

STAT

Budgets of Soviet Satellites in Europe

Voprosy Ekonomiki, Moscow, Nov 1951

STAT

THE BUDGETS OF ~~THE COUNTRIES OF THE EUROPEAN COUNTRIES~~
~~OF THE~~ PEOPLES' DEMOCRACIES

I. Didinskiy

The peaceful, creative, constructive character of economic development of the European countries of the peoples' democracy is seen graphically in their state budgets. Having for its economic basis public ownership of the basic means of production, the budgets of these countries draw together all the threads of the national economy and become a mirror of its peaceful, manifold development. In the character and structure of the budgets, in the rates of increase of budget receipts, in the trends of budget expenditures the policy of peoples' democratic regime finds its full expression, leading to the construction of the groundwork of a socialist society. In the state budgets of the peoples' democracies is reflected the great superiority of the progressive system of socialism being built in these countries on the basis of utilization of USSR experience and its fraternal assistance over the reactionary, rotten-to-the-core, dying capitalist system.

The budgets of Poland, Czechoslovakia, Bulgaria, Rumania, Hungary, and Albania are based on a rapidly growing socialist industry in the city and a solidifying collectivized segment in the country.

The workers of the countries of the peoples' democracies at the head with the working class, led by the Communist and workers' parties, are successfully developing their national economy, attain-

ing further advances in all phases of economy and culture, development of productive capacities, and increase in the material welfare of the mass of people.

Successful completion of the first short-term two- and three-year economic plans, having as their main objective the restoration of the economy of the peoples' democratic countries destroyed by the war and German-fascist plundering, afforded opportunity for the workers of these countries to enter in an historically short time upon socialist reconstruction of the national economy on the basis of industrialization. Socialist industrialization, whose nature, as Comrade Stalin pointed out, consists not simply of a growth of industry, but on development of heavy industry and most of all its core -- machine building -- is the main link in the future plans for economic development of the countries of the peoples' democracy. The realization of socialist industrialization is transforming the appearance of the peoples' democratic countries, creating in them a stable economic basis for socialism. Industrialization promotes the strengthening of the position of the working class -- the leading force in the peoples' democratic regimes; it leads to unity between the working class and the peasantry under the leadership of the working class, to still far greater solidarity of the toilers around the Communist and workers' parties; it guarantees the rapid and steady rise of the entire national economy, strengthens in it the position of the socialist way of life to the detriment of the capitalist system, creates the basis for the technological equipping of agriculture and its socialist transformation, and a necessary condition for raising the living standards of the worker. By means of industrial-

ization, the workers of the countries of the peoples' democracy are overcoming the technical and economic backwardness of their countries, are strengthening their defensive capacities, and are building the foundations of socialism. The year 1951 is the third year of the translation into reality of the five-year plans for development of the national economy of Bulgaria and Czechoslovakia, the second year of fulfillment of the Six-Year Plan for Poland and the Five-Year Plan for Hungary, and the first year of accomplishment of the Five-Year Plan for Rumania. The national economic plans worked out on the initiative of the Communist and workers' parties have been taken up by the workers of the countries of the peoples' democracy as their own genuine, vital affair, and are devoting all their energy to the successful and early translation of these plans into life.

The first real successes in the field of industrialization of the countries of the peoples' democracy were the fulfillment and overfulfillment of the assigned national economic plans of these countries an over-all rise in their economy and culture is guaranteed by the correct policy of the Communist and workers' parties and the peoples' democratic governments, by the labor enthusiasm of the workers, the laboring peasants and intelligentsia of the peoples' democratic republics, and by the manifold, friendly, disinterested assistance of the USSR and the utilization of its rich experience in economic construction.

Industrial production in the countries of the peoples' democracy long ago exceeded the prewar level. In the first half of 1951 in all the countries of the peoples' democracy industrial

production as compared with 1938 comprised: in Poland 268 percent, Czechoslovakia 165 percent, Hungary 271 percent, Bulgaria 335 percent, and Rumania 208 percent. The economy of the countries of the peoples' democracy is being restored on the basis of new, up-to-date techniques. Especially great successes have been attained in these countries in the field of the development of heavy industry. In a short time, the working class has founded new industrial cities, built a large number of new enterprises for smelting and rolling of ferrous metals, for production of nonferrous metals, modern equipment, machine tools, tractors, and automatic machinery. The industry of these countries began production of hundreds of types of products never before manufactured here.

The workers, employees, and technical intelligentsia of the countries of the peoples' democracy, applying the experience of Soviet innovators in production, are expanding socialist competition and obtaining increasing volume and improved quality of manufactured products. In the plants and factories of the peoples' democratic republics the productivity of labor is growing, the utilization of equipment is improving, raw materials are being utilized economically, and the circulation of money in the economy is on the increase. On this basis the net cost of manufactured products is dropping and the profitableness of state enterprises is increasing.

