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USSR Report

POLITICAL AND SOCIOLOGICAL AFFAIRS

(FOUO 23/81)

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USSR REPORT
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INTERNATIONAL

BOOK REVIEWS COSTS OF PURSUING ARMS RACE

Moscow EKONOMICHESKOYE BREMYA MILITARIZMA in Russian 1980 (signed to press 18 Jul 80)
pp 1-2, 183-184

[Table of contents and annotation of book by Yu. Ye. Vlas'yevich]

[Excerpts] Title Page:

Title: EKONOMICHESKOYE BREMYA MILITARIZMA (The Economic Burden of Militarism)
Publisher: Mysl'
Place and year of publication: Moscow, 1980

Signed to Press Date: 18 July 1980

Number of Copies Published: 12,000

Number of Pages: 184

Brief Description:

This book examines the costs of the two world wars in the 20th century and the present arms race. It studies the causes of the increasing costs of wars, the sources and methods for covering them. The policies of imperialists, who make a profit from wars and the arms race, are disclosed. The active role of the CPSU and the Soviet state in the struggle for relaxing international tension is shown. A critique is given of the views of bourgeois sociologists on the arms race.

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NATIONAL

DEBATE ON DECENTRALIZATION TO BE JOURNAL FEATURE

Moscow SOVETSKOYE GOSUDARSTVO I PRAVO in Russian No 5, May 81 (signed to press 30 Mar 81) pp 39-49

[Article by Professor M. I. Piskotin, doctor of juridical sciences: "Democratic Centralism: Problems in Combining Centralization with Decentralization"]

[Text] When the 26th CPSU Congress defined the main objectives of Soviet economic and social development in the 1981-1985 period up to 1990, it acknowledged the need for constant improvement in planning, organic interaction by plans, economic leverage and incentives; and improvement in the organizational structure and methods of administration. A broad program of measures has been drawn up to improve administration and bring it up to the level of present requirements. One of the chief measures will be the better coordination of centralization with the development of democratic principles in Soviet state administration. Speaking at the October (1980) CPSU Central Committee Plenum, L. I. Brezhnev said that "the correct relationship between centralism and democratic principles" is one of the specific problems in plan administration.

With a view to the great theoretical and practical significance of this problem and its extreme urgency, the editors of SOVETSKOYE GOSUDARSTVO I PRAVO felt it would be expedient to arrange for a thorough discussion of the matter in the magazine. The discussion begins with the article by M. I. Piskotin printed below. The editors invite the magazine's readers, scientific and practical personnel, jurists, economists, philosophers, sociologists and historians to participate in the discussion of various aspects of this multifaceted topic. The editors plan to publish articles, notes, comments and selected letters and responses under this special new heading.

One of the chief principles governing the organization and activity of the Soviet state is democratic centralism. It is specifically referred to in the constitution of the USSR and reflects the objective need for a certain degree of centralization in public administration under the conditions of socialism. At the same time, this principle means that centralization must be accomplished only, as V. I. Lenin put it, "in the basic, in the fundamental, in the essential" [1], and must be

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organically combined with democratic principles. This combination is reflected, on the one hand, in the democratic nature of the organization and activities of central state bodies and, on the other, in the guaranteed independence and developed initiative of local bodies, enterprises, associations and other organizations or, in other words, in a definite degree of decentralization. A recognition of the need for centralization, V. I. Lenin said, does not exclude the possibility of questions about "how much centralism is needed in a specific area at a specific time" [2]. With a view to this, we can distinguish between two groups of problems connected with the realization of democratic centralism. The first takes in questions connected with guaranteeing the democratic nature of centralized administration. These include the democratic organization of central government bodies, their accountability to the public, the development of democratic forms and the methods of their activity. The second group takes in problems in combining centralization with decentralization. It would seem that the most important of these are, firstly, questions connected with the division of jurisdiction and authority among organs of the USSR, the union and autonomous republics and territorial administrative units; secondly, forms of combining centralized administration with the economic independence and initiative of enterprises, associations and other organizations; and, thirdly, the distinctive features of the combination of centralization and decentralization in administration in the sociocultural sphere. Questions connected with concentration or deconcentration, the distribution of decision-making responsibilities and the degree of administrative centralization on various levels, including central, union and republic organs of public administration occupy a position midway between these two groups.

Reinforcing the principle of democratic centralism, the Basic Law of the Soviet State indicates the general guidelines for the combination of centralization, or individual management, with democratic principles, or decentralization. The principle of democratic centralism is discussed in some detail in the sections of the constitution pertaining to the national government structure of the USSR, the soviets of people's deputies and the fundamentals of the construction of state organs of authority and control. Many specific forms of centralization combined with decentralization, however, are specified in current legislation and stem from the practice of state construction, often evolving into organizational traditions. It is these specific forms that determine the actual degree of centralization and the developmental level of organizational and legal conditions for the display of initiative and creative activity on the local level. The existing correlation between centralization and decentralization is one of the major features of the system of national administration, the development of socialist democracy and forms of political, economic and social life. In the socialist society this correlation is extremely important because it affects the managerial organization of the entire USSR economy and largely determines the degree of national production efficiency, for which reason the formative process of specific combinations of centralization and decentralization can be categorized as one of the fundamental aspects of the organization and activity of the socialist state.

The correlation between centralization and decentralization does not and cannot remain unchanged. It is constantly developing under the influence of various factors. The primary ones are objective factors: changes resulting from specific historical conditions of national existence, primarily the development of productive forces, the growth of economic scales, the elevation of the public's cultural level, etc. Although these factors sometimes dictate necessary changes in

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the correlation of centralization to decentralization (for example, the increasing complexity and capital-intensiveness of equipment necessitate stronger centralization), they do not have an automatic effect. Each of them is assessed by the appropriate state organs and is examined from the standpoint of theory, and it is only on the basis of the resulting conclusions that the factor then influences the development of the correlation between centralization and decentralization. Consequently, the subjective factor plays an extremely important role in this process. Its importance is compounded by the fact that this process is directly influenced by ideology, public awareness and existing and prevailing beliefs and traditions. For a correct understanding and thorough assessment of the state of affairs in this sphere and, in particular, for the determination of necessary changes, it is important to analyze not only objective factors, but also the subjective factors at work here, particularly the important factor of traditions which have taken shape during the process of historical development.

