, long-term research. Prediction research is extending the horizons of planning and making it possible to evaluate different versions of decisions and predict their economic and social consequences.

The calculation period for the existing general plan for Moscow's development extends through 1990. Accordingly, the objective requirement arises to extend the period of preplanning work in the form of predictions through the years 2000 and 2010. This will make it possible to determine in good time the scientific approaches to the formulation of strategic concepts in the development of the

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capital's economy beyond 1990. A mathematical-economic model for the development of the city has been created at the institute. The aim in creating the model is to simulate the development of Moscow's economy as a single whole taking into account the elucidation of objective patterns in this development and the resource constraints.

In comprehensive planning for the economic and social development of Moscow, the programmed, goal-oriented method is occupying an increasingly important place. This is finding concrete expression in the development of goal-oriented, long-term programs, particularly programs for the development of Moscow's industry. The aim of this great, multiple-plane work is to create the kind of industrial structure that would to the greatest degree insure high rates of scientific and technical progress. The program envisages a substantial rise in the technical level of all enterprises, and on this basis increased output and improved product quality while reducing the numbers of workers. Technical and economic bases have been worked out for each enterprise for retooling together with draft indicators for growth in industrial output and labor productivity through 1990.

The question of efficient utilization of the labor force is of great significance for the comprehensive development of Moscow. During the eighties the production, scientific and technical and social and cultural potential of Moscow will be formed in a new economic-demographic context. During the 11th Five-Year Plan the effect of demographic and other factors will lead to a certain reduction in the labor force. Meanwhile, the further development of the consumer services sphere and sectors associated with insuring the vital activities of the city will require an additional labor force.

Under these conditions purposeful work is required to improve efficiency in the utilization of labor resources. A comprehensive program designated "Trud" has been drawn up by the city's organizations. Its main aim is to insure preferential growth rates in labor productivity compared with growth rates in the volume of production, reductions in the numbers of workers in industry and construction and so forth so as to achieve the planned redistribution of the limits placed on numbers in the consumer services sphere and the city management.

Work has started on a goal-oriented comprehensive program to improve efficiency in the activity of the Moscow construction complex. It covers all construction organizations located within the city regardless of their departmental subordination. The programmed, goal-oriented method occupies an important place in the system of comprehensive planning for Moscow's economic and social development. Within the framework of the comprehensive plan the new forms and method of management envisaged in the CPSU Central Committee and USSR Council of Ministers decree of 12 July 1979 are being introduced. In 1980 all the industry of the Moscow gorispolkom, consisting of 141 enterprises and associations, was transferred to planning and evaluation of activity using the indicator for normative net output on the basis of a carefully drawn up plan-graph. The new evaluation indicator is not an end in itself but a means of solving topical problems in the further development of production. A large group of enterprises and associations belonging to all-union and republic ministries and administrations and located on the city's territory has also been transferred to this indicator. The total number of enterprises now applying the indicator for normative net output has now topped 200.

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The indicator for normative net output has shown its economic appropriateness. One example is the activity of the enterprises of the Main Administration of the Construction Materials and Structural Parts Industry of the Moscow Gorispolkom in which the rates for the assimilation of new output have almost doubled. Each year the enterprises of this main administration are assimilating up to 700 new articles of nomenclature instead of the 350 they were before the transfer to the new economic conditions. The time taken to install fully prefabricated housing units has been reduced 15 to 20 percent. During operations under the new conditions the material expenditures on output have been reduced 3.2 percent. This has made it possible to save more than 100,000 tons of cement, 16,300 tons of metal, 97 million kilowatt-hours of electricity and other resources worth a total of R15.9 million. The production of articles in other industrial enterprises is also being successfully assimilated. This is explained by the fact that under the conditions of planning by normative net output it has become profitable to produce not only articles that take up large quantities of materials, insuring an increase in the volumes of gross output, but also new, labor-intensive articles essential for the city's economy. The indicator for normative net output offers material incentive to produce such articles.

A powerful construction complex operates in Moscow. Improving the work of the construction organizations is urgent. On 1 January 1981 the construction organizations of the Moscow gorispolkom were transferred to planning and evaluation of activity from the indicator for commodity [tovarnyy] construction output. The main aim in applying this indicator is to reduce the time taken for construction and increase the readiness of the projects passed on for commissioning to produce output.

Other indicators are also being applied in the urban economy, for example the indicator for conventional net output, which in terms of its economic content differs somewhat from the indicator for net output. In addition to wages and profits it includes other elements such as expenditures on the content and operation of equipment and overheads. But like the indicator for net output, the indicator for conventional net output is "free" from materials.

Comprehensive planning for the economic and social development of Moscow has brought to the fore questions involving the optimum combination of interests of the sectors and the city. In our opinion, the tendency of a number of ministries and administrations to extreme concentration of industry in Moscow should be restricted by economic measures. With the existing methods for calculating estimated costs for construction of new enterprises in large cities, expenditures turn out to be less than in unpopulated places or small populated points. And so ministries and administrations try to locate various industrial objects in Moscow, referring to the reduced production costs. Under these conditions the free use by sector enterprises of social-sphere facilities created in the capital is hardly fitting. Every enterprise located on the city's territory should contribute to the city budget for a newly created working place. This measure would make it possible to provide additional opportunities for the comprehensive development of the urban economy. At the same time as making special payments to the city budget, the industrial ministries and administrations should transfer material resources to the Moscow gorispolkom together with the capacities of the construction organizations for the development of the urban economy.

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The city planning organs are giving serious attention to improving practices in regional planning. Many regions of Moscow occupy considerable territories with populations sometimes greater than that of many cities in the country: up to 200,000 persons live in each of 11 of the city's regions, and in 7 regions the population is between 200,000 and 300,000, while in the rest it exceeds 300,000. In five regions of the city the population is greater than 400,000. Each region is a multisector national economic complex that includes a large number of enterprises and organizations subordinate to ministries or administrations. This makes greater demands on the management system for the city's regions.

