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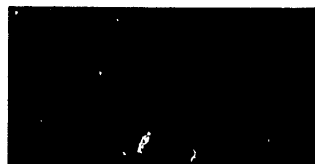
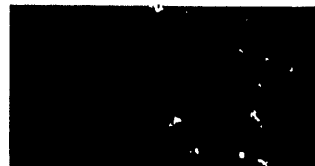
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13 June 1979

TRANSLATIONS ON USSR TRADE AND SERVICES
(FOUO 7/79)



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INTERNATIONAL ECONOMIC RELATIONS

COOPERATION OF SOCIALIST BLOC, THIRD WORLD OIL-PRODUCING COUNTRIES

Tashkent OBSHCHESTVENNYYE NAUKI V UZBEKISTANE in Russian No 1, 1979 pp 48-52

[Article by K. Kuzham'yarov: "Development of the Economic Cooperation of the Socialist States With the Developing Oil-Producing Countries"]

[Text] The decisions of the 25th CPSU Congress stressed the need for the further development of the economic ties of the USSR, as well as of other members of the Council for Mutual Economic Assistance (CEMA), with the developing countries. The mutually beneficial character of these relations and the firm support by the socialist community for the just cause of the struggle of the peoples of the developing countries for their political and economic independence have all the more persuaded these states as to the advisability of expanding mutually beneficial contacts with the socialist countries.

During recent years the economic cooperation of the CEMA member countries with the countries participating in OPEC has intensified appreciably.¹

This cooperation is adopting all the new forms and has both a bilateral as well as multilateral character.

Thus, the mutual striving to improve the forms of economic ties has found its concrete expression in the appearance in the developing countries of a substantial number of mixed companies in which the European socialist states are participating. The mutual aspiration of these countries to establish lasting economic ties as well as the consideration that each of the partners will gain certain commercial benefits serve as the objective basis for their creation. Access to new manufacturing methods, the study of advanced experience in the organization and process of getting production smoothly underway, the expansion of opportunities for entrance into the socialist market, the creation of new production sectors, a decrease in the dependence upon imperialist monopolies, the creation of favorable prerequisites for strengthening the state sector, etc., can be the stimuli for participation by developing countries in mixed companies. The socialist states view mixed companies as a form of promoting trade and economic cooperation, thereby yielding benefits for both partners. This form enables them to count on obtaining steady sources of raw

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material, additional expansion of the export of industrial production, the utilization of a portion of the funds earned from the activity of mixed companies for financing their foreign representatives, institutions, etc. Participation in mixed societies and enterprises permits the socialist countries to receive a fixed profit, which provides an opportunity to make purchases of fuel and raw materials from the exporting countries at prices lower than world prices in the amount of this profit.

The participants in mixed companies turn out to be, on the one hand, foreign trade associations and enterprises of the European socialist countries and, on the other hand, state, quasistate and sometimes even private organizations and firms of the developing countries. In terms of their legal and organizational status, these companies, as a rule, fall into the category of joint stock companies or companies with limited liability. The period of time for the activity of the joint enterprise is sometimes specified beforehand, while in other cases it is stipulated by the company charters that the socialist partner is willing at any time to renounce its share of property upon the desire of the developing country after compensation for financial costs incurred from its participation in the organization and activity of the mixed company.

Mixed enterprises of a trading and production character have been widespread to a certain extent in the practice of cooperation with the developing states by Yugoslavia, Czechoslovakia and the GDR since the beginning of the 1960's and by Hungary, Bulgaria and Romania in recent years. The mixed enterprises created in the developing countries with the participation of the USSR are, in the main, of a trading and marketing nature.

On the whole then, companies in which socialist states participate were created in various sectors of the national economic system of the developing countries—in trade, insurance and banking affairs, transport, industry and in the sphere of services. Trading and production companies have become the most widespread.

Mixed Trading Companies

Mixed trading companies are engaged in the sale of goods from the socialist countries in the developing states on an ordinary commercial basis, in servicing equipment, machines and the technology that has been delivered to them, in providing them with spare parts and components, and also in purchasing the output of local producers for the purpose of satisfying the needs of the socialist economic system. The "Sneyko" company, which functions in Nigeria with the participation of Czechoslovak firms, can serve as an example. It is expanding its operations in the sale of various machines and equipment produced in Czechoslovakia, while simultaneously making purchases of Nigerian rubber and exporting it to the Czechoslovak Socialist Republic.² The sale on the Nigerian market of Soviet trucks and passenger cars, tractors and other commodities is being successfully carried out by "VAATYeKO," the Soviet-Nigerian joint stock company, which has been functioning since 1967.³ "Dal'treyd," the Polish-Nigerian trading and joint stock company,⁴ and "Afrokomers,"⁵ the Bulgarian-Nigerian company, have been carrying on intensive activity in Nigeria.

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Mixed production companies in which socialist states participate function both in the processing as well as extractive sectors of industry. The enterprises belonging to them in metalworking, machine-building, light, chemical and pharmaceutical, food and other sectors of industry are usually rather small in size, and these companies still occupy a modest position in the over-all volume of cooperation by socialist states with the developing countries. Their creation is, however, in response to the immediate tasks of economic construction in the developing states. Thereby, the process of turning out production locally enables them to meet the needs of the domestic market and to refuse to import goods from abroad.

The Hungarian-Nigerian company, "Fertesko Industries," which turns out ceramic, hardware and textile items,⁶ and the mixed Hungarian-Nigerian and Polish-Nigerian enterprises for the production of medicinal remedies and preparations and others⁷ can serve as an example of these companies.

