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TRANSLATIONS ON USSR ECONOMIC AFFAIRS
(FOUO 1/79)



USSR

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PROBLEMS OF DISPOSITION OF INDUSTRY ANALYZED

Distribution of the Productive Forces

Moscow VOPROSY EKONOMIKI in Russian No 11 Nov 78 pp 3-12

[Text] Problems of Deployment of the USSR Productive Forces¹--The economic effectiveness of national production is to an ever greater degree determined by the systematic territorial organization of the economy. Full economic development of the Union republics and economic regions is directly tied in with effective deployment of the productive forces through the territory of the Soviet Union. Lenin's directives concerning a policy of complete integration and a comprehensive approach to the economic development of every region, however small, is embodied in the practical experience of the national economy.

The principle of completeness in development of the national economy was applied back in the initial stage of the organization of socialist planning-- in the period of the preparation of the plan for the GOELRO [State Commission for the Electrification of Russia] and the first state national economy plan. That period saw the formulation of the following task: "The USSR can only build and develop its national economy by giving full consideration to all the natural and national characteristics of its vast society and by specializing its individual components. This is the only path to the attainment of an optimum coefficient of effectiveness of national labor."²

This important theoretical proposition has great practical significance for the planning and organization of the socialist economy and it serves as the methodological basis for the deployment of the productive forces of the Soviet Union.

The following are correlative to total integration as the leading principle of territorial organization of the economy of the entire country and its individual regions: full exploitation of the natural resources; proportionate development of the industry sectors of the regions; organization of industrial and agroindustrial combines and complexes; development of a unified system of regional national economic and territorial production complexes.

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Maximum unity in distribution of even diverse production undertakings yields great national economic effect. Lump sum capital investment costs are minimized, operational outlays are reduced, and the entire system of production organization and management is improved.

The 25th CPSU Congress laid the foundation for a new stage in the development and further improvement of the territorial organization of the USSR economy on the basis of efficient distribution of the productive forces and fully realized structuring of the economy of the Union republics and economic regions. In the 10th Five-Year Plan the distribution of the productive forces and the forming of the economic system of the regions are marked by qualitatively new tasks stemming from the increased scope of the USSR national economy, the fundamental changes in the territorial distribution of labor, the increased degree of completeness in the structuring of the economic system of the regions, and the growth of the economic effectiveness of the economy of the regions as a result of scientific-technical and social progress. L. I. Brezhnev observed at the 18th Komsomol Congress: "Of a certainty, effectiveness and quality are very broad concepts. They also encompass such fundamental elements as the most rational distribution of the productive forces, improvement of the overall state planning, and a comprehensive approach to solution of the major economic problems."

Characterizing our time and the period lying ahead of us is scientific development and practical solution of the vast sectorial and regional national economic problems through extensive application of today's scientific-technical achievements. The gigantic construction projects now include not only the KamAZ [Kama Motor Vehicle Plant], the Sayano-Shushenskoye GES, the Tobol'sk Oil, Gas and Chemical Combine and others but also individual large regions where new territorial production complexes are being built. Among these are Western Siberia, the complexes of the Baykal-Amur main line, Krasnoyarskiy Kray and many others.

In the future the distribution of the productive forces will be coordinated primarily with the solution of the major scientific-technical and social problems. Included among these are the following: the fuel and energy problem, the task of territorial redistribution of the water resources, and increased labor productivity resulting from a long-term policy of reduction of the labor resources and efficient exploitation of the new (especially the northern) regions with their high concentration of natural resources. The solution of these problems will play a significant role in determining the paths taken by further development of the country's economics. Changes are taking place not only in the scale of physical production but also in a fundamental restructuring of the territorial economic proportions. Speedy distribution of physical production in the eastern regions, particularly in Siberia and the Far East, has become essential for the economics of the entire country.

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Some Theoretical Problems of Regional Economics

The chief task of regional economics is systematic study of the objective economic and social laws operating in each economic region of the USSR and in the entire system of the country's regions. Scientific research on regional economics has enabled us to determine the basic theoretical and practical directions of the analysis and synthesis of today's complex regional economic problems. An important achievement of regional economics is scientific corroboration of the general patterns of distribution of the productive forces of the USSR, the schemes pertaining to the physical production sectors, the Union republics, and the economic regions as well as corroboration of the regional comprehensive programs for the national economic and territorial production complexes. Along with development of a system of ideas on the social and economic development of each region, scientific research in the realm of regional economics enables us to also map out a strategy of economic development, especially in respect to putting new economic capacities into operation.

At the same time, there are still unresolved theoretical and methodological problems, a situation which also affects the work of territorial economic organization. We will dwell only on some of these problems.

National income should be regarded not only as the most important synthetic indicator of national economy development but also as a general indicator of the economic development of any region (Union republic, economic region, oblast, kray, autonomous republic), an indicator which defines the degree of the region's participation in the territorial division of labor, the effectiveness of the development of the productive forces of the region, and its economic structure. The statistical reports and planning indicators are prepared only for the Union republics and so one of the tasks of regional economic research is a search for methods of calculating national (net) income for the economic regions and for individual regions.

Along with study of the national income produced, income which is computed for the various regions as the amount of net output of the physical production sectors, a subject of special interest is analysis of the utilization of national income considered for the regions of the country on the basis of the intersectorial and interregional production balances and output distribution. Comparison of the national income produced (with due consideration for the structure of the region's economy) with the national income in a particular region furnishes important analytical material for an economic evaluation of the status and development of the national economy of the Union republic, autonomous republic and economic region. The Economics Institute of the AN [Academy of Sciences] of Tadzhik SSR is now preparing a comparison of this kind for Tadzhik SSR.