Practice shows that for successful planning for the development of the city it is essential to have meticulous organization for the interaction between regional planning and planning for the entire city. For this a unified methodological basis is required for planning at the regional level. Accordingly, the work done by Mosgorplan and the Institute of Economic Problems in the Development of the Economy of Moscow in creating a unified methodology for regional planning is extremely useful. The comprehensive economic and social development will facilitate Moscow's transformation into a model communist city.

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Economic Matters Examined

Moscow VOPROSY EKONOMIKI in Russian No 6, Jun 81 pp 23-32

[Article by V. Byalkovskaya: "Economic Questions in the Development of Moscow's Economy"]

[Text] Moscow is a major economic complex that in terms of production scales and the level of development in individual sectors can be compared with several of the union republics. A leading role in it is played by industry, science and higher education (more than 50 percent of the city's population are engaged in these). These spheres of labor activity exert the most active effect on the structure, proportions and rates in the development of the entire economy. At the same time they determine the qualitative and quantitative changes in the formation of the labor force.

During the past 10 years the capital's population has increased by 1 million (it is now 8.09 million), mainly through growth resulting from migration. This has substantially exceeded the calculated level envisaged in the general plan for the development of Moscow. This kind of population growth is complicating the implementation of the program outlined for the social development of the city. In Moscow, the densest population density is 8,900 per square kilometer. In other large cities the population density is as follows: Odessa, 7,600, Tashkent 7,000, Leningrad 6,700, Kiev 2,700, Vilnius 1,800 per square kilometer.

During the sixties and the first half of the seventies migration largely accounted for the increase in the numbers of workers. During the 11th Five-Year Plan it will also be necessary to utilize this source to renew the labor force that is withdrawn from the labor pool in connection with retirements. In Moscow, the labor reserves are virtually exhausted.

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The "oblast-to-city" pendulum effect in labor migration is of great significance in achieving a balance in the labor force; it accounts for more than 10 percent of those working in Moscow's economy. At the same time, it is not only the quantitative aspect of this balance that is important but also the qualitative side of the problem of satisfying the demands of production for personnel and specialists of given professional and qualificational mixes. This is exactly why questions of improving work efficiency and making rational use of the labor force on the basis of scientific and technical progress and reducing the spheres in which manual labor is used are becoming urgent. The scale and tempo of this process in Moscow's industry must be increased (during the past 10 years some 8,000 to 9,000 persons have been freed from manual labor each year).

During the 10th Five-Year Plan Moscow's economy as a whole was developed proportionally on the basis of production intensification and increased efficiency, which insure the more complete satisfaction of the population's material and spiritual requirements. This found expression in the dynamics of the sector structure for employment whose improvement was effected on the basis of redistribution of employed persons between the spheres and sectors of the economy.

The proportion of those working in industry, science and the management apparatus shows a continued downward trend. Thus, in industry it moved from 27.8 percent in 1975 to 26.5 percent in 1979; in science and scientific services it has stabilized within the city boundaries. The proportion of those working in public health and education increased slightly (from 5.0 to 5.2 percent and from 5.2 to 5.5 percent respectively).

In regard to services in the sectors of the social infrastructure and the provision of housing (a total of 16 square meters per capita) the city has approximated the normatives of the general plan. About 80 percent of the city's population now live in individual, well-appointed apartments. At the same time, one important economic and social task decided upon by the Moscow soviet of working peoples deputies ispolkom is the comprehensive construction of small housing developments. The level at which consumer services in the nonproduction sphere are provided is relatively high.

A disparity, however, is still observed between the scales and quality of services offered and the constantly growing requirements of the population; and this is negatively affecting the life of the city dwellers: the time spent in the establishments of trade and everyday services and in travelling about is increasing. The average time taken for the commute to work is 42 to 45 minutes in Moscow, up to 48 minutes in Leningrad, 55 minutes in Novosibirsk and 49 minutes in Dnepropetrovsk.

The development of Moscow's economy and its material and technical base depends largely on the capacities of the construction industry which is represented by large, specialized construction and industrial construction materials organizations. However, the constantly growing volume of capital investments and construction and assembly work is still outstripping the development rates for capacities in the construction industry and its material and technical base. Capital investments to develop the city's economy make up 3.65 percent of all capital investments.

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The main tasks in the development of the country and the city defining the long-term program have been formulated in the "Main Directions in the Economic and Social Development of the USSR 1981-1985 and for the Period through 1990." They also include important economic problems such as the reconstruction and retooling of enterprises, raising the level of specialization, insuring more complete loading of production capacities and preferential growth in labor productivity compared with increases in production volumes.

Analysis of trends in the development of the national economy enables the formulation of certain economic problems: improving the sector structure of the national economy basing the priorities, rates and proportions in the development of individual sectors taking into account their regional specialization; insuring a balance between specialization and the production and social infrastructure for the city; the rational utilization of labor and material resources; long-term development of the national economy taking into account the interests and resources of the city on the basis of the application of modern mathematical-economic methods and computers; improvements in the organization of management and in the economic mechanism.

A number of problems must be resolved jointly with the oblast. Moscow is the center of a large urban region that makes up an entire economic complex. This complex is rightly considered to be within the administrative boundaries of Moscow Oblast and even the Central Economic Region. The industry of Moscow city and oblast is specialized in the same way (machine building and light industry). The significance of science and scientific services in the economy of the city and the oblast is great, and the national economic specialization can therefore be characterized as scientific-industrial.

At the same time it is still premature to talk of a formed complex. It is necessary to solve a number of problems to strengthen internal economic links and derive the effect from the close territorial disposition of enterprises and the unique combination of industrial and scientific sectors.

