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# USSR Report

HUMAN RESOURCES

(FOUO 8/81)



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LABOR

ZIMYANIN'S ADDRESS TO INSTITUTE OF USSR ACADEMY OF SCIENCES

Moscow VOPROSY EKONOMIKI in Russian No 7, Jul 81 pp 3-8

[Text] For achievements in the development of economic science and the training of scientific personnel the Institute of Economics of the USSR Academy of Sciences was awarded the Order of the Red Banner of Labor. On 25 May a festive session took place in the House of Scholars, dedicated to the presentation of the high decoration to the collective of the institute. Comrade M. V. Zimyanin, secretary of the CC CPSU, gave a speech. The text of comrade M. V. Zimyanin's speech is printed below.

Comrades!

Today a high award, the Order of the Red Banner of Labor, is presented to the collective of the Institute of Economics of the USSR Academy of Sciences.

The institute is 50 years old. We are observing this anniversary at a portentous time--the year of the 26th Party Congress, a congress of world-historical significance.

The entire social life of our great Homeland is developing under the influence of the decisions and ideas of the congress. They exert a positive influence on the entire international situation.

The congress summed up the gigantic revolutionary-creative activity of the Leninist party and the Soviet people, worked out an inspiring program for the further advance of our country along the road to communism, for the struggle for peace and social progress.

Comrade L. I. Brezhnev, general secretary of the CC CPSU, in the Report of the Central Committee to the congress, showed, in the most profound scientifically-valid manner, the magnitude of the historic accomplishments of the party and the people, formulated the cardinal tasks of communist construction, advanced new constructive suggestions aimed at weakening the threat of war, curbing the arms race and strengthening the peace. They represent the consistent continuation and development of the Soviet Program of Peace, meet the vital interests of all the nations of the

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planet and are therefore found in the center of attention of the international community.

The report of comrade L. I. Brezhnev brings a new creative contribution to the development of the Marxist-Leninist doctrine. It enriches the theory and practice of scientific communism with basic ideas which open up new perspectives for our social development, the further growth of the prosperity of the Soviet people, the strengthening of the economic and defensive power of our Homeland, the positions of peace and socialism.

The party and the people unanimously approved and supported the decisions of the 26th Congress of our party. They are rallying still closer around the CPSU Central Committee with the outstanding continuer of the great Leninist cause, the passionate champion of the triumph of peace and communism, comrade L. I. Brezhnev, at its head.

Amidst the great political and labor advance the fulfillment of the plan for the economic and social development of the country for 1981 and the tasks of the five-year-plan as a whole has begun. Nationwide socialist competition is unfolding for the conquest of new frontiers in the development of industry, agriculture, science and technology, determined by the strategic policy of the party with regard to the intensification of national production, the acceleration of scientific-technical progress by all possible means in the conditions of developed socialism.

We have entered a new important period in the development of our Homeland.

In the realization of the tasks advanced by the 26th Congress, the Communist Party allots a special place to science, which exerts an ever-growing influence on the development of the material and spiritual potential of socialist society.

In the system of scientific institutions of the social sciences the Institute of Economics of the USSR Academy of Sciences, organized in 1930, is an important link. During the half-century of its existence, it has become transformed into a large theoretical center of research in the sphere of political economy, one of the component parts of Marxism-Leninism. The road traversed by the institute is an integral and significant part of the history of Soviet economic science. It trained many outstanding scholars in the field of economics, the scientific works of the collective of the institute laid the foundation for a series of main directions in basic and applied research, and promoted the development of economic education in the country. And the present decoration of the institute with a high award of the Fatherland is testimony of the recognition of its services in the development of economic science, in the training of scientific personnel.

The work of economists in our country is honorable and responsible. Its significance in contemporary conditions is growing sharply. Life itself, scientific-technical progress, the tasks of intensifying national production require that the results of production grow faster than the expenditures paid out for it and make special claims on economic science.

The Institute of Economics of the USSR Academy of Sciences has made significant accomplishments. However, against the background of the high demands made by the

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practice of communist construction, its work still does not correspond in everything to the needs of today. As comrade L. I. Brezhnev emphasized at the congress of the party, "there are quite a few problems awaiting their solution that have accumulated in the political economy of socialism." The leading institute is given a great deal, but a great deal is demanded of it.

We hope that the highly-qualified collective of the Institute of Economics of the USSR Academy of Sciences will apply all of its effort, knowledge and experience to take active part in the solution of the problems dictated by the course of national development, that it will approach the fulfillment of the scientific and ideological and political tasks before it with a high degree of party spirit and responsibility.

The highest goal of the Communist Party is the welfare and happiness of the Soviet people. Its social and economic policy is aimed at the further growth of national prosperity, the perfection of the socialist mode of life, the all-round and harmonious development of Soviet people. The main condition for the achievement of this goal is the efficient, stable and progressive development of the national economy, the transference of the economy to the road of intensification, the development of science--the foundation of foundations of scientific-technical progress, the utilization of its achievements in practice. "The tasks that life moves to the fore," L. I. Brezhnev underscored at the congress, "require the development of theory, economic science, its approximation to the needs of economic practice."

Soviet scholars and economists and above all the collective of the Institute of Economics of the USSR Academy of Sciences are called upon to guarantee the elaboration of the urgent problems of political economy, to raise the quality and the results of the investigations of key national economic problems, to strengthen the cooperation with the planning and economic organs.

Our economic science must actively participate in the further elaboration of the theory of developed socialism, the ways of constructing the material-technical base of communism, the perfection of the entire system of productive relations. Socio-economic problems of the scientific-technical revolution and questions of the effective realization of the achievements of science and technology in the national economy have acquired the greatest significance at present. The direction of national development requires profound prediction of socio-economic and scientific-technical progress. This, in turn, determines the necessity of closer collaboration of the social, natural and technical sciences. The high duty of our scholars is the direct participation in the elaboration and realization of a comprehensive program of scientific-technical progress, in the elaboration of the national economic structure with which the country strides into the twenty-first century. Figuratively speaking, already now we are entering its threshold.

Questions dealing with increasing the efficiency of national production, the more rational use of the gigantic economic and scientific-technical potential of the country, and economizing the use of natural economic resources in every conceivable way are now being put in the forefront. We must clearly acknowledge that our successes in communist construction, the defensive capacity of the Fatherland, the strength of our positions in the struggle for peace and social progress depend directly on the results of our activity in all these directions, on the economic power of the

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country. We expect from the scholars a new, still more ponderable contribution to the solution of the questions of economic and scientific-technical policy, the mobilization of reserves in the intensification of production, in the securing of high growth rates of national labor productivity.

Increasing the efficiency of the utilization of the productive potential of the country presupposes strengthening research in the economy of the sectors of the national economy and, above all, the basic sectors of heavy industry--the fuel-energy, extracting and metallurgy sectors, but also those sectors through which, first of all, scientific-technical progress--machine building, instrument building, chemistry--are materialized.

The activation of the participation of scientists and economists is necessary in the solution of questions of the optimization of the distribution and use of productive forces, in the elaboration of programs of development for the large economic districts of the country and above all the Norchernozem Region, the North, Siberia, and the Far East, including the zones of the Baykal-Amur Trunk Line, as is the more systematic investigation of regional problems.

One of the most urgent tasks of the 11th Five-Year-Plan is the increase in the efficiency of agricultural production. With a view to the radical solution of the problem of supplying the population with the products of agriculture, the elaboration of a food program for the country has begun. In the future, too, we will continue the planned transference of agricultural production to an industrial basis, to strengthen its material-technical base. However, now the center of gravity is transferred to the return from capital investments, the productivity growth of agriculture, to the extension and perfection of its links with all sectors of the agro-industrial complex, to the accelerated solution of the socio-economic problems of the village. All this places new responsible tasks before agrarian theory.

The scientific elaboration of the problems of administering the national economy, built upon the principle of democratic centralism and developing in conformity with the economic policy of the party, acquires exceptionally great significance. Our economy, which now represents a single national economic complex, functions on the basis of objective laws, through whose operation the indisputable advantages of the socialist social order over capitalism are increasingly fully revealed. These advantages must be systematically realized in the practice of planning and the direction of the national economy. The nature of the socialist economy requires its central administration and the coordinated operation of all socio-economic factors and organized structures of administration. Resting on the creative energy of the popular masses, the active participation of the workers in the solution of production tasks, highly-qualified personnel of specialists, the steady observation of plan and labor discipline, the broad utilization of the achievements of science and technology, we are confidently moving along the road of the creation of the material-technical base of communism.

The party and the government have determined a complex of measures with respect to the perfection of the economic mechanism and the improvement of planning. We are confronted with the serious tasks of consistently carrying them out in practice.

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A matter of increasingly great importance is the concentration of the activity of the leading scientific institutions on questions of increasing the coordination of the plans of production and scientific progress, the physical and cost, territorial and sector indicators; perfecting cost accounting; strengthening the role of the financial and credit levers, material and moral stimulation with a view to increasing the efficiency of production; strengthening the regime of economy and thrift. There are many still unresolved tasks in the sphere of the perfection of the organizational structures of administration. It is also necessary to attain acceleration in the elaboration of more effective economic-mathematical models of planning and administering the national economy. The scientists and economists must to a greater extent promote the overcoming of the force of inertia, old, inert habits, the development of new socio-economic thinking which corresponds to the reorganization, the psychology of a certain part of the economic executives, if one can express it that way.

A powerful accelerator of our forward movement is socialist competition. It has been and remains an active means for linking the economic policy of the party with the creativeness and initiative of the popular masses. A powerful impulse to its further development was given by the 26th Congress of the party, which has set forth the main directions for the development of national production and at the same time the urgent tasks of the further development of socialist competition. Together with the other social sciences, economic science must help in the elucidation and propaganda of the most rational and effective forms of socialist competition, promote the strengthening of their influence on the execution of the tasks of the 11th Five-Year Plan.

It is necessary to increase the role of economic education in the solution of production tasks, in the development, in every worker, of a thrifty attitude toward the public good, a rational, economic approach to the utilization of national economic resources, an aspiration to achieve high labor productivity.

