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# USSR Report

## CONSUMER GOODS AND DOMESTIC TRADE

(FOUO 7/81)

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# USSR REPORT

## CONSUMER GOODS AND DOMESTIC TRADE

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

## PUBLIC CATERING REORIENTATION URGED

Moscow VOPROSY EKONOMIKI in Russian No 9, Sep 81 pp 78-85

[Article by V. Martynov: "Planning and Managing Public Catering"]

[Text] In modern society, an ever-increasing number of people each day need the services which organize their eating where they work, study, travel, vacation, and so forth. Since the first days of Soviet power, rendering this kind of service has been viewed as one of the important tasks of the socialist state. In 1918, V. I. Lenin wrote in drafts of the Russian Communist Party (Bol'shevik) program that strengthening and developing Soviet power would require the implementation (along with other measures) of "unswerving, systematic steps towards..replacing individual housekeeping for individual families with common feeding of large groups of families."[1]

At all stages of its development, the socialist state has been concerned about creating the material-technical base and training personnel for public catering, with supplying dining halls with food on a priority basis. Now, state public catering enterprises, at which more than 2.6 million people are employed, are in operation at almost all production enterprises, institutions, academic institutions, recreation and treatment facilities, and on board ships and trains. The far-flung network of public catering enterprises and the skilled personnel employed at them comprise the state public catering system. Along with this, public catering primarily among the rural population is organized by the consumers' cooperatives system.

The creation of the state public catering system was a major social and economic achievement of our society. At the same time, the level of services to the population in dining halls, cafeterias and restaurants does not fully meet the growing demands of the workers or present opportunities. Shortcomings in the operation of public catering enterprises, research has shown, are largely associated with the existing system for managing those enterprises, and foremost with the planning, recording and evaluation of their activity, with poor development of overall questions of public catering economy and organization as a branch of the socialist economy and of its intended purpose in the social division of labor system.

In the opinion of a number of economists, the main purpose of public catering enterprises is to produce and market output they produce themselves or so-called culinary output, which is taken to mean practically any kind of food product. According to

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[1]V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 36, p 75.

this, the primary plan indicator is trade turnover, singling out the share of output produced themselves. This concept of the role of public catering cannot be recognized as adequately substantiated.

It is known that the production of food products, both ready for consumption and in the form of all manner of convenience foods, is the basic function of branches of food industry, and their marketing is the basic purpose of trade. It turns out that public catering is a mechanical combining, within the framework of certain enterprises and organizations, of the two types of activity: food industry and trade. Whereas particular types of finished products or semifinished products are manufactured and sold by enterprises subordinate to the dining halls trust (food-service combine, public catering office and others), the aggregate of these types of activity is taken into account as public catering at all levels of management.

Under the existing procedure for planning and evaluating activity, dining halls (restaurants, cafeterias) carry out plan assignments in terms of basic indicators, allotting and organizing the consumption of prepared dishes, as well as selling foodstuffs and convenience foods at retail (through their own stores, booths and stalls) without rendering services in organizing their consumption. The revenues received are taken into account on a one-to-one basis. The main thing required of a dining hall is that it sell output (goods) primarily produced by itself. The methods of sale, like the types of output, do not play any substantial role.

Inasmuch as the first way is considerably more labor-intensive, public catering enterprises naturally go the second way more and more, that is, the path of increasing sales of output at retail. Their own production is correspondingly oriented towards convenience foods and nonportioned prepared items (cakes, pastries, biscuits, and so forth). Own output is considered to be not just what is actually produced in the dining halls, cafeterias and restaurants, but also bread, sausage cheese, preserves, juice and even fruit, as well as convenience foods which are in practice often sold without any processing at all: uncooked hens, meat, fish, and so forth.

Thus, the leaders and collectives of dining halls, cafeterias and restaurants are paying less attention to organizing food service outside the home, to services these enterprises were specifically created to offer. Dining halls, restaurants and cafeterias often deal in the best varieties of meat, but prepare dishes from the worst. They sell tons of sausages, polony, fish fillets, pel'meni, by-products and canned goods, but none of these products or dishes prepared from them are on the menu.

At the same time, public catering enterprises' use of individual types of manufactured food products is artificially held back. Only a couple of all the products produced by bread-baking enterprises, for example, are used in public catering: black bread, long loaves, 50-gram flat-tasting buns..., but pastries, rich buns, ring-shaped rolls and other items are rejected, inasmuch as these products would compete with similar products of their own production. Recently, restaurants and cafeterias have often refused for this reason to accept nonalcoholic beverages from industrial enterprises.

Shortcomings in the indicated system of planning and recording are manifested in the fact that public catering enterprises and organizations create their own small production shops and enterprises, even in large cities with developed food industry, to produce a similar assortment of products and open their own small trade facilities. The bulk of the operations in such shops, enterprises and stores are done by hand, working conditions are hard, so output is several times lower than for corresponding industrial enterprises and food stores.

Party and government resolutions have repeatedly pointed out the necessity of providing public catering enterprises with commercial semifinished and finished food products. Food industry branches have been set the task of increasing the release of this output and broadening its assortment. These directions reflect the objective necessity of industrializing public catering, that is, changing the branch over to an industrial basis, foremost through the planned transfer of food output production functions from public catering enterprises to specialized food industry enterprises, which is an important reserve for growth in the productivity of social labor and for improving services to the population.

One would think that, after such a precise orientation towards the better use of the opportunities of industrial processing of food products, which means a corresponding reduction in own production, the obsolete concept of the branch's basic function would have been re-examined and new plan indicators, a new procedure for recording them, a new system of moral and material incentives, new socialist competition terms, and so on, would have been worked out.

However, that has not occurred, unfortunately. This is to be explained by the fact that many economists and branch supervisory workers, sticking to the previous view of public catering as a branch whose basic purpose is to produce output, and not services, think food industry is not ready to produce convenience foods for public catering. They claim that would not be profitable for it, that the geography of its enterprises does not coincide with the distribution of the population, and so "the objective necessity of forming a specialized culinary industry directly in public catering is obvious."[1]

The resolutions of the 26th CPSU Congress state the necessity of "elevating the role of public catering in meeting the needs of the population, anticipating outstripping rates of its development and raising the level of branch industrialization. Improve the hot food service at places where workers, employees, kolkhoz members and pupils at all types of institutions work and study. Significantly expand the network of public catering enterprises and raise the standards of service to the population. Develop the network of dietetic food-service enterprises."

Additional material, financial and labor resources will naturally be required to further develop public catering. At the same time, improving the branch management mechanism is even more urgent.