To solve the problems enumerated requires that planning for the economic and social development of the city be successive and uninterrupted. Combining sector and territorial principles in management and planning is achieved through the compilation and agreement with the sectors (ministries and administrations) of a system of preplanning documents that take into consideration the interests of the sectors and the city, with subsequent inclusion of the findings in long-term plans for the sectors as concrete tasks. This approach makes it possible to use the mechanism of national economic planning, which is oriented toward the sectors of the national economy, for the comprehensive development of cities and regions without the creation of a new system of territorial management.

In Moscow, considerable experience has been gained in drawing up plans for the development of the economy, and in preplanning and preproject work. The third general plan for the city is being realized and city construction programs are being drawn up, along with plans for the economic and social development of the economy, the regions within the city, and the enterprises and organizations. In 1975 the Moscow gorispolkom was given the function of working on the drafts of

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current and long-term plans for the comprehensive development of Moscow (on the basis of proposals from the USSR and RSFSR ministries and administrations). In this connection, a real opportunity became available, by proceeding from the national economic interests, to actively influence the drafts for the long-term and annual plans of the ministries and administrations that have their own enterprises and organizations within the city. The planning effect was strengthened in cutting back on the requirements of the ministries and administrations for additional labor forces during the process of coordinating the drafts for the five-year and annual plans. The planning commission of the Moscow soviet of working peoples deputies ispolkom is trying to obtain from the ministries and administrations an increase in the volume of output (or work or services) without recruiting extra labor, and in some cases with a reduction in the numbers of production personnel (in 1978 by 77,000 and in 1979 by 104,000).

Management practice has confirmed the correctness and timeliness of the measures to improve planning for the labor indicators, primarily through limiting the numbers of workers. Questions of intersector retooling of enterprises and the balanced development of the city as a whole are now being resolved more successfully in the plan. Further improvements in the territorial aspect of planning require a consideration of other resources available in Moscow. Increasing the production program for an enterprise often requires expansion, that is, additional use of the already limited territory of the city (62.5 percent of the city area consists of built-up land and 17.5 percent is given over to green park areas, which cannot be reduced). [as published]Moreover, in some cases production growth generates increased demand for water, gas, electricity and so forth, whose scales are limited.

The ministries and administrations should be economically interested in sound planning and rational use of resources. The introduction of payments for the resources of the city will promote this.

Preplanning work, including comprehensive predictions for the development of the economy, is carried out on the basis of the regional program for scientific and technical progress. This program includes the following: the concept for scientific and technical progress in Moscow, providing for the development of its scientific complex in accordance with the tasks facing the country and the city; selection of the most important directions in raising the efficiency of social production; pursuing a resource-conservation scientific and technical policy in organizations and enterprises; the more complete utilization of the scientific potential of Moscow and its economy, technical development in the sectors insuring a labor-conservation policy, rational use of other resources in the city; formulation of a socioeconomic order for society for science; determination of the main directions in scientific and technical progress insuring the structural shifts in the city's economy; substantiating the volumes of capital investments in scientific and technical development and retooling of Moscow's enterprises using ministry and administrations funds. The methodological bases for drawing up this kind of program for Moscow have now been completed.

The structure of the comprehensive prediction reflects the "mechanism" involved in the development of the city in reaching national economic and social goals.

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Of these, the former defines the requirements made on industry and science, and the latter the desired level at which material and spiritual requirements are satisfied.

The attainment of the goals is largely conditioned by the numerical strength of the labor force and population of the city; and accordingly, depending on the size and ratio of the labor force and the population, either of the goals can be modified. This is explained by the fact that the social goal and population growth in the city present requirements for the development of the service spheres, which generates a need for the redistribution of resources to this sphere from industry and science.

The further development of industry, science and the service sphere requires a corresponding development of the infrastructure and the construction sectors, which also generates a need to redistribute resources between sectors.

Prediction of the city's development is an iterative process of matching on the one hand the requirements made by the national economic and social goals, and on the other, by the resources and possibilities of the city. The results of the prediction for the development of the city's economy are substantiated intersector proportions and development levels in the economy in accordance with aggregated indicators. The provisions that have been drawn up can serve as the methodological basis for an ongoing system for predicting the development of the city that through its interconnection with other preplanning work promotes a further improvement in the quality of subsequent planning decisions.

The interconnection between the individual sectors of the national economy in the prediction is effected with the use of mathematical-economic models simulating the development of the city. The model contains the appropriate "regulators" that are applied to insure balanced economic growth in the city and achieve a reference point for the significance of the main indicators, as for example the size of the population, the area of built-up land, growth rates for industrial output (with a reduction in the demand for industrial personnel), and the provision of housing and cultural and everyday services for the population.

The Main Directions contain a proposal for changing the structure of the national economy connected with the need for the preferential development of the production infrastructure and the services sphere through a redistribution of capital investments, and also connected with the impossibility of increasing the numbers of those working in the national economy. In Moscow, there will be a further redistribution of workers in the national economic sectors. The most probable reduction will be in the proportion of those working in industry, science and scientific services, with a corresponding increase in the proportion of those working in the sectors of the services sphere, particularly in housing and municipal services, consumer domestic services, trade, public catering and public health.

Similarly, the comprehensive development of new housing blocks in Moscow will require a change in the structure of capital investments. In the long-term, up to 50 percent of all capital investments will be used to develop the urban economy. The increase in the volumes of capital expenditure for the needs of the city can be achieved by attracting additional assets from the ministries and administrations that have enterprises in Moscow.