In contemporary conditions, the perfection of the organization of labor and the problem of a cautious attitude toward labor resources play a special role. Its solution demands from science profound demographic research, the elaboration of socio-economic problems of the population, including in the territorial plan. Investigations of questions of the perfection of wages and the whole system of distributive relations must be more closely coordinated with all this. Labor, its quantity and quality, constitute the main criterion for distribution under socialism. This most important principle of socialist social relations has been consolidated in the USSR Constitution and must be strictly carried out in practice.

A characteristic feature of the contemporary stage of development of our society is the constantly growing interrelationship between progress of the economy and socio-political and spiritual progress. Economic investigations must in a comprehensive way take into account the essence of social changes in the composition of the working class, the peasantry and the intelligentsia. Of especially great significance for the solution of the tasks of the further socio-economic development of the country is the theoretical proposition advanced at the 26th Congress of the party by comrade L. I. Brezhnev to the effect that "the formation of the classless structure of soci-



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ety will mainly and basically take place within the historical bounds of mature socialism."

In connection with the steady expansion of the foreign economic relations of the USSR, it is demanded that economic science devote increased attention to questions of the further development of economic cooperation among the countries of the socialist commonwealth and undertake a profound study of the problems of socialist economic integration. It is necessary to expand the analysis and generalization of the experience of the countries under socialism, especially in the increase of the efficiency and intensification of production, to extend the elaboration of productive and scientific-technical cooperation, the approximation of the structures of economic mechanisms, and the perfection of the forms of joint planning activity.

Scientists and economists must continue and extend their research into the economics and politics of the developing countries and, above all, countries having entered the path of a socialist orientation. It is necessary to study actively the new phenomena and contradictions in the world of capital, the aggravation of the general crisis of capitalism, to analyze more profoundly the basic tendencies of international relations, the global problems of our time.

Economic science and political economy in particular is a class science, a party science, it is directly connected with the ideological struggle.

The intensification of international tension that has taken place lately, called forth by the aggressive, militaristic circles of the U.S.A., by its hegemonic and expansionist aspirations that have intensified the threat of war, has even imparted a special sharpness to the ideological struggle in the world arena. The politicians and ideologists of imperialism and their Peking accomplices are waging a frantic slanderous campaign against socialism, against our Fatherland, against all revolutionary and progressive forces in the world, are unleashing a veritable psychological war. Our party and people decisively rebuff the intrigues of the forces of reaction and war. The imperialist lie and slander is opposed by our great truth--the justice, nobleness and humanism of the ideas of Marxism-Leninism, the world-wide and historic achievements of the socialist social order. In this struggle we are supported by the unshakable unity of our party and people, the indestructible defensive power of our Fatherland, by the solidarity of the world socialist commonwealth, the support of all progressive and peace-loving forces of the planet.

At the same time we must fully take into account that it would be an unforgivable mistake to underestimate the influence of the ideology and propaganda of imperialism, including in questions of economic theory and practice, where our class enemies act especially cynically and maliciously.

The scale and heat of the contemporary ideological struggle present ever-growing demands to our ideological work, which was pointed out at the 26th Congress of the party in the well-known CC CPSU decree "On the Further Improvement of Ideological and Political-Educational Work". This requires every conceivable increase in the level of scientific research, works and all publications in the sphere of economic science. Together with all the workers in the social sciences, scientists in the field of economics must demonstrate the exploitative character of the capitalist

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economy more broadly, an economy which is in the grips of a deep crisis; they must more actively unmask the policy and ideology of imperialism, its predatory, parasitic, antipopular essence; through argumentation they must disclose the inconsistency of the various reform schemes and at the same time devote still greater attention to the propaganda of the advantages and achievements of socialism, to the education of the Soviet people in the spirit of communist conviction, socialist patriotism and proletarian internationalism.

Comrades! At the 26th Party Congress comrade L. I. Brezhnev indicated that the Central Committee of the CPSU is in favor of further increasing the role and the responsibility of the USSR Academy of Sciences, of improving the entire system of scientific research. The country has the need for the efforts of "big science", along with the elaboration of theoretical problems, to be concentrated to a greater extent on the solution of key national economic questions, on discoveries capable of introducing really revolutionary changes in production.

It was further emphasized that science must be the constant "disturber of calm", showing in what sectors stagnation and lagging have been noted, where the contemporary level of knowledge provides the possibility of moving ahead quickly and successfully.

These propositions also fully apply to economic science.

All scientific and ideological-political work of our economists must be directed to the further development of Marxist-Leninist economic theory, to the increasingly more profound and fuller discovery and utilization of the possibilities of the economy of developed socialism, to the communist education of Soviet people.

The Central Committee expresses the firm conviction that the collective of the Institute of Economics of the USSR Academy of Sciences and all Soviet economic scientists will successfully cope with the responsible tasks set forth by the 26th CPSU Congress.

Allow me on behalf of the Presidium of the USSR Supreme Soviet to award your institute the Order of the Red Banner of Labor.

In conclusion, allow me, on behalf of the CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the Soviet Government, to extend hearty congratulations to the collective of the institute on the occasion of the portentous anniversary and the high award, to wish you, dear comrades, new successes in your work for the welfare of our great socialist Fatherland.

After the presentation of the order, the director of the institute, corresponding member of the USSR Academy of Sciences, E. I. Kapustin, vice-president of the USSR Academy of Sciences Academician P. N. Fedoseyev, first secretary of the Leninist raykom of the CPSU, V. A. Protopopov, deputy chairman of USSR Gosplan, A. V. Bachurin, deputy USSR minister of higher and special education, N. I. Mokhov, vice-president of the Ukrainian Academy of Sciences, I. I. Lukinov, academician-secretary of the Department of Economics of VASKHNIL (All-Union Academy of Agricultural Sciences im. V. I. Lenina), A. A. Nikonov, senior scientific associate of the In-

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stitute of Economics, O. V. Katikhin, gave addresses.

The participants of the session accepted with great enthusiasm a salutatory letter to the CC CPSU, the Presidium of the USSR Supreme Soviet, the USSR Council of Ministers, and comrade L. I. Brezhnev.

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LABOR PRODUCTIVITY DISCUSSED IN RELATION TO ECONOMIC GROWTH

Moscow VOPROSY EKONOMIKI in Russian No 10, Oct 81 pp 15-23

[Article by P. Khromov: "Labor Productivity and Economic Growth"]

[Text] One of the most important aspects of the economic competition between the two world systems is the growth of labor productivity. The cyclical development of the capitalist countries has been accompanied by inflation, a high rate of unemployment, an energy crisis, the slower growth of labor productivity, and so forth.

Foreign economists who have studied the prospects for production development and labor productivity have expressed different views on this matter. Some believe that slower economic development, as that witnessed in the capitalist countries during certain periods, is the result of excessively rapid economic growth during preceding years, and others find the cause in the limited quantity of free land and reduced population growth, although it is a well-known fact that there is no direct connection between economic development and population growth in the capitalist society, even if we discount unemployment. Some have also said that production growth rates are influenced by technical innovations, the use of new resources and territories, the state of monetary circulation, the state of agriculture<sup>1</sup> and so forth. The views now being expressed by bourgeois economists in regard to future economic development range from the extremely optimistic (speed "at any price"--Japan) to the extremely pessimistic (the concept of "zero growth"--the Club of Rome). Several studies of economic growth rates and prospects have been printed in foreign economic publications.<sup>2</sup>

When we investigate the economic development of the capitalist countries in the 1980's, we must remember that production growth rates were lower in the 1970's than in the previous decade, although the rate of decline was different in different countries (from 40 percent to 50-65 percent). The long-term dynamics of production in the capitalist countries depend primarily on the level of labor productivity, but given the circumstances of cyclical development, a high rate of unemployment and so forth, the dynamics of production volumes and labor productivity in the capitalist countries do not always coincide. During the severe crisis of 1974-1975, for example, labor productivity decreased along with production volumes in some capitalist countries while it increased in others, although more slowly than in pre-crisis years.

A lower rate of increase in labor productivity has recently been characteristic of the majority of developed capitalist countries. The dynamics of the change in labor

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productivity rates in the leading capitalist countries in recent years were the following.

Countries	Labor Productivity Dynamics (annual growth rates)							in %
	1974	1975	1976	1977	1978	1979	1980***	
United States*	-3.6	-0.5	-2.7	1.3	0.1	-0.4	-1.0	
Canada*	-1.4	-0.8	2.6	0.7	0.1	-1.2	-3.0	
Japan*	-0.7	2.6	5.1	3.9	4.7	4.5	4.0	
FRG*	2.5	0.1	6.7	2.9	3.3	3.2	1.0	
Great Britain**	-0.5	-1.2	2.8	0.3	2.3	0.8	-1.5	
France**	3.2	1.2	4.4	3.0	3.0	3.4	1.7	
Italy**	1.2	-4.0	5.0	0.6	2.1	3.8	2.5	

\* Labor productivity calculated as the gross national product per worker throughout the economy.

\*\* Labor productivity calculated as gross domestic product per worker throughout the economy.

\*\*\* Estimated.

Lower growth rates of labor productivity limit accumulation potential by complicating the entire process of reproduction in the capitalist economy. The data in the table below indicate the dynamics of labor productivity over 5-year periods.

Countries	Average for Period	
	1971-1975	1976-1980
United States	1.2	-0.6
Canada	3.0	0.4
Japan	5.1	4.5
FRG	2.7	3.6
Great Britain	1.4	0.9
France	8.8	3.2
Italy	2.2	2.8

Therefore, labor productivity was lower during the 1976-1980 period than during the preceding 5 years in five of these seven capitalist states. Furthermore, we must remember that labor productivity statistics in the capitalist countries, especially the United States, suffer from methodological defects. The indicator of labor productivity throughout the economy is calculated by dividing the gross domestic product by the number of persons employed in the country (including civil servants and the personnel of the trade network and of banks and other financial institutions). It is a well-known fact, however, that labor productivity is lower in the non-production sphere than in branches of physical production even when this sphere has a higher growth rate. As a result of this, the rate of increase in labor productivity throughout the economy is lower than in the main branches of physical production.

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The growth rate of labor productivity in the capitalist countries is influenced by various factors, but the main reasons for its decline are the generally antagonistic nature of the process of reproduction, the deceleration of equipment renewal and technical progress, the growth of already huge expenditures on weapons, inflation, etc.