The working classes of the peoples' democracies have also achieved great successes in the development of agriculture. In comparison with the prewar period in these countries, the sowing area has been extended, the crop yield of basic agricultural products has been restored, The peoples' democratic governments are giving

regular, resourceful assistance to the working peasants. More tractors, combine-harvesters and other complicated agricultural machines are being sent to the villages from the rapidly growing industry, contributing thereby the material-technological basis for the reorganization of agriculture. Agricultural production cooperatives are developing, and with the experience of Soviet collective farms are strengthening relationships in agricultural organization; the number of MTS's in the state-owned farming sector is growing.

In the process of socialist construction, the class structure of the peoples' democracies is undergoing profound alteration. The socialist way of life prevails in large-scale and medium industry, in the banking system, and in foreign and internal wholesale trade. In the current year the proportion of socialist management in production industries amounts to 99 percent in Bulgaria and Rumania, 98 percent in Czechoslovakia, and almost 97 percent in Hungary. Socialist management plays a dominant role in retail business. The collectivized segment in agriculture occupies a significant place. The people's democratic regime is pursuing a policy of restriction and displacement of the Kulak [wealthy peasant] class -- the most numerous exploitative class still remaining in the countries of the peoples' democracy.

The mighty upswing of the national economy of the countries of the peoples' democracy and the steady growth on this foundation of their national incomes assure a rising material prosperity and level of cultural life for the working people. In these countries the real wages of the workers and employees and the real income of the working peasants has risen, the national consumption has risen,

the volume of dwelling construction has expanded, and the amounts paid out by government authorities for social insurance and social welfare in the form of scholarships and other advantages have increased.

* * *

The rapid rates of economic development in the countries of the peoples' democracy have stipulated a precipitate increase in their state budgets, the most important link in the entire financial system.

[See next page for table]

From the table is seen first of all the unusually rapid increase in state budgets of the countries of the peoples' democracy. For the past 3 years (1949-1951), which in the main might be viewed as the beginning years of the reconstruction period in these countries, the budget of Poland increased 3-fold, the budgets of Bulgaria and Hungary 1.5-2 fold, the budgets of Rumania and Czechoslovakia, almost 2-fold. At the basis of the growth of the state budgets of these countries, besides the brisk rise in their economies, lie the changes in the character and functions of these budgets.

A deep abyss separates the present budgets of Poland, Czechoslovakia, Bulgaria, Rumania, and Albania from the budgets of these countries in the prewar period, when they were capitalist budgets.

Comrade Stalin at the Eighteenth Congress of the VKP(b) pointed out that under capitalism, just as under the serfdom regimes

STATE BUDGETS OF THE EUROPEAN COUNTRIES OF THE PEOPLES' DEMOCRACY⁽¹⁾

	1949		1950		1951	
	Income	Expenditures	Income	Expenditures	Income	Expenditures
Bulgaria						
(billion levs)	165.7	152.6	207.3	198.0	271.8	267.9
Hungary						
(mill.forins)	12,843	12,809	17,537	17,454	29,623	29,516
Poland						
(bill.zlotys ⁽²⁾)	18.12	17.24	25.38	25.38	55.97	51.89
Rumania						
(bill.leis)	272.0	236.0	353.9	350.7	433.9	429.9
Czechoslovakia						
(bill.crowns)	89.32	89.28	131.93	131.56	166.47	166.2

(1) Data from approved budgets. According to the official rate of exchange, 1 Soviet ruble equals 71.4 Bulgarian levs, 2.93 Hungarian forins, 1 Polish zloty, 37.4 Rumanian leis, 12.5 Czechoslovakian crowns.

(2) In the new (post-revaluation) zlotys.

and feudalism, "two basic functions characterized the activity of government: the internal (main) one of holding the exploited majority in check, and the external (lesser) one of extending the territory of its own ruling class at the expense of the territory of other states, or to defend the territory of its own state from invasion by other states." (I. Stalin, Questions of Leninism, 11th edition, p. 604.) In a talk with the English writer H. G. Wells, Comrade Stalin, speaking of the functions of the state in the bourgeois world, emphasized that it was an apparatus of collecting taxes.

In conformance with the basic functions of the bourgeois government, the main task of the state budgets in the countries of central and southeastern Europe until the victory in their peoples' democratic regimes came down to beating excessively heavy taxes out of the working mass for the maintenance of the apparatus of suppression and oppression of the exploited majority, for the enrichment of an indigenous handful and foreign monopolists, and for the maintenance of the armed forces. The state budgets did not have any direct relation to the economy, and indeed could not have, since inasmuch as the economy "in the real sense little concerned the capitalist government, it was not in its hands. On the contrary, the government found itself in the hands of the capitalist economy." (I. Stalin, Questions of Leninism, 10th edition, p. 602.)

During the bourgeoisie-landowner regime, there were for decades in succession deficits in the budget of Hungary. Only in isolated, single cases were there budgets without deficits in Rumania, Czechoslovakia, and Bulgaria. For covering the enormous

budget deficits, the governments of the countries of central and southeastern Europe drained off internal loans, concluded external loans, and increased the quantity of paper money in circulation.