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During the later stages of preplanning work a more detailed elaboration is made of the socioeconomic tasks involved in the city's development on the basis of goal-oriented programs, general schemes for the development of individual sectors and the resolution of intersector problems. Based as they are on the results of predictions, they complete the system of preplanning explanatory documents and define a program for action; they are distinguished by their specific and detailed nature and they serve as the basis of the long-term plan. These programs have a bearing on territorial programs and are aimed at improving the urban economy.

The need for the extensive use of program, goal-oriented methods in planning has been indicated in a number of party and government directive documents, including the "Main Directions in the Economic and Social Development of the USSR 1981-1985 and for the Period through 1990." At the CPSU Central Committee October (1980) plenum L.I. Brezhnev said: "Each such program should be a substantiated plan, built on accurate calculations, for measures aimed at the final result, at the complete solution of a given problem."

When working out goal-oriented programs, we proceed from the general principles of national economic planning. The significance of goal-oriented programs in the system of long-term planning is determined by the need to use in their compilation the methodological procedures that are typical of preplanning elaborations, primarily the methods of economic prediction. In this connection, the scientific soundness and effectiveness of goal-oriented programs are insured by the practical use in their compilation of methodological principles such as the national economic approach (groups of sectors are regarded as an open system and the determining factor in its development is the country's national economic requirement for the production of specific kinds of output in a given city, in the form of a "national economic goal"); the program, goal-oriented approach (determination of one or several noncontradictory goals in the development of a group of sectors in a city, which requires the creation of a scientific concept for goal-oriented programs, and also the compilation of programs to reach these goals); comprehensiveness (the mutual conditionality and interconnection of all particular economic decisions on the development of enterprises and sectors, and also the comprehensive examination of the status of and prospects for development as a whole); balance; consideration of social factors and consequences in the execution of a goal-oriented program; iterative nature (sequential refinement of the sections and parameters during the course of compilation and matching); and economic soundness (insuring high effectiveness in the proposed directions for development of sectors from the standpoints of the utilization of the resources of the city and improving efficiency in social production).

The methodological bases for drawing up economic goal-oriented programs include the following: the scientific concept for development; the formulation of goals and tasks and resource constraints; determination of quantitative parameters for the initial base and substantiation of the principal directions in development as will insure that the set goals are attained; and the compilation of proposals for individual sectors (the sector section), and also for the directions for the development of the city (the territorial section). Sector proposals are concretized in the form of technical-economic bases for the development prospects of enterprises and organizations during the period that the goal-oriented program operates. Summary

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proposals consider the balanced coordination of the national economic goal with the city's resources. In the final section, the summary economic indicators are compared with similar indicators obtained from analysis, and economic effectiveness is calculated.

The first program, drawn up in Moscow, is a program for the development of the industry of a major city. The need for this kind of work has been determined by the role of Moscow's industry in all-union production and by the features of its development. The fine machine-building sectors (using highly qualified labor) are being developed at preferential rates and the output of consumer goods is being expanded. More than 14 percent of motor vehicles produced countrywide are manufactured in the city, more than 12 percent of machine tools and so forth. During the last decade enterprises have been retooled and reconstructed.

Even so, Moscow's industry is not a unified territorial-production complex insuring the best utilization of the city's economic and social opportunities. At a number of enterprises output that is atypical for the city is still produced, and this diverts part of available resources. In individual branches (for example, machine building and the chemical industry) the level of concentration for production facilities is not high and questions of specialization and the development of cooperative links defined in the summary plan for specialization and cooperation in the production of general machine tool output have not been fully resolved. Some freight transportation is irrational.

The comprehensive goal-oriented program is aimed at resolving not only economic but also the most important social problems in the capital's development. In it, the concept adopted in the general plan for the development of the city--a concept that includes the idea of Moscow's industry as a unified system whose efficiency depends on the degree to which it is transformed into a territorial complex of sectors and enterprises joined together through internal economic links--has been refined and developed.

An analysis was made of the structure of industry and proposals were worked out taking into account the utilization of the city's resources. The trend discerned in the change in the sector structure of Moscow's industry is that the ratio of machine building will increase. Here, instrument building and the electrotechnical and machine tool industries are being developed at high rates. The structural shifts entail a change in the magnitude of the necessary production resources. The increase in the ratio of machine building has led to relative growth in general industrial requirements for labor (here, labor input is almost double than for the average in industry) and capital investments, and a drop in demand for material resources (in cost terms).

The ratio of machine building in the structure of Moscow's industry will increase, and in the long term, bearing in mind the development and production of many kinds of new equipment for the country and the city, so will the need for the most qualified personnel. However, a further increase in the ratio of machine building without a substantial decrease in its labor intensiveness can lead to a fall in the indicators for efficiency in Moscow's industrial output. In this connection, it has been calculated that those industries most in character for the city are the electrotechnical, instrument building and machine-tool engineering industries in which the requirements for resources are close to the average for industry and which use highly qualified personnel.

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The main directions in the further development of the sector structure and the priorities in the development of the sectors can be formulated as follows:

the leading sectors of specialization* (machine building and the light and food industries) must be developed at stable rates, proceeding from the national economic effectiveness of producing the corresponding output at Moscow's enterprises and the real resource constraints of the city; reductions in the labor intensiveness of production will be achieved through the retooling of enterprises, reducing the output of nonspecialized articles, further developing specialization and cooperation and setting up intersector production facilities;

the remaining sectors--metallurgy and the chemical and petrochemical industries--should be gradually converted into batching sectors [kompleksiryyushchiye] supplying primarily the requirements of the leading sectors, local industry and the urban economy. In particular, metallurgical enterprises will develop the production of special rolled sections and metalware required predominantly in Moscow, while enterprises of the chemical industry will develop the production of domestic commodities.