Mixed Companies for the Study and Development of Natural Resources

Mixed companies for the study and development of natural resources render assistance to young states in the study and development of mineral resources, in strengthening national geological services and organizations and in training specialists for mining operations. The majority of mixed companies for the study and development of fishing, timber and mineral resources have been created in Africa. The striving to help in the development of fishing resources in the coastal waters off the African continent has led to the creation of the Bulgarian-Nigerian "GlobeFish" company. A mixed Nigerian-Romanian society, "Seromud," also functions in Nigeria; this society carries out the exploitation of timber wealth and implements the creation of the sawmill and wood-working industry.⁸

It has been many years now that the Romanian-Algerian society, [ALChIMYe], in which 75 percent of the joint stock belongs to Algerians,⁹ has been carrying on geophysical work and the complete organization of oil fields within the structure of the Algerian petroleum association, SONATRACH.

The Polish firm [KOPEKS] concluded an agreement in September 1973 with SONATRACH on the joint financing of oil prospecting.¹⁰ Romania and Ecuador organized a mixed society, [ESOPAS], to render Ecuador assistance in the development of the petroleum industry.¹¹

Mixed Engineering and Consulting and Construction Firms

Mixed engineering and consulting and construction firms have been created in connection with the critical demand for personnel, construction equipment and technical knowledge in the developing countries. The activity of specialists from the socialist states in the developing countries provides for an operations-effective solution to many problems. The Polish-Nigerian "Polapio," the Romanian-Nigerian "Ronitex Company" and others¹² can be numbered among the mixed companies of this type.

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The new forms of cooperation by socialist and developing countries are undergoing further development. For instance, a Libyan-Romanian joint stock shipping company was created.¹³

The expansion of cooperation with the developing countries and the development of new forms of it require an increase in the financial resources being allocated to render economic and technical assistance to developing states. Mixed finance organizations in which socialist and developing states participate could become a source for the extension of credit for industrial cooperation between the two groups of states as well as an effective means for the mobilization of a portion of the internal resources of the developing countries for these purposes. In particular, a Bulgarian-Lebanese mixed bank, a Yugoslav-Libyan bank, etc. have now been functioning over the course of several years.¹⁴ The organization of new joint banks, finance, investment and insurance companies by socialist and developing states and the expansion of the sphere of their activity can, with time, lead to the creation of a new instrument for the financing of industrial construction in the developing countries.

Other forms of mutual assistance are springing up as well. The utilization by the socialist states of credits from the OPEC oil-producing countries for the construction in the socialist states of a number of enterprises can serve as an example. Thus, Kuwait extended a loan to Yugoslavia in the amount of 125 million dollars for the construction of the Adriatika Oil Pipeline, while Libya offered 70 million dollars.¹⁵ The National Oil Company of Abu-Dhabi took part in the financing of the oil pipeline and an oil-drilling plant in Yugoslavia.¹⁶

In 1976 an understanding was reached on conducting technical and economic research for the purpose of building a petrochemical complex worth 1 billion dollars in Romania and involving the participation of Kuwait. Kuwait will finance the construction of this complex and will ship oil to Romania.¹⁷

The socialist states are using loans from the oil-producing countries for the organization in the socialist states of the production of output destined for export to the creditor countries. For instance, the Hungarian National Bank concluded an agreement with the Kuwait firm, "Kuwait International Investment Co.," on the floating in Kuwait of a bond in the sum of 40 million dollars for 8 years at 10.5 percent annual interest. The funds received from floating these bonds will be utilized by the Hungarian National Bank for financing measures to expand exports to Kuwait.¹⁸

Interstate agreements on cooperation in third countries have also been concluded recently. Thus, joint financing by socialist and oil-exporting developing countries of construction projects in third countries is being practiced. For instance, Kuwait extended credit to the People's Bank of Yugoslavia in the amount of 100 million dollars for the financing of trading operations between both countries and for projects being built by Yugoslavia along with Kuwait in third countries, in particular, for financing the joint exploitation of bauxite and iron ore deposits in Guinea.¹⁹ The Yugoslav "Energoinvest" and the Kuwaitian National Company have created a joint investment firm with capital

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in the amount of 7 million dollars.²⁰ The Romanian "Industrial Export" enterprise together with the Saudi "Petromin" are carrying out construction of an oil refinery in Pakistan.²¹

The creation of mixed societies and enterprises with the participation of socialist and developing countries is a new and higher form of their cooperation when viewed against the extension of special-purpose credit. It is possible to accomplish a relatively limited range of tasks with the help of a special-purpose loan, since it does not lead to the establishment of permanent ties between the partners owing to its repayability [vozvrashchayemost']. With the creation then of mixed societies and enterprises, the scope and dynamics of cooperation are not limited by the terms and period of validity of the credit agreements. Mixed enterprises can provide not only for the continual reproduction of the objects of cooperation, but also perform the self-financing of its further expansion.