With every passing year, the financial and general economic dependence of these countries on foreign, imperialist robbers increased, the burden of inflation and taxation grew, laying all their weight on the shoulders of the people. Only the victory of the peoples' democratic regimes gave the opportunity to the working classes to throw forever from their shoulders the financial-economic and political domination of the imperialists and to be free from age-old poverty.

Under the conditions of the peoples' democratic regime, which is successfully fulfilling the functions of the dictatorship of the proletariat, the class character of the state budgets of the countries of central and southeastern Europe has radically changed, and the budget has begun to assume another principal role in the state economic system. The peoples' democratic government guides and directs the economy of the country on the basis of a plan in the interests of a working class which is free from capitalist pressure and exploitation. In keeping with the scale of development and strengthening of the economic-organizational activity of the peoples' democratic government, the main objective of the budgets of the countries of the peoples' democracy becomes assistance of every kind for the development of the national economy in constructing the foundations of a socialist economy.

The budgets of the countries of the peoples' democracy were

drafted to secure in conformity with the national economic plans the uninterrupted financing of all branches of the national economy, as well as the accomplishment of the enormous program of social and cultural measures, the stockpiling of resources, sufficient for the normal functioning of the central and local organs of the peoples' democratic regime and for strengthening the defensive capacity of the country. A rapid process of converting state budgets of the peoples' democracies into budgets covering the entire national economy is now under way. In 1949-1950, there was set up a direct connection between the budgets and all branches of the national economy, both in the accumulation of funds and in their expenditure in the interests of further complex development of the peacetime economy.

The budgets of the peoples' democracies for 1951 were, to a considerably greater extent than the budgets of the preceding years, connected with the realization of the political and economic objectives of the peoples' democracy and with the plans of development of the national economy. The basis of the recent budgets are the financial plans of the branches of the national economy, based in turn on the financial plans of the individual enterprises. The total deductions from profits of state self-supporting (Khozraschetnyy) enterprises are linked with the industrial financial plans of enterprises in all branches of industry, while the total receipts from turnover taxes is in keeping with the turnover of merchandise. The expenditure part of the budgets of the peoples' democracies is determined entirely by the objectives and the volume of the work envisaged in the 1951 plans for all sections of state, economic, and cultural construction. The present budgets serve as the basic instrument for the

distribution and redistribution of the national income in the interests of the working class and in the interests of building socialism in the peoples' democracies.

The budgets of the peoples' democracies clearly reflect the great work done in these countries on the basis of utilization of the experience of the Soviet Union in the centralization and perfecting of all segments of the financial system with the aim of its better utilization for the needs of building socialism. In 1949-1950 in the peoples' democracies the centralization of budgets was carried out; in particular they abolished every type of separate budget and autonomous funds either by pouring them into the state budget or liquidating them on the basis of their uselessness. In the 1951 budget was an extended statement of the principle of unity of state finances. Also included in the unified state budget were the budgets of local organs of authority -- the local soviets in Bulgaria and Rumania, the national committees in Czechoslovakia, and so forth. This guaranteed a stable income basis for the local budgets and served as an important factor in the development of local organs and the strengthening of their authority.

The budgets of the peoples' democracies are developing a considerable excess of income over expenditures. In 1951 the income of the budget in Bulgaria was larger than the expenditures by 3.9 billion levs; in Poland, by 4.1 billion zlotys; in Rumania, by 4 billion lei; and so forth. The planned non-deficit of the peoples' democracies laid down by law in drawing up their budgets testifies eloquently to the stability of all their financial systems.

The basis for this stability, which is unknown to capitalist countries, and for the non-deficit budgets are the planned, crisis-free economy of the peoples' democracies, which is rapidly developing along the path of socialism, and the genuine interest of all the working peoples of these countries in consolidating the peoples' democratic regime and strengthening its financial might. The development of economic ties with the USSR and its brotherly, disinterested aid are of tremendous significance for consolidating the budgets of the peoples' democracies and for the success of all the socialist construction performed under them. The stability of their financial systems is also predicated on the delivery from the Soviet Union of highly important types of material, complex machines and machine tools, whole batteries of equipment for plants and factories, and the extension by the USSR of commercial credits and other forms of economic cooperation and aid which facilitate and accelerate the socialist industrialization of the peoples' democracies.

At present the main objective of the budgets of the peoples' democracies is the mobilization of funds for the creation of a heavy industry and the reconstruction of all branches of the national economy on the basis of this heavy industry. The budgets of the peoples' democracies for 1951 were budgets for socialist industrialization. The objectives of industrialization were clearly reflected both in the sources of the funds mobilized and in the direction of the expenditure of the accumulated funds.