Labor productivity varies considerably for the different regions. The balance of labor resources develops unevenly for the economic regions and for many regions it is also extremely worrisome. The opening up of new regions,

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especially in Siberia and the Far East, requires a constant influx of labor resources from other areas (European USSR). Technical remodeling and modernization of the enterprises are making it possible to increase the production of output without increasing the number of workers. Complex technical, economic and social problems pertaining to increase of labor productivity are arising in the newly opened regions. Increased labor productivity, an especially important feature for the new regions, entails such factors as selection for operational purposes of effective mineral deposits and timber tracts and use of technically efficient machines and equipment suitable for the natural conditions under which they will be used. All these questions require in-depth scientific research for the entire system of the country's regions.

The task of regional economic research is scientific analysis of the entire complex of problems relative to increasing labor productivity in every region and determining the principles, methods and requirements for highly effective utilization of the labor resources existing in the macroregions of the country. The aforementioned problems include the following: systematic alinement of the population living standard for the country's regions, cataloguing the characteristics of the population of the Union republics, development of a planned system of distribution of the population through the territory of the country, implementation of scientifically well-grounded measures for protection of the natural resources and the environment, and many other measures.

The solution of the major regional social problems requires the preparation of scientifically validated recommendations for practical planning. We therefore need normatives for the living standard of the population, methods of development of a social infrastructure for the country's regions, and evaluation of the effectiveness of the social measures in the context of a regional breakdown.

The most important element in the economic structure of a region is fixed capital. For the country as a whole the value of the fixed capital in 1975 was 1,250 billion rubles, including more than 800 billion rubles for production fixed capital. In the 10th Five-Year Plan 622 billion rubles of capital investments are allocated for future expansion of the fixed capital. Saturation of a region with fixed capital also determines the extent of its further economic development. Regional economics goes into the matter of fixed capital from two standpoints: increased effectiveness in the use of existing and newly introduced fixed capital and the establishment of new fixed capital with maximum effectiveness of the capital outlays.

The effectiveness of fixed capital is directly dependent on the study and correct assessment of the economic, technical and social interrelationships which evolve in the process of planning, preparation, development and putting into operation of fixed capital. To a significant degree the regional characteristics determine the output-capital ratio for both existing and new fixed capital. Territorial concentration of capital, organization of

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the work of enterprises encompassing production sectors, the capacity of the construction bases, the coefficient of cost of the operation of equipment-- all these are also at the same time factors of a regional character. The existing methods of calculating the effectiveness of the distribution of fixed capital and capital investments are far from ideal and they fail to make full allowance for the territorial characteristics. To a considerable extent they account for the discrepancies between the planned and actual cost of construction.

We should emphasize the special importance of the factors which increase the cost of construction and operation of fixed capital in the regions with unfavorable natural and climatic conditions and in remote regions. The near future will also see an increase in the capital and operational outlays for implementation of measures for environmental protection (purification of drainage waters, protection of the land and the water and air environment from pollution by industrial wastes).

Territorial differentiation of prices and rates has a great effect on the choice of a region for distribution of production and on the shaping of the structure of the economy in the regions. It has therefore become extremely important to have a theoretical and practical study of the questions of establishing prices embodying the principle of territorial differentiation. The level of prices and rates directly affects the scientific planning calculations and the organization of construction by the enterprises, making it possible to arrive at variant evaluations of production distribution and to determine the economic effectiveness of the operation of new enterprises and their comparative profitability. The calculations of the technical and economic indicators provide a basis for scientific research and planning work in the realm of regional economics and distribution of production manpower.

An extremely complex theoretical problem is entailed in evaluation of the natural resources and establishment of territorial price differentiation for the various types of fuel and mineral raw materials. The sharp price fluctuations stemming from the natural conditions entailed in the working of the mineral deposits make a substantial impact on the effectiveness of the national economy. For example, the price of energy coal calculated at the rate per ton of conventional fuel fluctuates for the various basins at the points of extraction from 2 to 28 rubles and the proportion of this price for average transport expenses for the basins ranges from 15 to 60 percent. Great practical significance therefore attaches to the effort to obtain scientifically valid relationships among the regional prices for the natural resources. And this gives rise to the question of the extent to which the regional prices for the natural resources should reflect the territorial differences in production costs, differences stemming from the natural and other conditions; also, the differences in transport expenses. This is especially important for solution of the major regional problems pertaining to the task of accelerating the exploitation of the natural resources of the USSR East and North.

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The mechanism for economic regulation of the location of physical production must be interrelated with a scientifically valid policy of state motivation for the development of the regions. This is particularly important for the regions with unfavorable natural and climatic conditions. Acceleration of the development of new regions is affected by lower rates for electric power, reduction of the norms for withholdings from profit, increased appropriations for the establishment of a production and social infrastructure, and other forms of economic motivation. Definite motivational measures are also necessary when enterprises are located in the small and medium-sized cities.

At the same time, there is also need for methods of restricting the location of enterprises with high material, energy and water index in regions where fuel, energy and water are in short supply. Increased natural resource cost valuations for such regions would indicate the undesirability of locating energy and water-intensive enterprises in them. This restriction is also important from the standpoint of establishing economic control over the adherence to the territorial economic proportions. It is also necessary to intensify the economic control over the placement of new enterprises in the large cities. Economic regulation of physical production also has a beneficial effect in protection of the natural environment.