When we look at traditions in the development of the Soviet state, we generally begin our survey in October 1917. This is quite understandable because the Great October Socialist Revolution broke the old machinery of state and created a new type of state. The social agents of the prevailing political ideology and governmental-legal beliefs of the past--landowners, the bourgeoisie and their spokesmen, including the upper echelon of the bureaucracy--have all disappeared from the political arena. There have also been changes in the foundations of the societal order, state structure and system of political institutions. The revolution created a new governmental-legal system and ideology, backed up by Marxist-Leninist theory. New political traditions took shape. Nevertheless, part of the beliefs and traditions in the sphere of government and law, connected with the historical peculiarities of Russia's development, its geographic location, its international status, its vast territory and its level of mass political culture, could not disappear along with the old machinery of state and overthrown classes. It was more stable because the factors which gave rise to it were either constant (geographic location and territorial dimensions) or required an extremely long period of time for change. To a certain degree, this was also true of traditions and beliefs connected with the relationship between centralization and decentralization.

Prerevolutionary Russia was a centralized state. The desire for political centralization was deeply rooted in history. It was born during the struggle for liberation from the yoke of the Golden Horde and became particularly strong in the 16th century. Russia's lengthy borders and the need to guard them against frequent enemy invasions required the maximum unification of all Russian forces and the reinforcement of central authority. Although later this rigid centralization became a means of reinforcing autocracy and intensifying its arbitrary rule and helped tsarism conduct its great-power policy, it was long perceived by the public mind as something absolutely essential, particularly from the standpoint of safeguarding the country's external safety. The huge territory over which the population was scattered, the lack of roads, the illiteracy of most of the laboring public, the inadequate political culture and the resulting underdevelopment of political life on the local level, the eradication of the traditional popular assembly in the older cities, the lawlessness perpetrated by bureaucrats and the impossibility of obtaining satisfaction from them on the local level (for example, through the courts) all strengthened the belief of the middle strata in the need for centralization. The population saw the central authority as a force which could protect them from the arbitrary dictates of local authorities.

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The land reform of 1864, which was "one of the concessions wrested from the autocratic government by the wave of public indignation and revolutionary fervor" [3], marked the beginning of the development of distinct decentralization in Russia. The seeds of local self-government were planted. Public awareness underwent some changes under the influence of the liberal intelligentsia and the opposition movement of district council members. The topics of self-government and decentralization were discussed more frequently [9, 10]. But it took a long time to set up local land administrations. Their powers were extremely limited and they were dominated by landowners. As a result, the ideas of developed decentralization and struggle against bureaucratic centralism took a long time to penetrate the mass mind.

After the February revolution of 1917 the provisional government expanded the authority of local government, proceeding from the basis of its own class interests, and assigned it many of the functions connected with day-to-day management in the country. In an atmosphere of fierce class struggle and declining faith in the bourgeois provisional government, this caused the center to lose more and more of its control over local government. In a number of key regions, organs of authority sprang up and declared themselves independent of the center. There was excessive decentralization and this, under the extraordinary circumstances of that time, became one of the reasons for the progressive political crisis and collapse of the bourgeois state. This facilitated the victory of the October Revolution, but it also showed the laboring public that the new socialist state they had created could not perform its functions if they did not take a lesson from the recent past and did not ensure the political unification of the country and the adequate centralization of authority.

When V. I. Lenin and the Bolshevik Party drew up their revolutionary program, they stipulated the liquidation of bureaucratic centralism as one of their major political objectives. The first program of the RSDRP [Russian Social Democratic Workers' Party], adopted in 1903, declared the need for "extensive local self-government; oblast self-government for locations distinguished by a specific way of life and population makeup" [7]. The demand to secure the "right of self-determination for all nationalities making up the state" was directed against great-power centralism [7]. The second party program, adopted after the October Revolution, in March 1919, reflected the fact that "the Soviet has accomplished...on a much greater scale than ever before, local and oblast self-government, without any authorities appointed from above" [8].

The Bolsheviks, however, were not against centralism in general, but only bureaucratic centralism. Furthermore, the party associated the socialist reorganization of society with the achievement of the necessary degree of centralization. Socialism, V. I. Lenin said, "is the construction of a centralized economy, managed from the center" [4]. The leading role of state property in the country's economy and the management of economic development by means of a single national economic plan certainly presupposed the appropriate degree of centralization. In the first decades of Soviet rule, a number of political factors arose which also dictated stronger centralization.

The Soviet central government, built on the ruins of the old government, could not immediately establish strong interaction with local government, and the establishment of the new authorities on the local level often proceeded independently and gave rise to noticeable centrifugal tendencies. These tendencies were most

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distinct in Russia's outlying districts. Some of the nationalities on the outskirts were striving for governmental isolation because they had been liberated from the oppression of tsarist autocracy but had not yet found ways of uniting with the people of Central Russia on the basis of the principles of socialist internationalism. These tendencies were strengthened by the civil war and foreign intervention. The Bolsheviks had to overcome these centrifugal tendencies and achieve the political unification of Russia's peoples on the platform of Soviet authority. Centralization became a major means of solving problems.

Another important factor was that the desire of the new local organs of revolutionary authority for extensive independence often led to serious excesses, particularly in view of the fact that the old legal system had been discarded but the new one was just taking shape. The need to strengthen law and order and to institute a single set of laws also called for stronger centralization [11].