In the USSR the State budget is one of the main levers with which the Soviet regime mobilized funds for the creation of heavy industry. In 1926 in his report The Economic Position of the Soviet

Union and the Policy of the Party, Comrade Stalin, in pointing out the possibility of Soviet industrialization on the basis of socialist accumulation, states that "we have such a weapon as the state authority which controls the state budget and which manages to get a little money for the further development of the peoples' economy in general, and for our industry in particular." (I. V. Stalin, Collected Works, Vol 8, p. 125)

This Stalin dictum lies at the basis of the utilization by the peoples' democratic authority of state budgets for purposes of industrialization. Through the budgets in the countries of the peoples' democracy the bulk of accumulations of socialist industry, transport, and internal and external trade is being mobilized for the work of industrialization, while a considerable share of their profits is being taken away from the capitalist elements. Part of the income of the working people enters into the budgets, too, in the form of taxes which, in turn, go for the expansion of socialist production and other general state and social needs, for social insurance, for raising the material welfare and cultural level of life for the mass of people.

The role of budgets as a source of accumulation is steadily growing in the peoples' democracies. Where in the first years of existence of the peoples' democratic regime the proportion of budget capital in the total of investment finance amounted in these countries to 20-30 percent, while the remaining 70-80 percent were covered by the private resources of the enterprises, by 1950 and 1951 the budgets had been converted into the basic and decisive source of financing for the entire national economy of the peoples'

democracies including capital construction.

In 1951 the incomes of state budgets increased in comparison with the preceding year as follows: Poland, more than 100 percent, Hungary, 70 percent, Czechoslovakia, Bulgaria, and Rumania, 25-30 percent. These rates of increase in budget incomes mirror the steady upswing of the economy of the peoples' democracies. The increase of budget incomes assures a steady consolidation in these countries of the position of the socialist sector, increase in labor productivity, the introduction of cost accounting, reduction in the net cost of manufactured products and a raising on this basis of the earning capacity of socialist enterprises.

In the income parts of the prewar budgets of the countries of central and southeastern Europe, enormous taxes levied on the working groups played a central role; taxes on everyone increased, notwithstanding the continuously increasing poverty of the masses. In contrast to the capitalist system, the decisive source of income in the peoples' democracies is the income and accumulation of the socialist economy. The basic means of production belong to the peoples' democratic government, and it concentrates in its hands the major part of the social product. Therefore the accumulations of the socialist sector comprise the overwhelming part of the income of the budgets of the peoples' democracies and primarily the accumulations of state industry. In 1951, the receipts of the socialist sector in Czechoslovakia and Rumania comprise about 90 percent of the total budget income; in Poland, almost 80 percent; Hungary, about 75 percent; in Bulgaria, the socialist sector accounts for about 60 percent of the total sum of budget receipts. The receipts

of the socialist economy in the state budget are steadily increasing, and the relative volume of this source in the total sum of budget receipts is rising still further. In Poland, for example, the relative volume of accumulations of the socialist sector in the budget receipts increased from 60 percent in 1949 to 75 percent in 1950 and 79.6 percent in 1951.

The accumulations of the socialist sector enter into the state budget of the peoples' democracies through two basic channels -- in the form of turnover taxes and in the form of deductions from profits. The system, set up on the model of the Soviet Union, of payments of state enterprises into the budget of the people's democracy government was drafted to assure on the one hand regularity of budget receipts, and on the other, a strengthening of cost accounting by state enterprises.

Payments of state enterprises through turnover taxes was established so as to guarantee the influx to the budget of the bulk of capital over and above that directly needed for the fulfillment of assignments for reduction in net-cost of products. In the course of collecting turnover taxes, the financial organs of the people's democratic government exercise control over fulfillment by the enterprises of their plans for realization of production. The share of turnover taxes in total budget receipts increased in the Rumanian People's Republic from 42.7 percent in 1950 to 50.7 percent in 1951, while the annual amount of income from these taxes for the period indicated rose 29.3 percent. The total of turnover taxes in the budget of the Hungarian People's Republic rose from 7.8 billion forins in 1950 to 13 billion forins in 1951 and comprised 44

percent of all the budget incomes. In the Czechoslovakian Republic, the receipts from general taxes, fulfilling the functions of turnover taxes, in 1951 reached to 65 percent of all incomes of the state budget.

Deductions from profits -- the next most important payment made by enterprises of the socialist sector into the budget -- were established in the peoples' democracies in such a way as to put into the hands of the financial organs of the peoples' democratic state an effective instrument for checking on the fulfillment by industry of the established production-cost reduction targets. The ministries of finance conduct a careful examination of the economic activity of state enterprises relative to the disbursement by these enterprises of payments into the budget of deductions from profits. In the course of these examinations shortcomings in the functioning of the enterprise are brought to light and steps are designated whereby their profitability can be raised, cost accounting strengthened, and intra-industrial accumulations increased. Deductions from profits in a majority of the peoples' democracies in 1951 amount to about 10-15 percent of the total receipts.

The basic source of growth in income to the state budgets from profit deductions is the steady lowering of production cost. In the State budget of Poland for 1951, for example, an income of 10.2 billion zloty from production-cost reduction was envisaged; this amount is almost equal to half the planned capital investment of the country for the whole year. It is natural, therefore, that measures for cutting production cost, and on that basis raising profitability of the socialist enterprises, are acquiring particularly great

significance. In this respect the peoples' democracies still possess great unexploited possibilities by way of raising productivity of labor, improving the use of plant and factory equipment, considerably lowering the raw material consumption norms, cutting the size of industrial reserve stocks, and speeding up the turnover of capital.