In the socialist society, production growth is governed by other laws, stemming from the nature of socialist production relations: a planned economy, the absence of cyclical crises, full employment and so forth. Nevertheless, rates of production growth have varied during different stages of socialist construction. The period of the Civil and Patriotic Wars, the period of reconstruction, the period of industrialization and other periods were marked by economic developmental peculiarities for a number of objective reasons. To one degree or another, a decrease in the annual work-time figure, a lower rate of manpower growth, a change in the production structure, the adjustment of accumulation norms and other factors have influenced production growth considerably.

Production growth rates in the USSR are now affected by the priority assigned to economic intensification (the augmentation of labor productivity and the reduction of capital, material, energy and monetary requirements in combination with the improvement of product quality), rather than to factors of an extensive nature (the growth of labor expenditures, capital investments, natural resources and farmland), which once played an important part in economic development. Problems in production growth are now being solved through the enhancement of production efficiency, the use of the latest equipment, the improvement of the sectorial structure commensurate with public needs, the comprehensive use of crude resources and other materials, the improvement of personnel skills and of production management and the better coordination of production with public demand.

The rate of increase in national income (used for consumption and accumulation), which rose annually in the USSR by 5.7 percent in 1961-1965, 7.1 percent in 1966-1970, 5.1 percent in 1971-1975 and 3.9 percent in 1976-1980, provides a general idea of economic development. The rates of increase in national income, national product and labor productivity during the Ninth and 10th Five-Year Plans were lower than, for example, during the Eighth and Seventh; in absolute terms, however, national income in the 10th Five-Year Plan exceeded the figure for the Ninth by 24 percent (or 400 billion rubles).

An increase of 3.4-3.7 percent in national income is expected during the 11th Five-Year Plan. It is significant that the growth of national income during the 11th Five-Year Plan (18-20 percent) is expected to exceed the growth of capital investments in the national economy (12-15 percent), in contrast to the preceding three 5-year periods. In other words, we want to reduce the capital requirements of national income. We must not forget that the annual absolute increase in production will be measured in huge quantities, even if the rate of increase is low, because the present scales of production are so great. Under present conditions, the strained labor balance is the main factor determining the growth of national income; or, in other words, labor productivity. The growth rate of national income will naturally be higher than the growth rate of public labor productivity because the first is achieved by means of an increase in total labor and a savings in embodied labor. The anticipated increase of 17-20 percent in labor productivity in the 11th Five-Year Plan must be achieved primarily through the mechanization and automation of

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production, the reduction of the number of persons engaged in manual labor, the coordination of new jobs with total labor resources and the improvement of economic management and organization. The more quickly labor productivity grows, the more opportunities will be created for accumulation and consumption, but a decrease in accumulations and a slower rate of technical progress complicate the enhancement of efficiency; this circle is "broken" by the growth of labor productivity, by the most highly concentrated indicator of production efficiency, as it was defined in the accountability report of the CPSU Central Committee to the 26th party congress.

Average Annual Rates of Labor Productivity Growth  
in Physical Production and Its Main Branches in the USSR (%)

Categories	<u>1961-66</u>	<u>1966-70</u>	<u>1971-75</u>	<u>1976-80</u>	<u>1981-85</u> (plan)
Public labor productivity (national income per worker in physical production)	5.6	6.8	4.6	3.2	3.2-3.7
Labor productivity in industry (product per worker)	4.6	5.7	6.0	3.2	4.2-4.6
Labor productivity in agriculture (kolkhozes, sovkhoses, subsidi- ary and other productive agricultural enterprises)	4.8	5.4	4.1	2.8	4.1-4.4

The growth rate of labor productivity was lower during the 10th Five-Year Plan than during preceding 5-year periods. The main reason was the low rate of technical progress, shortcomings in the organization of labor and wages and in material and technical supply operations, the slow growth of agriculture, structural changes, the low level of labor discipline, the higher rate of personnel turnover, the shortage of manpower at some enterprises and the surplus at others, shortcomings in management and planning, and so forth.

Rates of production growth and labor productivity are influenced by social and natural factors and by objective and subjective causes. Various factors interact closely with one another and it is quite difficult to determine the exact role of each.<sup>3</sup> Economic growth must be viewed as the result of public labor productivity, the dynamics of which reflect the impact of technical progress, capital investments and all measures to improve organization and management in the national economy.

Some writers have expressed the view that the rate of economic growth is dependent only on the rate of increase in capital investments and on their effectiveness. Of course, there is a direct connection between rates of economic growth and scales of productive accumulation, but their dynamics are not identical: The growth rate of national income does not always correspond to the dynamics of capital investments and accumulations.

Public labor productivity influences economic growth not only directly, but also through capital-output dynamics, which depend on a number of factors, particularly the dynamics of labor productivity in investment branches, which can increase or decrease the value of fixed assets. Labor productivity plays the key role in the

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enhancement of production efficiency and the acceleration of production growth. Higher labor productivity is particularly important in the developed socialist society under the conditions of technological revolution and reduced manpower reserves. The accelerated growth of labor productivity by means of technological progress is the main factor in the elevation of the public's material and cultural standard of living, the construction of a material and technical base for communism and the improvement of social relations and a condition for the resolution of the manpower problem.

During the 11th Five-Year Plan an increase of 17-20 percent is anticipated for public labor productivity, of 23-25 percent for labor productivity in industry, of 22-24 percent in agriculture (public sector), of 15-17 percent in construction and of 10-12 percent in railway transport. Here the increasingly difficult conditions of work in a number of branches of the extractive industry must be taken into account. The development of extractive branches in Siberia, the Far East and the North will require additional capital investments due to rising construction costs. Capital investments for ecological purposes must be increased.

The utilization of the potential of technological progress under the conditions of the socialist organization of production must overcome the effects of some negative factors on labor productivity in a number of branches in the 1980's. International factors will also continue to have a significant effect on the growth rates of labor productivity, such as, for example, the improvement of socialist integration and the more extensive use of international division of labor and favorable world market conditions.

The use of working time, the qualifications of personnel, the standard of living, the organization of incentives and labor discipline are important aspects of production intensification. The efficient distribution and use of labor resources and the disclosure of internal reserves for heightened labor productivity are now of primary significance. The labor shortage is inhibiting the use of production capacities, and the presence of job vacancies is intensifying labor turnover and undesirable migration processes. Regions with surplus labor are generally distinguished by lower growth rates of labor productivity, while a labor shortage reduces the output of equipment despite the rising power-worker ratio. A labor shortage in some regions and a surplus in others can seriously inhibit the growth of national labor productivity. In regions and republics with a high rate of population increase and surplus manpower, we must not underestimate the possibility of increasing national income not only by means of heightened labor productivity, but also by means of the involvement of unemployed labor in public production. The materials of the 26th CPSU Congress and the decree of the CPSU Central Committee and USSR Council of Ministers "On the Improvement of Planning and the Enhancement of the Economic Mechanism's Effect on Production Efficiency and the Quality of Work" raise an entire series of questions about the improvement of working conditions and the organization of labor, particularly the question of reducing the rate of personnel turnover in the national economy.

In the 1970's labor turnover in industry decreased somewhat, but it is still having a negative effect on the dynamics of labor productivity. The rate of personnel turnover is particularly high in the country's eastern regions, among youth and in several branches with relatively difficult working conditions, such as the coal and



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lumber industries. As a result of personnel turnover, many enterprises are only working one shift and new enterprises can only master projected capacities after long delays. The rate of turnover is affected by many factors. In particular, the labor balance has not been taken into account when new jobs have been created in a number of regions. In industry, the labor of around 80 percent of all workers is normed at the present time. Shortcomings in the norming process, however, are only one of the reasons for personnel turnover and the disruption of the correct balance between labor productivity growth and the growth of wages at enterprises and organizations. The labor norming process at industrial enterprises is affected negatively by, in addition to other factors, interruptions in material and technical supply operations, delays in the approval of plans and the frequent revision of plans by superior organizations.

Sometimes "extra" workers are kept on the staff and overtime work is authorized. During some months of the last five-year plan, for example, the Moscow Plant imeni S. Ordzhonikidze produced 16.9 percent of its output during the first 10 days, 21.9 percent during the second 10 days and 61.2 percent during the last third of the month. An output equal to almost two-thirds or even three-fourths of the monthly plan total can only be produced within 10 days if the plant has surplus manpower. Despite the fact that a manpower limit is now stipulated in the plan for associations and enterprises, a staff in excess of the plan is still maintained by many. The oblast offices of Gosbank, which are authorized to reduce total wages commensurate with the output produced by surplus manpower, do not always exercise this right.

Considerable reserves for heightened labor productivity also exist in the sphere of the better use of working time. Industry suffers many losses as a result of unauthorized absences, whole-day and intrashift breakdowns and so forth. These losses have generally been covered largely by overtime work on days off. The improvement of labor discipline and the reduction of personnel turnover are promoted by the transition to the collective organization of wages, the authorization of workers in some branches to take extra vacations, the augmentation of pension increments for uninterrupted work at a single enterprise, the cancellation of seniority after more than one resignation from a job during a single calendar year without a good excuse, nonrefundable assistance and the partial cancellation of debts for cooperative and individual housing construction. The brigade form of labor organization is becoming a factor of great economic and social importance. The members of a brigade are interested in the results of their collective labor and can combine professions and replace other workers more easily. The brigade form assists in the indoctrination of young workers and should eventually guarantee production that is highly effective in the social and economic sense.

The improvement of the organization of labor and production also promises considerable reserves. When enterprises are remodeled the size of the staff is often not reduced. A sample survey of 17 remodeled enterprises in Moscow showed that the remodeling plans for 10 of them actually envisaged an average increase of 16 percent in manpower, the plans for 3 enterprises did not even mention the size of the staff and only the plans for 4 envisaged a reduction. Remodeling plans must envisage higher labor productivity and a reduced staff as a result of this remodeling work.

There are also great reserves for heightened labor productivity in agriculture. The growth rates of agricultural production will soon have an increasingly

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significant effect on the development of the entire economy. At present, however, product losses in agriculture are sizeable, both in farming and in animal husbandry: Large quantities of fertilizer are lost, the annual repair of tractors and combines costs too much, water is not always used efficiently in irrigated areas, losses resulting from soil erosion are substantial, the incorporation of highly productive strains of plants and new productive breeds of livestock has been unsatisfactory, and so forth.