Improvement of Territorial Planning

Science and the work of socialist planning have now developed a new approach to improvement of territorial planning. This approach is characterized by the following: preparation of general schemes for the disposition of the USSR productive forces for the long-term period as preplan, scientifically corroborated materials; preparation of special schemes for the disposition of the national economy sectors and also for the all-round development and disposition of the productive forces of the Union republics and the economic regions; improvement of the methods of compiling schemes for regional planning projects on the basis of scientifically validated schemes; disposition of the productive forces in the various Union republics and economic regions; development of comprehensive programs for the economic regions and the regional national economic and territorial production complexes; preparation for the long-term period of scientific concepts defining the strategy of the geographic distribution of the economic development of the country's macro-regions and the essential tasks relating to the future distribution of the productive forces throughout the regional system.

In accordance with the directives of the 23rd CPSU Congress, the USSR Gosplan Council for the Study of Productive Resources (SOPS) worked out a general plan for the disposition of the USSR productive forces in the 1971-1980 period. This scheme was used for the practical planning. In the last few years the council has prepared a general scheme for the 1976-1990 period; this scheme reflected to an even greater degree the scientific concepts which enable us to determine the optimum variants for improvement of the

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territorial organization of the USSR economy as well as the basic directions of the development of the country's national economy over the long term. In addition to the clarifications and supplements for the general scheme submitted, the SOPS is developing preliminary solutions for the most important problems connected with disposition of the USSR productive forces in the period up to the year 2000.³

The scientifically validated general schemes for the disposition of the USSR productive forces were firmly incorporated as preplan materials in the territorial planning system. Their significance, however, is much broader than this. The existence of developed and approved sectorial and territorial schemes makes it possible to improve the methods of work on regional planning, the planning of project and research work, and industrial, agricultural and transport planning. Aiding this planning is the established procedure whereby beginning in 1971 decisions with respect to the planning and construction of enterprises and installations had to be made on the basis of the schemes for development and distribution of the national economic and industrial sectors and the schemes for the development and deployment of the productive forces in the economic regions and Union republics.

Many socialist countries are profiting from the USSR's experience in developing general schemes for disposition of the productive forces over the long term. General schemes of a similar type are being prepared in Poland, Hungary, Bulgaria, GDR and Czechoslovakia. The SOPS is currently collaborating with the scientific planning organizations of Mongolia in the preparation of a long-term general scheme for the development and deployment of the productive forces of MNR [Mongolia].

Improvement of the territorial organization of the economic system generates new forms of deployment of the productive forces. In the history of the economic development of the USSR special importance attaches to the opening up of new regions possessing a high concentration of valuable natural resources. This national economy development, which is characteristic of socialist construction, has made it possible to create the country's powerful raw material and energy potential. Every five-year plan for the development of the USSR's national economy maps out new paths for the economic exploitation of regions rich in natural resources. The scale and time periods of this total economic exploitation are without precedent in world history.

"The long-range plans," said L. I. Brezhnev, "will lay the foundation for the solution of many major problems of communist construction. This will enable us to advance along the path to the establishment of a material and technical base for communism and to raise the living standard of the people to a qualitatively new level. It entails the all-round development of the productive forces, the acceleration of scientific-technical progress, and the consequent enhancement of the effectiveness of the entire economic system. Work will be developed for the creation of new enormous national economic complexes."⁴

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The characteristic features of a regional national economic complex are: a large newly exploited territory with a high concentration of valuable natural resources, the exploitation of which resolves the major fundamental problems of the country's economic development in the near and distant future; the need to establish not only specialized industrial centers but also a complete production and social infrastructure.

The following are regional national economic complexes: the West Siberian lowland complex (Tyumerskaya and Tomskaya oblasts and part of Novosibirskaya Oblast), the system of the Angara-Yenisey complexes (Krasnoyarskiy Kray, Irkutskaya Oblast and part of Kemerovskaya Oblast), the Timan-Pechora complex (Komi ASSR and part of Arkhangel'skaya Oblast). A regional national economic complex is rising in the vast territory of the Near North adjacent to the Baykal-Amur Trunk Line. Coming next will be the formation of the new interrepublic complex of the eastern Caspian.

The work of planning and territorial organization of the economy is to an increasing extent embracing both the multisector and specialized territorial production complexes [TPK]. Nearly all the regional national economic complexes have TPK systems. In his report at the 25th CPSU Congress A. N. Kosygin emphasized this point: "The charter of the various regions of the country will to an ever increasing degree be determined by the realization of the large-scale national economic programs and the establishment of territorial production complexes."

The territorial production complex is a highly effective combination of enterprises of one or several specialized industries deployed within a large economic region, a Union or autonomous republic, an oblast or a kray and making use of their production and social infrastructure. Typical of the 1930's was the organization of the Khibinskiy apatite-nepheline territorial production complex. The 10th Five-Year Plan is continuing the development of the territorial production complex based on the mineral resources of the Kursk magnetic anomaly as well as the Pavlodar-Ekibastuzskiy, Karatau-Dzhambul'skiy and Mangyshlakskiy territorial production complexes in Kazakhstan. In Tadzhik SSR they are forming the South Tadzhik Industrial Agricultural Complex. In the system of the regional West Siberian National Economic Complex they are mapping out the territorial production complexes of the middle Ob' and the Tyumen'-Tobol'sk and Severnyy regions. In the Angara-Yenisey system of complexes they have accelerated the pace of the development of the Sayansk complex and the Central Krasnoyarsk organization based on the Kansk-Achinsk Fuel and Energy Complex; they are also forming the Boguchanskiy TPK. Nearing completion is the Bratsk-Ust'-Ilimsk complex. In the zone of the BAM [Baykal-Amur Trunk Line] they are beginning construction of the South Yakutsk territorial production complex, which is the first of those in the system of BAM complexes.