At present, accepted practice is to judge the level of development of public catering in terms of volume of food products sold through enterprises of this branch in comparison with sales through enterprises of the retail trade network. In our view, if the task set by the 26th CPSU Congress concerning outstripping rates of public catering development is carried out given the management mechanism in effect in the branch, then this can in the final analysis lead only to increasing expenditures of social labor. In this regard, the quality of services to the population in dining halls, cafeterias and restaurants will at best not improve, inasmuch as the work will be reduced to sharply increasing what is already the large role of the trade function in public catering enterprise activity. Retail store and booth sales by public catering

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[1] See, for example, V. G. Bychkov, "Obshchestvennoye pitaniye i aktual'nyye voprosy ego razvitiya" [Public Catering and Pressing Problems of Its Development], Izd-vo "Ekonomika," 1978, p 123.

enterprises require considerably higher labor expenditures than sales through the retail trade network.

In our opinion, given the existing mechanism of public catering enterprise management, which is orienting them towards producing and selling output they produce themselves with practically no consideration of labor expenditures, it will be impossible to raise the level of branch industrialization as anticipated by the resolutions of the 26th CPSU Congress.

We need first of all to refine what is meant by public catering industrialization. A number of economists take industrialization of this branch to mean primarily measures to centralize food production within the framework of particular enterprises or organizations in public catering, from the creation of cooking factories to equipping the most primitive specialized production shops. This cannot be considered correct, in our view.

The necessity of industrializing public catering stems from CPSU general economic policy, which is oriented towards improving production efficiency and work quality in every way possible. The rise in its level must first of all ensure a direct and substantial savings in social labor. At the same time, the operating experience of culinary factories, food-preparation dining-hall centers and other facilities demonstrates that they are not, in view of their multipurpose nature and relatively small size, in a position to ensure labor productivity growth at the level required to cover the expenses associated with organizing the centralized preparation of semifinished and finished products and supplying them to public catering enterprises. The level of labor productivity at such factories is several-fold lower than at corresponding specialized food industry enterprises.

And there are other problems in the operation of culinary factories. Practice has shown that, in delivering products to dining halls and stores, they generally prefer stores, since the latter order products in larger lots and are less exacting as to assortment. At the same time, dining halls, which are interested in producing output they make themselves, use various pretexts to reject the output of culinary factories, just as they reject the convenience foods and many types of ready output produced by commercial enterprises. We are aware of instances in which culinary factories, even though they were part of plant food-service combines, have changed the direction of their activity to adapt more to the needs of the retail trade network, rather than to those of the dining halls. However, it should be said that the culinary factories really cannot adapt to the needs of the retail trade network either, because their capacities are generally used poorly.

Thus, raising the level of public catering industrialization must occur primarily on the basis of planned development of the production of a variety of food products at specialized enterprises of corresponding branches of the agroindustrial complex. In those cities in which food industry does not have production capacities, or where they are inadequate, they must be created and expanded to the extent possible.

The "Basic Directions of USSR Economic and Social Development in 1981-1985 and Up To 1990" anticipate: "Increasing production 23-26 percent in branches of food industry. Develop at high rates the production of products ready for consumption, convenience foods, culinary items, and products made from potatoes, fresh-frozen fruit and vegetables."

The most important task of public catering management agencies is to orient subordinate enterprises towards maximum use of this output, to influence more energetically work by industrial enterprises to improve its quality, expand the assortment and meet delivery schedules.

The CPSU Central Committee and USSR Council of Ministers Decree "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Improving Production Efficiency and Work Quality," which orients all planning activity towards attaining high national economic end results in the name of meeting more fully the growing social and personal requirements of the population, is of important significance to improving the management of public catering enterprises and this branch.

As was already noted, the role of the public catering system is to ensure that the requirements of the population are met in organizing food services where they work, study, and so on. Carrying out this complex task, which is linked to people's health and ability to work, demands that branch enterprise and organization collectives put forth a maximum effort, skillfully and purposefully using the products and all the material and financial resources being allocated them. The primary indicator in planning and evaluating the operation of dining halls, cafeterias and restaurants must be the cost of the foodstuffs consumed in public dining halls, both of products produced themselves and of those obtained from production enterprises. It would be appropriate to call this indicator "public catering volume."

As distinct from the indicator now being used, that of gross trade turnover in public catering, the indicator of public catering volume must include, first of all, only food ready for consumption and second, only that prepared food sold at the same time services are rendered to organize its consumption. It cannot take into account proceeds from the sale of raw material and semifinished products or prepared food if it is sold without rendering services in organizing its consumption, that is, if it is sold for consumption at home. Planning assignments for this indicator can be met only by organizing food services for the population and attracting a certain number of visitors to public dining halls. Therefore, plan fulfillment for this particular indicator will be accompanied by a struggle for prestige and popularity for public dining halls, increasing the effectiveness of their use as intended, which is to fully meet the interests of both the population and the national economy.

The achieved level of public catering development in our country, the concentration of considerable labor and material resources in this particular branch, and the prospects for further developing it -- all this objectively demands greater centralism in management and foremost in planning. In this connection, it is necessary that public catering volume assignments be set in current and long-range state socioeconomic development plans similarly to the way in which assignments are currently set for retail trade turnover volume and personal services to the population. This would signify recognition of public catering as an independent branch with a precisely designated national economic function.

Inasmuch as the production of food products at specialized industrial enterprises requires lower expenditures of labor, other conditions being equal, public catering enterprises must be oriented towards their maximum use. In this connection, we should first of all reject the idea of priority to self-produced output when evaluating the operation of dining halls, cafeterias and restaurants and work out new instructions which would not allow artificial overstatement of the amounts of such products, and second, evaluate the operation of public catering enterprises not on the basis of increasing profit, but in terms of level of outlays (first of all, level of wage expenditures) as compared with planned indicators or normatives. It would also be appropriate to work out indicators for evaluating the level of industrialization of public catering enterprises. In our view, one such indicator might be a use factor for consumption of food products and semifinished products commercially produced, that is, a ratio of the amount of food ready for consumption which is received at public catering enterprises, or semifinished food (multiplied, in turn, by a readiness for consumption factor), to the total amount of products used to prepare the food.

The manufacture of convenience foods and production of products ready for sale to the population without rendering services in organizing consumption must be entrusted only to those public catering enterprises which, on the one hand, have surplus production capacities and can carry out these functions with no detriment at all to their basic activity and, on the other, are capable of producing particular products without exceeding the set maximum labor expenditures established for producing analogous output at corresponding food industry enterprises. This activity must be viewed only as temporary, supplemental activity and be run under a special plan and considered separately from their basic activity. (In order to evaluate the work of collectives carrying out such supplemental activity, its results must be added to public catering volume in a ratio corresponding to labor expenditures.)