When measures are planned for the improvement of agricultural production, we must remember that it differs from industry in terms of the manpower balance and labor productivity. The highest priority in agriculture is the efficient use of the most important means of production--the land; natural conditions have a significant effect on the reproduction process. The efficient use of land and the improvement of organization, management and socioeconomic relations in rural areas are essential conditions for heightened labor productivity in agriculture. One of the greatest problems now facing our national economy is the problem of increasing the agricultural product and heightening the material interest of its immediate producers in production growth, in the better use of assets, in the reduction of losses and in the introduction of comprehensive mechanization. A rise in the level of labor productivity must be accompanied by a corresponding increase in the yield of crops and the productivity of livestock.

To heighten labor productivity in agriculture, it will be important to reduce the length of the harvest season by mechanizing these processes intensively. If grain is harvested 20 days after it has reached full maturity, for example, 33-37 percent of the harvest will be lost. But after all, it is no secret that many kolkhozes and sovkhoses let the harvesting season drag on for a month or a month and a half.

The improvement of the labor balance in agriculture could augment labor productivity considerably. In this connection, the resolution of seasonal problems will play an important part. Full employment must be guaranteed during the winter, particularly employment for the sovkhos population when there is no work in the fields. The private farming sector must be developed. The disruption of the employment structure and the migration away from regions of agricultural production with a labor shortage are inhibiting the growth of labor productivity.

When the growth rate of labor productivity in agriculture does not keep up with the growth of fixed productive assets per worker, the capital-output ratio rises and it is clear that capital expenditures are not effective enough. The growth of labor productivity is also slowed down by the absence of the optimal balance between accumulation and consumption on kolkhozes in a number of rayons and republics. When the accumulation fund is formed on kolkhozes, the guiding principle should be labor productivity that grows more quickly than wages. The institution of the measures for agricultural development envisaged in the decisions of the 26th CPSU Congress must also guarantee a rise of 22-24 percent in labor productivity in public farming in the 11th Five-Year Plan.

Everyone knows that technological progress affects production efficiency. In the 11th Five-Year Plan the development of science and technology should be geared more toward the resolution of economic and social problems in the Soviet society, the quicker redirection of the economy into the channel of intensive development and the

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enhancement of production efficiency. This will depend largely on the level of research and experimental design work, the closeness of the ties between science and production, the capital-labor ratio, the amount of technical equipment in laboratories and institutes, the existence of promising scientific ideas, the quality of the training of scientists, engineers and designers, and so forth.

Economic growth rates are definitely related to the capital investment volume. But the dependence of these rates on increased capital investments can be disrupted. Not all capital expenditures produce an impact during the year of their investment; there is a temporary lag and many expenditures only have an impact after a certain delay.

Analysis has proved that there are great reserves in the national economy for the augmentation of production volumes and labor productivity by means of technical progress. However, there is not enough of the new technical equipment. Despite the fact that obsolete machines and items are being withdrawn from the production sphere, the percentage of "young" products in the total output of some machine-building ministries is even decreasing. The discrepancy between the estimated impact specified in technical plans and the actual impact of new equipment must be erased.

To intensify economic growth and heighten labor productivity and production efficiency, it will be extremely important to reduce the percentage of workers engaged in manual labor through the technical re-equipping of existing enterprises and the comprehensive mechanization and automation of main production units and, in particular, auxiliary units. In the last 15 years the percentage of workers laboring without the aid of machines and mechanisms dropped from 40.6 percent to 32.8 percent in industry, but the proportion accounted for by manual labor is still decreasing too slowly, and at some enterprises it is even increasing because there is a higher percentage of auxiliary personnel.

Economic growth rates have always been affected by capital-output dynamics. A higher capital-output ratio reduced the rise in public labor productivity per 1 percent of rise in the capital-labor ratio in 1976-1980 to almost half of the figure for 1966-1970.

Labor Productivity and Capital-Labor Ratio  
Growth Rates in 1966-1980 (%)

<u>Categories</u>	<u>1966-70</u>	<u>1971-75</u>	<u>1976-80</u>
Public labor productivity	39.0	24.0	17.0
Capital-labor ratio throughout the national economy	40.5	42.0	37.0
Increase in labor productivity per 1-percent rise in capital-labor ratio over 5 years	0.96	0.57	0.46

During the Ninth and 10th Five-Year Plans, the relationship between the growth rates of labor productivity and the output-capital ratio was negative in comparison to the preceding period for certain reasons, particularly the inadequacy of capital investments in the remodeling of enterprises and the development of capital-intensive

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branches (the extractive industry and agriculture), the slow incorporation of production capacities, the low level of production organization at many enterprises and the need to work less productive and less accessible deposits. In the last 5 years, for example, the cost of extracting a ton of oil in the USSR was 2.5 times as high as prior to 1972; proportional capital investments in iron ore extraction almost tripled within 15 years. All of this affected the capital-output ratio; to some degree, it was also affected by the relatively rapid rise in the prices of many types of equipment in comparison to the augmentation of their productivity.

The growth of labor productivity can surpass the growth of the capital-labor ratio if the capital-output ratio is reduced. An increase in capital, material and financial requirements, on the other hand, raises the productive accumulation norm, reduces consumption and, under certain circumstances, can reduce the productivity of all public labor for a year or for an entire productive asset circulation cycle. An intense rise in the productivity of live labor and a drop in the capital-output ratio are accompanied by less need to accumulate national income for a specific increment in the national product.

Quicker economic growth will require the use of existing reserves for heightened labor productivity in capital construction as well. These include the concentration of labor and material resources in priority projects, the reduction of the number of simultaneous construction projects, the quicker use of production capacities, the expansion of planned remodeling, the technical re-equipping of existing enterprises, the closer coordination of material and technical resources with the plans of construction organizations and so forth. The dissipation of resources among many construction projects, the practice of writing off fixed assets before they have been fully depreciated (as a result of which a large share of capital investments must be used for the replacement of discarded equipment and not simply the augmentation of total equipment) and unsatisfactory capital-output dynamics slow down the enhancement of production efficiency, the growth of labor productivity and the rate of production development.

The improvement of national economic planning, the compilation of more effective plans, the elimination of imbalances within economic regions and branches, the abandonment, in particular, of the practice of making numerous changes in the plan during the year and the balancing of consumption and accumulation, of the volume of capital construction and the output of construction materials and equipment, and of effective demand and total commodity turnover, and other measures will accelerate the growth of public labor productivity and, consequently, economic growth in general.

The most important condition for economic growth is production intensification and the conservation of all production elements: manpower, the means and tools of labor, energy and natural resources per unit of social product. Our country has tremendous economic potential; our fixed productive assets are valued at over 1 trillion rubles and our working capital is valued at 323 billion rubles. We must strive for higher rates of economic growth and greater final results with minimal expenditures of live and embodied labor and the conservation of natural resources.

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FOOTNOTES

1. See A. Hansen, "Business Cycles and National Income," Izdatel'stvo inostrannoy literatury, 1959, p 116. Some foreign economists associate rates of economic growth with the proportion accounted for by savings in national income and the dynamics of the "capital-product" coefficient. Swedish economist G. Cassel was already saying at the beginning of the 20th century that the annual rate of production growth in the developed capitalist country should be 3.3 percent. Keynes believed that intensive economic growth could be promoted by moderate inflation. Now the majority of bourgeois economists believe, however, that inflation has a serious negative effect on the rate of economic growth and, in particular, on labor productivity.
2. For example, "The Future of the World Economy," a report by a group of UN experts headed by W. Leontief, was published. The authors conclude in general that rates of economic development in the developed capitalist countries might be lower in the 1980's than in the 1970's. "The hypothesis regarding the gradual deceleration of economic growth in the developed countries is more realistic than the simple extrapolation of their past development" (see "The Future of the World Economy," Izdatel'stvo mezhdunarodnyye otnosheniya, 1979, p 29).
3. Various data have appeared in our press regarding the role of individual factors in the augmentation of labor productivity. In discussions of the effect of technical progress on labor productivity, some authors have distinguished it from capital-labor dynamics.

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MANPOWER MANAGEMENT IN A LARGE CITY

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/Article by A. Kosayev and S. Il'in: "Problems of the Management of Manpower Resources in a Large City"

/Text The economy of a large city is a unified complex system, all the units of which are closely interconnected. A small oversight in one of them can upset the entire balance. In most instances any disproportion is explained by the imperfection of individual units and levers of the economic mechanism, particularly the planning of the production volume of products (operations, services), the distribution of capital investments and new equipment, the use of manpower and so forth. In the past decade the growth of the size of the population of such cities as Moscow, Leningrad, Kiev and so forth to a certain extent has been regulated by the restriction of registration.

The regulation of the size of the population by administrative methods presumes a strict conformity of the total of the plans of enterprises and organizations with respect to the number of workers with the plan which is established by the city planning commission for each ministry, department and the enterprises and organizations subordinate to them. At the same time the regulation of the size of the population directs the enterprise toward the fulfillment of the approved plan on labor, since its nonfulfillment at some enterprises and organizations will adversely affect the others. If we examine the system of planning of the distribution of manpower resources by sectors and types of production on the macrolevel (the city planning commission), the impression is created that there exists the objective possibility of achieving a balance between the needs of the sectors of the national economy of the city and the available manpower resources. The city planning commission can compare the need of the national economy for manpower (it is composed on the generalized indicators of the planned need of workers, which is submitted by all the ministries and departments, main administrations and administrations of the Moscow City Soviet Executive Committee) with the available manpower resources of the city.