The realization of the following proposals forms the basis for the compilation of the comprehensive goal-oriented program:

the further development of the sector character specialization (for example, raising the level of output specialization in machine building from 80 to 98 percent and in other sectors from 50-60 to 70-80 percent), and the withdrawal of nonspecialized and poor quality output from production;

the development of specialized enterprises and base workshops both by parts produced and technically. Here, the degree to which the requirements of Moscow's enterprises for general machine-building products will be satisfied will be increased by a factor of 1.6 through the growth of intracity cooperation. The volume of cooperative links between the metallurgical and chemical sectors and the city's industry will almost double;

expanded output of consumer goods for the whole of Group "B" with preferential average annual growth rates compared with the same indicators during the 10th Five-Year Plan, with the orientation of the product range and mix toward the requirements of the city and with the preponderant output of highest quality goods;

further improvement in the forms for organizing industrial management. In the program, proposals have been drawn up for the creation of new production associations

* The sector specialization for the city is the aggregate of enterprises and production facilities in a specific sector of the national economy, whose planned development is the most effective both from the standpoint of satisfying demand in the national economy of the country and city for the output of that sector, and from the standpoint of the rational utilization of the city's resources.

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and the consolidation of enterprises and production associations through the transfer of individual production facilities to the appropriate specialization sectors;

improved utilization of production capacities and improvement in the shift coefficient for equipment. Here, in machine building it is intended to implement measures to reduce the total inventory by installing more productive equipment to replace obsolete equipment, and also by disseminating progressive forms of labor, namely multiple-machine operation and combining occupations;

achieving the highest (among the appropriate sectors) technical level in production such as to insure primarily reductions in labor costs and improved product quality;

improving working conditions and the environment and taking steps to eliminate industrial pollution and reduce production noise.

An extensive program is envisaged for measures to insure environmental protection on the basis of creating closed technologic cycles, wasteless production processes and the construction and reconstruction of sewage treatment plants, and also the removal of enterprises to beyond the city limits. This is a complex task. Experience shows that in some cases it will be difficult to solve.

Work on the creation of the comprehensive goal-oriented plan for the development of industry culminates in the compilation of the technical-economic bases for all enterprises (or associations), and then the draft plans for retooling or reconstruction, in which, on the one hand, consideration is given to the above recommendations, while on the other, the place of each enterprise in the system of Moscow's industry is determined.

Analysis of retooling at a number of industrial enterprises indicates that in some cases this work is still being carried out without a sufficiently deep elaboration of the projects themselves. This work is best characterized as the compilation of plans for organizational-technical measures and not as retooling projects. Meanwhile, the experience of the Kompressor Plant, where retooling was done on the basis of the compilation of a comprehensive project, testifies to the great effectiveness of this kind of work. Total expenditures on the retooling amounted to R2.5 million and the annual savings to R1.75 million. Here, production capacities were set up that made it possible for the plant to fulfill the plan successfully and in five years to increase output by a factor of 1.7 while partially reducing the number of workers. Similar work is being actively carried out at other enterprises in Moscow, as for example at the Dinamo Plant and the Bolshevik and Yava factories and others.

Retooling (or reconstruction) projects at enterprises should provide for the production of only high quality output. For this it is necessary to update designs for articles and create an advanced technical base for producing them. Moreover, when working out projects for retooling (or reconstruction) it is essential to insure comprehensiveness, that is, simultaneously to consider the development of all technologic repartitions, workshops and sections. Hence, it is a matter of drawing up comprehensive goal-oriented drafts for retooling (or reconstructing) enterprises and associations by transforming them into model

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enterprises and associations. In the fulfillment of such projects paramount significance attaches to the fact that the planners must switch from the traditional methods of planning, when each object was examined in isolation, to the development of projects that are comprehensive for groups of enterprises in a given sector, taking into account the intersector production links that are being formed. Such an approach makes it possible to solve in a new way the tasks facing Moscow's industry and to find more effective solutions. For example, only with comprehensive planning for the machine-building enterprises is it possible to find ways of eliminating the small, inefficient, duplicative foundry, forging and galvanizing shops and sections by means of creating base workshops and improving cooperation between them.

The measures worked out for the program insure increased production volumes entirely through improved labor productivity, with absolute redundancy of production personnel at enterprises. Average annual growth rates for output will increase by a factor of 1.2 compared with the 10th Five-Year Plan. The more progressive structure of industry is creating the prerequisites for a general increase in the efficiency of the entire complex of Moscow's industry. The ratio of highest quality output will grow by a factor of 1.5. There will be a substantial increase in the production of consumer goods while simultaneously orienting goods toward the demand by the city's population. Positive changes are expected in environmental protection, into which about 20 percent of capital investments is being directed. The fast break-even periods for capital investments testify to the great economic effectiveness of the measures in the program.

The main result of the work is that for the first time in Moscow's industry it has been possible to create a planning document that provides not for an increase but a decrease in the number of workers, and hence, to insure increased output solely through labor productivity. The comprehensive goal-oriented program for the development of Moscow's industry has been drawn up by the enterprises and associations with the participation of sector institutes and organizations under the methodological and scientific guidance of the Institute of Economic Problems in the Comprehensive Development of the Economy of Moscow and the Mosgorplan.

The experience gained in creating the comprehensive goal-oriented program for industry is being used in drawing up general schemes and goal-oriented programs for the urban economy and Moscow's transportation system, and also goal-oriented programs for the scientific and technical and socioeconomic development of the city's economy.

The main task in the comprehensive program for improving labor efficiency and making savings in the utilization of the labor force is to insure a balanced and dynamic development of Moscow's economy in terms of the labor force without increasing the total number of workers and employees. On the basis of the utilization of intensive factors in the development of the economy it is essential to insure preferential growth rates in labor productivity compared with total output, and to free a labor force from industry, construction, science and scientific services for a planned redistribution into the services sphere.