At the same time, we need to improve the indicators describing the quality of services to the population in dining halls, cafeterias and restaurants. Implementation of the following proposals would, in our view, be a substantial contribution to the quality control system.

In accordance with the CPSU Central Committee and USSR Council of Ministers Decree "On Steps to Further Develop and Improve Public Catering" (1967), food-sanitation or technological laboratories with the task of monitoring the quality of incoming raw material, semifinished products and finished products, as well as the completeness with which these products are used in own-produced items, have been or are being created at all large public catering enterprises. Observations have shown that the results of laboratory tests on food samples are currently being taken into account inadequately when evaluating the operation of public catering enterprises. At the same time, an objective evaluation of the quality of the food being produced and of its nutritional value is practically impossible without laboratory verification. In our opinion, we should increase the role of the quality evaluation of products being produced by public catering enterprises, necessitating the introduction of state statistical reporting on the results of laboratory studies of food products and use of the data from those reports both in summing up the results of socialist competition among enterprises, trusts and administrations, and in setting the total amount of bonuses for successes achieved in carrying out plans in terms of basic volume indicators.

The most important indicator of public catering enterprise services quality is the variety of dishes offered. However, this is not recorded, so it cannot be considered when evaluating the operation of enterprises and organizations. How can the variety of food offered by dining halls be determined? In our view, it can be judged sufficiently accurately by the structure of the products actually used (in physical terms) as compared with the structure which is appropriate under specific enterprise operating conditions, with consideration of enterprise type, consumption norms in effect, actual supply opportunities and composition of the group being served. Oblast, kray and republic (autonomous republic) public catering administrations could be entrusted with determining an appropriate structure of products which should be kept at maximum in a given period.

It is known that public catering enterprise workers are interested first of all in selling meat and meat-product dishes. This is to be explained by the higher prices for meat as compared with prices for a majority of other types of foodstuffs. The sale of one kilogram of processed meat enables them to obtain proceeds several-fold higher than sales of items made from one kilogram of potatoes, vegetables, flour, fish or other products, with the same or even lower labor expenditures. In view of this, the structure of basic products should be set up in the form of a ratio of those products to expenditures of meat and meat products.

A comparison of the structure of basic products used by public catering enterprises must be at the level of oblasts, krays, union and autonomous republics, or even in a dynamic for the country as a whole.

The system of material and moral incentives and terms of socialist competition must be reviewed correspondingly. In connection with refinement of the functions of public catering enterprises, we must not only review the indicators for planning and evaluating their activity, but also change the work methods which have evolved.

At present, dining halls, in becoming enterprises selling goods they produce themselves, that is, trade enterprises, are obligated to produce output in as broad an assortment as possible. This fact is the cause of a number of shortcomings. First, preparing a broad assortment of dishes, beverages, rolls and confectionery does not permit an efficient division of labor or ensuring the necessary level of labor productivity. Second, the demand for production space, equipment and utensils increases. Third (and most important), it is impossible to achieve an economically effective changeover of dining halls to supply convenience foods, since it is expensive to have a broad assortment of convenience foods delivered each day from production enterprises.

The tasks of improving public catering, foremost where people work and study, given a simultaneous reduction in expenditures on its organization and the necessity of raising the level of branch industrialization, demand that dining halls set up all their work on the basis of planned menus which anticipate the daily demand by visitors for a comparatively narrow assortment of dishes, but with sufficient variety not to be repeated over a week or 10 days. Only given this work method can we ensure a variety of food. At the same time, the effectiveness of supplies of commercially produced convenience foods to dining halls will be improved, since the daily demand for particular convenience foods will be considerably higher, making delivery cheaper.

Moreover, the appropriateness of having dining halls use this method is confirmed by the fact that service is speeded up significantly and the need for seats is reduced. As is known, the USSR Gosstroy-approved norm currently in effect for production enterprise dining halls is 250 seats per 1,000 workers on a full shift, or four persons per seat. It is calculated based on all workers needing to be fed within a two-hour period. Half an hour is thus set aside for getting one's food and eating. This time was established by observing dining hall service using the old method, that is, service based on a broad menu and free choice of dishes. If we adopt the method of service based on a reduced menu and services in choosing dishes, that is, if dishes are offered in certain combinations in the form of complete meals, then two-fold less time would be required for dinner. If this method of service were introduced on a broad scale, the demand for dining halls and cafeterias at production enterprises would be reduced significantly, to approximately 170 seats.

It should be said that the effectiveness of this method of service is not disputed by anyone. Nonetheless, the successes in disseminating it have been less than modest. The basic reason, in our opinion, is that this method does not correspond to the overall orientation which has evolved in public catering enterprise activity. The existing procedure for evaluating the operation of dining halls orients them towards increasing the production and sale of output they produce themselves. In resolving this task, an ever-increasing role is played not by food-service organization, but by retail and even wholesale trade in output produced themselves, which assumes the mandatory daily preparation of products in as broad an assortment as possible. In trying to use this method, dining halls discover very quickly that they cannot trade only in those convenience-food dishes on the planned menu for a given day, since their assortment is too narrow. They are forced to prepare them in a broader assortment, meaning that practically no changes whatever occur in organizing the operation of the kitchen (production), the impact is not achieved, and the dining hall gradually moves back to its former method of service.

Thus, broad dissemination of this progressive method of public catering enterprise operation is being hampered by the procedure which has evolved for planning and evaluating their operation.

There is also one other problem on whose solution success in further developing the branch largely depends, the level of service to the population. In the early 1960's, we began the organized isolation of public catering from trade on an autonomous republic, kray and oblast scale, separating it from the trade organizations. Not all economists unanimously agreed that this isolation was appropriate. Doubts arose first of all among those who thought public catering was a branch of trade: why separate one branch of trade from another and split a unified, economically strong oblast (kray, republic) trade organization into two, much less so, since administrative and managerial expenses increase?

It must be said that, in light of the incorrect understanding of public catering as a branch whose basic function is the production and sale of output it produces itself which has arisen, these doubts are fully justified. This is confirmed by practice: separated from trade, public catering administrations, in accord with the indicators used to evaluate their activity, have directed the resources of subordinate enterprises and organizations primarily into developing trade. The primary function of the branch, to render people services in organizing their meals outside the home, remains, as before, of secondary importance.