The fierce class struggle, the need to overcome economic chaos and to carry out industrialization as quickly as possible and the mounting threat of a new world war required "iron discipline, constantly heightened vigilance and the strictest centralization of control" [12]. A high degree of centralization was necessary during the years of the Great Patriotic War and during the first postwar years, when the war-ravaged economy had to be restored.

These features of our country's history left a deep impression on the public mind. The emphasis on the role played by centralization in various periods of our history, beginning with the creation of the Russian centralized state and ending with the periods of socialist industrialization and the war against German fascism, points up primarily the positive side of centralization. The necessary nature of many of the steps taken toward its reinforcement is often disregarded.

Any degree of centralization facilitates the unification of authority and leadership and makes it possible to conduct a single policy in a specific area. It aids in developing a uniform approach to law enforcement. In the sphere of resource distribution, centralization provides for their concentration for the attainment of primary objectives and, if necessary, for their maneuvering. In some cases, the concentration of some types of operations (primarily of a supporting or auxiliary nature), not in each individual unit where the need arises (territorial administrative unit, production unit, etc.), but on higher levels can produce a significant savings in labor and improve the quality of performance.

Centralization as such is not contrary to democracy, and this is why democratic centralism is possible. But this requires centralism "in the truly democratic sense" [1], or, in other words, centralism which takes democratic forms and gives local authorities, lower production links and individual workers enough independence. When centralization reaches the extreme, when the authority to make decisions in an increasing number of areas is concentrated within central organs of control or, in particular, in the hands of a small group or an individual, the possibility of democratic action and the display of initiative on the lower levels is extremely limited, and the sources of initiative are radically reduced. The strictest centralization of leadership naturally "has a negative effect on the development of some democratic forms" [12].

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Initiative and a creative and responsible attitude toward one's duties are what determine the quality, intensity and, in the final analysis, efficiency of work and the degree of each individual's social activity. The development of initiative and responsibility is indisputably one of the most significant reserves for enhancing the efficiency and quality of work in any area. Conversely, their limitation gives rise to great losses, particularly material losses, which cannot be calculated or measured but can take on huge proportions. Excessive centralization restricts the possibilities for the development of initiative and responsibility, not only in administrative personnel but also in members of labor collectives and all citizens, by reducing their sociopolitical activity. This is why the resulting losses, including a loss of morale, are exceptionally great.

The centralized procedure of examining cases concerning territorial administrative or production units generally gives less consideration to specific factors and conditions than investigations conducted directly on the local level. And this unavoidably reduces the effectiveness of decision-making: The disregard for local peculiarities leads to unutilized opportunities or simple losses. When the authority to make important decisions is centralized and concentrated to a high degree, it can take a long time, and sometimes too long, to settle matters that might be too urgent to postpone. Furthermore, many people gradually grow accustomed to an abnormal situation in which something must be changed (for example, when it becomes necessary to stop producing a commodity that is not in demand and master the production of another), but the changes do not take place, and they begin to reconcile themselves to this and even stop noticing these defects. The type of individual who simply acts on instructions from above and neither feels fully responsible for existing conditions nor displays any kind of serious initiative or enterprise is being encountered with increasing frequency within the administrative system. It is also a fact that a high degree of centralization increases the volume of administrative work, as the same matters have to be considered by several agencies. This increases the number of administrative personnel and stimulates the development of bureaucratic tendencies [13, p 193].

The alleviation of the negative consequences of centralization and the eradication of the harmful results of its excessive development can only be accomplished through the use of decentralized forms of management wherever possible. As the accountability report of the CPSU Central Committee to the 25th Party Congress noted, "we must develop democratic principles and initiative on the local level, relieve upper administrative echelons of minor matters and ensure efficiency and flexibility in decision-making." In the 1950's a number of steps were taken in our country to eradicate the excessive centralization that had taken shape in the preceding period. Union and autonomous republics and local soviets were granted more extensive powers in several spheres, including the spheres of legislation, finance, national economic management and the resolution of problems in the territorial administrative structure. The dissolution of the national economic councils in 1965 and the transition to the sectorial principle in the administration of industry brought about increased centralization in national economic management. This affected primarily the distribution of authority among union, republic and local government bodies. As for the relationship between centralization and decentralization in individual branches of the economy, a process of definite decentralization began within the ministerial system. The decisions of the September (1965) CPSU Central Committee Plenum and the decrees adopted on this basis by the CPSU Central Committee and USSR Council of Ministers on 4 October 1965

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considerably expanded the economic independence of enterprises. Economic reform was instituted. In addition, on 10 July 1967 the USSR Council of Ministers published a decree "On the Transfer of Additional Matters of Economic and Cultural Construction to the Jurisdiction of Union Republic Councils of Ministers" [14]. This was a significant step toward decentralization in the interrelations between the USSR and the union republics.

This was accompanied by the influence of a few factors which not only inhibited the reinforcement of the economic independence of production links on the lowest level but also strengthened centralization somewhat. The leading role was played by the growth of production concentration, the transfer to the system of industrial and production associations and the acceleration of scientific and technical progress. The economic reform of 1965 was largely intended to strengthen the economic independence of enterprises. Given the existence of many small and medium-sized enterprises and the insufficient degree of production concentration, this detracted somewhat from the integrity of the plan and led to the unjustified decentralization of such production support functions as material and technical supply operations, product sales, marketing research, the incorporation of new equipment, etc. They could not be performed effectively enough on the level of small and medium-sized enterprises; in addition, this increased their cost. Experience soon suggested the need for stronger centralization in this area. It was connected with the enlargement of enterprises and the creation of the system of associations, which took on several production administrative functions that had once been performed on the enterprise level.