The participation by socialist states in the mixed enterprises of the developing countries differs in principle from the practice of Western monopolies. To begin with, it is carried out on authentic principles of equal rights and mutual benefit, does not pursue political goals and does not set for itself the task of perpetuating the presence of the socialist partner in the given developing country ad infinitum. One must particularly stress the inadmissibility of confusing joint enterprises with foreign concessions, which the Soviet Union does not possess and is not about to possess, as L. I. Brezhnev, general secretary of the CPSU Central Committee, once again declared, this time at the 25th CPSU Congress.²²

The CEMA member countries prefer to create joint enterprises with state firms of the developing countries, assisting thereby in the strengthening of the state sector in their economic system. As a rule, they remain the proprietors until that time when these firms can conduct production operations themselves. The activity of mixed enterprises is regulated by the laws of the country in which they are created and is subordinated to the tasks facing that country. Mixed enterprises function within the framework of signed intergovernmental trading and economic agreements. The profit from their activity is usually used by the CEMA member countries for the expansion of production and the increase of imports from the respective developing countries. All this explains the great interest of young national states in the creation of mixed enterprises with partners from the socialist countries.

The decisions of the 25th CPSU Congress set the task of increasing the role of foreign economic ties in the development of the economic system of the USSR by means of more active participation in the international division of labor and the use of new, more effective forms of international cooperation, including with the developing countries. The Soviet Union is interested in having its cooperation with these countries assume the nature of a durable and mutually beneficial division of labor that ensures the sale of machinery and equipment in growing volumes and provides for reliable sources for the import of fuel, raw materials and foodstuffs, as well as of manufactured goods enjoying consumer demand on a long-term basis at prices acceptable to us. All this

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promotes the consolidation of the genuine independence of the developing countries and the strengthening of peace and cooperation among peoples.

FOOTNOTES

1. OPEC, or Organization of Petroleum Exporting Countries, was created in 1960. It includes the following: Iraq, Iran, Saudi Arabia, Kuwait, Venezuela (since 1960), Qatar (1961), Libya, Indonesia (1962), Abu Dhabi (1967), Algeria (1969), Nigeria (1971), Ecuador (1973) and Gabon (1975).
2. NARODY AZII I AFRIKI, 1976, No 6, p 10.
3. PRAVDA, 1976, 16 Jan.
4. "Ekonomicheskkiye Otnosheniya Sotsialisticheskikh Gosudarstv so Stranami Afriki" [Economic Relations of the Socialist States with the Countries of Africa], Moscow, 1973, p 133.
5. BYULLETEN' INOSTRANNOY KOMMERCHESKOY INFORMATSII (BIKI), 1976, 22 June, pp 4-274.
6. NARODY AZII I AFRIKI, 1976, No 6, p 12.
7. Obminskiy, E. Ye., "Razvivayushchiesya Strany i Mezhdunarodnoye Razdeleniye Truda" [Developing Countries and the International Division of Labor], Moscow, 1974, p 185.
8. BIKI, 1974, 12 October; 1976, 22 June.
9. Utkin, E. A., "Ekonomicheskoye Sotrudnichestvo SSSR s Razvivayushchimisya Stranami" [Economic Cooperation of the USSR with the Developing Countries], Moscow, 1974, p 59.
10. MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA, 1975, No 3, p 126.
11. "Strany SEV i Latinskaya Amerika" [The CEMA Countries and Latin America], Moscow, 1976, p 280.
12. NARODY AZII I AFRIKI, 1976, No 6, p 16.
13. AZIYA I AFRIKA SEGODNYA, 1977, No 3, p 24.
14. BIKI, 1974, 29 October; NARODY AZII I AFRIKI, 1976, No 6, p 10.
15. AZIYA I AFRIKA SEGODNYA, 1977, No 3, p 24.
16. BIKI, 1974, 12 September.
17. BIKI, 1976, 29 April.

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18. BIKI, 1975, 7 and 25 January.
 19. BIKI, 1974, 12 September.
 20. AZIYA I AFRIKA SEGODNYA, 1977, No 3, p 24.
 21. "Sotsialisticheskaya Ekonomicheskaya Integratsiya i Sotrudnichestvo s Razvivayushchimisya Stranami" [Socialist Economic Integration and Cooperation with the Developing Countries], Moscow, 1975, p 55.
 22. "Materialy XXV S"yezda KPSS" [Materials from the 25th CPSU Congress], Moscow, 1977, p 12.
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INTERNATIONAL ECONOMIC RELATIONS

CONFERENCE ON ECONOMIC TIES OF SOCIALIST, DEVELOPED CAPITALIST LANDS

Moscow VOPROSY EKONOMIKI in Russian No 3, Mar 79 pp 154-156

[Article by N. Alekseyeva and M. Os'mova: "Economic Ties Between the Socialist and Developed Capitalist Countries"]

[Text] Close economic ties are creating the physical basis for the peaceful cooperation of states belonging to different social systems. Research on the problems of expanding and deepening these ties and the disclosure of the most stable tendencies in their development have great significance both on a theoretical as well as a practical level. An All-Union Scientific Conference, "Problems of the Economic Relations of Socialist Countries with Industrially Developed Capitalist States," which was held 30 October-1 November 1978 in Moscow, was devoted to the above-mentioned problems. Representatives of the largest higher educational institutions, scientific research centers and practical organizations of the country and of the scientific institutions of the People's Republic of Bulgaria, the Hungarian People's Republic, the GDR, the Polish People's Republic and the Czechoslovak Socialist Republic, took part in the work of the conference, which was organized by the USSR Ministry of Higher and Secondary Specialized Education and the economics department of Moscow State University imeni M. V. Lomonosov.