The implementation of a complex of technical, economic and organizational measures aimed at releasing the labor force is required in order to accomplish these tasks.

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They provide for a rise in the technical level, the introduction of new technologic processes, a rise in the level of mechanization and automation in production processes coupled with cutbacks in manual labor, and the introduction of automated management systems and computers. It is also intended to improve production control, introduce the scientific organization of labor, reduce losses of working time and strengthen labor discipline and reduce personnel turnover. Resolution of these questions is mainly associated with the creation and development of intersector production facilities, for example, production facilities for the means of mechanization. The program is being drawn up for sector aspects and for territorial aspects. The sector aspect of the goal-oriented program is being compiled by the ministries and administrations. The territorial aspect is made up of information and the generalization of materials broken down by regions.

The comprehensive goal-oriented program for improving the consumer services sphere is of great significance. Development of the sectors in this sphere should be comprehensive and balanced. It is proposed to develop the network of everyday services facilities at accelerated rates, with simultaneous improvements in the services offered.

During the period that has elapsed in the realization of the general plan, considerable work has been done in Moscow to develop and improve all kinds of transportation and the road and highway network, and this made it possible to increase the volume of traffic on the urban network from 5.3 billion passengers in 1975 to 5.5 billion in 1979. The number of passengers using public transportation in Moscow is about 14.5 million each day. Demand for transportation is constantly rising. However, despite the large volumes of work done to develop the metro network and surface transportation, the rates at which new lines are being commissioned have been lagging behind the rates at which city territories and housing construction has been completed.

A Program for the Comprehensive Development of Transportation is being worked out in order to improve operational activity, enhance efficiency and services offered to the population and eliminate bottlenecks in the operation of the transportation system. The aim of the program is to develop measures to improve public transportation services, while the problems include elimination of the disproportions in the development of the city's transportation, satisfying the population's requirements for transportation in line with the normative levels for time spent travelling, the coordinated development of all kinds of transportation and the road and highway network taking into account the organization of a unified transportation system for providing passenger and freight services, and improved production efficiency. An important role in the drawing up and realization of the general plans and goal-oriented programs belongs to the sector and departmental scientific research organizations.

Moscow is the center for forming goal-oriented programs for the most important scientific and technical and socioeconomic problems. The use of these programs in practical planning makes it possible to raise its scientific level substantially.

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~~REGIONAL~~ DEVELOPMENT

IMPORTANCE OF PLANNING TERRITORIAL ORGANIZATION OF PRODUCTION

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[Article by A.A. Nadirov, chief academic secretary of the Azerbaijan SSR Academy of Sciences Presidium, corresponding member of the AzSSR Academy of Sciences: "Planning a Refinement of the Territorial Organization of Production"]

[Text] An indisputable advantage of the socialist system of the economy is the fact that for the first time in man's history it creates practicable conditions for the rational location of production forces on the country's territory, subordinating its solutions to the tasks of the harmonious development of the whole society.

Under the conditions of the planned development of the economy, the production forces are located on a strictly scientific basis in accordance with the requirements of objective economic laws and the CPSU's economic strategy.

In the plan-oriented socialist economy there are objective possibilities, thanks to public ownership of the means of production, for the rapid development of the production forces of the country and all its regions based on the rational use of local potential and the fraternal cooperation of the peoples.

The foundation of the new socialist location of production forces in the AzSSR was created under difficult conditions. The point being that in the prerevolutionary past Azerbaijan was among Russia's colonial outlying areas in which the process of the development of capitalist production relations had occurred more rapidly.

Historical experience shows that a characteristic feature of the development of capitalist industry in the colonial outlying areas was the emergence of a narrow circle of sectors the scale of production in which was also kept within a certain framework. Not to mention the political motives behind such a limitation, it was brought about economically by the goal of capitalist production, an immutable law of which is obtaining the maximum profit, and also by the interests of industry's expansion in the metropolis itself thanks to the resources of the colonial outlying areas. All these basic features of the development of capitalist industry were also manifested under the conditions of prerevolutionary Azerbaijan. It is known that, prior to the revolution, the leading sector of Azerbaijan's industry was the highly profitable oil industry. In the structure of its industry the proportion of this sector with respect to production volume constituted approximately

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80 percent. Under these conditions it is not difficult to imagine the low level of development of all the remaining industrial sectors considering that many essential sectors of industry were not represented in the structure of industry of prerevolutionary Azerbaijan. It is natural that the development of a limited range of sectors entails a sharp difference among individual regions of the country in terms of the general level of development of industrial production. This was how the pre-revolutionary location of industry on Azerbaijan territory also evolved. According to data of 1913, more than 90 percent of the area's industrial output was produced by enterprises functioning in Baku and its surrounding population centers, where oil was produced or there was production connected with the servicing of the oil industry. As a counterweight to the comparatively multisectorial structure of Baku, the other parts of Azerbaijan territory had small enterprises of two-three sectors, but in the majority of cases of only one sector of industry, which, as a rule, were engaged in the primary processing of local agricultural raw material and the mining of a limited number of mineral resources.

The inadequate division of labor in agriculture led to the extremely low use of its natural production forces. In 1913 more than 90 percent of Azerbaijan's sown areas was occupied by low-yield grain crops, which, considering the value of straw, accounted for only 47 percent of the gross agricultural product.

The sharp difference between Baku and the remaining parts of Azerbaijan territory in terms of the overall level of economic and cultural development was also brought about by the extremely inadequate development or absence altogether of many of the other most important and essential components of production in the structure of their economy. And it is not fortuitous that in 1913 Baku had 1.5 times the population of Azerbaijan's remaining 13 cities taken together, whose small size was a direct consequence of the low level of development of the production forces in many parts of its territory.