To the dynamics of the receipt by the budget of deductions from profits can also be added the reorganization of the system of distributing profits of state enterprises, carried out with the purpose of strengthening of cost accounting and raising the interest of the enterprises in the results of their economic activities. In Rumania, for example, in 1951 the total planned-profits of state enterprises comprise 102 billion lei or 68 percent more than in the preceding year. Meanwhile, from this total there will come into the budget 45 billion lei in comparison with 60.6 billion lei in 1950. Thus, a considerable part of the profits remains at the disposition of the enterprises to meet their needs as specified in the finance plan.

In 1951 in the budget incomes of several peoples' democracies, particularly in Bulgaria, the receipts from machine-tractor stations acquired considerable importance. In keeping with the development of machine-tractor stations, the increase of mechanization of agriculture, the improvement in economic organization, and strengthening of production cooperatives, this source of income will play a still great^{er} role.

Rapid rates of increase in budget receipts being obtained in all peoples' democracies from state and cooperative enterprises comprising the socialist sector have been made possible because of

the increase in volume of production, the expansion of the wholesale and retail trade turnover, and the increase of earning capacity of socialist industry and were not due to any increase in tax rate or volume of deductions.

In contrast to the payments of the socialist sector, the relative amount of budget receipts from taxes paid by the population is steadily being reduced. In 1951 these taxes will yield approximately 5-10 percent of all receipts of the state budgets of the peoples' democracies. The peoples' democratic regime uses these taxes not only as a method of mobilizing capital, but as an instrument for regulating the income of separate groups of the population in conformance with the tasks of socialist construction. In all the peoples' democracies there was a radical reorganization of the taxation system leading to progressive rates of taxation which considerably increased the tax burden on the bourgeoisie and decreased the taxes on the working classes.

Through a gradual policy of restriction and displacement of the capitalist elements, the working class of the peoples' democracies with the aid of taxes and other measures is restricting ever more effectively that already insignificant current share of the national income which the wealthy peasants and city bourgeoisie snatch for themselves. Further curtailment of parasitic incomes in the peoples' democracies is being carried out against the stiff resistance of the broken but still not abolished exploitative class under conditions of tense, class struggle; the complete elimination of these incomes together with the liquidation of these capitalist elements is being completed.

In connection with the increase in wages of the workers and employees and the income of the working peasants, the absolute amount of taxes from the population in the peoples' democracies is increasing from year to year. But still the receipts to the budget from the socialist sector is growing much more rapidly, and therefore the relative amount of tax payments by the population to the budget income of the peoples' democracies is being reduced. In the budget of Rumania, for example, the share of taxes from the population in the total income is being cut from 9.7 percent in 1950 to 9 percent in 1951; in the budget of Bulgaria, correspondingly from 10.8 percent to 10 percent. In 1951, the share of these taxes in the budget of Czechoslovakia was reduced to 5.6 percent and in the budget of Hungary, to approximately 5 percent.

Among the budget receipts in the peoples' democracies coming in from the population, the capital received from the subscriptions to mass state loans floated in these countries on the basis of Soviet experience is acquiring ever greater significance. The social nature and purpose of these loans are radically different from the loans floated in capitalist countries. Under capitalism, state loans are floated first of all for covering budget deficits caused by enormous expenses in preparation for war, the armaments race, maintaining the swelling military-political apparatus of the bourgeoisie regime, and other non-productive parasitic expenditures. In the peoples' democracies, where the budgets are without deficits and where the overwhelming part of the budget capital is spent for development of the national economy and carrying out of social and cultural measures, state loans are earmarked for further raising the national economy and increasing the welfare of the people.

While previously in the central and southeastern European countries, the holders of loan notes were foreign monopolists, local bourgeoisie, landowners, and high-paid members of the government apparatus, the bonds of mass loans in the peoples' democracies are now distributed among millions of workers, working peasants, and intelligentsia. The success of the loans floated in peoples' democracies in the preceding periods permitted the inclusion in the budgets for 1951 of a large volume of receipts from subscription to loans. In Hungary, for example, in the 1951 budget the total of the "Peace Loan" was set at 750 million forins. The loan was floated with enormous success. The actual amount subscribed was 1,032 million forins, which exceeded the total of the previous loan by 280 million forins.

The experience of preceding years shows that budget receipts in the peoples' democracies as a rule exceed the planned figures. Experience also affirms the fact that successful fulfillment of the income phase of the budget demands much intensive economic, political, and organizational work by the organs of State authority.

The collection of tax payments in the peoples' democracy takes place under circumstances of class struggle. The peoples' democratic government conducts the struggle not only against the capitalist elements, which attempt by all means to evade tax assessments, but likewise against people who by their unconscientious, negligent attitude toward the work entrusted to them damage the work of strengthening state finances and socialist construction as a whole. There are relatively few cases in the peoples' democracies where individual managers are captives of the survivals of capitalism and

oppose the interests of private enterprises to the general state interest. For example, in the report of the Ministry of Finance of Czechoslovakia on the 1951 budget, facts were brought to light on the concealing of surplus capital in budget accounts in a number of organizations at the end of the expiring year, with the purpose of evading the inclusion of this capital in the State budget. The communist and workers' parties and governments of the peoples' democracies are running a resolute and unyielding campaign for the liquidation of survivals of capitalism in the consciousness of the people; and a particularly important condition for the victory of socialist construction is the successful fulfillment of the state budget.