The development of production concentration was largely due to scientific and technical progress. The technological revolution in itself demanded considerably stronger centralization in production control. The manufacture of such complex and costly items as modern airplanes, ships, hydraulic turbines and others could only be secured by large centralized capital investments, by industry of primarily union jurisdiction, and by the more orderly and coordinated activity of central government bodies. Under the conditions of technological revolution, the growing scales of economic and sociocultural construction and the increasing complexity of this construction, it became more important to have a single scientific and technical policy, standardization and informational services in all spheres of public life. The extensive use of centralized, goal-oriented comprehensive programs became essential. The volume of statewide supervision and control grew in a number of branches. In other words, the number of tasks and functions requiring centralized execution grew.

But the problem of finding the correct combination of centralization and decentralization still exists and demands constant attention and a thoroughly considered approach. The reason for this is that, to a considerable degree, whereas the factors demanding centralization are vigorously paving their own way, the factors giving rise to the need for developed decentralization are objectively determined and can only be reflected in the administrative system through purposeful effort. These factors are not of equal strength, and it would take constant purposeful regulation by the state to ensure equal consideration for both groups of factors.

The problem of combining centralization with decentralization is now particularly important because there are a number of significant circumstances which demand the development of decentralized administrative forms in addition to better

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centralized management. The fact that the necessary conditions for the more extensive use of decentralized forms exist is equally significant.

Reflecting the vital needs of the Soviet economy, the 26th CPSU Congress set the objectives of continued economic progress and profound qualitative changes in the material and technical base through the acceleration of technological progress, the intensification of national production and the enhancement of production efficiency. In this way, the congress delineated the three basic channels of continued economic progress--production intensification, heightened production efficiency and accelerated technological progress. The use of the possibilities of each, however, presupposes, as an essential condition, a flexible combination of centralization and decentralization and the development of democratic principles and creative initiative on the lowest levels.

Production intensification and heightened production efficiency will depend largely on the augmentation of the production sphere's technical equipment, the elevation of the power-labor ratio and the resolution of other economic engineering problems. But the "efficient use of social factors of economic growth" will be of equal importance [6]. It is not enough to provide the production sphere with progressive equipment; in addition, each worker must use this equipment efficiently. It is not enough to increase the output of mineral fertilizer for agriculture; in addition, those who must treat the soil with this fertilizer must have an incentive to use it as productively as possible. What is needed, therefore, is a better attitude toward work, increased initiative and enterprise and heightened interest in the results of labor, or a better incentive system. We have every reason to believe that these factors will become even more important as the volume of technical equipment grows and the power-worker ratio rises. It is one thing, for instance, when a man armed with a scythe or building tool stands idle or works in a "slipshod" manner, but it is quite another when modern technical equipment stands idle with him or is used unproductively. In the first case, work can be intensified to some degree through the use of administrative means of leverage, but in the second these possibilities are limited and internal stimuli become increasingly necessary for active work and initiative on the job. It is this that pushes "social factors of economic growth" to the foreground. And they are closely related to the expansion of democratic principles and decentralization, without which it would be impossible to develop initiative and responsibility and provide workers with effective incentives in each area of production. Besides this, the intensification of national production and the enhancement of its efficiency presuppose the mobilization and utilization of all existing possibilities and reserves, great and small, even the most insignificant, in any production link and in each labor collective, and this is also related to the development of the initiative and responsibility of all labor collectives and workers.

It is known that the acceleration of technological progress depends, on the one hand, on the effectiveness of scientific research and development projects and, on the other, on the degree and speed of the incorporation of their results. Both are closely related to the initiative and incentives of collectives on the lowest levels, scientific and production. In particular, experience has taught us that centralized measures in the incorporation of scientific and technical achievements cannot be particularly successful if production collectives have no real incentive to use them. Furthermore, this must be a long-range, and not an immediate, incentive. Some scientific achievements can be incorporated from above with the use of either administrative leverage or special material incentives. But only

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the stable economic independence of production units can ensure that enterprises or associations, their collectives and administrations, will investigate and try to master everything new that science and technology has to offer and agree to additional expenditures, temporary production delays and other "inconveniences" for the sake of future benefits.

The present urgency of the need for developed decentralization is connected with the growing volume of governmental objectives and functions in recent decades which has affected primarily the central organs of public administration, especially all-union organs. As a result, they are overloaded. In order to cope with the increasing volume of decisions which, according to existing legislation and tradition, must be made on the union level, more and more new union organs of public administration have been created. In addition to new state committees and ministries of the USSR, many committees, main administrations and other departments under the jurisdiction of the USSR Council of Ministers have also come into being. But this complicates the system of public administration to the maximum and does not even solve the problem as a whole.

The fact is that there are now more decisions that can only be made by agencies with general jurisdiction or supra-departmental bodies. They cannot be entrusted to sectorial organs, even if the number of these organs should continue to grow. For this reason, it is increasingly difficult for the Council of Ministers, state committees, Ministry of Finance and other supra-departmental agencies of the USSR to ensure the timely settlement of supra-sectorial matters under the jurisdiction of the USSR. Experience has shown that the possibilities for the centralized management of state affairs are limited. Other procedures must be found to "unburden the upper administrative echelons" [5]. In view of the fact that an overload of day-to-day matters has a negative effect on the functioning of any organ, not leaving it enough time for analytical work and the thorough and painstaking study of long-range problems, it is particularly important to guard against these negative consequences when the work of the upper echelons of public administration is being organized.

The stronger centralization in national administration in the first years of Soviet rule was connected largely with the shortage of cultural forces loyal to socialism and the shortage of educated people on the local level who could make decisions on local matters independently and intelligently. Since that time, however, the situation has changed radically. By the end of 1980, 83 percent of the employed population in the USSR had a higher or secondary (complete or partial) education [15]. Consequently, personnel problems ceased to be a factor limiting the development of decentralization. The overall rise in the educational and cultural level of the population has created solid prerequisites for the broader independence of territorial administrative units and production units. Finally, it should be stressed that the construction of developed socialism and the creation of a nationwide state, backed up by the sociopolitical and ideological unity of all members of society, have eradicated the factors which demanded the "strictest centralization of control" during the first stages of the Soviet state's development. The present search for specific ways of combining centralization with decentralization can be related much more closely to the requirements of scientifically efficient administration.