In opening the work of the conference, Doctor of Economic Sciences N. Mokhov, USSR deputy minister of Higher and Secondary Specialized Education, stressed that the socialist countries consistently speak out in support of the democratization of world economic ties, mutual benefit and equality of rights in their business cooperation with the West in compliance with the principles and understandings contained in the Final Act of the conference in Helsinki. The importance of stable, long-term, large-scale ties is growing in the system of present-day economic relations between socialist and developed capitalist countries. Many new forms have been added to the traditional trade relations: industrial cooperation, compensation agreements, scientific-technical ties, etc. Thus, as N. Mokhov stressed, the general situation in the world has changed and places new demands upon the structure of this cooperation and upon the forms, methods and terms of the most-favored nation economic policy. It is precisely these questions that deserve the most fixed attention.

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A characteristic feature of the world economy in our days, it was noted in the report of O. Bogomolov, corresponding member of the USSR Academy of Sciences (Institute of Economics of the World Socialist System of the USSR Academy of Sciences), is the strengthening of the economic and political influence of the socialist system in the world economy. Socialism has called into being international relations marked by comradely cooperation, fraternal mutual assistance and equality of rights of all states—great and small, socialist and capitalist, developed and developing. The economic integration of the CEMA countries plays a decisive role in the development of the world socialist system of economy at the current stage. Socialist integration does not fence off these countries from the economic processes occurring in the world economy. The policy of active cooperation with all states, regardless of their political and economic organization, is traditional for the socialist countries and has become an important element in long-range programs for their economic development. The position of the countries of capital in the area of economic cooperation with the East is characterized by two contradictory tendencies: a striving to subject the socialist countries to economic boycott and discrimination with the aim of putting a brake on their economic growth and a desire to utilize the economic benefits accruing from this cooperation. The objective process of internationalization of economic life and the favorable political climate being created by détente are promoting the development of business ties between the East and West.

The report by Doctor of Economic Sciences Yu. Shiryayev (MIEP MSS) of the CEMA) concerned the problems of development of the international socialist division of labor and its influence on relations between socialist and capitalist countries. He brought to light the need to study the international socialist division of labor and socialist economic integration not only by means of disclosure of their own internal logic of development, but also by taking into account the complex system of relations between countries with opposite systems of world economy. The anti-imperialist direction in the influence of the international socialist division of labor on the socio-economic structure of the world economy in no way signifies a striving to isolate the socialist countries from the industrially developed capitalist states. The economic relations between socialist and capitalist countries, which are expanding and becoming more rationalized, have a complex nature. The idea that only a simple change in the natural and physical form of the products being exchanged is occurring in the sphere of exchange of goods and services, while the difference in terms of principle of two opposite social systems of the economy does not play a decisive role and is relegated to a secondary level is a downright oversimplification. Both the use value and the value of the goods entering into international exchange represent socio-economic categories. The coordination by the countries of socialism of strategy and tactics in the area of foreign economic ties serves as the basic guarantee which permits the use of economic ties with the world of capitalism in the interests of building socialism and communism and which thereby enables one not to allow them to have a negative influence on the socialist economic system.

The influence of the integration of the CEMA countries on the development of their economic relations with the West was examined in the address by Doctor

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of Economic Sciences M. Os'mova (Moscow State University). By assisting the acceleration of development of productive forces, she stressed, socialist integration is raising the level of economic development of the world system of socialism and the ability of socialist countries to be more actively included in the worldwide division of labor. Instability in foreign economic relations, including relations between socialist and developed capitalist states, in the opinion of Doctor of Economic Sciences M. Maksimova (Institute of World Economics and International Relations of the USSR Academy of Sciences), requires a search for ways to restructure the world economy. The cyclical development of the Western countries, their inter-imperialist rivalry and capitalist integration exert a great influence on the mutual relations of the countries of the two world systems. The changes which took place during the second half of the 1960's and especially in the 1970's in the international situation, in the status of socialist and developing countries in the world economy and the growing significance of global problems (environmental protection, the search for new energy sources, mastery of outer space, development of the World Oceans and a number of others) that require the collective efforts of all states for their solution—all this could not help but have an influence on the activity of the European Economic Community and on the system of its foreign ties and relations with the socialist countries. It is natural that in an atmosphere marked by the aforementioned changes, the question of the relations between the CEMA and Common Market has arisen anew. An analysis of the processes of the international division of labor enables one to draw the conclusion that the planned character of the world socialist system of the economy is a trusty defense against the fluctuations of the capitalist market. This makes for the need for drafting a foreign economic strategy on the part of the socialist countries that must take into consideration the requirements and potentials for the development of foreign economic ties with the developed capitalist states and set the basic trends for improving the structure of foreign trade and for improving planning and the economic mechanism.

The normalization of relations between the two integrated groups, Doctor of Economic Sciences L. Glukharev (Moscow State University) noted, could make a considerable contribution to the development of economic ties between socialist and industrially developed capitalist countries. The CEMA countries are speaking out in favor of the development of relations between both organizations on the basis of equal rights and mutual benefit and without interference in internal affairs; relations of that type would represent a real embodiment of the process of détente. It is with precisely this goal in mind that the socialist community has proposed the conclusion of an agreement between the CEMA and the CEMA member countries, on the one hand, and the European Economic Community and EEC member countries, on the other hand, on the basis of mutual relations.

The experience of the Ivanovo machine tool builders in expanding economic ties and cooperation with developed capitalist countries, V. Kabaizze emphasized, testifies to the need for drafting and using a comprehensive system of measures for the study of demand, organization of production and the sale of the respective export commodities.

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Three sections worked at the conference.