Budget expenditures, like budget receipts in the people's democracies, have undergone radical alteration in structure, character, and orientation. The State budget assures the further vigorous growth of the peaceful economy of the peoples' democratic republics.

The 1951 national economic plans of the peoples' democracies, as a component part of their over-all plans for development of the national economy, specified rapid rates of economic development. The gross production volume of industry in accordance with the plans will rise 30.7 percent in Hungary during 1951; in Rumania, 24.4 percent; in Bulgaria, 22.1 percent, etc. A still more rapid increase is envisaged for heavy industry in the peoples' democracies. The capitalist world has never known such rates of economic development even in its best times, not to mention the present period of the general crisis of capitalism. For example, industrial production in

eleven Marshall Plan countries increased only 8.5 percent in comparison with 1949, whereas in the five peoples' democracies -- Czechoslovakia, Poland, Hungary, Rumania and Bulgaria -- it rose 26.4 percent in that same period.

For securing rapid and ever-rising rates of development in all branches of the economy of the peoples' democracies, their budget expenditures on financing of the national economy are increasing. In the 1951 budgets, allotments for the development of the national economy in these countries comprise approximately half of all budget expenditures. In Poland, expenditures in the State budget for financing national economy are increasing to 21.7 billion zlotys in 1951 as against 11 billion zlotys (post-revaluation) provided for in the budget of 1950; in Czechoslovakia, to 87 billion crowns in comparison with 42.1 billion crowns, etc.

The budgets of the peoples' democracies have been characterized not only by a precipitate, absolute increase in investments in the national economy, but likewise a relative increase in the proportion of these disbursements in the total budget expenditures. The specific amount of expenditures for financing the national economy in the total of budget expenses in Rumania is rising from 37.5 percent in 1950 to 46.4 percent in 1951; in Czechoslovakia, from 32 percent to 52 percent.

The socialist industrialization of the peoples' democracies is accompanied by an enormous construction program. The national economic plans for 1951 are an important stage in the fulfillment of the vast construction program; they require a colossal amount of

capital, largely provided by the state budgets.

Based on the principles of the Lenin-Stalin national policy and satisfying the demands of socialist distribution of productive power, the plans for development of the national economy of the peoples' democracies specify a rapid industrialization of remaining districts and provinces -- Slovakia in the Czechoslovakian Republic, Dobrudzha in Bulgaria, the territory between the Tisza and the Danube in Hungary, the eastern districts in Poland, and so forth. Appropriating large-scale capital for the rapid growth of the national economy and culture of the remaining districts and provinces, the budgets of the peoples' democracies emerge as a powerful factor of friendship between socialist nations and as an instrument for liquidation of the deformed distribution of productive forces and the disproportion in their development inherited from capitalism.

In the 1951 budget of the Polish Republic, capital construction is receiving 23.1 billion zlotys, which is 30 percent more than in 1950. About half of this amount is earmarked for the development of industry, with heavy industry getting the lion's share. This capital guarantees first of all continuous financing of the main objectives of the Polish Six-Year Plan -- the large-scale Nowa-Huta Metallurgical Combine. Among the enterprises the construction of which is being finished in Poland in 1951, are the largest cement plant in the country, the Dykhod Hydroelectric Station, the Yavozhno Thermo-electric Station, the steel-casting furnace at the Chenstokhov Metallurgical Plant, the Sokolov Sugar Plant, and several textile mills. Capital construction in Polish agriculture is increasing 28 percent in comparison with the preceding year. State organs

are giving special attention to bolstering the tractor fleet, which is to increase 41 percent in 1951.

In the 1951 budget of the Czechoslovakian Republic, more than 77 billion crowns were assigned to capital investment, which comprises 46 percent of all budget expenditures. More than half of the total capital investment is for construction and reconstruction of industrial objectives. This capital guarantees the rapid reorganization of Czechoslovakian industry. In the specified tasks of the Five-Year Plan, and in particular the plan for 1951, basic support was given the development of heavy-machine building, which in turn requires rapid rates of increase in the raw material and power base of the country -- coal mining, production of ferrous metals, electric power capacity. Considerable capital is being allotted in the 1951 Czechoslovakian budget for the transformation of nature -- planting of protective forestation belts, and amelioration. Among a number of other 1951 objectives is building an irrigation canal, the opening of which will solve the problem of irrigating Southern Moravia.