The schemes for the development of the national economic production complexes have been incorporated in the schemes for the development and deployment of the productive forces of the Union republics and economic regions.

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The schemes analyze the status of the economic development of the operational complexes, elaborate on the concepts for the long term, and delineate the interrelationships between the specialized industries and the production and social infrastructure, and scope and priority of the construction of the most important installations, the requisite labor, material and financial costs, and their national economic effectiveness. The schemes for the complexes constitute the basic scientifically validated document for the long-range planning of the complexes in the state plans ("the unified construction project"). Schemes like these with varying degrees of detail have been worked out for all the complexes now being formed.

From 1969 to 1970 the SOPS worked out a special scheme similar to a comprehensive program for the development of the productive forces of Krasnoyarskiy Kray in the 1971-1980 period. In his speech at the pre-election meeting of the voters of the Baumanskiy electoral district in June 1975 L. I. Brezhnev called the decision for the development of the productive forces of Krasnoyarskiy Kray a model comprehensive territorial program and he observed that the other national economic complexes and regions of Siberia and the Far East are also in need of such decisions tying together economic, social, political, geographic and many other factors. For further development of the productive forces of Krasnoyarskiy Kray there was now a need for a perfected scheme for the new period (up to 1990).

The comprehensive program for the territorial production system differs from the more concrete schemes in respect to the parties involved, the relation to the balance sheet, the capital outlays and the results. The comprehensive program is not a preplan but a concrete planning document with fixed stages of implementation. Consequently, along with the scientific and planning organizations, an active part in the preparation of the comprehensive programs must also be taken by the state planning organs (Gosplan USSR, Gosplan of the republic, and the kray (oblast) planning commission).

The theoretical basis of the modern system of territorial planning is the regional economic system, which is required to make a study of the total combination of facts and phenomena which bring about the planned development of the productive forces in each of the country's regions. The deployment of the productive forces, the scientific basis of which is the synthesis of economic, social, natural and technical sciences, also determines the degree of improvement of the economic structure of the regions.

The following must now be the focus of attention in the matter of improvement of territorial planning:

The methods of system analysis and a determination of the optimum territorial economic proportions among the macrozones and within the zones. Constituting the basic scientific planning instrument are the general schemes for the placement of the productive forces of the USSR and the schemes for the republics. A careful analysis of the territorial proportions is especially urgent because of the accelerated development of the productive forces of Siberia and the Far East.

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The methodology and methods of forming large national economic complexes and their systems throughout the territory of the country. In this connection, special importance is acquired by the preplan and scientifically corroborated schemes and programs for the development of the existing large complexes and for the formation of new ones.

The methodology and methods pertaining to the social processes in the country's regions, the processes which enable us to influence the demographic processes in each region, and to provide for efficient utilization of the labor resources and maintenance of an effective balance between the production program and the labor resources, one which regulates the migration of the population. In this regard special importance attaches to the programs for social development of the regions, programs worked out by the republic economic institutes.

The methodology and methods computations for environmental protection, methods which are acquiring ever greater economic and, particularly, social importance and which have a substantial effect on the structure of the economy of the regions, the volumes of capital investments and the concentration of production.

These matters require profound and comprehensive research performed directly at the sites. This research must also find concrete realization in the regional planning projects and in the programs of capital investments and scientific-technical progress in the republics and economic regions.

The Tasks and Organization of Regional Scientific Research

From an overall standpoint, the scientific research tasks in the field of regional economics and deployment of the country's productive forces can be divided into three groups: the strategic (conceptual) tasks, the concrete (comprehensive regional programs), and the methods tasks. The strategic tasks should include the scientific concepts for the long-range period (up to the year 2000) and the specific directions of the economic development of the entire regional system of the country and particularly of the large regions which exert the greatest influence on the economic system as a whole. It is along these lines that we are working out the construction principles and stage-by-stage development of the economy of the regions on the basis of further rationalization of the deployment of the USSR productive forces.

In the matter of concrete tasks we need a decisive change to a higher level-- a broad development of comprehensive regional programs and a policy of looking upon the schemes as the first stage in the solution of the complex of regional problems. The first job is the preparation of a comprehensive program for the Far East (with apportionment for Yakutsk ASSR) and the now in preparation comprehensive program for Krasnoyarskiy Kray. Required in the future will be the compilation of comprehensive regional programs for all the national economic and territorial production complexes, both already established and in the process of formation.

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In our opinion, there is need for the development of comprehensive regional programs for the sectors of the national economy and for all the Union republics. Programs of this kind can only be worked out through the joint efforts of the scientific, project drafting, and planning organizations. The comprehensive regional programs should be regarded as planning documents and with the various correctives they should be incorporated in the state five-year and yearly plans for the development of the country's national economy.

The vast scope of the preplan and planned work for current and future disposition of the USSR productive forces and of the dynamic all-round formation of the economy of the Union republics and economic regions also makes urgently necessary a new approach to the organization of methodological work along these lines.

There is need for a system of general and special methods for deployment of the productive forces and for the economic development of the country's regions on a new scientific basis. In the past the people concerned worked out general methods and a program of general schemes which were used in compiling the general scheme for the disposition of the productive forces in the 1971-1980 and 1976-1990 periods. A great deal of experience was acquired in respect to the scientific preparation of schemes of this type. The need is to apply a creative approach to the generalizing of this experience and to perfect the overall methodology of the general schemes and the methods of preparing industry and regional schemes.

An acute need is also being felt for methods to be used for the comprehensive regional programs which encompass not only the territorial production complexes but also the disposition of the complexes of the industry sectors (for example, the fuel and energy complex) and the long-term formation of economic complexes for the Union republics and the economic regions. Currently on hand is some reserve for the development of comprehensive program methods for the regional complexes (the Krasnoyarsk program and others). However, the work on these should include the republic economic institutes and a number of industry and planning institutes.