Nonetheless, the isolation of public catering from trade at the oblast, kray and autonomous republic level has played a positive role. The growing need for public catering and the necessity of further broadening and strengthening the material-technical base of the branch and training personnel -- all this requires centralized leadership. It is appropriate to orient public catering management agencies towards carrying out that function which is the basic purpose of this branch in the social division of labor system.



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CONSUMPTION TRENDS AND POLICIES

## COST, STRUCTURE OF RETAIL GOODS TURNOVER

Moscow VOPROSY EKONOMIKI in Russian No 10, Oct 81 pp 81-92

[Article by R. Lokshin]

[Text] The steady growth of retail goods turnover, reflecting the general rise of the material and cultural standard of life of the population, has been accompanied by significant changes in the cost and physical structure of sold goods. These changes are determined by a large number of factors, the chief of which are: production volume of consumer goods and their group and intragroup structure; potential means and readiness of production to take into account new developments in demand; movement of consumer income and retail prices for goods; export and import volume of finished products as well as of raw and other materials used in the production of consumer goods.

The volume and structure of proffered goods depend on a correlation between market and so-called outside-the-market portions of merchandise resources. Thus, the volume of production of confectionery and nonalcoholic drinks, margarine and soap, the quantity (and quality) of fabrics and their substitutes depend on the amount of sugar and vegetable oil used to satisfy the needs of commercial processing and predetermine the production of many varieties of footwear, furniture, oilcloth, umbrellas, baby carriages and folding beds. The extent of sales to the population of packaged and wrapped products depends not only on the amount of tape materials, paper, cardboard and tin plate issued for the packaging of confectionery products and the packing of canned and other goods, and so do profits from the sale of these goods. The satisfaction of the demand of individual builders, amateur gardeners and workers who own homes depends on the volume of lumber and roofing materials, cement, sanitary-engineering equipment produced by group-A sectors and reaching the market.

Systematically developing commodity-monetary relationships encompass the preponderant part of direct individual consumption (over 90 percent) as well as that of production consumption assuming a commodity form. In this connection, in our view, we cannot consider as theoretically valid the division of commodity resources into market and outside-the-market. Economically invalid proportions in determination of the share of goods destined for sale to the population (for example, the still permitted restriction of lumber and construction materials, many household and other goods of productive use allocated for these purposes) and also the occasionally unjustifiable restriction of so-called outside-the-market consumers in the final analysis cause a deficit of other consumer goods and thus bring about a disruption of the correlation between supply and demand and the search for ways of going around this and restoring the disrupted proportions.

In connection with the multitude of factors which at times are of an opposite directional effect and which determine the supply of goods and the demand for them with specific conditions characteristic of the production and sale of individual goods, the changes in the cost and physical structure of retail goods turnover are distinguished by much unevenness. This applies first and foremost to differences in sales growth rates of food and nonfood products. The retail goods turnover of state and cooperative trade in 1970, 1975 and 1980 for these groups of products was as follows (in billions of rubles; in prices of the respective years):

Table 1

| | 1970 | | 1975 | | 1980 | |
|---|---|---|---|---|---|---|
| | sum | relative share | sum | relative share | sum | relative share |
| Goods turnover, total including: | 155.2 | 100.0 | 210.4 | 100.0 | 270.55 | 100.0 |
| Food products | 86.2 | 55.5 | 112.7 | 53.6 | 137.34 | 50.8 |
| Nonfood products | 69.0 | 44.5 | 97.7 | 46.4 | 133.21 | 49.2 |

In 1980, the retail goods turnover in comparison to 1970 had increased 74 percent, including 59 percent for food products and 93 percent for nonfood products. An advancing growth of sales of nonfood products caused an increase in their share of goods turnover in the past 10 years from 44.5 to 49.2 percent.

The progressive character of this tendency reflects an improvement in the material and cultural living standard of the population and a new character of requirements. An analysis of the indicated proportions in goods turnover at the same time shows that they were the result of limited resources of meat, dairy and certain other food products.

Price factors also affect the proportions of food and nonfood products.

The index of state retail prices computed by the USSR Central Statistical Administration in 1980 was 103 percent compared to 1970 and 103.3 percent compared to 1975. For food products, the figures were 103 and 102.1 percent and for nonfood products--103 and 105 percent respectively. At the same time, the price index of cooperative trade relating to the sale of agricultural products for price in accordance with an agreement in 1980 with respect to 1970 was roughly 126 percent and with respect to 1975 was 121 percent. The share of food products in the goods turnover of state and cooperative trade in comparable prices was 57.4 percent in 1970, 53.6 percent in 1975 and 51.3 percent in 1980; the respective figures for nonfood products are 42.6 percent, 46.4 percent and 48.7 percent.

But the dynamics of goods turnover in comparable prices does not fully reflect the dynamics of the real composition of sold goods. In distinction to indexes of retail prices showing a change in the level of price-list prices, average retail prices per product unit reflect both the change in price level and also changes in assortment. In this connection, the index of retail prices may remain according to the adopted method unchanged with stable prices for each variety of a given merchandise, although structural changes have taken place in the composition of produced goods. With an unchanged index, the average retail price may rise (if there is a growth of quality and relatively more expensive goods) or may go down (when there is a growth in the relative share of cheaper articles). Moreover, the influence of retail prices on imported goods is not fully "caught," where they are sold according to other price lists.

A characteristic feature of the dynamics of the cost and real composition of retail goods turnover is the advancing growth of the sale of goods in monetary terms compared to their sale in kind. This progressive process is chiefly caused by improvement of the quality of goods, assortment renewal with account being taken of buyers' demand, increasingly requiring goods with improved consumer qualities. But in a number of cases, this tendency is the consequence of reduction of the share of cheaper goods or an absolute reduction of their output, despite the fact that there is a demand for them. On some goods the influence is exerted of purely price factors--reduction or rise of price-list retail prices.