In the socialist society a determining condition of the plan-gearred location of the production forces is the extension of the territorial division of labor in the system of the economy of the entire country. The most efficient use of the natural conditions and production-economic potential of each territorial part of the country and also an increase in social labor productivity on a society-wide scale are inseparably connected with this most important process. A manifestation of the socialist territorial division of labor is the creation of a powerful economic potential in each union republic and economic region on the basis of the specialization and comprehensive development of its economy.

In the rich scientific legacy of V.I. Lenin pertaining to the development of the theoretical and practical program of the building of socialism in our country a worthy place is occupied by questions of the rational location of the production forces in the new society, and, in particular, exceptional importance was attached to the idea he put forward concerning the comprehensive development of the economy of all regions, primarily the former colonial outlying areas of tsarist Russia. It is noteworthy that Lenin's scientific foresight concerning the comprehensive development of the economy of the regions was expressed in practice in the determination of the long-term directions of the development of the production forces in Azerbaijan immediately after the establishment of Soviet power here. Back in 1921 V.I. Lenin, who constantly rendered inestimable assistance in the restoration

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and development of the economy of Soviet Azerbaijan, which had raised the victorious banner of the Great October earlier than many other former colonial outlying areas, brilliantly sketched in general outline the development prospects of the young republic's production forces, observing "...is Baku formulating the question of oil correctly from the viewpoint of the coordination of the different aspects of the economy? After all, it is a very rich area: forests, fertile (given irrigation) land and so forth: ...Is it possible to develop the oil industry without developing irrigation and farming around Baku? Is anyone thinking about and is anyone working on this as they should?*" Essentially in these short lines V.I. Lenin foresaw and substantiated in the example of Azerbaijan the need for the comprehensive development of the economy of all the territorial parts of the country under the conditions of the socialist society. The experience of socialist building has shown that this idea of the leader was a most important principle of the specialization and comprehensive development of the economy of the union republics and economic regions of the country. The economy of the AzSSR was also formed according to the principle of high specialization in the social territorial division of labor and the extensive comprehensive development of the economy. The comprehensive development of the economy provided for the enlistment of the most important resources of all regions of the republic in the common channel of economic building and the more rational and fuller use of their other natural possibilities, which led to the accelerated formation of their economic structure in the system of the country's unified complex.

The republic's most general achievements in the sphere of the location of the production forces under the conditions of the planned economy may be characterized thus:

1. Throughout the period of socialist building there was an intensive and continuous process to extend the territorial division of labor, as a result of which economic regions were formed in the republic each of which was characterized by its own production specialization and a diversified structure of the economy. As is known, under any circumstances the process of the formation of full-blooded integral economic regions is an expression of the high level of development of the production forces in all parts of the country's territory.

2. The striking gap between individual territorial parts of the republic in terms of the overall level of economic development inherited from the prerevolutionary past has disappeared. The fact of the more even distribution of those employed in sectors of the economy by economic region of the republic even with the definite influence on the level of this process of regional singularity of the demographic situation serves as evidence of this. If 100 percent is taken as the average level of employment per 1,000 of population in the republic, currently in 2 economic regions (Sheki-Zakatal'skiy and Kura-Araksinskiy) this indicator constitutes from 50 to 60 percent, in 5 regions (the Nakhichevanskaya ASSR and the Kirovabad-Kazakhskiy, Kuba-Khachmasskiy, Lenkoran'-Astarinskiy and Nagorno-Shirvanskiy) from 70 to 80 percent, in the Nagorno-Karabakhskaya Autonomous Oblast 93 percent and

*V.I. Lenin to A.P. Serebrovskiy, 2 April 1921. "Poln. sobr. soch." [Complete Works], vol 52, p 124.

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in the Baku-Sumgait region 126 percent. Naturally, the economic regions will never be able and should not be on a par in this indicator. But the adduced figures do undoubtedly reflect the high level of the overall economic development of all regions, although it cannot be denied that there is still a certain difference among them in this respect.

3. Large-scale bases of industry have been created in all economic regions, and in the majority of them it has become the leading sector of the economy. With regard for the fact of the colossal gap between the Apsheronkiy region and other parts of Azerbaijan in overall level of industrial development inherited from the prerevolutionary past, the creation of a large-scale industrial potential in all the republic's economic regions is undoubtedly a most important achievement in Azerbaijan's socioeconomic progress in the years of Soviet power. Of all the 451 large-scale state enterprises built and commissioned in the years of Soviet power, 303 were located in regions with a low level of industrial development as a whole. In other words, over twice as many large-scale enterprises were created in these regions than in the industrially highly developed Baku-Sumgait region. As a result these regions' share of total industrial production constitutes approximately 40 percent compared with roughly 9 percent in 1913.

Each economic region now occupies a notable place in the republic's highly developed industry. It is significant that even certain large-scale territorial parts of the republic which were virtually without a share in the industrial production of prerevolutionary Azerbaijan have now become powerful industrial regions. Among these are primarily the Kura-Araksinskiy and Kirovabad-Kazakhskiy economic regions, whose industrial enterprises produced in 1980 some 14.8 percent and 11.6 percent respectively of the gross product of the republic's entire industry. Many economic regions are now producing individually several times more industrial output than the entire industry of prerevolutionary Azerbaijan.

An important singularity of the location of industry in Azerbaijan is that in the level of development of many leading sectors this region or the other occupies the leading position in the republic, and, furthermore, in many cases is represented by the most important sectors of heavy industry.

4. A most important condition of an upsurge in the level of development of the production forces of the economic regions was the specialization and concentration of agriculture by natural-economic zone of the republic. The solution of this, one of the most fundamental problems of agriculture made it possible to considerably increase the production of the most valuable types of agricultural product and on this basis expand the corresponding processing industry. Thanks to the increased concentration of individual sectors of agriculture under the conditions most conducive to their development, in the majority of economic regions the corresponding types of industrial production constitute a leading area of industry.