Among the regional methods of the functional type a special place is assigned to the general methods pertaining to the economic effectiveness of the disposition of the productive forces with an integrated and intertwined system of individual methods. These include methods aimed at effectiveness of the distribution of the various enterprises and production projects, methods aimed at effectiveness of the disposition of individual industries and complexes of the national economy sectors, and methods aimed at effectiveness of the formation of territorial production complexes. This group may also include the methodological materials pertaining to the calculation of regional national income, to the effectiveness of the use of production capital in the regions, and to the effectiveness of the mechanism for economic regulation of the distribution of physical production. This is far from a complete list of the scientific methods materials which must be prepared in the next few years in the interests of improvement of

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territorial planning and further development of scientific research. The large scientific collectives can accomplish this on the basis of a well-coordinated plan of scientific research.

It is particularly important to dwell on the problems and the organizational structure of the science of deployment of the productive forces.

We now have all the preconditions for the development of a well-balanced theory of deployment of the USSR productive forces, one which is adequate for the era of developed socialism. Such a theory, as one of the most important directions of modern science, can only be developed in an indissolubly interacting complex of sciences, economic and social and natural and technical. It is necessary not only to study the objective economic laws and to be able to quickly evaluate the changing social processes but also to attain a profound and modern scientific level in perceiving the objective laws of the distribution of the natural resources (geological, soil, ecological and many other factors) and the latest modern technology.

The work of development of Soviet economics requires a further differentiation of the science branches and particularly of the economic sciences. A recent development has been the formulation of the doctrine of the science of demographics and of the economics of the social processes. Economic and mathematical methods took shape as a branch of science. There also evolved a new direction in economic science--regional economics. The scientific discussions on the problems of regional economics in the republic economics institutes and the broad coverage of these problems in the central and republic press accelerated the development of a regional economics which generalizes the considerable experience of many years of regional economic research in our country and abroad. As we know, the presidium of the Academy of Sciences USSR included in its basic fundamental research the comprehensive problem "The Regional Economics and the Regional Social and Economic Development of the USSR in the Future"; this subject is being researched in practically all the republic economic institutes. Regional economics as a branch of science is being successfully developed by the scientists of the socialist countries. In the space of eight years each of the socialist countries in turn has been conducting special conferences and symposia on the problems of socialist regional economics. There have evolved in these countries groups of highly skilled scientists who are versed in the theory and methods of regional economics and are able to solve concrete regional economic problems in their own countries. A large quantity of scientific literature on regional economics is being published in the USSR and abroad.

With all this, regional economics is not a science of the disposition of the productive forces in the strictly scientific interpretation of this problem. The rational disposition of the productive forces is considered the basis and the chief constituent element of regional economics. Regional economics investigates only the objective economic laws and the economic substance of the phenomena and processes pertaining to the disposition of the productive forces.

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In May 1978 there was held an All-Union conference of the economic geography departments of the country's universities. At this conference a joint report of three universities (Moscow, Leningrad and Kiev) defined the fundamental tenets in the further development of research in the field of economic geography. A decision was taken to organize a combined coordinating scientific center for regional economic problems.

FOOTNOTES

1. This article served as the basis of the May 1978 Moscow--held All-Union conference on methodological and methods problems relating to the deployment of the productive forces and regional economics. See pp 152-154 for information on the conference.
2. "The Five-Year Plan of USSR National Economic Construction," Vol 3. Izdatel'stvo Planovoye Kozyaystvo, 1929 p 9.
3. The decree was published in full by Gosplan USSR in the journal PLANOVoyE KHOZYAYSTVO No 6, 1977 pp 154-155.
4. L. I. Brezhnev, "By the Leninist Course, Speeches and Articles," Vol 5. POLITIZDAT, 1976, p 68.

Problems of Labor Distribution and the Productive Forces

Moscow VOPROSY EKONOMIKI in Russian No 11, Nov 78 pp 152-154

[Text] In the closing days of May 1978 Moscow was the scene of the first scientific conference on methodological and methods problems connected with deployment of the productive forces and regional economics; the conference was organized by the USSR Gosplan council for study of the productive forces. Taking part in the work of the conference were more than 400 scientists from many of the country's scientific organizations; they submitted 325 reports, (in the form of theses).

The plenary session heard a report from Academician N. Nekrasov which revealed the basic directions and methodological tenets of the investigations of the most important problems connected with distribution of national production and its territorial organization in light of the decisions of the 25th CPSU Congress and the subsequent party and government decrees* Academician N. Nekrasov's report was discussed in four sections.

*The article Academician N. Nekrasov wrote on the basis of this report is published in this issue of the journal.

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The first section--the methodological problems of the economic and social development of the Union republics and the economic regions and the formation and development of the regional production complexes--reviewed the following: the regional general and overall problems; the methodological and methods questions entailed in the development of the economy of the Union republics; problems entailed in the interregional placement of production and the formation and development of national economic and territorial production complexes and industrial centers; methodological problems connected with the formation of a social infrastructure and a living standard; methodological problems of resettlement and urbanization; methodological problems connected with safeguarding and improving the environment. It was noted in the section that rational disposition of the productive forces and purposeful social and economic development of the various territorial units must be carried out on the basis of the long-term goals for the development of the country's economy. A positive solution for the problems of the development of these units can be assured on the basis of interregional and intraregional national economy proportions based on the balance-sheet method of calculations. At present the balance-sheet accounts in the Union republics and regions are compiled on the basis of a limited group of indicators. No intersectorial balance sheet of financial resources is compiled and the figures for the balances of social product, national income, and monetary income and expenditures do not fully reflect the true picture of the region's economy nor are they coordinated with the planning calculation indicators compiled for the sectors of the economy.