The balance of manpower resources, including the balances of workers, specialists, young people and so on, which are drawn up by the appropriate subdivisions of the city planning commission and are coordinated with the needs of the national economy of the city, serves as a means of such a comparison. However, although the distribution of manpower resources depends on the distribution and structure of production, it is nevertheless carried out under the influence of factors which stem

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from the personal motives and interests of the workers. This introduces certain elements of spontaneity in the distribution of manpower resources and affects the level of supply of individual enterprises with manpower. It must also be noted that the occurring inadequate balance between the number of workplaces and the manpower resources of the city increases the influence of social factors on the distribution of manpower among sectors of production, since the opportunities to choose a place for exerting labor increase. The presence within a large city of various enterprises, which differ in the level of concentration, the degree of provision with new equipment, the nature of the technological cycle, the work schedule and so on, is responsible for the influx of workers at enterprises with relatively better working conditions. The fact that a some enterprises there are vacant workplaces, which often are unnecessary and are in excess of the needs of specific production, is also conducive to this. The keeping of above-plan manpower, which exceeds the real need of production at some enterprises, in the case of an overall balance in the national economy of workplaces and manpower resources leads to a shortage of workers at other enterprises.<sup>1</sup> In this connection the solution of the problem of the shortage of manpower creates the need to attract manpower resources from other economic regions of the country, which complicates the implementation of the Master Plan of the Development of Moscow with respect to the regulation of the growth of the population.

The system of planning in the area of manpower resources should orient the development of the economy of a large city in the case of the limitation of the increase of employed people (first of all in the sectors of physical production) toward the redistribution of manpower to promising sectors which are characteristic for the economy of the city and to services. Here the measures aimed at decreasing the differences between enterprises in working conditions, first of all by increasing the level of mechanization and automation of labor processes, are acquiring particular importance.

It should be noted that the intensification of production for the national economy as a whole does not rule out the development of individual sectors with the enlistment of additional manpower, particularly those sectors which ensure the acceleration of scientific and technical progress, as well as the nonproductive sectors, which meet the increasing spiritual and socioeconomic needs of the workers. In this connection the demands on the mechanism of planning are increasing sharply. Such principles of planning as the obligatoriness of the plan for the performers, the effectiveness of the plan and the comprehensiveness of its indicators and sections are increasing; the demands on the scientific soundness of the plans and their stability on the macro- and microlevels are also increasing.

Meanwhile, as statistical data show, during the years of the Ninth and 10th Five-Year Plans the number of workers and employees engaged in work in the national economy of Moscow, which was established by the enterprises and organizations themselves, as a rule, exceeded the possibilities of enlisting manpower resources. Thus, in 1970 the number of workers according to the total of the plans of enterprises exceeded the actual number by 2.9 percent, in 1975--by 1.8 percent and in 1980--by 1.6 percent. For some ministries these deviations were even larger: in 1980 at the enterprises and organizations of the USSR Ministry of the Machine Tool and Tool Building Industry this figure was 2.1 percent, at those of the USSR Ministry of Tractor and Agricultural Machine Building--4.7 percent and so on.

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The analysis of the comprehensive goal programs of the increase of labor efficiency, which were drawn up by the labor collectives of Moscow for the 11th Five-Year Plan, showed that, as in the past, the tendency for the estimated number of workers and employees to exceed the established limits of the Moscow City Planning Commission remains. Thus, in the USSR Ministry of Power and Electrification the estimated number of industrial personnel engaged directly in production for the 11th Five-Year Plan exceeds the limit of the Moscow City Planning Commission by 4.7 percent, in the USSR Ministry of Ferrous Metallurgy--by 5.1 percent, in the USSR Ministry of Nonferrous Metallurgy--by 1.3 percent, in the Ministry of the Petroleum Refining and Petrochemical Industry--by 3.9 percent. For 28 industrial ministries in 1985 alone the estimated number of workers and employees will exceed the approved limit of the Moscow City Planning Commission by 5 percent.

At first glance the impression is created that there exists an acute shortage of manpower. If we proceed, for example, from the total of the plans of enterprises, in 1980 at the enterprises of the USSR Ministry of Machine Building for Light and Food Industry and Household Appliances the shortage of workers, which is defined as the ratio of the actual level of supply with respect to the number and the total of the plans of enterprises, was 1.6 percent, the USSR Ministry of Nonferrous Metallurgy--1.1 percent and the USSR Ministry of the Electrical Equipment Industry--1.3 percent. However, these data do not characterize the actual level of the provision of enterprises with manpower. Suffice it to say that the production program at the enterprises of the indicated ministries was exceeded respectively by 0.9 percent, 2.0 percent and 8.2 percent with the actual number of workers.

It is quite difficult to establish the criterion of the soundness of plan indicators due to the lack of the necessary statistical base. On the basis of some data it is possible to establish that the actual deviation of the indicators of the work of Moscow enterprises from the plan indicators was the result of the inadequate soundness of the calculations of the effectiveness of the measures on the increase of the technical level of production, the improvement of management, the organization of production and labor and others.<sup>2</sup>

Thus, at Bread-Baking Plant No 28 the economy of manpower, which was envisaged by the plan of organizational and technical measures for 1980, was not provided, as a result of which the exceeding of the plan on the output of products by 0.8 percent was achieved by the exceeding by 0.5 percent of the planned number of industrial personnel engaged directly in production. At the printing house of the All-Union Chemical Society imeni D. I. Mendeleev, on the other hand, an economy of the labor of workers was not envisaged in 1980 by the plans of organizational and technical measures; meanwhile as a result of the introduction of new equipment and the improvement of the scientific organization of labor more than 2 percent of the industrial personnel engaged directly in production were conditionally released.

A similar situation is also observed at the Perovskiy Plant of Trade Machine Building--the plan of organizational and technical measures on the conditional release of manpower was fulfilled by 142 percent; with an invariable number of workers the growth rate of labor productivity at the enterprise in 1979 was 119 percent with a plan of 117 percent. At the combine of ring-shaped rolls in 1980 the achieved economy of labor exceeded the economy stipulated by the plan by 80 percent.

From the cited examples it is evident that any change of the output affects the actual amount of manpower: the nonfulfillment of the planned measures on the



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increase of labor productivity leads to an increase of the number of workers and, on the contrary, the identification and utilization of intraworks reserves of the increase of labor productivity, which were not stipulated in the initially adopted plans, are responsible for the decrease of the actual number of workers and the exceeding of the plans of labor productivity.

L. I. Brezhnev, while emphasizing the need for the unconditional fulfillment of all the assignments stipulated by the plan, noted that often the indicators of economic activity are divided into "main" and "secondary" indicators. Some managers strive to fulfill the plan according to the "main" indicators and devote little attention to the ostensibly "secondary" indicators. Meanwhile the plan should be considered fulfilled only if the assignments on all the approved indicators are fulfilled. The managers of enterprises, unfortunately, frequently consider only the fulfillment of the production program to be the main thing.

It is well known that the indicator of the number of workers is interconnected with the indicators of the production volume and labor productivity. Therefore the exceeding of the plan on the production of the gross output without the corresponding increase of the indicator of labor productivity or the nonfulfillment of the plan on the increase of labor productivity leads to an increase of the actual number of workers.

In the practice of management, changes of the plans during the year are possible, but they should encompass all the production indicators of the enterprise. However, as was shown by the survey conducted by the Labor Administration of the Moscow City Soviet Executive Committee and the IEP of Moscow /Institute of Economic Problems of the Comprehensive Development of the National Economy of Moscow/, many ministries, when changing the assignments on the production volume (downward, but at times upward), do not adjust the assignments on labor. As a result, as a rule, an increase of the number of workers and a decrease of labor productivity are observed. For example, at the Mostrikotazhprom Production Association the plan for 1978 (which was submitted to the ministry for approval) envisaged an increase of the volume of the gross output by 105.3 percent with a constant number of workers, that is, the entire increase of the production volume should have been provided by the increase of labor productivity. Meanwhile the initially adopted plan on the production volume in November 1978 had already been reduced by 6 percent. But since it was impossible to decrease accordingly the number of workers by the indicated date, this led to a decrease of labor productivity. The main reason is the nonfulfillment of the assignments outlined by the enterprise on the increase of the technical level of production and the improvement of the organization of labor (by 10 percent) and on the increase of the output norms and norms of service (by 11.5 percent). At Moscow Experimental Plant No 2 with a constant indicator of the gross output the plan on the number of workers in October 1980 was increased by 1.7 percent; at the same time the plan on labor productivity was decreased by 1.8 percent. At the Mostochlegmash Association with a constant volume of gross output the downward adjustment of the initially approved plan on the number of workers for 1980 was responsible for a decrease of labor productivity during the first half of the year by 1.2 percent.

Frequent adjustments of the production indicators at individual enterprises of Moscow, which are not submitted to the city planning commission for approval, lead to the formation of a shortage of manpower in the national economy of the city, since the increase of the number of employed people occurs owing not to the "internal" reserves of labor of the given ministry, but to the manpower resources of the

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city. Therefore it seems expedient to make adjustments of the indicators which are planned by way of directive with the approval of the city planning commission.

The analysis of the planned and actual number of workers shows that the existing disproportions in the distribution of manpower among individual enterprises within the region are the consequence of the nonfulfillment of the assignments on the increase of labor productivity, the inadequate substantiation of the plan assignments themselves, as well as the inadequate consideration of the regional peculiarities of the formation of manpower resources in the plans of the distribution of production.

During the 11th Five-Year Plan it is planned by means of the comprehensive use of the system of the improvement of planning and material stimulation to ensure the balance of manpower resources and the need for them. However, is it possible to believe that in itself the establishment for industrial ministries, associations and enterprises of assignments on labor and social development--the increase of labor productivity, the limit of the number of workers and employees, the wage fund (in the sectors for which a standard of the wage per ruble of output is not approved) and the assignment on the decrease of the use of manual labor--will make it possible to eliminate the existing shortcomings in the mechanism of the planning and distribution of manpower resources? The experience of Moscow and Leningrad attests that the effectiveness of the indicated measures to a decisive extent depends on the coordinated functioning of the other elements of the economic mechanism, which are aimed at the stimulation of enterprises to use manpower efficiently.