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The development of decentralized forms of administration could be accomplished through the expansion of the group of decisions made independently by union and autonomous republics and local soviets and through the reinforcement of the independence of enterprises, associations, sociocultural establishments and other organizations on the lowest levels [13, pp 195-200; 16], by reducing the degree of concentration of decision-making authority on all levels and in all organs of administration. Each of these methods will require special analysis and discussion. Here we will only examine some of the general aspects of the further combination of centralization with decentralization.

The distribution of powers among the USSR, union and autonomous republics and territorial administrative units is closely connected with the distribution of jurisdiction over national economic facilities and sociocultural establishments. It appears that the present concentration of these facilities and establishments under union jurisdiction is not completely sound. The transfer of some without any real unionwide significance to the jurisdiction of union republics and the transfer of facilities which essentially serve local needs to the jurisdiction of autonomous republics and local soviets, accompanied by the expansion of the powers and responsibilities of republic and local organs in the economic sphere, particularly the branches serving the needs of the public, would, in our opinion, not only unburden the "upper administrative echelons" and stimulate the initiative of republic and local organs, but would also help the economy react more quickly and flexibly to changes in supply and demand patterns.

The spheres of administration which require a higher degree of centralization include state finances. But they are distinguished by their effect on all spheres of administration. This is why the degree of financial centralization largely determines the correlation between centralization and decentralization in public administration in general. Any significant measures to develop decentralization in the administrative sphere will not be successful if they are not accompanied by corresponding measures in the financial sphere. It was no coincidence that one of the major steps taken in the 1950's to reduce excessive centralization was the expansion of the budget powers of union and autonomous republics and local soviets. No matter how quickly state financial resources grow, they cannot satisfy the constantly growing demand for them. This is why some degree of centralization is needed in their distribution. It helps to channel resources primarily into priority areas and prevents their dissipation. It is important, however, to not only distribute resources correctly, but to also ensure their intensive growth and the development of sources of income in order to create a basis for the satisfaction of more public needs. This goal cannot be attained by means of centralization alone. Initiative, socialist enterprise and incentive are also required, and they are related to decentralization.

A clear understanding of the way in which the reduction of financial centralization leads to the significant growth of national financial resources, and not to their reduction, can be gained from a look at some periods in the Soviet state's history, such as the transition from "war communism" to the New Economic Policy and the beginning of the economic reform of 1965. In the first case, the partial self-funding of enterprises and economic organizations was instituted. Whereas prior to this all of their income had been completely centralized by the state, the transition left a considerable portion of their income at their disposal. In the second case, measures were taken to strengthen the economic independence of

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production units, including financial independence. It is known that financial and economic activity was stimulated in both cases, leading to the growth of profits and total state resources.

Under present conditions, in addition to improving the centralization of financial planning, it seems wise to envisage some measures to expand the financial independence and responsibility of union and autonomous republics, territorial administrative units, enterprises, associations and other economic organizations. In particular, the time has come to discard the present practice of calculating deductions from statewide taxes and revenues to be deposited in republic and local budgets each year and move to a 5-year procedure of calculation. This could be done during the compilation of the 5-year state budget revenue and expenditure summaries, envisaged in the decree of the CPSU Central Committee and USSR Council of Ministers "On the Improvement of Planning and the Reinforcement of the Effect of the Economic Mechanism on Production Efficiency and Operational Quality" of 12 July 1979 [17]. The experience of other socialist countries has shown that this would give republic and local organs an incentive to develop sources of income and seek additional resources and would promote the more intelligent use of budget funds.

The development of decentralized forms of administration should be combined with centralization in fundamental matters of state, economic and sociocultural construction. Centralized management in this area must be flexible. Among the methods of this management, policy making, the formulation of its principles and basic content, and legislation could play an increasingly important role. A vivid example of the use of this kind of centralized management, ensuring a cohesive party and governmental policy in major areas of national development, can be seen in the Basic Guidelines for the Economic and Social Development of the USSR During 1981-1985 and During the Period up to 1990, adopted by the 26th CPSU Congress. The basic guidelines specify a single policy line but they also place strong emphasis on the encouragement and development of initiative and enterprise in all spheres of state and economic life, presupposing the effective and flexible combination of centralization with decentralization and the precise legal regulation of these processes.

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NATIONAL

JOURNAL DEFENDS ROLE OF PRIVATE PLOTS IN SOCIALIST ECONOMY

Moscow SOVETSKOYE GOSUDARSTVO I PRAVO in Russian No 7, Jul 81 pp 129-132

[Article by D. Ye. Tagunov, graduate student of the Institute of Philosophy and Law of the Belorussian SSR Academy of Sciences: "Private Subsidiary Farming and Individual Labor Activity"]

[Text] Our country's economy is based on the socialist system of management. This has been legislatively reinforced in constitutional norms. The overwhelming majority of able-bodied population is employed in state, public and cooperative enterprises, institutions and organizations. The average annual number of workers and employees presently amounts to 112.5 million, and the number of kolkhoz workers-- 13.5 million [1]. In addition to participating in public production, a certain part of the population can engage in individual labor activity in their free time and carry on private subsidiary farming. Additionally, there are able-bodied people who for some reason are not employed in public production, and it would be inexcusable mismanagement not to utilize the labor potential of this part of the population for the good of the society.

The USSR Constitution of 1936 allowed "small business of individual peasants and craftsmen based on their own personal labor and excluding the use of outside labor" (Article 9). The USSR Constitution of 1977 included a new, broader formula which embraces the actually existing kinds of labor activity of citizens outside the sphere of public production. Article 17 of the USSR Constitution, like the corresponding articles of the constitutions of the union and autonomous republics, contains the main revisions that pertain to individual labor activity: "In the USSR, in keeping with the law, individual labor activity is allowed in the sphere of arts and crafts industries, agriculture, consumer services, and also other kinds of activity based exclusively on personal labor of citizens and members of their family. The state regulates individual labor activity, ensuring that it is utilized in the interests of the society." As one can see from the content of the article cited above, the legislator reflected essential changes in the Soviet society that have taken place since the adoption of the USSR Constitution of 1936, primarily the change in the economic conditions and the social base.