The tendencies developed in the past decade in the dynamics of the natural and cost make-up of sale of individual food products to the population through state and cooperative trade are characterized by the following data:

Table 2

| | 1970 | 1975 | 1980 | 1980 in % of 1970 | 1980 in % of 1975 |
|---|---|---|---|---|---|
| Baked products (expressed in terms of flour) | | | | | |
| billions of rubles | 10.52 | 11.96 | 13.54 | 129 | 113 |
| millions of tons | 32.20 | 35.20 | 37.90 | 118 | 107 |
| Sugar | | | | | |
| millions of rubles | 5,522 | 6,129 | 6,773 | 123 | 110.5 |
| millions of tons | 6.60 | 7.40 | 8.15 | 124 | 110 |
| Confectionery products (excluding jam, preserves, honey) | | | | | |
| millions of rubles | 5,514 | 7,167 | 8,448 | 153 | 118 |
| millions of tons | 2.80 | 3.27 | 3.88 | 139 | 118 |
| Butter | | | | | |
| millions of rubles | 3,065 | 3,808 | 4,390 | 143 | 115 |
| thousands of tons | 913 | 1,116 | 1,298 | 142 | 116 |
| Meat and meat products | | | | | |
| billions of rubles | 12.20 | 17.44 | 19.65 | 161 | 113 |
| millions of tons | 7.23 | 10.06 | 10.20 | 142 | 101 |
| Eggs | | | | | |
| millions of rubles | 1,600 | 2,855 | 3,918 | 245 | 137 |
| billions each | 16.60 | 31.20 | 39.10 | 236 | 125 |

The more rapid growth of the sale of baked products (bread, buns and rolls, flour, cereals and macaroni products) in monetary terms with no change in price-list retail prices is due to improvement of assortment. The total outlay of flour used in baking and public dining and sold through the retail network consists of rye flour, both high-quality and hulled, and hulled wheat flour: 23.6 percent in 1970 and 16.4 percent in 1980, second-grade wheat flour, respectively--35.4 and 27.7 percent. At the same time the share of wheat flour, both top-grade and first-grade, increased from 36.3 percent to 49.6 percent, while that of high-quality flour sold through the stores increased from 4.7 to 6.3 percent.

More buns and rolls, albeit still not enough, are being made from top-grade flour. Thus the relative share of bread baked products made from top-grade flour increased from 3.5 percent in 1970 to 6.3 percent in 1980, accompanied by an absolute decrease in the production of rolls and buns from first-grade flour and a reduction in their share from 6.2 percent to 4.4 percent.

In cereals sales, the share of rice grew from 25.4 percent in 1970 to 32.6 percent in 1980. At the same time, sales of all forms of cereals and legumes increased 47 percent. The price of rice is 1.7-fold higher than the average price of all varieties of cereals. The share of oat groats rose from 4.4 to 5.9 percent, while the relative share of millet groats slid from 24.9 to 8.8 percent, of buckwheat groats from 10.7 to 4.3 percent, of semolina from 6.7 to 6.3 percent and of legumes from 5.1 to 2.2 percent. These cereals have been replaced by rice and oat groats and to a lesser degree by wheat, corn and barley groats. Their relative share was 39.9 percent in 1980 compared to 22.8 percent in 1970. This occurred because purchases of millet and buckwheat were reduced. Average annual purchases of millet amounted to 1,520,000 tons during 1971-1974 and 1,148,000 tons during 1976-1979; the figures for buckwheat are 505,000 and 407,000 tons, respectively.

Many farms have reduced sowings of millet and buckwheat because they are low-yield crops. As a result, the demand for these widely prevalent cereals remains unsatisfied. It is clear that there is a need for a carefully thought out selection of regions with land and conditions that are more favorable for the growing of millet and buckwheat. Specialists who are most familiar with the agrotechnology of these crops should be offered more substantial incentives, and special remuneration should be established for final yield of the products. A need also exists for a special system of "counting" in the evaluation of plan fulfillments that would stimulate expanded sowings of these crops.

The population buys a considerable amount of bread and cereals for the feeding of livestock and poultry maintained on private farms. Such purchases are economically advantageous to the population due to the low prices of baked goods and the relatively high state purchase prices of livestock and poultry. Excessive baking of bread used in feeding livestock brings about additional expenditures not only of flour but also of fuel and pay of workers of the bread-baking industry; it therefore would be advisable to increase the sale of grainforage to the population.

With identical growth rates of sale of sugar in physical and monetary terms and with full satisfaction of demand, there is observed a shortage of lump sugar, especially in packaged form. A significant place is occupied in the sale of sugar by its sale at special prices as incentives for workers engaged in the growing, cultivation and harvesting of sugar beet. Each year, about 500,000 tons of granulated sugar are sold at special conditions (at 38 kopecks per kg) while the state retail price is 76 kopecks per kilogram (in the first zone). In this connection, the output of sugar per capita in the Ukraine (whose share of sugar sold at special prices amounts to about 60 percent) in 1979 was 47.7 kg versus an average level of consumption in the USSR of 42.8 kg. The existence of two sets of retail prices for one and the same product is without adequate economic basis. Incentives of persons engaged in labor-intensive work connected with the cultivation of sowings of sugar beet could be in the form of money.

Growth rates of sale of confectionery products in monetary terms are affected with the use in their manufacture of cocoa beans, nuts and other fillers, the proportion of farinaceous products (cookies and spice cakes) and sugar products (caramels, marmalade, chocolate and other items) and the volume of production of items that are wrapped or packaged. Since March 1978, retail prices of chocolate products have increased on the average by 30 percent as partial compensation for the sharp rise of cocoa-bean prices on the world market. For this reason the growth rate of sale of confectionery products in terms of cost in 1980 compared to 1970 was higher than the growth of sales in physical terms. Compared to 1975, growth rates in physical terms and in cost were equal, which is connected with the decreased use of cocoa beans in 1980. The confectionery industry is still not making sufficient low-price, but high in demand, items: pastilas, marshmallows and marmalade. The industry's inadequate capacities even now restrict needed growth of production, in which connection it is necessary to speed up the construction of new and the renovation of existing confectionery factories.

The difference in the growth rates of the sale of meat products in the physical sense and in monetary terms is due to the purchase of livestock and the delivery of meat of higher condition to the trade, growth of the relative share of poultry in total meat sales (from 10.7 percent in 1970 to 21.6 percent in 1979), a higher relative share of hard smoked sausages and pork smoked products among sausage products (from 9.9 to 15.2 percent) and a certain increase in the production of semi-finished and packaged meat products.

In addition to the aforesaid factors, the significant increase in purchases of livestock and poultry by consumer-cooperative organizations at prices in accordance with an agreement and the sale of meat and sausage products and canned goods made from it at higher prices also had an effect. In 1980, these conditions went into the purchase of 798,000 tons of meat compared to 444,000 tons in 1970, a 1.8-fold increase. During this period, state purchase of livestock (in dressed weight) increased 24 percent.

The average retail price of one kilogram of meat sold in cooperative trade was 3 rubles and 23 kopecks and of sausage products--4 rubles 64 kopecks, while the average price of these products sold at state retail prices was respectively 1 ruble 70 kopecks and 2 rubles 50 kopecks. There should also be taken into account the incomparability of the existing average prices for meat in state and cooperative trade and differing proportions in the sale of beef, pork and poultry and also in the assortment of sausage products. In addition to state and cooperative trade, there were sold in 1980 on the kolkhoz market in excess of 480,000 tons of meat at prices exceeding state retail prices on the order of 2.3-fold. In 1970, this gap in prices amounted to 1.8-fold.