5. As a result of the rapid development of the production forces in the economic regions the further growth and refinement of the structure of social production on a modern basis are under way by means of an increase in progressive forms of its territorial organization. In this respect the formation of local territorial-production complexes represents an important landmark in the further refinement of the territorial proportions of social production based on an increase in its

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efficiency and the fullest use of each region's local natural-economic possibilities. A striking expression of the development of local territorial-production complexes is the creation in many economic regions of the foundation of large-scale production consisting of interconnected sectors and performing a wide-ranging function in the system of the republic's economy.

The development of a system of cities within the framework of each local territorial-production complex is of ever increasing importance in the refinement of the territorial organization of production. The republic currently has 62 cities, which is almost four times more than in the prerevolutionary period. The number of cities has increased from 5 to 24 in the Kura-Araksinskiy region, 2 to 9 in the Kirovabad-Kazakhskiy region, 1 to 6 in the Kuba-Khachmasskiy region, from 2 to 6 in the Sheki-Zakatal'skiy region and so forth compared with 1920. The inter-connection of the formation of the territorial-production complexes and the development of cities is manifested most clearly in the accelerated growth rate of future cities performing the role of regional cultural-economic centers.

Apart from Baku, 2 large (Kirovabad and Sumgait) and 3 medium-sized (Mingechaur, Ali-Bayramly and Sheki) cities have now been formed, and 3 cities (Nakhichevan', Stepanakert and Lenkoran') have a population of up to 50,000. The number of residents in Kirovabad now is 2.6 times greater than the population of all 15 cities (excluding Baku) of the republic in 1920 and almost 2.2 times greater in Sumgait.

Many other striking examples could be produced showing the fundamental changes in the location of the production forces on the republic's territory under the conditions of the planned socialist economy. It should be mentioned here that the Ninth and 10th five-year plans occupy a special place in the improvement in the location of the production forces. The big successes in the refinement of the location of the production forces in this period were connected primarily with the implementation of large-scale measures to raise the level of the comprehensive development of the republic's economy by way of an improvement in the social production structure, primarily in industry, on the basis of the better use of the republic's natural-economic possibilities. More than 80 large-scale state industrial enterprises were created in the last decade in the economic regions situated in an industrial respect beyond the highly developed Baku-Sumgait region. This is almost 27 percent of the total number of large-scale enterprises created in these regions in the years of Soviet power. Eight large-scale state industrial enterprises were commissioned each year on average in the Ninth and 10th five-year plans compared with 4.4 such enterprises a year on average in the previous 50 years of Soviet power. And it is not fortuitous that in the said time these regions' share of the republic's industrial production increased 10 percent, which testifies to the considerable preferential industrial development rate in the corresponding economic regions.

Big tasks to further refine the production forces confront the republic in the future. They were formulated sufficiently precisely and on a profound scientific basis in the decisions of the 26th CPSU and 30th Azerbaijan Communist Party congresses. Comrade G.A. Aliyev, candidate of the CPSU Central Committee Politburo and first secretary of the Azerbaijan Communist Party Central Committee, said in the Azerbaijan Communist Party Central Committee Report to the 30th Azerbaijan Communist Party Congress: "It is essential to secure a further refinement in the location of the production forces in the 11th and 12th five-year plans. It is a

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question of the plan-based equalization of the levels of economic development of individual zones and regions of the republic which have a high proportion of the able-bodied population not employed in social production.... It is very important to develop in the republic's cities new works or territorial-production complexes interconnected by production cooperation. No less significance is attached to the creation in the rural regions of branches of the large-scale enterprises, which will also improve the employment structure."*

The wide-ranging program currently being implemented in the republic for a further improvement in the industrial structure, the specialization and concentration of agriculture by natural-economic zone, a refinement in the territorial system of means of transport, particularly the laying of the Yevlakh-Belokany railroad line, the extension of the network of cultural-educational establishments and other spheres of the social-everyday infrastructure and the fuller enlistment of local labor resources in social production is creating exceptionally favorable conditions for securing a further improvement in the location of production forces in the republic. The successful accomplishment of this task is connected primarily with the prevention of the further growth of industry in the Baku-Sumgait region thanks to the limitation of the construction of large-scale enterprises here.

A most important condition of the further refinement of production forces on the republic's territory is determination of the economically most promising small and medium-sized cities in which it is essential, in the main, to concentrate new industrial enterprises. The path toward the successful development of local territorial-production complexes in the republic lies through the formation of these leading industrial center-cities. Experience shows that the successful development of these complexes is possible only on the basis of the full use of basic local natural resources or favorable production-economic conditions and should not be a simple collection of enterprises of various sectors of industry. The diversity of the industrial structure of the local territorial-production complexes is determined primarily by the combination in a production-engineering respect of the interconnected production facilities constituting the basic nucleus of their economy. After all, the successful formation of production and the supplementary base of its further growth are contained in such comprehensiveness.

A priority task of a further improvement in the location of the production forces in the republic is accomplishment of the urgent tasks of the development of the infrastructure, particularly the social-everyday infrastructure, in accordance with the target strategy of the formation of a uniform system of settlement within the framework of the territorial-production complexes. It must be noted that the development in certain regions of the republic of infrastructural sectors not organized on a proper level often acts as an "objective factor," as it were, limiting the location therein of many modern enterprises of the most important industrial sectors. For this reason the extensive development of the sectorial infrastructure in many regions should be regarded as a most important and essential part of the overall program of a further refinement of the production forces in the republic.

*BAKINSKIY RABOCHIY 29 January 1981.

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Thus the problem of an improvement in the territorial proportions of social production is a most important socioeconomic task whose successful accomplishment will multiply even more the production potential of the country's single economic complex.

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