During the course of the nationwide consideration of the draft of the USSR Constitution of 1977, various opinions were expressed regarding the content of the concept of individual labor activity. There were suggestions to "prohibit" such activity since it could "crowd out" the state sphere of services and so forth. But

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the most important argument of the opponents of this article was the so-called "private initiative" which leads to personal gain and greediness and exerts a negative influence on the education of the new man, the man of communist morality. In a survey regarding this, the head of the department of budget statistics of the USSR Central Statistical Administration, D. Dumnov, wrote: "But one finds letters which raise the question of eliminating Article 17 from the Constitution, of prohibiting any kind of individual labor activity. It is difficult to agree with this position." [2].

Individual labor activity is activity of the citizen which is allowed and regulated by the nationwide Soviet state within the limits envisioned by the Constitution and legal documents based on it. It can be based exclusively on private labor and be utilized in the interests of society.

1. A main form of individual labor activity in the area of production of agricultural products is the labor of citizens on private subsidiary farms and garden plots. In his report on the draft of the USSR Constitution and the results of the nationwide discussion of it at the extraordinary 7th session of the USSR Supreme Soviet of the 9th Convocation, L. I. Brezhnev said: "There were . . . suggestions to eliminate or sharply limit all subsidiary businesses. But still it is known that this form of labor, which is not related to exploitation, plays a useful role in our economy at this time. Therefore, in our opinion, those comrades are right who suggest emphasizing in the Constitution that the state and the kolkhozes render assistance to citizens in conducting subsidiary business." The Soviet society is interested in conducting private subsidiary businesses not only because part of the necessary agricultural products are produced on them, but also because in the current stage, with the leading role of the public economy of the kolkhozes and sovkhoses, within whose framework subsidiary farms appear and develop, while based on this public farming, private subsidiary farms are a necessary constituent part of the socialist system of agricultural production [3]. The products obtained from these plots (milk, meat, potatoes, vegetables and fruits) constitute a significant contribution to public production. Thus in 1979 the proportion of production of the main agricultural products on private subsidiary farms amounted to the following: potatoes--59 percent, vegetables, milk and meat--about 30 percent, eggs--33 percent, and wool--19 percent [4]. Moreover, individual labor activity on private subsidiary farms produces additional income for their owners.

The decree of the CPSU Central Committee and the USSR Council of Ministers, "On Private Subsidiary Farms of Kolkhoz Workers, Other Workers, Employees and Other Citizens and Collective Orchard and Garden Production" of September 1977 [5] is a landmark in the development of small, but necessary forms of economy. The decree notes the importance of fuller utilization of the possibilities of private subsidiary farms for producing vegetable and animal husbandry products.

A primary task in the area of agriculture is efficient utilization of the land--the basis of the production of food products and raw materials for various branches of industry. "Such a statement of the problem is of principle importance," writes K. Yanchuk, "since with all the apparent importance of the country's land resources, the possibilities of utilizing them in agriculture are fairly limited. Agricultural land comprises approximately one-fourth of the land, and arable land--10 percent of the territory. Moreover, despite the growing scope of work for assimilating new

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land, the overall area of arable land has remained practically stable in recent years" [6]. Therefore immense importance attaches to questions of more efficient and effective utilization of the main resources for life support and fertility, and also to obtaining a maximum return from any fruitful section of land. From this standpoint it also becomes extremely significant to continue to take advantage of the actual possibilities that lie in the private subsidiary farms of workers and employees and land allotted for collective production of orchard and garden products.

According to statistical data, as of 1 November 1979 the area of farmstead plots of kolkhoz workers amounted to 4.1 million hectares, the area of kolkhoz land being privately used by workers and employees--0.39 million hectares, and the area of land in private use by workers and employees--4.0 million hectares [7, p. 237]. On these lands they cultivate gardens, raise vegetables and feed and other crops, and keep domestic cattle and poultry. As practice shows, with efficient organization and a certain amount of support on the part of state agencies (primarily local soviets of peoples' deputies) and public organizations, private subsidiary farms can not only provide a certain amount of meat, milk and vegetables of the residents, but can also quite significantly affect the food balance of a given rayon or oblast. Nor can one fail to take into account that private subsidiary farming corresponds to long-existing habitual needs of rural residents, and helps to instill respect for labor in the younger generation and to develop labor habits in children. The private subsidiary farm will continue to be important in the future since the main consumers of the products produced on them are the rural population. For example, the kolkhoz workers satisfy the following proportions of their demands through private subsidiary farms: potatoes--95 percent, vegetables--75 percent, meat--79 percent, milk--82 percent, and eggs--97 percent [8]. The rise in the material and cultural level of the life of the soviet people which is taking place consistently in our country is inseparably linked to a constant increase in agricultural production both on sovkhozes and kolkhozes and on the private subsidiary farms of the citizens.

The main branch of the private subsidiary farms is animal husbandry. As of 1 January 1981 the number of head of productive livestock on them amounted to 22.9 million head of large-horned cattle, 13.2 million hogs, and 29.2 million sheep and goats [1]. Economists think that approximately 65 percent of the gross output of all private subsidiary farms and approximately 75 percent of the labor expenditure of the kolkhoz workers go precisely for animal husbandry [9].

In individual stages of the development of the Soviet state there have been changes in the evaluation of the economic significance of arts and crafts industries, particularly private subsidiary farms and dacha and garden cooperatives. There has been a certain instability in the attitude toward these businesses and a randomness in their formation. Those employed in private business have sometimes been considered to be antisocial, and various limiting normative acts have been introduced.