The first section examined the foundations, principles and main tendencies of the economic cooperation of the socialist countries with the developed capitalist countries. The international socialist division of labor, while developing according to its own internal rules, is included in the system of the worldwide division of labor, one of the spheres of which is the division of labor between countries belonging to different social systems. The need for economic cooperation by states with a different social structure has been predetermined by an objective process of internationalization of productive forces, which is being speeded up by the scientific-technical revolution and by the tasks of optimizing economic growth and increasing efficiency (Doctor of Economic Sciences N. Cherkasov, Leningrad Institute of Aviation Instrument Building). A result of the strengthening of the position of the CEMA countries in the world economy and in economic cooperation with the industrially developed countries of the West is the process of their national interests coming closer together. The means for ensuring the combining of the national and international interests of the socialist countries is to improve the management mechanism and mechanism for the organization of foreign economic ties within countries of the community (Doctor of Economic Sciences Yu. Belyayev, Candidate of Economic Sciences N. Druzyakova from the Moscow Institute of the National Economy imeni G. V. Plekhanov and M. Dobrocinski from the People's Republic of Poland). Foreign economic ties with the developed capitalist countries as a form of internationalization of economic life is in need of a consciously regulated influence from the socialist states, which makes for the need to determine the social and economic limits of these ties (Candidate of Economic Sciences L. Khodov from Moscow State University). Light was also cast upon the concrete questions of the state of economic ties of the socialist countries with individual developed capitalist states: USA (Candidate of Economic Sciences V. Yulin from the Institute of the United States of America and Canada of the USSR Academy of Sciences), Japan (Doctor of Economic Sciences P. Dolgorukov from the Scientific Research Institute of Business Cycles of the USSR Ministry of Foreign Trade), Italy (Doctor of Economic Sciences A. Pokrovskiy from the Scientific Research Institute of Business Cycles of the USSR Ministry of Foreign Trade), Finland (Doctor of Economic Sciences Yu. Piskulov from the USSR Ministry of Foreign Trade) and others.

Problems of the influence of scientific-technical progress on international economic cooperation and the new forms for economic ties of the socialist and developed capitalist countries were discussed during the course of work of the second section of the conference. Widespread international cooperation is determined by the features of the current scientific-technical revolution. This is linked, first and foremost, to the fact that the immense expenditures on research work and the scope of modern production require a combining of efforts and sharing of achievements by several states, including those that belong to opposite social systems (Doctor of Economic Sciences A. Bykov from the Institute of Economics of the World Socialist System of the USSR Academy of Sciences). The process of internationalization of scientific research and international sharing of the results of research work is the general tendency to date of all industrially developed countries. Scientific-technical

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cooperation is one of the most dynamic forms of foreign economic ties with the developed capitalist states. The content and forms of scientific-technical ties and specific features of scientific-technical cooperation between individual countries of the East and West (Candidates of Economic Sciences Yu. Sergeev and S. Medvedkov from the Institute of the United States of America and Canada of the USSR Academy of Sciences) and the methods of providing incentives for scientific-technical ties (Candidate of Economic Sciences M. Rubinshteyn from the Moscow Institute of the National Economy imeni G. V. Plekhanov) were examined. At the present time, the center of gravity in the field of foreign economic ties of the socialist countries with the industrially developed capitalist states is being shifted from one-time benefits of current trade operations to the long-term benefits accruing from stable economic ties. One of these progressive forms, as was noted in the addresses by Candidate of Economic Sciences L. Rodin (Institute of Economics of the World Socialist System of the USSR Academy of Sciences), Candidate of Economic Sciences I. Savelov (MIEP MSS of the CEMA), Candidate of Economic Sciences Ye. Yakovlev (Institute of World Economics and International Relations of the USSR Academy of Sciences), and S. Savov (People's Republic of Bulgaria), is industrial cooperation with the Western partners. It presupposes the establishment of long-term and stable ties on the basis of long-range intergovernmental agreements. Cooperation with the West is, for socialist countries, an effective means of raising the qualitative and technical level of individual sectors of production with a saving upon outlays and capital investments. The long-term nature of the ties being established creates the conditions for a further improvement in production technology and an increase in the ability of production to compete. An improvement in the organizational forms of the industrial cooperation of the CEMA countries with the West is among the important agenda items. Among the new forms of economic cooperation by the countries of the East and West, compensation agreements are deserving of attention; these agreements usually stipulate the allocation by the Western partner of long-term special-purpose credit that is utilized, as a rule, to acquire the necessary equipment, materials and licenses for setting up a corresponding production line in the socialist country (A. Ognev from the Institute of World Economics and International Relations of the USSR Academy of Sciences). The recovery of outlays is carried out through deliveries of the output during whose production financial and technical assistance from capitalist firms was utilized.

The work of the third section was devoted to the questions of developing export production and increasing the efficiency of foreign economic ties. The basic problems in the trade of CEMA countries with the industrially developed capitalist states are the system of discriminatory restrictions still being maintained on the part of Western countries, a lack of sense of balance in trade and a structure that is unfavorable to the socialist countries in terms of export to the West (Candidate of Economic Sciences V. Yermakov and Candidate of Economic Sciences A. Komissarov from the Scientific Research Institute of Business Cycles of the USSR Ministry of Foreign Trade). The solution to the aforementioned problems is possible along the paths of elimination by the Western countries of trade and political barriers and, to begin with, of