In recent years economics scholars, who have been elaborating problems of manpower resources, have advanced a number of proposals on the improvement of the mechanism of the stimulation of the efficient use of manpower. Given the different approach to the idea of establishing the appropriate economic levers, in the end one thing unites the authors--the need to establish for enterprises a fee for manpower resources. In the opinion of L. Danilov and V. Korchagin, the assets for the reproduction of manpower are not reflected completely in the costs of the enterprise, which "understates the proportion of living labor and overstates the amounts of the profit of the enterprise."<sup>3</sup> In this case "the increase of the contributions of enterprises for the formation of public consumption funds and the establishment of a direct dependence of the amounts of these contributions on the quantity and quality of the manpower resources being used by the enterprises are one of the means of increasing the interest of production collectives in the maximum economy of living labor."<sup>4</sup>

Some scholars propose to establish cost accounting principles in the interrelations of the enterprise and the city which has objects of the social infrastructure--citywide underground mains, available housing, a power and water main system, institutions of culture, science, health, education and so on. In their opinion, a fee for additional resources of the city should be introduced for enterprises in the form of "regular payments to the city budget, which are proportionate, on the one hand, to the amount of resources being used by each enterprise and, on the other, to the needs of the city economy, the intensity of housing, municipal, social and cultural construction. The latter form must also be regarded as a fee for the resources of the city, and first of all for manpower resources."<sup>5</sup>

V. Bitunov and A. Zholkov take a similar stand on this question. In their opinion, the development of the socioeconomic infrastructure in the city to a certain extent

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is complicated by the fact that the sectorial enterprises of republic, union republic and union subordination are inadequately participating in the formation of the local budget. In this connection "the principle of the free use of objects of the social sphere by sectorial enterprises is hardly expedient. Every enterprise located on the territory of a city," they write, "should obviously contribute the necessary assets to the city budget for each newly created workplace."<sup>6</sup>

For the clarification of the essence of the fee for manpower resources the content of the concept "manpower resources" and its relationship with the category "manpower" should be examined. K. Marx indicated that "by manpower, or the capacity for work, we understand the set of physical and spiritual features, which the body, the living personality of a person has and which are set into motion by him every time he produces some use values."<sup>7</sup> From this formulation it follows that manpower has a specific qualitative content, but is void of quantitative characteristics. The category "manpower resources," which is the amount of potential and functioning manpower, was put into use in the practice of planning and in economic literature for establishing the quantitative characteristics of manpower.

Consequently, those who propose to establish a fee for manpower resources, apparently, have in mind the people employed in the national economy, that is, the manpower included in the process of national labor (otherwise it would make no sense to "pay" for manpower resources which are not yet employed in social production, and especially for workplaces which, let us say, are vacant). In the case of such an approach to the problem in question the raising of a number of questions is quite legitimate: Who should pay whom for the manpower being used, what should the amounts of the fee be and so on?

The thorough examination of the raised questions makes it possible to detect some contradiction when defining the concept "fee for manpower resources" or, more precisely, for "manpower." If we proceed on the assumption that labor is the only form of the manifestation of manpower, the revelation of the essence of the "fee for manpower" can be achieved by the study of the relations which arise between the worker and the enterprise, the worker and society in connection with and with regard to his involvement in the production process.

The relations which arise between the enterprise and society, the enterprise and the individual worker, are not property relations--they are relations with regard to the involvement of the worker in the process of production and the use of his manpower in the interests of both the worker himself and society. In accepting the assumption about the need to establish a fee for manpower, we thereby recognize that manpower is an object of property relations.

However, under the conditions of socialism, as I. A. Yagodkina correctly notes in this regard, "while entering the social process of production as co-owner of the means of production, the bearer of manpower does not transfer it to the ownership of all of society, to public property and does not transform it into an object of public ownership, since the conditions for such a transformation do not exist."<sup>8</sup> It is obvious that the proposal on establishing "a fee for manpower resources" (workplaces) is scientifically not sound. The proposal on the coordination of the assets, which are paid into the state budget for the development of the sociocultural infrastructure, with the number of those employed at the enterprises, as well as on the coordination of these payments with the assets "which ensure the training of manpower resources"<sup>9</sup> is not sufficiently well reasoned. In connection with such

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a suggestion of the "solution" of the problem a number of other questions arise. In particular, it is not clear how to differentiate the fee with allowance made for the skill characteristics of manpower, the territorial migration of manpower resources and so on. For example, in Leningrad on the average during the years of the Ninth Five-Year Plan the migratory increase of the population in the total increase was 74.2 percent (moreover, 85 percent of them are people of able-bodied age).<sup>10</sup> According to the estimates of the IEP of Moscow, during 1970-1980 the increase of the manpower resources in the city occurred primarily due to the migratory increase of the population (more than 80 percent are people of able-bodied age).

It is important here to note that far from all workers received vocational training at the expense of the budget of the above-indicated cities. The conducted sample survey of the qualitative composition of the manpower being attracted to the enterprises and construction organizations of Moscow from other cities and regions showed that during the period from 1976 to 1980 about 60 percent of them previously had vocational training, while at the enterprises of the Main Administration of Motor Vehicle Transport of the Moscow City Soviet Executive Committee more than 90 percent of the workers from other cities received vocational training in the regions they left. Consequently, the raising of the question of connecting the assets, which are allocated for the training of workers, with the budget of the city is illegitimate.

Even if we presume the possibility of establishing a fee for manpower, the role of this indicator in limiting the growth of the number at the enterprise will be negligible. Suffice it to trace the changes which are occurring in the structure of employment in the sectors of the national economy of Moscow. During 1965-1980 the number of those employed in the sectors of the nonproductive sphere increased absolutely and relatively: from 39.1 percent in 1965 to 41.2 percent in 1980, while in the sectors of physical production it decreased accordingly. During the period being analyzed the proportion of those employed in science and scientific service increased by 2.4 points, accordingly in public health, physical cultural and social security--by 0.9 point and in public education--0.5 point. It can be assumed that the tendency for their leading growth will also be observed in the future. It should be added to what has been said that the development of the sectors of the nonproductive sphere is being carried out at the expense of the state budget, while within the city it is being carried out at the expense of the city budget, and therefore the establishment for institutions of a "fee for manpower resources," in essence, will not influence the increase of the efficiency of their use.

The existing experience of introducing a fee for manpower in a number of CEMA countries also attests that the mechanism of levying it does not have a significant influence on the release of surplus manpower and the increase of labor productivity, since the inclusion of these payments in the production costs acts as a price-forming factor.

The analysis of the sectorial structure of industry and the trends of its development revealed an increase of the proportion of machine building; at the same time instrument making, the electrical equipment and machine tool building industries are developing most rapidly. The increase of the proportion of machine building is responsible for the relative increase of the need for manpower, since the labor-output ratio here is nearly twice as high as on the average for industry.<sup>11</sup> It is necessary to note that electrical engineering, instrument making and the machine tool industry are the characteristic sectors for the city. The specific needs for

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resources at them are close to the average needs for industry, and a highly skilled regular labor force is used at these enterprises, while the development of these sectors to a considerable extent meets the needs of production for many types of equipment for the country and the city.

Thus, the establishment of the so-called fee for manpower at the enterprises here will not provide the necessary impact. The question arises: The use of what economic levers and stimuli is most expedient for the increase of the efficiency of the use of manpower and the increase of the interest of enterprises in the fulfillment of the production program on an intensive basis?

The decree of the CPSU Central Committee and the USSR Council of Ministers on the improvement of the economic mechanism starting with the 11th Five-Year Plan envisages a statute, in accordance with which the executives of ministries, departments and other organs of administration, who adjust the plans downward as against the actually achieved level of its fulfillment, are held disciplinarily and materially accountable, while the managerial personnel of associations, enterprises and organizations are deprived of not less than 50 percent of the bonuses. In our opinion, the mechanism of the influence of economic levers, which promote the limitation of the increase of the number of those employed in the sectors of the urban development sphere and stimulate a more efficient use of manpower in the sectors of the national economy of Moscow, should be strengthened. This could be promoted by: the withdrawal by USSR Gosbank from enterprises and organizations of the assets for the increase of the wage fund, which resulted from the exceeding of the established plans due to an above-plan number;<sup>12</sup> the irrecoverable contribution to the state budget of the profit received due to the above-plan number of workers; the increase of the amount of the contributions from the assets of enterprises to the state budget for social insurance, since they affect the production cost of the output of the enterprise (an increase of the number of workers would lead to the corresponding decrease of the profit and, consequently, of the amount of incentive funds).

Having analyzed the problem of the shortage of workers at enterprises of industry, it is possible to be convinced that it stemmed for the most part from subjective factors: the lack of stability in the annual plans approved for production associations and enterprises and of the frequent adjustments of the plan of labor productivity downward as against the actually achieved level of its fulfillment. At the 26th CPSU Congress L. I. Brezhnev noted that "the plan is a law, since only its observance ensures the coordinated functioning of the national economy. We will say frankly: this obvious truism has begun to be forgotten. The practice of adjusting plans in the direction of their decrease has acquired an extensive scale.... Obviously, the time has come to tighten up the demands on both planning discipline and the quality of the plans themselves. The plan, to be sure, should be practicable, balanced. But it should also be fulfilled just as surely."

The conducted research shows that the shortage of manpower is being observed first of all at enterprises with difficult working conditions, where the proportion of manual jobs is high. In order to use efficiently the manpower resources which a region has, particular attention must be devoted to the mechanization and automation of labor-consuming processes and to the increase of the attractiveness of labor, which will be conducive to the uniform distribution of workers among the sectors and spheres of production.

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The careful consideration of the territorial peculiarities of settlement is necessary when drawing up the plan of the development of each sector of a large city. The comprehensive approach to the problem of the distribution of productive forces will ensure the balance of the plan within the sector and its coordination with the development of the entire national economy of the city.