In October 1964 the CPSU Central Committee adopted the decree, "On Eliminating Unjustified Restrictions on Private Farms of Kolkhoz Workers, Other Workers and Employees" [10]. On the basis of this, the union republics developed and adopted similar decrees [11]. Thus unjustified restrictions on private farms were eliminated. On the basis of the decree, the corresponding decisions were developed and adopted which determined specific measures for eliminating shortcomings in this area. But

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even after the adoption of the decree there were cases of underestimation of the socio-economic significance of private subsidiary farms. But the main mistake, in our opinion, is to contrast socialist agriculture to this important constituent part of it--the private subsidiary farms of all categories of citizens.

Not a single legislative act that pertains to private subsidiary farms contains a description of them from the standpoint of their public importance and social nature, although many monographs and even sources of an official nature consider them as a constituent part of socialist agriculture. Thus the statistic annual, "The USSR National Economy," includes them in the concept of the country's main production funds, in the national income and in the gross agricultural output [7, p 39]. They are regarded on the same plane in the statistical annual of the CEMA countries. This position seems correct since the main producers of products on private subsidiary farms are workers and employees who are kolkhoz members--direct participants in socialist production. On the other hand, as practice confirms, private subsidiary farming is conducted more successfully in places where there is assistance from public production. The leading farms are concerned about the creation of a stable feed base which would satisfy the needs both for public animal husbandry and for livestock belonging to the citizens. Many kolkhozes and sovkhozes bought technical equipment for cultivating gardens, help with mineral fertilizers and toxic chemicals, and organized veterinary service and the sale and delivery of young livestock and poultry.

The decree of the CPSU Central Committee and the USSR Council of Ministers, "On Additional Measures for Increasing the Production of Agricultural Products on Private Subsidiary Farms Belonging to Citizens," of 8 January 1981 [12] will contribute to fuller utilization of the possibilities of these farms. Local soviets, economic agencies, ministries and departments have been given responsible tasks whose successful implementation will make it possible to appreciably increase the production of products on the private subsidiary farms of the citizens. It is also important to create a local public climate whereby people would feel that by raising livestock and poultry on private subsidiary farms and engaging in orchard and gardening work, they are doing a useful state duty.

2. Such a form of individual labor activity as collective cultivation of orchards and gardens has become very popular in recent years. It also has specific peculiarities as compared to other forms of individual labor activity, but the main one is the lack of a commercial dimension. In essence, collective cultivation of orchards and gardens is now becoming a kind of active recreation, and it satisfies aesthetic needs. In 1978 there were 3.2 million amateur gardeners in the country [13]. From the standpoint of efficient utilization of the land, collective cultivation of gardens and orchards makes it possible to bring into agricultural circulation less productive and even unused land--marshes, mines that have been worked, and wasteland. The organization of collective orchards and gardens facilitates control over the correctness of the utilization of land plots and in some cases makes it possible to use more modern methods of cultivating and gathering the crop. At the present time the union republics have adopted effective measures for improving the activity of gardening societies of workers and employees and to the development of collective gardening. In 1978 the country allotted about 40,000 hectares for these purposes. In the decree of the CPSU Central Committee and the

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USSR Council of Ministers, "On Private Subsidiary Farms of Kolkhoz Workers, Other Workers and Employees and Other Citizens, and Collective Cultivation of Orchards and Gardens," of 14 September 1977, one of the points is devoted to the activity of gardening societies. The councils of ministers of the union republics were directed to contribute to improving their work, to find land that was unsuitable and not used by kolkhozes, sovkhoses and forestry enterprises and allot it to enterprises, institutions and organizations [5].

The decree of the CPSU Central Committee and the USSR Council of Ministers of 8 January 1981 [12] envisions a complex of measures for the development of collective cultivation of orchards and gardens.

3. A constituent part of individual labor activity is the labor of pensioners who are still able to work and have energy because of state protection of labor and free medical assistance, but for some reason can not continue to work at state enterprises (including home labor enterprises). The USSR allows the manufacture of items for sale to the population and the rendering of certain paid consumer services. Thus the provision concerning arts and crafts industries of the citizens which was approved by a decree of the USSR Council of Ministers of 3 May 1976 permits the production of pottery and woven items, a number of construction jobs, photography and the production of photographic portraits, repair of automobiles, motorcycles, bicycles, television sets, watches, footwear and so forth [14]. Other individual labor activity is also possible to render services to the population (for instance music teachers, coaches). But it is still prohibited to engage in a business with hired labor and also to engage in those kinds of arts and crafts businesses which can cause harm to the interests of the society (the manufacture of items from valuable metals and stone, reproducing and copying equipment, any kinds of medications, chemical equipment, reproduction of movie films and records, and so forth).

According to data of the 1979 census, the proportion of noncooperating craftsmen in the overall balance of the country's labor resources amounted to less than 0.1 percent. This took into account craftsmen specializing in carpentry, stove repair, tin working, joinery, tailoring, knitting, and cobbler work, and also artists, music teachers, coaches, dentists and people in other vocations. As compared to the 1970 census, the number of noncooperating craftsmen decreased, and the most marked decrease was noted in places where the state consumer service operates efficiently. In places where it does meet the demands of the people and does not fully satisfy them, individual labor activity will be quite useful [2]. It seems possible to take advantage of the positive experience of the socialist countries. For example, in Hungary there is a broad network of shops where, under the leadership of an instructor, it is possible to learn any trade and subsequently practice it. The craftsmen are also supplied with raw materials and semi-manufactured products, and instruments are leased to them.