In the 1951 budget of the Bulgarian Peoples' Republic, expenditures for capital construction are reaching 57 billion lev (more than 1/2 of all budget expenditures). In November 1951, construction was started on the most important objective of the Five-Year Plan -- the Nitrate Fertilizer Combine imeni Stalin, the equipment for which was sent from the USSR. This year in Bulgaria construction of a boiler plant and the Red Star Construction-Machine Building Plant is being completed. Starting operation in 1951 are two electric power stations -- the "Republika" TETs and the "Maritsa

III" TETs. These will considerably reinforce the power base of the country. The state budget of Bulgaria was likewise drafted to guarantee adequate financial resources for organizational-economic strengthening of existing productive cooperatives and for their further expansion. The total 1951 capital investment in the Ministry of Agriculture is rising in comparison with 1950 more than 6.5 times. In particular, the 1951 budget specifies appropriations necessary for the creation of 20 new MTS. 11.9 billion lev are designated for construction of farm workers' cooperatives and for acquisition of agricultural machines, which is almost 3 times more than the previous annual appropriations for these purposes.

In the Rumanian Peoples' Republic, the amount of capital investment in 1951 projected a total of 193 billion lei, which is exactly 45 percent of all budget expenditures. 56 percent of this capital is to go to industry. Expenditures for immediate construction works comprise 82.3 billion lei. In the current year construction was started of a steel-molding and an iron-molding plant, several coal mines, a petroleum refinery, two petroleum fractionating columns, three large-scale thermoelectric power plants, a plant for electric insulating materials, plywood and millwork plants, etc. The building of three large hydroelectric stations is being continued, including the largest electric power station in the country, the imeni Lenin, with a power of 210,000 kilowatts. Capital investment in Rumanian agriculture is reaching 15 billion lei in 1951. This year according to plan, 50 new MTS are being built, and the irrigated area as compared with 1950 is increasing 22 percent. Mechanization of agricultural operations, improvement in the use of fertilizers,

introduction of advanced methods of Soviet agro-biological science and technology are making possible a 1951 increase in volume of gross agricultural production of 29 percent in comparison with 1950.

In the 1951 budget of the Hungarian Peoples' Republic appropriations for capital construction amount to 11.7 billion forins or 40 percent of all budget expenditures. Capital investment in 1951 increased 1/3 in comparison with 1950, with appropriations for the development of heavy industry increasing 73 percent. Among the many industrial installations being constructed in Hungary, one of the main ones is the Danube Metallurgical Combine. With the completion next year of this enormous construction project, the metallurgical base of the country will be fundamentally strengthened.

Raising the material welfare and cultural level of life is the economic law of socialism. In the budgets of the peoples' democracies are clearly reflected the concern of the Communist and workers' parties and the peoples' democratic governments for the masses of people. Appropriations in state budgets for social and cultural measures steadily are rising and comprise in 1951 approximately 1/4 of the total budget expenditures. This year the expenditures for social and cultural measures in the budget of Bulgaria amount to 69 billion lev or 13 billion lev more than in 1950; in the budget of Hungary, almost 5 billion forins, or 1.1 billion forins more than in 1950; in the budget of Rumania, 105 billion lei in comparison with 88 billion lei in 1950; in the budget of Poland, 16.3 billion zloty, i.e., 4 billion zloty more than in 1950, etc. In the budgets of the local organs of authority in the peoples' democracies, the share of expenditures for social and cultural measures is still greater than

in the general state budget; it amounts to 50-60 percent of their total budget expenditures. Through capital from state budgets in the peoples' democracies an enormous program of building new schools, higher educational institutions, clubs, kindergartens, sanatoriums, hospitals, and lying-in homes is being carried out. In state budget expenditures for education, the amounts earmarked for scholarships is greatly increasing which is helping the peoples' democracies work out more quickly the problem of creating a new intelligentsia from among the working class and laboring peasants. Expenditures for the development of science, the creation of scientific-research institutes, experimental stations and other scientific establishments occupy a large place in the budgets of the peoples' democracies in 1951. Expenditures for the needs of social insurance and of social security, including assistance grants to mothers with many children are rising. Appropriations for the construction of residential housing and communal enterprises are increasing.

Expenditures for the development of the national economy and for social and cultural measures in the peoples' democracies take up the overwhelming part of the budget funds. Designated for these purposes in 1951 in Czechoslovakia is 80.8 percent of all budget expenditures; in Poland, 72.2 percent; in Bulgaria, 72.1 percent; in Rumania, 70.7 percent; etc. The structure, character, and direction of budget expenditures in the peoples' democracies graphically reflect the peaceful, constructive character of the economic role which the budgets of the peoples' democratic republics are playing in the expansion of socialist reproduction, in raising

the material and cultural level of life of the working class, and in forming the socialist consciousness.

A comparatively small and with every year a relatively lowered share of budget funds in the peoples' democracies is expended for maintenance of the government apparatus. In Poland 1951 appropriations for covering administrative expenses comprise about 13 percent of all budget expenditures; in Czechoslovakia, 9.8 percent; in Rumania, 7.2 percent; etc. In contrast to the bourgeoisie governments, where expenditures for government represent its parasitic expenses for maintaining in force the apparatus of the exploitative minority over the oppressed majority of the population, the apparatus for oppression of the masses of people, the financing of government expenses in a peoples' democracy is mainly linked with the fulfillment of the functions of the peoples' democracy in economic-organizational and cultural-educational work; likewise it serves the purposes of crushing the resistance of the exploitative classes.