FOOTNOTES

1. As the results of the survey of the use of workers from other cities, which was conducted by the Institute of Economic Problems of the Comprehensive Development of the National Economy of Moscow jointly with the Labor Administration of the Moscow City Soviet Executive Committee, showed, annually 1.1 percent of those employed in industry transfer to the sectors of the nonproductive sphere. Here the proportion of Muscovites is decreasing most rapidly at enterprises with working conditions which are difficult and harmful to the health, which is responsible for the need to enlist workers from other cities. For example, the difficulties in attracting Muscovites to the First State Bearing Plant had the result that the proportion of workers from other cities in the annual hiring during 1976-1980 amounted to 40.6 percent. For some occupations the hiring of workers from other cities is the main source of the recruiting of manpower.
2. Here and below the data of the survey, which was conducted in 1979-1980 by the Labor Administration of the Moscow City Soviet Executive Committee jointly with the Institute of Economic Problems of the Comprehensive Development of the National Economy of Moscow at a number of Moscow industrial enterprises, are used.
3. L. Danilov, V. Korchagin, "The Improvement of the Management of Manpower Resources" (PLANOVYE KHOZYAYSTVO, No 11, 1976, p 29).
4. Ibid., p 29.
5. B. Khorev, R. Musiyevskiy, "The Development of Large Cities, the Use of Manpower Resources and Comprehensive Socioeconomic Planning" "Krupneyshiye goroda--ikh nastoyashcheye i budushcheye" /The Largest Cities--Their Present and Future/, Izdatel'stvo "Statistika", 1979, pp 37-38).
6. See V. Bitunov, A. Zhoklov, "The Planning of the Comprehensive Development of the Soviet Capital" (EKONOMICHESKIYE NAUKI, No 8, 1979, p 48).
7. K. Marx and F. Engels, "Soch." /Works/, Vol 23, p 178.
8. I. A. Yagodkina, "Vosproizvodstvo rabochey sily pri sotsializme" /The Reproduction of Manpower Under Socialism/, Izdatel'stvo "Mysl'", 1979, pp 25-26.
9. See "Krupneyshiye goroda--ikh nastoyashcheye i budushcheye," p 39.
10. See A. P. Solov'yev, G. M. Romanenkova, "Ekonomicheskaya i sotsial'naya effektivnost' trudovykh resursov" /The Economic and Social Efficiency of Manpower Resources/, Leningrad, 1979, pp 66, 69.

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11. See VOPROSY EKONOMIKI, No 6, 1981, p 28.
12. See "Trudovyye resursy SSSR" [USSR Manpower Resources], Izdatel'stvo "Ekonomika", 1979, p 152.

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LABOR

DIVISION OF LABOR BETWEEN URBAN AND RURAL AREAS

Moscow VOPROSY EKONOMIKI in Russian No 8, Aug 81 pp 55-63

[Article by T. Kuznetsova: "Social Division of Labor Between Urban and Rural Areas"]

[Text] One form of social division of labor is that between urban and rural areas. In the structure of the social division of labor, this form is viewed as a branch division of labor between industry and agriculture. It evolved historically that urban development was associated with the development of various branches of industry, but agriculture was the dominant branch of the production sphere in rural areas. According to 1926 census data, 93.6 percent of all workers living in rural areas were employed in agricultural production. That proportion subsequently decreased, to 70 percent in 1965, 63 percent in 1975 and about 60 percent in 1978.

Nonagricultural branches came to be developed intensively in rural areas with the growth in agricultural production mechanization and freeing of workers employed in it for other work, with the increase in the number of branches associated with servicing agriculture and processing its output, with development of the road-transport network, and with the increase in incomes of the rural population and improvement in their living conditions. As the agricultural production industrialization began in the mid-1960's intensified, along with agriculture, branches of the production and nonproduction sphere began to be developed, primarily in the form of subsidiary kol-khoz and sovkhoz enterprises and businesses.

The development of branches of the production sphere connected with agriculture on a national economic scale led to a gradual reduction in their proportion on kolkhozes and sovkhozes. Thus, by 1970, the proportion of workers employed at enterprises of this sphere on kolkhozes and sovkhozes was 22 percent of the total number of workers in material production living in rural areas. By 1975, that proportion had decreased to 20.9 percent, and by 1978 -- to 18 percent. The nonproduction sphere is basically represented in rural areas by institutions of agricultural enterprises.

The proportion of the population employed in nonagricultural types of activity is adopted as the criterion determining the urban settlements in an administrative regard. The administrative division reflects the existing division of labor between urban and rural areas and strengthens the idea that this division is a division of labor between industry and agriculture.

As soon as a rural settlement receives multibranch development, it becomes an urban settlement. The process whereby a rural area is transformed into an urban territory



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is continuous. It was most intensive during the 1926-1970 period. Now, about 200 thousand rural residents annually become urbanites as a result of the administrative transformation of rural settlements into urban ones.

As new territories are utilized, the level of productive forces rises, the distribution of various branches is perfected, individual regions are comprehensively developed and socioeconomic processes occurring in agricultural production and industry, in branches of the infrastructure and nonproduction sphere, in rural settlements and cities, develop, that is, as the processes of production and labor collectivization intensify, both the content of the concept of division of labor between rural and urban areas as a division of labor between industry and agriculture and the concept itself of a division of labor between urban and rural areas gradually change.

The most important process determining modernizing agricultural production is its industrialization, the changing character of this production and the structure of labor in it. Agrarian labor is gradually being transformed into a variety of industrial labor. The social conditions of labor in agriculture are changing under the impact of these factors and production conditions in the state and cooperative-kolkhoz sectors are being equalized.

Table 1. Dynamics of the Basic Indicators Describing Agricultural Social Production Conditions (1965 = 100 percent)

	1970	1975	1979
number of agricultural workers	93	92	90
number of machine operators	113	132	144
availability of capital per agricultural worker	159	247	346
on kolkhozes	176	305	433
on sovkhozes	156	246	310
availability of energy per agricultural worker	145	218	297
on kolkhozes	153	228	323
on sovkhozes	131	184	249
availability of electricity per agricultural worker	212	449	661
wages:			
on kolkhozes	146	169	200
on sovkhozes	138	172	198
labor productivity in agriculture	137	146	169

The industrialization of agriculture creates conditions for raising the level of collectivization of agricultural production and overcoming elements of its closed-branch nature, which have over a long period of time determined the technical and social features of agriculture. Industrialization leads to expansion of the scope of agricultural production through the use of output of nonagricultural branches in the agrarian sector. The interbranch ties of agriculture grow, production relations within it broaden, the proportion of expenditures of live labor decreases and the proportion of expenditures of embodied labor grows, production marketability is increased, and so forth (see Table 2, following page). This facilitates the development of agricultural production specialization and concentration on a base of inter-farm cooperation and agroindustrial integration. This process changes the structure of the social and organizational forms of production characteristic of rural areas. The process of transforming kolkhozes and sovkhozes into enterprises whose character is industrial is accelerated. It becomes increasingly difficult to delineate the social forms previously characteristic of rural areas in their pure form.

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Table 2. Dynamics of Individual Indicators of a Number of Branches of Industry Associated with Producing Agricultural Output (in percent of 1970)

	1975	1979
total food industry volume	129	139
including:		
sugar	107	111
fruit and vegetables	138	153
meat	141	146
dairy, butter- and cheese-making	129	141
fixed production assets of food industry	143	177
production of mineral fertilizers	150	170
production of microbiological feed protein	258	330
mixed feed production	176	254
production of agricultural machinery	177	221

In the process of industrializing agriculture, there is a branch division of labor in it and the simultaneous delineation of a number of branches of its production servicing, processing agricultural output, and so on. These branches are formed in production with a higher material-technical level than subsidiary shops and enterprises of kolkhozes and sovkhoses. For example, from 1970 through 1979, the number of interfarm mixed feed enterprises increased 6.7-fold, the number of enterprises to process agricultural output -- more than 2.6-fold, and the number of artificial insemination stations for agricultural livestock -- 6.4-fold.

At the present stage, production facilities are being formed whose activity has until recently been considered purely agricultural. They include, for example, feed production. In 1978, some 86 percent of the mixed feed consumed on kolkhozes and sovkhoses was purchased and was basically produced at enterprises of the mixed feed industry. Branches of agricultural chemistry, microbiology and others (see Table 2) are being developed as independent branches. Industrial processing is increasing, including the primary processing of agricultural products. Within the agricultural framework, the branch division of labor and the derivation of a number of industrial branches from it presuppose the creation of more developed, intensive forms of collectivization of agricultural and industrial branches and enterprises.

Growth in the technical level of agricultural production and, on the one hand, change in its structure and, on the other, the development of branches servicing agriculture and processing its output create the conditions and prerequisites necessary for making the combining of agricultural branches and enterprises in various zones of the country, for zonal specialization and for improving the distribution of production and processing of agricultural output within a regional framework on the basis of a comprehensive approach to the development of agriculture and associated branches more efficient. Zonal concentration and specialization permit a closer linking of the production and processing of agricultural output and change in the nature of the distribution of enterprises on the basis of the production servicing of agriculture, storing and processing its output, through their gradual concentration in rural areas. Such enterprises must be formed on a base of their cooperation with agricultural enterprises or on the basis of developing interfarm cooperation among kolkhozes and sovkhoses for storing and processing agricultural output, which creates prerequisites for concentrating the production and processing of the basic types of agricultural output in specialized zones.

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The advances occurring in agricultural production and in branches of industry associated with it lead to qualitative changes in the social division of labor, to the formation of a new type of social division and consolidation of labor, to agroindustrial integration. These changes, in turn, transform the social division of labor between urban and rural areas. On the one hand, agricultural production goes considerably beyond the framework of agricultural enterprises and rural areas, and on the other, conditions are created for developing industrial branches, and foremost those associated with servicing agriculture. This is borne out by changes in the distribution of workers by sphere of labor application (using a consolidated classification) in USSR urban and rural areas from 1965 through 1978, as well as in the dynamics of the countryside's proportion of the total number of workers employed in the national economy (see Table 3, following page).

At present, the proportion of workers employed in agriculture among all workers is decreasing. This is associated with the transfer of rural settlements to urban ones, with the migration of the rural population to the cities, where the sphere of application of labor is considerably broader, and with the pendulum migration with a primary "village-to-city" direction. Development of spheres of labor application in rural areas must create conditions to compensate for the reduction in the number of workers employed in agriculture. There is already an increment in the absolute number of workers in a number of nonagricultural branches in rural areas. Thus, from 1965 through 1978, the number of workers living in rural areas employed outside agricultural production has increased by 18 percent, and the proportion of these workers grew from 30 to 38 percent of the total number of rural workers. For example, the proportion of nonagricultural workers in rural areas increased 1.5-fold in the Georgian SSR, 1.9-fold in the Uzbek SSR and 2.1-fold in the Moldavian SSR.

Rural socioeconomic development programs must anticipate a complex of measures which take into account its current features. This concerns first of all the choice of types of housing, organizing public services for the population and the road-transport network, which creates conditions for securing both agricultural and other workers in rural areas.