In conclusion let us note that in this stage of development individual labor activity in all of its forms not only has a right to exist, but must even be encouraged and developed as long as there is an economic and social need for individual kinds of arts and crafts industries, collective cultivation of orchards and gardens and private subsidiary farms of the citizens. In the accountability report of the CPSU Central Committee to the 26th Party Congress, L. I. Brezhnev noted: "Experience shows that these farms can be a significant support in the production of meat,

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milk and several other products. Orchards, gardens, poultry and livestock belonging to the workers are a part of our common wealth."

Individual labor activity requires systematic control. The society is interested in its development and in making sure that this process does not exceed the limits stipulated by legislation. Such systematic local control on the part of state agencies and the public presupposes prompt application, when necessary, of both individual economic and legal measures against excessive growth of individual labor activity, and also administrative, civil and other sanctions against violations of the rights of citizens regarding engaging in this kind of activity.

In our opinion, in developing Article 17 of the USSR Constitution, it would be expedient to adopt a legal act which would define the concept of individual labor activity and earmark its social significance and its main varieties and limits. One should also formulate principles on which individual labor activity and forms and methods of contributing to its development should be based, and strengthen the policy of exercising control over this activity.

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REGIONAL

REVIEW OF BOOK ABOUT REPUBLIC ECONOMY, NEW USSR CONSTITUTION

Moscow SOVETSKOYE GOSUDARSTVO I PRAVO in Russian No 5, May 81 pp 145-146

[Review by I. Sh. Muksinov, candidate of juridical sciences, of book "Novaya Konstitutsiya SSSR i upravleniye narodnym khozyaystvom (Uchet otraslevogo i territorial'nogo printsipov)" [New U SR Constitution and Control of the National Economy (Consideration for the Branch and Territorial Principles)] by M. Kh. Khakimov, K. M. Nazarov, S. I. Yigitaliyev and B. I. Mirbabayev, Fan, Tashkent, 1979, 201 pages]

[Text] The authors have set themselves the goal of studying the concept and limits, legal fundamentals and organizational forms of branch and territorial control of the national economy in the Soviet multinational state, and the state-legal means for their optimal combination. The juridical design of the branch system of economic control has been reflected in numerous acts which have been adopted starting in 1965 and which have defined the competence, organization and activity of the ministries, state committees and other departments of the USSR. However under conditions of such a federal state as the USSR, strengthening of branch control cannot result in a reduction in the importance of territorial control, first of all on the level of the union republics. The new system required the resolution of a whole series of scientific and practical problems associated with the optimal combination of branch and territorial control of the national economy. The materials of the latest CPSU congresses have stressed the need to combine them. The attempt of the scientific workers to make their contribution to the practical resolution of these questions is a response to the most urgent questions of Soviet state and legal activity.

The authors analyze the vast practical activity of the state agencies of the union republics, first of all the Uzbek SSR, as well as the USSR. An advantage of the work is the examination of the problem in a historical aspect. This is especially true of chapters 1 and 2. They begin quite rightfully with a statement analyzing the first decrees of the Soviet power which even then reflected the branch and territorial principles in control. The book was written with regard for the new constitutional legislation. The working out of practical suggestions to perfect legislative regulation of the branch and territorial control is important. These suggestions may be taken into account in the development of all-union and republic legislation.

The authors stress that new laws of the USSR and the republic afford scope for further democratization of state control in general and territorial control in particular. The main laws contain a number of new constitutional concepts and formulas which are directly concerned with the problem under study: "complex

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economic and social development of the union republic" (paragraph 2, article 125 of the RSFSR Constitution); "conducting of a unified socioeconomic policy" by the higher agencies of the state power and control of the union republic (paragraph 7, article 74 of the Uzbek SSR Constitution); "supervision of the economy of the Uzbek SSR" also by its higher agencies of state power and control (paragraph 7, article 74 of the Uzbek SSR Constitution); "environmental protection" (paragraph 11, article 74 of the Uzbek SSR Constitution) and many others. At the same time it is not indicated anywhere that these powers of the higher agencies of the republic only cover the enterprises, institutions and organizations of republic subordination. It is evidently meant that they cover the entire republic territory.

Unfortunately, the content of the new constitutional formulas is not sufficiently covered in the monograph. The authors did not show their understanding of the importance of these formulas in perfecting control of the national economy. In fact, what is "complex economic and social development of the union republic" as it is guaranteed by the Supreme Soviet and the republic council of ministers, what does "supervision of the economy of the Uzbek SSR" mean as a whole from the aspect of the highest agencies of state power and control of the republic, and how can it be guaranteed if almost 40% of the industry is directly controlled by the all-union and union-republic ministries and departments of the USSR?

The book stresses the role of the laws regarding the union republic councils of ministers in strengthening territorial control in the union republic (p 78) and presents considerations on the desirability of issuing all-union acts on further expansion of the competence of the union republic councils of ministers in the area of national economic control in order to make more specific the new formulas contained in the new constitutions and in the laws of the councils of ministers. Unfortunately, this direction of study was not brought to working recommendations in many parts, although the need for them is currently felt.

There are more particular remarks. It should hardly be indicated that the activity of the councils of ministers of the union republics is done, in the same way as the ispolkoms and branch organs of control, "under the influence of the principle of double subordination" (p 19). The councils of ministers of the union republics is the government of the republic, its highest executive and administrative agency of state power. Its relations with the USSR Council of Ministers should be discussed in the framework of article 18 of the law on the USSR Council of Ministers. In the opinion of the authors, the need to adopt laws on the ministries and departments of the USSR follows from the USSR Constitution (p 67). It seems that this is too broad of an interpretation of the main law, especially evident in relation to the law on the USSR Council of Ministers. The authors view the complex question of the correlation of acts of the councils of ministers of the union republics with the acts of the USSR ministries and departments, and note the obligation of the first for central agencies of control of the USSR under definite conditions (pp 118-119). However, the active USSR legislation does not contain this standard, in the same way, by the way, that the obligation of the laws of the union republics of the USSR ministries and departments has not been set until now.

On the whole, the authors have made a study of a problem which is very urgent in a scientific and practical sense.

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