The lag in the supply of meat and dairy products behind the population's demand occurs in the presence of significant state grants for their production. Livestock and poultry purchased at kolkhozes, sovkhozes and farms of the population are paid for by the state at prices significantly higher than state retail prices. The state pays out annually 25 billion rubles to make up the difference between payments by the state and profits from the final sale of meat and dairy products.[1]

The decree of the CPSU Central Committee and the USSR Council of Ministers "On Additional Measures for Increasing the Production of Agricultural Products on Private Subsidiary Farms of Citizens" spells out measures for increasing the production of meat, milk and other products on these farms. It was determined in particular that it would be possible to maintain above established norms livestock grown on these farms in accordance with contracts with kolkhozes, sovkhozes and consumer-cooperative organizations, while meat surplus could be sold at the discretion of the owners at prices in accordance with agreement.

Consumer-cooperative organizations purchase under contractual conditions and accept meat surpluses directly at citizens' farms and sell them feed, construction materials and other goods, which makes it possible to bring into goods turnover additional resources and to influence reduction of prices at the kolkhoz market (meat prices in cooperative trade are roughly 15-20 percent lower). In the future, it would be advisable to concentrate purchases at consumer cooperatives of all surpluses of meat (and other agricultural products) prepared at farms of the population and to count the livestock and poultry purchased under these conditions in fulfillment of state purchase plans.

Among nonfood goods, a very high role is played by products of light industry. These include clothing, footwear, fabrics, rugs and carpeting items, furs, headdresses, haberdashery and threads. The retail goods turnover for this group of products in 1980 amounted to 70.76 billion rubles; it was 74 percent higher than in 1970 and 32 percent higher than in 1975. The share of this merchandise in all commodity turnover in 1980 was 26.2 percent and 53.1 percent among nonfood products (in 1970 the figures, respectively, were 26.3 percent and 59 percent). The reduced share of products of light industry in commodity turnover for nonfood goods is quite logical inasmuch as the production and sale of products of cultural and everyday use and household employment are growing much faster and reflecting thereby the effect of scientific-technical progress.

But the degree of reduction of the share of products of light industry made from cotton and flax fiber is in our opinion high in the turnover of nonfood products. This is connected with shortages of production capacities in spinning, difficulties in providing quality raw materials supplied by agriculture and deficiencies in the organization of their production. For these reasons, a number of sectors of light industry have consistently failed to fulfill production plans. Thus, plans for production of cotton fabrics during 1976-1980 were underfulfilled (in terms of the total of these years) by more than one billion square meters, which reduced the per-capita level of their consumption.

Under the conditions of a rapidly growing monetary income of the population, this has resulted in difficulties in satisfaction of the demand for cotton fabrics and products made from them, for knitwear and hosiery from cotton yarn, thread and certain other goods produced from natural fibers. Stocks of these goods in retail trade have gone down sharply in the years of the 10th Five-Year Plan.

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1. See KOMMUNIST, No 8, 1980, p 58.

The production and sale of fabrics, clothing, knitwear and carpeting and leather footwear to the population are described in physical terms and in retail prices for the corresponding years by the following data (Table 3).

Table 3

| | | | | 1980 in % of | |
|---|---|---|---|---|---|
| | 1970 | 1975 | 1980 | 1970 | 1975 |
| Production of cotton, wool, silk and linen fabrics (in millions of square meters) | 8,648 | 9,661 | 10,286 | 119 | 106 |
| Ditto (in millions of linear meters) | 9,944 | 10,647 | 10,913 | 110 | 102.5 |
| Ditto, with exclusion of heavy industrial fibers and products of local industry (in millions of linear meters) | 9,284 | 9,918 | 10,202 | 110 | 103 |
| Ditto (in millions of rubles) | 16,455 | 20,450 | 23,839 | 145 | 116.5 |
| Clothing and underwear (in millions of rubles): | | | | | |
| production | 12,315 | 15,120 | 19,362 | 157 | 128 |
| sales | 14,353 | 18,254 | 24,199 | 169 | 132 |
| Production of knitwear articles: | | | | | |
| knitted underwear (in millions each) | 814 | 955 | 1,144 | 140 | 120 |
| knitted outwear (in millions each) | 415 | 466 | 478 | 115 | 103 |
| all knitwear articles (in millions of rubles) | 5,468 | 7,054 | 8,460 | 155 | 120 |
| Sales of all knitwear articles (in millions of rubles) | 6,871 | 9,086 | 11,087 | 161 | 122 |
| Production of leather footwear | | | | | |
| millions of pairs | 679 | 698 | 744 | 110 | 107 |
| millions of rubles | 5,343 | 6,486 | 7,886 | 147 | 122 |
| sales (in millions of rubles) | 6,600 | 8,859 | 10,810 | 164 | 122 |
| Rugs and carpeting: | | | | | |
| production (in millions of square meters) | 30.3 | 47.5 | 93.4 | 3.1-fold increase | almost doubled |
| sales: | | | | | |
| millions of rubles in retail prices | 557 | 1,061 | 3,927 | 7.1-fold increase | 3.7-fold increase |
| ditto, in comparable prices | 557 | 1,061 | 2,065 | 3.7-fold increase | 1.9-fold increase |

With an overall increase of production of fabrics in 1980 compared to 1970 (in square meters) of 19 percent, the output of cotton fabrics grew 15 percent while that of linen fabrics dropped 3 percent. In 1980 compared to 1975, the growth rate of fabric production dropped, amounting to only 6 percent, including silk fabrics--17 percent, cotton fabrics--6.5 percent and with an absolute reduction of 12 percent in production of linen fabrics.

Advancing growth of fabric production is primarily due in regard to cost by changes in the structure of production. Thus, the share of cotton fabrics, comprising 71 percent in 1970 dropped to 69 percent in 1980; that of silk fabrics rose from 13 to 17 percent; this was accompanied by a reduction in the share of linen fabrics and retention of the stable share of wool fabrics. The average retail price of cotton fabrics per linear meter in 1980 was 1 ruble 11 kopecks, that of silk fabrics--4 rubles 53 kopecks and of wool fabrics--14 rubles 6 kopecks.