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discriminatory quantitative restrictions on imports from socialist countries, of improvement of the structure of export by the countries of socialism through raising the relative share of finished products, improvement in the quality and technical level of the items being produced and rationalization of the forms and methods of selling the commodities on Western markets (Candidate of Economic Sciences I. Faminskiy from Moscow State University). An important trend in improving the sale and increasing the ability of goods from the socialist countries to compete is a growth in the role and importance of mixed firms. The creation of mixed firms permits the establishment of direct ties with foreign partners and permits one to study business conditions and the market demand locally and to sell commodities at higher prices (Doctor of Economics A. Demin from Leningrad State University). Great attention is being paid in socialist countries to improving the methods for providing incentives to industrial and foreign trade enterprises for the purpose of stirring up their export activity, establishing the optimum combination of centralized state planning and management with the economic independence of socialist enterprises and of strengthening the ties between production and foreign trade (Candidate of Economic Sciences I. Gol'dina from Sverdlovsk and J. Terek from the Hungarian People's Republic). An important role in the development of long-term economic cooperation by socialist and developed capitalist countries is assigned to credit and finance relations (T. Zabrodina from the Institute of Economics of the World Socialist System of the USSR Academy of Sciences). The most effective results in the above-mentioned spheres can be achieved by the countries of the socialist community provided that they conduct a coordinated policy. The basic methods and models for forecasting the foreign trade of the USSR with capitalist countries were analyzed by M. Dedova (TsEMI [expansion unknown] of the USSR Academy of Sciences).

The conference adopted recommendations which, in particular, concerned the need for further working out of the problems under consideration in scientific and academic institutions. The pressing need for deep study and dissemination of the practice of planning, management and the process of providing incentives for foreign economic activity by the socialist states and for expansion of the sharing of accumulated experience within the framework of the CEMA among concerned state organs and scientific organizations was stressed.

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MANPOWER: LABOR, EDUCATION, DEMOGRAPHY

NEW TEXT ON EDUCATIONAL ADMINISTRATION, MANAGEMENT REVIEWED

Moscow SOVETSKAYA PEDAGOGIKA in Russian No 1, Jan 79 pp 105-106

[Review by Ye. P. Tonkonogaya and V. Yu. Krichevskiy of the book "Upravleniya Prosveshcheniyem v SSSR: Organizatsionno-Pedagogicheskiye Aspekty Rukovodstva i Upravleniya Sistemoy Narodnogo Obrazovaniya" (The Administration of Education in the USSR: Organizational-Administrative Aspects of Management and Administration of the System of Public Education) by F. G. Panachin, Moscow, Prosveshcheniye, 1977]

[Text] Under conditions of a developed socialist society, the complexity of the challenges facing public education increases, which demands constant improvement in the management of education. There are many different ways to accomplish this improvement, and one of the most important is working out the scientific principles of educational administration in the USSR. The book under review is dedicated to this crucial problem. It is conceived as a textbook for students at pedagogical institutes and in schools for advanced study by the directors of general educational schools.

The structure of the book is as follows. The first chapter shows the role of the Communist Party of the Soviet Union and Soviet State in development of public education. The author gives a detailed analysis of program documents and identifies the principal tasks the party gave to public education. The book opens up the historical picture of the CPSU struggle to improve the system of public education. The system is presented as an organic unit composed of constituent parts: pre-school upbringing, general secondary education, extracurricular education, vocational-technical education, and secondary specialized and higher education. Each part is treated very thoroughly. The book shows the dynamic features of their development during the years of Soviet power and gives the necessary comparative figures to demonstrate the social achievements of a mature socialist society. Special sections are devoted to the decisions of the 25th CPSU Congress concerning the development of public education in the USSR and to analysis of appropriate articles of the new USSR Constitution. The author correctly points out that the Constitution contains fundamentally new points that

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reinforce the advances of the Soviet people in the field of cultural development. These advances are the institution of universal compulsory secondary education for young people, the devotion of special attention to labor training and vocational guidance for students, and free use of textbooks.

The author's analysis of Leninist principles of managing public education, which constitutes the second chapter, is extremely interesting. The third chapter presents a chronicle of the most important party decisions concerned with public education and cites information on the first congresses of educational workers and first institutions of pedagogical science in the country. The historical survey is brought up to the early 1940's. We should welcome the author's endeavor to carefully mention many prominent figures in public education whose heroic labor facilitated the formation and development of public education in the USSR.

The fourth and fifth chapters review in detail the activities of the USSR Ministry of Education and the ministries of (public) education of the Union and autonomous republics. The author reveals the tasks and functions of public educational bodies, their structure, and the primary directions of their activity. These chapters contain a great deal of material that will be interesting not just to students but also to practical workers. The author has done well, we feel, to include instructional material that will be useful to students. These chapters show the scale of activity of public educational bodies and their broad ties with other institutions and departments. For example, one section in the fourth chapter is devoted to an explanation of the USSR Ministry of Education's ties with the AUCCTU, Central Committee of the All-Union Leninist Komsomol, USSR Ministry of Finances, State Committee on Publishing Houses, Printing Plants, and the Book Trade of the USSR Council of Ministers, State Committee on Vocational and Technical Education of the USSR Council of Ministers, and other USSR ministries and state committees. It tells very thoroughly and in great detail of the jobs of local public educational bodies, the duties of rayon departments of public education, and the primary areas of activity of local Soviets of People's Deputies in the field of public education.