The section also discussed the new direction of regional economic research--the effect of foreign economic relations on the formation of national economic systems in our country. From the methodological standpoint foreign economic relations based on the participation of a particular region in the international division of labor is considered one of the most important factors in the disposition of production. The number of new problems should also include the methodological approaches to evaluation of the development of the scientific-technical potential (NTP) of a region. Improvement of the disposition of NTP is not only a way to increase the effectiveness of science but also an important instrumentality for planning the development of the various territories and the disposition of the country's productive forces. The large territorial production complexes cannot develop successfully in the context of the NTR [scientific-technical revolution] if they do not possess the requisite level of NTP.

A number of speeches touched upon the development of methodological tenets for economic evaluation of the environmental quality and protection in the deployment of the productive forces and the formation of territorial production complexes. The opinion was voiced that an instrumentality for motivating environmental protection measures may be payment of a pollution penalty which should be levied mainly against enterprises guilty of environmental pollution. It should not be included in the production costs but should be paid from the enterprise's fund. The pollution payments collected from the enterprises go into a fund for the implementation of environmental protection measures in the region.

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In the discussion of the methodological problems of regional formation of the social infrastructure, the standard of living, and resettlement and urbanization, attention was focused on the key problems of methods of evaluating the regional differentiation in the levels of development of the spheres of service; the infrastructural configuration of the territories; assessments of the levels of regional development of the various sectors of the service sphere; formation of a social infrastructure in relation to the distribution of industry in a particular economic region; methods of geographic differentiation of the living standard of the USSR population and of compiling the regional differentiated balance sheets of population income and consumption; methods of planning regional differentiation of public consumption funds; the methodology of establishing systems of populated places in the USSR, etc.

The second section reviewed the problems of evaluation of the economic effectiveness of the disposition of the productive forces and their territorial organization: scientific methodological questions of regional effectiveness of the disposition of the productive forces; methods of factor analysis of the economic effectiveness of the distribution of physical production; methods of determining and evaluating the effectiveness of the regional utilization of the most important types of production resources; methodological questions relating to evaluation of the economic effectiveness of the distribution of the industry sectors; methodological principles for determining the economic effectiveness of the formation of regional national economic complexes. We have not yet achieved a methodological unity in calculation of the economic effectiveness of the disposition of the productive forces and all of national production. One of the important reasons for this is to be found in the specific characteristics of the evaluation of the deployment of the productive forces: we need to take into account not only the purely production outlays but also the costs relating to the solution of social problems in the regions of distribution; the regional characteristics of the utilization of the most important types of material resources can only be interpreted if they are evaluated in relation to the national economic costs.

The third section discussed the methodological problems of the development and distribution of the physical production sectors: methods of economic evaluation of the utilization of the natural resources, which methods serve as the most important prerequisites for the development of physical production in the territory of any region. However, as a result of the lack of unity in the concepts pertaining to the nature of the economic evaluation of the natural resources there are today no generally recognized methods of evaluating even a single one of the types of natural resources. Inadequate study has been devoted to the methods of comprehensive evaluation of the territorial combinations of natural resources. In its most general form the comprehensive evaluation of the territorial combination of natural resources (TSFR) is obviously the sum of the component evaluations of natural resources which make up the TSFR being evaluated.

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As was noted in the section the effectiveness of the complete exploitation of the raw material resources is determined via the relationship between the outlays for processing the raw material and the effect obtained as a result. The calculation of expenditures does not present any special difficulties but the methods of determining the effect have not been adequately worked out because the effect obtained from the full exploitation of raw material is varied--it shows up in part beyond the enterprises of these industry sectors and in some cases a quantitative measure is hard to come by.

The section carried out a detailed analysis of the methodological problems of regional development of the country's fuel and energy complex, the complex of the processing industries, and the construction complex and its material and technical base. The shift of the fuel extraction industry to the east and the establishment there of huge fuel and energy bases of Union subordination require increased rates of growth of industrial production in the eastern regions.

The discussion of the problems of formation of a water economy included a review of the methods of water management districting and control of the water resources exercised by a single water management system for the country; regional development of the water economy; economic evaluation of the water factor in the deployment of production; economic evaluation of full use of the water resources; compilation of water economy balance sheets as bases for evaluation of the full utilization and protection of the water resources; methodological and organizational problems in predicting water consumption in industry and agriculture.

The members of the fourth section exchanged opinions on the use of economic and mathematical methods in deployment of the productive forces: simulation of territorial national economy proportions; optimization of the distribution of the various sectors of the national economy, and of industry and the non-production sector; creating models for the planning and forecasting of the development and deployment of the productive forces of the various regions; simulation of the formation of territorial production complexes and evaluation of their economic effectiveness; creation of models for the systems of personnel relocation, etc. Recent years have seen a substantial growth in the volume of work on the creation of economic and mathematical models for deployment of the productive forces. This has enabled us to switch from individual sectorial and regional models and general theoretical projections to practical development and monitoring of the systems of models for long-range planning on the Union, republic and regional levels.

The conference's concluding document noted that in recent years a number of general and individual methods have been developed for the various problems pertaining to rational disposition of the productive forces and enhancement of the effectiveness of the social and economic development of the regions. A great deal of practical experience has been acquired for solution of the sectorial and regional problems entailed in the development and deployment

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of the productive forces and work has begun for the preparation of a unified system of technical and economic indicators for the placement of the industry and national economy sectors.