The dynamics of fabric production in monetary terms is influenced by changes also in intragroup assortment. Thus, with a total increase in the output of wool fabrics in linear meters in 1979 compared to 1970 of 11.5 percent, pure wool fabrics were produced with an 1.7-fold increase and coarse wool fabrics with an 11-percent decrease. The average retail price per linear meter of the fabrics increased due to changes in assortment and also because of the transition to the output of broader fabrics (from 130 to 135 cm).

There occurred an absolute reduction in the production of calico and satin among cotton fabrics during this period; this is due to the incomplete satisfaction of demand for articles of mass consumption of these fabrics.

An increasingly considerable part of all the varieties of fabrics goes into the sewing of clothing and underwear, as a result of which their share sold through the stores is growing smaller. Such a use of fabrics is more rational and frees the population of sewing their clothes at home. But due to a lag in production, especially of cotton and linen fabrics, demand by the population both for individual fabrics and also for items made from them is outstripping supply.

The production of sewn articles in 1979 increased in cost compared to 1970 by 47 percent. The output of individual articles in physical form grew during this period: men's and boys' shirts--39 percent (including those made of cotton fabrics--29 percent and of silk fabrics--75 percent); dresses, sarafans and robes--37 percent (including those made from silk fabrics--almost twofold); skirts--73 percent (including those made from silk fabrics--eightfold). The production of trousers grew 13 percent, including those made from wool products--17 percent and those made from silk fabrics--fivefold, while those made from cotton fabrics dropped 4 percent. With a relatively small increase in the production of suits--8 percent--their manufacture from synthetic and silk fabrics increased almost 4.5-fold.

Selective consideration of the suit sales structure shows that in their sale (including that of imports) the share of suits priced up to 70 rubles, which in 1970 amounted to 22 percent, in 1979 dropped to 6 percent and that of suits priced over 100 rubles increased accordingly from 25 to 41 percent. It is characteristic that during this period the sale of both cheap suits and the more expensive picked up while the sale of suits belong to the medium price range slowed down. The share of the latter in stocks increased from 48 to 57 percent, but remained stable in sales --53 percent. This reflects to a certain extent growth of demand for more expensive suits and also for cheaper ones.

When estimating the growth rate of production of sewn articles, there should be taken into consideration expansion of output of knitwear replacing them. The high growth rate of production of sewn articles in value terms was influenced by the increase in the output of fabrics (and of clothing made from them) from mixed yarn, artificial fur, duplicated jeans fabrics.

Over the 10 years, production of leather footwear grew almost 10 percent, including fashionable --1.5-fold and insulated--more than one-third. Taking this and other changes into consideration, the average price for a pair of shoes rose from 7 rubles 90 kopecks to 10 rubles 39 kopecks. In this connection and also due to the availability for sale of more expensive imported items, the sale of footwear in value terms increased more than 1.6 fold.

The data presented in Table 3 on growth of the sale of clothing, knitwear, footwear and rugs reflect not only the development of domestic production but also the advent of these goods through imports, to a significant degree from socialist countries.

The tendency of advancing growth of production of consumer goods in value terms compared to the same indicator in physical terms has been marked in recent years when the production of nonfood goods to a large degree began to be stimulated; this was in response to changes in demand, particularly in regard to new items ("N"). At the same time, retail-price indexes in 1980 compared to 1970 remained stable only with respect to cotton and wool fabrics but dropped for clothing and underwear--99, knitwear--92, hosiery--96, leather footwear--99.5 and increased for silk fabrics--101 (in connection with higher prices for fabrics from natural silk), rugs and carpeting--190.

The increased demand for cotton fabrics and goods made of them, as well as knitwear and hosiery from cotton yarn is due not only to their use qualities but also to their relatively low prices compared to prices for similar items from synthetic raw materials. It should be noted that abroad prices for fabrics from natural raw materials (and goods from them) are significantly higher than for comparable items from synthetic raw materials.

The change in the relationship of prices for fabrics, sewn, knitted and hosiery items produced from natural and synthetic raw materials in addition to an increase in their production has contributed to equalization of the proportions between supply and demand for these goods.

A constantly growing role in the satisfaction of the population's demand belongs to goods of cultural, everyday and household designation, especially those of long-term use. The sales volume of goods, included statistically in this complex (excluding rugs, included by us in the group of items of light industry, and excluding the commission sales of passenger automobiles) is given (in millions of rubles and in prices of the corresponding years) in Table 4.

The sale of individual goods of long-term use in physical terms and in monetary terms is shown in Table 5.

The advancing growth of sales of these goods in regard to value is due to renewal of assortment, improved consumer qualities and also the external appearance of the items.

Table 4

| | 1970 | 1975 | 1980 |
|---|---|---|---|
| Sum of turnover | | | |
| total | 17,048 | 27,828 | 40,982 |
| in percent: | | | |
| of all goods turnover | 11.0 | 13.2 | 15.1 |
| of turnover for nonfood goods | 24.7 | 28.5 | 30.8 |

Table 5

| | 1970 | 1975 | 1980 | 1980 in % of 1970 | 1980 in % of 1975 |
|---|---|---|---|---|---|
| Radio receivers and radiophonographs | | | | | |
| millions of rubles | 405 | 714 | 705 | 174 | 99 |
| thousands each | 5,870 | 7,591 | 6,549 | 112 | 86 |
| Television sets | | | | | |
| millions of rubles | 1,818 | 1,993 | 2,372 | 131 | 119 |
| thousands each | 5,580 | 6,002 | 6,423 | 115 | 107 |
| Clocks and watches | | | | | |
| millions of rubles | 488 | 768 | 1,213 | 249 | 158 |
| millions each | 28,249 | 5,536 | 39,809 | 141 | 112 |
| Refrigerators | | | | | |
| millions of rubles | 781 | 1,172 | 1,207 | 155 | 103 |
| thousands each | 3,756 | 4,823 | 4,810 | 128 | 99.7 |
| Cameras | | | | | |
| millions of rubles | 47 | 67 | 160 | 340 | 239 |
| thousands each | 1,337 | 1,773 | 2,264 | 169 | 128 |
| Sewing machines | | | | | |
| millions of rubles | 92 | 109 | 154 | 168 | 142 |
| thousands each | 1,275 | 1,237 | 1,181 | 93 | 95 |
| Passenger automobiles (less sales commission) | | | | | |
| millions of rubles | 520 | 4,202 | 5,930 | in 11.4 rubles | 141 |
| thousands each | 123.3 | 723.5 | 858 | in 7.0 rubles | 119 |

Changes in assortment encompass a broad range of merchandise. They include radio-receivers and radiophonographs, color television sets, clocks and watches with special features, large-capacity refrigerators, cameras with automatic and electrical features, multioperation sewing machines, new-model passenger automobiles, cassette tape recorders, new types of electric irons, electric vacuum cleaners and the like.