The sixth chapter discusses the Fundamentals of Legislation of the USSR and Union Republics on Public Education. The author correctly points out that the history of public education in our country is inseparably bound up with the development of Soviet law. The leading articles of the Fundamentals of Legislation are reviewed in the book and legal activities within the educational system are analyzed. In his review of the structure and content of new legislation concerning public education the author emphasizes that the Fundamentals contain only the most important, key legal precepts, those that establish the general basis and fundamental principles. This document has precedence over all other legal enactments in the sphere of education, many of which provide detail and concrete applications of its points. The section on legal work in the system of the USSR Ministry of Education

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will give a great deal of practical help to school directors because it shows the place of law-making activity in the sphere of education and how it is regulated by articles of the Fundamentals of Legislation. While recalling the disciplinary punishments that a school director may employ in case of necessity, the author correctly emphasizes that labor discipline in all Soviet institutions, even more so in schools, is assured first of all and primarily by the methods of persuasion and encouragement.

Students will study Chapter 7, "Pedagogical Science and Administration of the Educational System," with great interest. The author's definitions of several categories such as "School Studies," "Administration," and "Management" are a significant contribution to development of the concepts of the theory of educational administration. The author's idea of developing a pedagogical course for administration of the educational system deserves all possible support. F. G. Panachin lists the primary objectives of such a course and suggests its range of problems, including more than 30 topics. It is unquestionably an interesting, multifaceted course and discussing and approving it will be very useful to students.

The last chapter is a logical conclusion to the book under review. In this chapter the author gives a definition of the Leninist style of work, breaks it down into components, and shows ways to develop it. The Leninist style of work, the author writes, assumes an intelligent combination of revolutionary scope, scientific acumen, breadth of views, creative initiative, and enthusiasm in work with a high level of communist practicality and realism in everyday affairs. The Leninist style of work involves following such precepts and principles of party leadership as skillful choice of personnel, close ties with the masses, observance of the collective principle combined with personal accountability, constant checks on execution of decisions, criticism and self-criticism, ideological-political maturity, intolerance of hostile ideology, and moral purity. In this connection the author gives many valuable pieces of practical advice on how to achieve a high level of organization, specificity, planning and rhythm, punctuality, and operating smoothness in the everyday work of a school director. The section devoted to the problem of increasing the prestige of the leader is interesting. This topic has seldom been considered in the pedagogical literature, but this book treats it more fully. The author has been able to give a sound criticism of bourgeois conceptions of authority, show the Marxist-Leninist position on this issue, and illustrate the traits that determine the authority of a Soviet leader using the example of the activities of the manager of a department of public education.

We would like to express a number of points concerning further improvement of this text. It even would be useful to expand the third part and include material to briefly characterize the critical situation of the prerevolutionary ministry of public education under A. Shvarts, L. Kasso, and others. In this setting, the difficulty of the tasks of the RSFSR People's Commissariat of Education in the first years of Soviet power

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would stand out even more. In describing the activities of the RSFSR People's Commissariat of Education in the 1920's and 1930's it would make sense to do more than just list the leading figures; the book could give their dates of birth and death and expanded descriptions of some of them because current students know little about them. The historical chapter would be more complete if it ended with a section on the activities of the RSFSR Ministry of Education in the 1940's and 1950's. It would be useful to include material on the inspector and commissions of the Soviets of Worker's Deputies in the section on local bodies of public education. Because the book will be used in the classroom, its methodological apparatus should be expanded (include questions to the chapters, recommended reading, assignments for independent work, and the like). On the whole, however, the textbook under review will be useful not only to teachers and students at schools for advanced study by school directors but to all those involved with the administration of education in the USSR.

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MANPOWER: LABOR, EDUCATION, DEMOGRAPHY

PROBLEMS OF SHCHEKINO METHOD IN RAILROAD TRACK SYSTEM VIEWED

Moscow PUT' I PUTEVOYE KHOZYAYSTVO in Russian No 3, Mar 79 pp 11-12

[Article by L. M. Shklyarenko, track service chief: "By the Method of the Shchekino Combine"]

[Text] With limited labor resources it is essential to show a comprehensive approach to seeking out reserves for raising labor productivity. The experience of the Shchekino Chemical Combine has shown that each enterprise has such reserves.

The essence of the Shchekino method is that labor productivity with a fewer number of workers can be raised on the basis of mechanizing and automating the labor intensive processes, simplifying and improving the management structure, by centralization, modernization of the equipment and improving production methods, by introducing progressive labor norms, by combining professions, broadening the work zones, and strengthening material incentives for each worker to mobilize internal production possibilities.

Individual elements of such a method have also been employed at the enterprises of the track system. This has involved: The introduction of new equipment and advanced production methods, a reduction in the number of inspectors and the turning of their functions over to the routine track maintenance brigades, the equipping of protected crossings with automatic devices and the removal of guards, the turning over of guarding to workers of other services in combining jobs, the combining of jobs and broadening the work zones, the consolidating of the workers of the divisions and the areas, creating centralized bookkeeping offices, and a job-bonus wage system whereby the fulfillment and overfulfillment of the quotas with fewer personnel and an improvement in the state of the track were encouraged by greater earnings and bonuses. The introduction of these measures on the Moscow Railroad was encouraged in every possible way. As a result there was a significant decline in the number of crossing guards, inspectors, engineers of mobile power plants, and so forth. Regardless of this on the railroad the complement of track layers was not filled.

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In July 1978, as an experiment, four divisions of the railroad, as is known, were converted to the new method, and this included our Novomoskovskaya mainline which included the Uzlovskaya, Yefremovskaya and Novomoskovskaya track districts, the Uzlovskaya shelter belt district and the PMS-102 [track machinery station]. All of them are located on the territory of Tul'skaya Oblast, the homeland of the experiment.