On a national economic scale, the specific economic form in which the process of agroindustrial integration is actualized is the national economic agroindustrial complex. Its interaction with other national economic complexes leads to change in the structure of the social division of labor between urban and rural areas. This also results from specializing branches of industry now associated with the agroindustrial complex, automating production and perfecting production organization, which alter the forms of production concentration by including territorially separated production subdivisions in a unified production-technological process. This permits a more efficient combination and unification of large production facilities, associations and enterprises with auxiliary production subdivisions, shops and subsidiary enterprises, including territorially isolated ones. In so doing, conditions are created for the fuller use of labor and material resources, foremost those it is impossible or inexpedient to concentrate in large production units. The siting of a number of industrial enterprises not connected with agricultural production (enterprises of local industry, light industry, packaging, and so forth) in rural areas should be anticipated first of all in regions with a labor surplus, in which all the able-bodied population cannot be employed in agriculture.

The volume of agricultural production determines the necessary scope of development of servicing and processing branches for agriculture, including those in rural areas.

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Table 3. Structure of Workers Employed in Branches of the National Economy in Urban and Rural Areas (including private subsidiary farming, in percent)\*

	1965			1970			1975			1978		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
total worker employment	100	100	41.8	100	100	40.7	100	100	33.6	100	100	31.8
including:												
branches of the production sphere	70.5	86.2	45.5	67.7	84.8	42.0	65.9	83.0	38.9	65.8	82.5	36.7
of these:												
industry	42.1	7.0	10.8	40.7	7.9	10.3	38.8	7.8	9.2	37.9	8.0	8.9
agriculture	3.1	70.0	94.4	3.1	65.7	92.7	2.5	63.4	92.7	2.3	62.3	92.7
social and cultural services	11.8	9.2	35.8	12.8	9.8	31.1	13.2	10.8	29.2	13.3	11.3	29.5
trade and personal services	11.8	3.3	16.7	12.7	3.8	15.0	13.4	4.2	13.5	13.4	4.2	12.9
other branches	5.9	1.3	17.0	6.8	1.6	12.7	7.5	2.0	11.6	7.5	2.0	12.3

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Key:

1. Urban
2. Rural
3. Percentage that is rural

\*The production sphere encompasses all branches relating to servicing agriculture and processing its output, branches of industry not connected with agriculture, timber management, transport, communications and construction. The sphere of social and cultural services includes education, culture, art, science, public health and children's institutions. Trade and personal services includes trade, public catering, personal services, housing and municipal services.

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The relatively limited scope of agricultural production leads to a situation in which the resources potential of rural areas in certain regions cannot be used just within an agricultural framework. Therefore, the siting of enterprises not associated with agriculture in rural areas, small cities and urban-type settlements becomes increasingly urgent.

The development of nonagricultural branches in rural areas, along with industrializing agricultural production, facilitates the resolution of a number of socioeconomic tasks of rural areas. First, the limited sphere of application of labor is overcome and the rural production structure draws closer to that of urban areas. This is important, since one of the basic reasons for the outflow of population from rural areas to the large cities is the difficulty of meeting the demand for labor. Given partial mechanization of production, each of the agricultural branches creates a demand basically for stockraising workers, generally employed at manual labor, for seasonal manual labor in plant growing, for machine operators and specialists. Given incomplete industrialization of agriculture, the demand for manual laborers decreases slowly, leading to the necessity of using a large number of people employed at manual labor in agricultural production. At the same time, as the level of education rises and the demands of the rural population grow, it is increasingly less-satisfied by those types of labor offered by modern agricultural production.

Second, the comprehensive development of the production sphere in rural areas creates conditions for securing a permanent staff of workers in rural areas, foremost through the industrialization of agricultural production, as a measure of whose implementation the need to enlist temporary workers in seasonal jobs must decrease. It is appropriate to enlist in seasonal agricultural work foremost workers at nonagricultural enterprises situated in rural areas. Production at nonagricultural enterprises should be planned and run with consideration of diverting their workers into agriculture. The use of kolkhoz and sovkhoz workers not employed the year around could be instituted at these same enterprises. The Estonian SSR already has experience in organizing this kind of enterprise in rural areas.

Third, the siting of nonagricultural production facilities, enterprises and organizations in rural areas permits the enlistment of material and financial resources above those allocated to agriculture. In so doing, the opportunity opens up for resolving the task of redistributing additional resources in favor of rural areas. Rural areas are being developed primarily through the activity, means and resources of agricultural enterprises, as distinct from the cities, for whose development special investments and resources are used. Solving the socioeconomic problems of rural areas therefore depends on the economic status of the kolkhozes and sovkhozes.

The July (1978) and November (1979) CPSU Central Committee Plenums emphasized the importance of improving "the whole matter of organizing production, housing, cultural and personal-services construction" in rural areas, expanding the construction of roads and the development of transport, improving services to the population, and increasing funds to rural areas for these purposes. We now need to shift to increasing capacities for the initial processing of agricultural output, to expanding the construction of warehouses and storage facilities on kolkhozes and sovkhozes. In this connection, forming agricultural enterprises and the enterprises and organizations of the procurement system, consumers' cooperatives and food industry into cooperatives for the purpose of combining material and financial resources to increase the base for storing and processing agricultural output in rural areas, including right on the kolkhozes and sovkhozes, becomes expedient. At the same time, better

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use should be made of opportunities for expanding the production of everyday items made from local raw material in rural areas.

Implementation of the CPSU Central Committee and USSR Council of Ministers decree "On Further Developing Factory Production of Wood Panel Houses and Sets of Wood Components for Houses Using Local Materials for Rural Housing Construction" is of important significance for developing the rural production sphere. This decree is important both from the viewpoint of rural social development -- improving housing conditions for the rural population, public amenities for rural population centers and, in so doing, drawing urban and rural living conditions closer to one another -- and from the viewpoint of broadening and perfecting the spheres of application of labor for the rural population. The decree states that one of our pressing tasks is "the development in every way possible of the production base of industrial housing construction in rural areas through the construction of new and expansion of existing enterprises producing modern wood panel houses, as well as sets of parts for houses with walls made of local building materials.... It is anticipated that house-building combines will be situated in maximum proximity to raw-material resources and housing construction regions." This signifies that collectivization processes will be intensified in rural areas, not only directly in production, but also in the sphere of services to the population and organizing everyday life. The more so, since the development of construction is unavoidably accompanied by expansion of the road-transport infrastructure and sociocultural branches.

Development of the infrastructure creates conditions for raising the level of collectivization of agricultural production, overcoming the relative socioeconomic isolation of rural enterprises, and also expanding integration ties between urban and rural areas in various areas of activity. At the same time, the infrastructure emerges as an element of the comprehensive development of the spheres of labor application in rural areas and facilitates overcoming the territorial isolation of rural areas.

The low level of development of local and, especially, intrafarm roads is a primary brake on solving problems of preventing losses of agricultural output, developing nonagricultural production in rural areas and ensuring that the rural population has access to the sociocultural centers of the cities. The rapid development of branches of the nonproduction sphere in rural areas reflects the objective process of the social division of labor between urban and rural areas. With a view towards radically transforming branches of social services in rural areas, we need some redistribution of centralized financial and material resources of specialized enterprises of those branches in favor of rural areas. This can be done, we think, through direct investments in enterprises serving the rural population and by developing integration ties between urban and rural areas. The present level of concentration and specialization of social services branches permits (given a developed road-transport infrastructure) siting base sociocultural, trade and personal-services enterprises not only in the cities, but also in rural settlements.

The development of local initiative in the sphere of sociocultural, trade and personal services to the rural population is an important direction in this area. In particular, it is possible to single out certain types of services within the framework of individual farms for the purpose of improving the quality of services to the rural population and concentrating resources. In this instance, extensive use can be made of combining interfarm means and efforts to strengthen the material-technical

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base of service enterprises, attract skilled personnel to them, find organizational and economic forms and types of services (meeting local conditions). This line can be actualized by increasing the role of local soviet and economic agencies. L. I. Brezhnev stressed at the October (1980) CPSU Central Committee Plenum: "Much concern for increasing the production of goods and services for the population must be displayed by local party, soviet and economic agencies."

Improving the social division of labor influences the development and use of urban territories. First, taking a number of production facilities and enterprises out of the cities and siting them in rural areas enables us to resolve difficulties observed in cities in a number of branches in connected with limited site size, lack of manpower reserves, and so on. About 60 percent of the proposals reviewed and adopted by the Interdepartmental Commission on Siting Industrial Enterprises (RSFSR Gosplan) in 1975-1977 applied to siting enterprises in small and medium-sized cities, urban-type settlements and rural population centers. The share of larger, major cities in siting new construction projects has been systematically reduced. Whereas it comprised 34.5 percent in 1975, it was 25 percent in 1976 and 22 percent in 1977.<sup>1</sup>

Second, opportunities are expanded for developing subsidiary farms at industrial enterprises in rural areas. The operation of such farms permits better satisfaction of the demands of workers at these enterprises for certain foodstuffs.

Third, growth in worker well-being and increasing enterprise opportunities for organizing the recreation of their own workers pose increasingly urgently the problem of using the recreational functions of rural areas, foremost by expanding in them the construction of recreation centers, dispensaries, tourist complexes and increasing the number of dacha and orchard cooperatives for workers at urban enterprises.

Thus, developing integration processes between industry and agriculture, between urban and rural areas, facilitates improving the production and nonproduction structures of both urban and rural areas, equalizing social working conditions in various branches and enterprises, weakening the socioeconomic specifics of spheres of labor application in rural areas and establishing regions as socioeconomic units of the "city-village" system. Within such regions, the role, functions, place and socioeconomic status of each settlement, both urban and rural, is determined more precisely. Administrative transformations, including change in the status of rural settlements (granting them urban-type settlement status) are made based on better-substantiated criteria. Each type of settlement, with its inherent advantages, finds its own forms of development in the integrated "city-village" system. All these processes lead to improvement in the social division of labor at a qualitatively new level facilitating better use of the resources, opportunities and features of urban and rural areas, overcoming differentiation in the socioeconomic development of enterprises, farms, branches, settlements and territories, both in individual regions and between regions. On the whole, the development of these lines will, as was pointed out at the 26th CPSU Congress, be effected with a view towards "using the country's production potential more intelligently and saving all types of resources in every way possible."

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<sup>1</sup>See: PLANOVOYE KHOZYAYSTVO, No 2, 1979, p 60.

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