For example, the share of color television sets of total sales of both black-and-white and color varietites in 1980 amounted to 27 percent, of refrigerators with capacities in excess of 200 liters--about 27 percent. The number of sold sewing machines fell, but profits increased because more multioperation machines of the "zig-zag" type were produced (from 310,000 each in 1975 to 578,000 each in 1980).

The expansion of capacity of a most promising market of items of long-term use is closely connected with the development of new models with better technical characteristics and use properties as well as of essentially new products.

The conducted analysis of changes in the physical and value makeup of consumer goods does not disclose the detailed structure of goods offered to the population in terms of their multiplicity of forms and varieties. The generally natural process of renewal of assortment, improvement of quality and use properties of produced goods is accompanied by a natural rise in value. But negative developments in the assortment of the produced goods should not be concealed behind this positive process.

Thus enterprises of the Ministry of Food Industry in 1980 compared to 1975 increased the production of perfumery and cosmetics 1.6-fold in monetary terms. Output of compact powder increased thirteenfold, lipstick--3.9-fold, shampoos--1.7-fold. At the same time, the production of such mass products as tooth powder increased only 12 percent, toothpaste--13 percent, while 14-10 percent less of eau-de-cologne were produced, although they were in the original rendering.

Some associations of the furniture industry (Sevzapmebel', Soyuzmebel' and Yugmebel') and ministries of the timber industry of the Ukraine, Belorussia and Kazakhstan fulfilled their plans in monetary terms but failed to produce lower-price products needed by the population. Enterprises of the light industry in January-June 1971 overfulfilled plans for the production of cotton fabrics in monetary terms, but were short of a significant quantity of these fabrics in physical terms versus the plan.

Under conditions in which there is a shortage of a number of goods, some industrial enterprises are trying to produce more relatively expensive goods at the expense of reduction of the share and on occasion of reduction of the production of low-price goods; this sometimes does not meet at times with due opposition on the part of trade. A deciding means of overcoming such negative developments is normalization of the relationship between supply and demand, a significant increase in production outstripping the growth of the population's current income. With such "prerequisites created on a planned basis," trade orders become to a large degree the basis of production plans of enterprises not only in terms of total volume but also in terms of intragroup composition.

"Basic Directions of USSR Economic and Social Development for 1981-1985 and for the Period to 1990" provided for advanced growth of production of consumer goods, further improvement of assortment and higher quality of goods in accordance with the growing needs of the Soviet people.

An expression of the practical realization of the decisions of the 26th party congress aimed at a further rise of the material and cultural living standard of the people is to be found in the decrees adopted by the CPSU Central Committee and the USSR Council of Ministers on increasing during 1981-1985 the production of goods of primary necessity and consumer goods, upgrading the quality and improving their assortment. These decisions provide in particular for increasing the production in 1985 versus 1980 of knitted underwear from cotton and mixed yarn (by 37 percent), color television sets (2.3-fold), refrigerators with capacities of more than 200 liters (1.7-fold), spare parts for motorcycles and motor scooters (1.5-fold), satisfaction of trade orders for underwear for the newborn and children of nursery-school age and a number of other goods. There is to be a significant growth in the production and sale to the population of toilet soap, notebooks, various kinds of dishware, gardening tools, reflex cameras and many other goods that have a high buyer demand. In addition to renewal of assortment and increase of production of new and stylish goods, the output of low-priced good-quality goods must be assured.

The Basic Directions emphasize the need of improving cost-accounting relationships and increasing reciprocal economic accountability for adherence to plan targets and contractual obligations of suppliers and users and strengthening the effectiveness of economic sanctions.

The influence exerted by trade on industry in coordination of orders on the basis of assortment and on the basis of price group, rigid control over the fulfillment of accepted orders for all positions, the use of all economic and other means of influence in relation to enterprises producing more expensive goods to the detriment of low-priced ones--all this must be aimed at the satisfaction of the demand of different groups of buyers.

An active assortment policy is needed. Five-year agreements concluded between trade enterprises and industry should specify proportions for price groups, which could be differentiated by regions and organizations in the conclusion of annual economic contracts.

A policy that is aimed at maintaining the population's real income at the requisite level must take into account the possibilities of using the price instrument as one of the means of maintaining proportions between supply and demand without impinging in this connection on vitally needed goods of everyday use. A most important basis of observance of these proportions is constant growth of production with strict conformity on the scale of the country of growth of production of goods with the population's monetary income and with that part which is used for the purchase of goods and payment for services.

The changes that were made during the 10th Five-Year Plan in retail prices for individual goods did not always nor fully take into consideration relations between supply and demand. The use of the price instrument should be of a long-term character, aimed at the elimination of disproportions between demand and supply for individual goods on the basis of growing production. Such a planned combination of the growing supply of goods in interaction with improvement of the practice of price setting will make it possible to eliminate shortages of individual goods.

In our view, it is necessary to expand the range of goods which would be simultaneously subject to accounting and periodic reporting on their production and sale to the population in physical and monetary terms. Central trade organizations and their local organs should keep systematic track of all goods provided for sale to the population both in quantitative and in monetary terms and of their sale; they should adopt timely decisions together with industrial enterprises on the volume and makeup of produced goods in terms of physical and value proportions.

Until recently, a tendency was in operation of excessive expansion of the range of goods whose production plans were determined centrally as part of national-economic plans or separate decisions. At first glance, the setting of such targets would be expected to promote better satisfaction of demand. Actually, by reporting only on the fulfillment of "feasible targets" for the production of individual varieties of goods, ministries free themselves of responsibility and concern in regard to the satisfaction of the needs of the national economy (and, of course, of demand of the population as a most important constituent part of requirements) on the basis of the product mix fixed for each ministry. At the same time, such a responsibility is provided by existing situations concerning the ministries. In the connection head ministries determined which are responsible for delivery of goods produced at the enterprises of several ministries.

In the light of this, it would appear to be timely to proceed not along the path of excessive expansion of the group of targets centrally established for the production of individual goods but rather along the path of real increase of responsibility of ministries (including head ministries) for the very important duties imposed on them. At the same time, it is contemplated that planning organs, in showing preference for the production of goods for the population, especially those of mass demand, provide for the allocation of raw and other materials, components, resources for the creation of production capacities for the corresponding ministries with the intention of satisfying justified trade requisitions (within the framework of annual or five-year plans) for the delivery of the corresponding goods. The assortment in detail should be determined in annual economic contracts and in five-year agreements between trade and industry.



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