The growing importance of methodological material for solution of the practical problems of deployment of the productive forces makes urgently necessary further development of the work along the following lines: the establishment of a system of interrelated methods for the preparation of schematics for the distribution of the productive forces and territorial organization and evaluation of their effectiveness; strengthening of the system of comprehensive regional research on the problems relating to the theory of deployment of the productive forces and territorial organization of national production; development of theoretical and methodological principles for recording the impact of scientific-technical progress on the disposition of the productive forces and on enhancement of the effectiveness of the territorial organization of production; improvement of the methods of analysis and preparation of territorial balance sheets for varied resources--fuel and energy, mineral raw material, water, land, timber and labor; development of methods of quantitative analysis and economic evaluation of the effect of international division of labor on the formation of an effective national economy structure in the regions.

The conference's concluding document noted that for intensification of research on the methodological and methods problems pertaining to the disposition of the productive forces and for employment of a unified approach to the solution of these problems, it is desirable to set up a methodological center which would assume the functions of organizing the planning and coordination of this research.

V. Yevstigneyev and L. Tatarnikova

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PROBLEMS AND PROSPECTS OF SOVIET-AMERICAN ECONOMIC RELATIONS

Moscow SSSR-CSHA: Ekonomicheskiye Otnosheniya (USSR-USA: Economic Relations) in Russian 1976 signed to press 11 Aug 76 pp 3-4, 415-416

[Annotation, table of contents and attribution of chapters from book edited by Ye. S. Shershnev, Nauka, 17,000 copies, 416 pages]

[Annotation]

[Text] The book covers a broad range of topical problems in Soviet-American relations on the basis of an analysis of substantial factual material, shows how political forces in the United States are lined up on the issue of economic cooperation between the USSR and the United States, and indicates the roads and possibilities of its development.

The authors of the various parts of the book are as follows:

Ye. S. Shershnev, doctor of economic sciences: Introduction, Chapters 2, 3, 5 and 6 (Sections 1-4), and Conclusion;
V. S. Anichkina, candidate of historical sciences: Chapter 1 (Section 1) and Chapter 8;
V. A. Fedorovich, candidate of economic sciences: Chapter 1 (Sections 2 and 3) and Chapter 8;
N. A. Dolgoplova, candidate of historical sciences: Chapter 4 (Section 1);
V. I. Zvolinskiy: Chapter 4 (Sections 2-4);
S. L. Kambalov: Chapter 6 (Section 5);
P. M. Malakhin: Chapter 6 (Section 6);
I. I. Sheydina, candidate of historical sciences: Chapter 7
Editor in Chief Ye. S. Shershnev,
doctor of economic sciences

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BOOK PROPOSING METHODS OF EVALUATING RESEARCH WORK REVIEWED

Moscow VOPROSY EKONOMIKI in Russian No 11, Nov 78 pp 146-148

[Review by D. L'vov of the book "Ekonomicheskiy Effekt Nauchnykh Issledovaniy" (The Economic Impact of Scientific Research) by L. I. Veger and Yu. D. Matevosov, Izdatel'stvo AN Armyanskoy SSR, Yerevan, 1977, 145 pages]

[Text] This book is devoted to determining economic impact in the sphere of scientific-technical activity and analyzing the criteria and indexes used to measure it and the influence of specific aspects of science on the methodology of calculating impacts.

In their review of the question of using the category of economic impact, the authors criticize the viewpoint that has become widespread lately and says that economic impact is the primary or even the only criterion for evaluating scientific activity. They also give a critical analysis of the thesis that the category of economic impact is not at all suited to scientific activity and thus should not be used. The authors believe that it is entirely proper to use this category for a definite sphere of science, and this is the result, for one, of the target orientation of scientific research and development (SRD) and, for two, the possibility of calculating the impact with the necessary exactness. Thus, total SRD where the economic impact can and must be calculated is made up of SRD projects whose primary objective is to improve the efficiency of public production and which have adequate information (technical-economic parameters of future machinery, sphere of its use and volume of use, and the like) making it possible to determine the economic impact with sufficient reliability.

Beginning from this point, the authors identify that part of applied science where the economic impact is the primary objective and should be used as the target function and evaluation index. Using it as the basis for the stimulation system and distribution of resources creates one of the most important prerequisites for optimal use of resources in the particular branch of science.

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This proposal to view this part of science as a distinct subsystem and object of control is unquestionably interesting. However, such a distinction raises a number of new questions which are not treated in the monograph. For example, how should we manage those scientific research institutes, and they are a majority, which are conducting research aimed at solving social problems in addition to development work to solve the problems of raising production efficiency? How can we evaluate (stimulate, allocate resources) for research and development projects which are solving multifaceted socioeconomic problems? The suggestion of the authors of the book that a separate and independent system of management be established for all SRD projects pursuing economic goals merits more serious and thorough work.

As for the other branches of science, the authors believe that economic calculations in them can serve more limited purposes. For example, given a number of conditions, they can be used in the pure sciences to select the most economical alternatives for conducting scientific experiments. In applied research aimed at achieving social results, the economic impact should be used primarily to select alternatives that guarantee achievement of the assigned goal with minimum expenditure of resources.

At the same time, it should be observed that the authors' explanation of differences in the use in the indexes of economic impact in different branches of science (they identify three factors: the nature of the goal, the extent of expenditures, and the correspondence between the precision of the impact being calculated and the demands that are made) is not exhaustive. This possibility of calculating economic impact is a result of more complex circumstances and the effect of a large number of factors. That is why, for example, the book's explanation of the reasons for the extremely limited use of the category of impact in branches of science involved with improving public labor organization (research and development in economics, planning, organization of management, and the like) is not convincing. It is true that calculations of economic impact are used much less often here than in the development of new means of production. However, to explain this primarily by the fact that expenditures for development are comparatively small is, in our view, incorrect.