The budgets of the peoples' democracies are budgets for construction of a peaceful economy. The financial policy of these countries is completely subordinated to a peaceful foreign policy, pursued step by step by all countries in the camp of democracy and socialism, headed by the Soviet Union. The peoples' democracies, confidently moving along the path of building socialism, spend for defense needs only a small share of their budget capital. 1951 appropriations for the armed forces in Bulgaria comprise 7.7 percent of all expenditures of the state budget; in Poland, 7.2 percent; in Rumania, 15.8 percent; etc. These expenditures were so earmarked

to secure the defense of the peaceful work of the peoples' democracies in their creation of a new, socialist society.

However loud the imperialists may rattle their swords, it will not succeed in frightening the working classes of the peoples' democracies, joined around their Communist and workers' parties and peoples' democratic governments, leaning on the indestructible friendship and assistance of the Soviet Union, and preparing with all their strength to stand up for their freedom, independence, and state sovereignty against attempts on the part of the imperialist aggressors.

The peaceful, productive character of the budgets of the European peoples' democracies is especially striking in comparison with the current budgets of the imperialist states, a lion's share of which comprises expenditures for the debauchery of militarism and the armaments race. The ruling circles of the US, England, France, and other aggressive states are openly conducting preparations for a new war. These criminal objectives completely dominate the budgets of their governments. The overwhelming part of budget capital is expended in the countries of the imperialist camp for the preparation of a new world war, a furious armaments race, the blood-stained imperialist aggression against the peace-loving Korean people, for the conduct of the colonial war in Viet Nam, Malaya, Burma, and Indonesia. The armaments race and militarization of the economy of the capitalist countries superimpose incredible burdens on the broad masses of working people, and destine them for new suffering, endless poverty and hunger.

The budgets of the peoples' democracies are mobilizing enormous capital for the purposes of peaceful construction. Yet for successful fulfillment of the main tasks of these budgets -- socialist industrialization -- it is still not enough to accumulate necessary capital. Comrade Stalin teaches that "the work is not done and cannot be done just through accumulation. It is still necessary to know how to use accumulated reserves intelligently, so that not one kopeck of the people's property is lost to no purpose, that the use of the accumulation follows the basic line of satisfying the most important demands of the industrialization of our country." (I. V. Stalin, Collected Works, Vol 8, pp 129-130)

In all the peoples' democracies, much has already been done toward better utilization of accumulations. Resting on the universal historical experience of the Soviet Union, the state authority of the peoples' democracies uses the budgets as an instrument of active influence over the national economy for purposes of successful and early fulfillment of the production plans and the universal raising of productive capacity. In conformity with the present tasks before the budgets of the peoples' democracies, the system of distribution of budget funds is established in such a way as to stimulate the strengthening of cost accounting, to induce thrifty, economic expenditure of budgeted funds and mobilization of internal resources. In the process of executing approved budgets, strict maintenance of financial plan discipline is necessary. Regulations in force in the peoples' democracies governing financial plan discipline do not permit expenditures of budget capital for purposes not specified in the estimates, offhand transfers of capital from one subdivision of

the estimate to another, or expenditures of capital above approved limits. Enterprises, institutions, and organizations receive capital from the state budget only as they fulfill the plans before them; in this reckoning the use made of capital assigned earlier and mobilization of their natural resources is taken into account.

Nevertheless, there are still inadequacies in the expenditure of budget capital in the peoples' democracies. In some of these countries there was recently disclosed the after effect of certain harmful activity on the part of the enemies of the people. The agents of Anglo-American imperialism and the Tito clique -- Traycho Kostov in Bulgaria, Laszlo Rajk in Hungary, and other spies and traitors -- chose the finance sector as one of the basic objectives in their undermining activities against the peoples' democratic regimes. The enemies of the people applied considerable effort to sapping state capital, thus hampering the planned rates of socialist development in the peoples' democracies. Ignoble saboteurs -- agents of internal and international imperialist reaction --^{endeavored} with all their might to snarl up financial planning and accounting, to dissipate capital on many unimportant objectives and freeze progress on the most important constructions. Thanks to the vigilance of the Communist and workers' parties and organs of the peoples' democratic authority, the enemy's intrigues in the peoples' democracies ended in a fiasco.

In that connection, as was mentioned in the reports of the ministries of finance of the peoples' democracies on the projects of the 1951 budgets and in other documents, cases of extravagance in expenditure of state capital still take place as a result of weak control over their utilization, cases of distribution of budget funds

for capital construction in the absence of technological documentation for the objective being installed, etc. The rapid overcoming of existing kinks in the expenditure of budget funds is a necessary condition for further strengthening of the financial system and the entire economies of the European peoples' democracies.

These facts and their analysis conclusively show that state budgets are a mighty tool for socialist construction in the peoples' democracies and actively serve to strengthen the peace and safety of the people.

- E N D -