It appears that, in the given case, this factor is not fundamentally important at all. The reason that a calculation of the efficiency of such development work is not done is certainly not that it is useless; rather the reason is that methods of determining this efficiency are not fully worked out. By the same token, the primary reason for inadequate use of the category of impact applied to research and development in the field of improving public production is a series of unresolved methodological and technical questions. Taking into account the trend toward more rapid development of these branches of knowledge compared to the development of science as a whole, which can be seen in recent years in both the USSR and the United States, an increasing need will be felt each year to make economic calculations

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and substantiation for these projects. Therefore, analyzing the reasons for inadequate use of the category of impact in research related to improving management and also developing techniques of calculating this impact should, in our view, be an important line of activity in raising the quality of economic calculations.

The book devotes a good deal of space to what is called the problem of "share participation" by several scientific organizations in the performance of large programs. Under these conditions using the magnitude of impact to evaluate the activity of specific organizations and compute economic stimulation funds requires that it be broken down into parts which could be considered the contribution of each of the co-performing organizations, thus acting as evaluation indexes of their work. L. Veger and Yu. Matevosov criticize those economists who suggest distributing the total impact proportional to the expenditures of each organization because this gives collectives an interest in increasing costs; rather, they propose their own method, based on consideration of growth in the magnitude of impact achieved after each stage of development.

The authors unquestionably make a contribution to study of this issue. However, it seems to us that they still have not refuted the position of those investigators who consider this problem an artificial one. The authors substantiate the advisability of distributing the national economic impact of new technology created through SRD among science, production, and consumption and the partial impact of science among separate scientific organizations by reference to the possibility of using partial impact to construct a system for stimulation and distribution of resources. By the same token it is proposed that these indexes should influence not just stimulation but also the rate of development of these spheres. However, computing the part of impact attributable to the production sphere does not at all mean that it should automatically be allocated additional resources for development because existing production capacities may be adequate to produce the new technology. As a result, the use of partial impact does not insure optimal distribution of resources among different spheres, as the authors suppose. Furthermore, the arguments given in favor of using partial impacts to organize the system of stimulation and resource distribution seem inadequate to us.

The book gives considerable attention to the factor of uncertainty as a feature objectively inherent in science which has a notable effect on the technique of calculating economic impact in this sphere. They analyze the nature and sources of the uncertainty, review the causes of the probabilistic nature of the impact-shaping factors of SRD (expected results, expenditures for SRD, development time), and describe the effects and influence of uncertainty on economic processes.

The authors propose, for consideration of the probabilistic nature of the expected results when determining future economic impact, that we begin from the idea that the economic impact calculated in the course of development work should be figured as its mathematical

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expectation, in other words, the product of the calculated impact and the probability of achieving it.

The book takes up one of the most interesting issues connected to the factor of uncertainty. This is evaluation of problems (alternative solutions) that differ by the spread of random errors (in quadratic deviation of possible values of the actual impact and the expected impact). The question is raised, for example, of the comparative evaluation of the efficiency of working out two problems (solution techniques for one problem) which have the same mathematical expectation of impact (suppose, 1 million rubler) but differ by possible spreads of impact values, for example in the ranges ± 10 percent and ± 100 percent. The authors answer this question as follows: "From a national economic standpoint alternatives and problems with identical impact but different confidence intervals are equal in value. If it is necessary to select one out of two or several possible alternatives or problems, additional information should be obtained (by conducting experiments, testing working elements or assemblies, or enlisting additional experts) to determine the magnitude of the impact more exactly and distinguish among the alternatives" (p 133).

This statement by the authors could be considered correct if the economic impact were considered to be an abstract, calculated category. But if we take the impact to be a quantity which is realized in the concrete conditions of the planned economic mechanism, then we must take account of the reaction of this mechanism to random errors. Using comprehensive planning that envisions advance preparation of production and corresponding expenditures for the incorporation of new technology means that a certain part of these expenditures will be lost when the actual technical parameters of new technology differ from expected ones. And, obviously, these losses will be greater if the deviations are greater. These were precisely the considerations which led us to argue that decision alternatives with smaller spreads of possible impact values where other conditions are equal are better for the national economy.

The monograph gives a detailed presentation of questions of the technique of determining the economic impact of SRD. In the appendix, particularly, it has the authors' design of a technique which supplements, for a number of special issues, the technique (basic principles) of determining the economic efficiency of using new technology, inventions, and efficiency proposals in the national economy. The substantiation given for the unity and common character of the normative coefficient of efficiency for the spheres of physical production and science particularly deserves attention.

However, along with the true and interesting methodological points one also encounters questionable ones. For example, the recommendations concerning broad use of both absolute and comparative impact seems superfluous. The impact of applied SRD oriented to improving economic indexes shows up ultimately in growth in the surplus product

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of society. Because the comparative impact, which shows the growth of impact created by the use of new technology, gives an adequately full characterization of achievement of this goal, introducing one more index, the absolute impact, is not justified, in our opinion.

The authors' proposals for improving the organization and use of calculations of economic impact do hold practical value. The recommendations on creating conditions that guarantee operational calculations attract our attention here.

A shortcoming of the book as a whole is the lack of even hypothetical examples to illustrate the primary points.

Overall, however, this is an interesting and useful work which contains new, although sometimes also debatable, propositions with respect to the problems of determining economic impact in the sphere of science.

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