Extensive preparatory work was carried out first. At the enterprises they studied the "Temporary Sectorial Recommendations for Introducing a Comprehensive Method to Improve the Organization of Labor, Material Incentives and Planning Following the Experience of the Shchekino Chemical Combine." Production and economic activities were analyzed in detail, the demand for personnel was clarified in accord with the standard complements approved by the MPS [Ministry of Railroads], the norms and standards for servicing the sections and the set amount of work; the availability of machinery and equipment was checked. All the track workers were acquainted with the conditions of the experiment.

In addition, technical organizational measures were worked out to increase the growth of labor productivity, to raise the product output, the volume of shipments and the work performed with fewer personnel, and to improve the quality indicators in comparison with the annual plan and the quotas for the five-year plan.

Particular attention was given to improving the servicing of work areas, to mechanizing labor-intensive operations, to ensuring a steady rhythm, improving the organization of labor and its norming, to increasing personnel skills, to training the track workers in second professions, and to generalizing the experience of advanced workers and production innovators.

The possibility of reducing the number of employees was examined. Here it was essential to review each group and each profession, since the reserves for increasing labor productivity in the track system of the railroad were basically exhausted, and the complement of workers, basically track layers, had not been met. In working out the technical organizational measures, difficulties also arose over the insignificant rise in traffic over the Uzlovskaya and Yefremovskaya Track Districts, their decline on the Novomoskovskaya district, and the virtually unchanged amount of services for the Uzlovskaya shelter belt district.

Up to the end of the five-year plan, for the track and shelter belt districts a stable plan has been set for the wage fund for the current capacity, and for the PMS a wage fund per calculated kilometer for the base year of 1978.

A procedure has been established for material and moral incentives to introduce the Shchekino method.

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Indicator	Fulfillment, %		
	Uzlovskaya	Yefremovskaya	Novomoskovskaya
Volume of shipments	99.4	100.4	106.5
Operational contingent	103.0	99.2	96.0
Wage fund	107.3	101.3	99.4
Labor productivity	96.5	100.4	110.1
Average wages	103.6	100.8	103.3

The table gives the results of production operations for the track districts for the third quarter of 1978, in comparison with the corresponding period of 1977.

It can be seen that in the Uzlovskaya district the volume of transport operations declined, while at the Yefremovskaya it increased insignificantly. Moreover, at the former the routine maintenance brigades were brought up to the minimum established by the MPS, and at the latter, in line with the improvement of the state of the track, average earnings rose. As a result in these districts the growth of wages outstripped the growth of labor productivity. Only at the Novomoskovskaya district, where transport operations rose significantly, was a normal ratio of these indicators maintained.

In order to raise labor productivity, and to ensure the required ratio of the designated indicators with a stable wage fund, with an insignificant rise in transport operations and particularly a decline in them, the districts will be forced in the future to further reduce the already insufficient intake of workers. This runs contrary to the instructions of the MPS on bringing the complement of track layers up to the established minimum in accord with the standards set by the Order of the MPS No 30/Ts of 1966. Wages per ruble of tending are also to be increased at the shelter belt districts with an increase in the age of the plantings.

Now it is possible to reduce the intake only by cutting back on the crossing guards, but it is very difficult to do this as the local authorities and the GAI [State Motor Vehicle Inspectorate] do not give approval to close the crossings. In a majority of instances it is also impossible to remove the guards from the crossings which are equipped with automatic crossing guards. In the track districts there are optimum norms basically for all employee categories, and even according to them the complement is not fully provided for.

According to the Shchekino method, wage supplements are set only for those whose duties have increased because of the reduction in the number of personnel. However it is not possible to reduce the intake everywhere since basically the track workers have a full workload, and also because at present, even with an incomplete workload for certain employees, it is not

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always possible to increase the amount of work. For example, one person can operate the centralized switch settings that are equipped with automatic air cooling, and to clean the switches, but in accord with the current labor safety rules, work by one person on the switches is prohibited. We feel that these rules must be revised and the list of jobs performed by one person broadened.

A stable wage fund per calculated kilometer interests the PMS in carrying out a larger amount of work with the same number of workers, but this does not always depend upon the PMS. The changing of the planned "clear tracks," and their frustrating due to the unsteady delivery of materials put the collective in a difficult financial situation. Thus in the third quarter of 1978, the PMS-102 was given just 27 "free tracks" instead of the 39. As a result, the quarterly plan for major overhauls was fulfilled by 70 percent, or 8 km below the quota, while average monthly wages in comparison with the third quarter of 1977 declined by 5.5 rubles, and the ratio between the growth rates of labor productivity and wages deteriorated in comparison with the third quarter of 1975.

In the track districts, including of the Novomoskovskaya Railroad Division, as was already pointed out, there are many small brigades and in some worker divisions there is not a single regular layer. This leads to the accumulation of track malfunctions, it worsens its state, and consequently train safety is not sufficiently ensured.

In accord with the standards, without fail we should add to the number of workers, but this contradicts the principles of the Shchekino method. In adding to the personnel, and above all track layers, labor productivity naturally will decline, the established wage fund will rise, and hence the already insufficient material incentive fund will be reduced.

For reasons which do not depend upon the track workers, the freight flow is altered, and because of this difficulties also arise in fulfilling the plan.

For a complete and correct evaluation of the operations for the enterprises of the track system it is essential first of all to alter the procedure for determining labor productivity. In the track districts, it is now assessed by the output in gross ton-kilometers per worker of the operational staff. Such an indicator must be kept also in introducing the Shchekino method. However here it is essential to alter the procedure for planning and calculating actual output and determining the growth of labor productivity. In planning output in gross ton-kilometers, in our opinion, it is advisable to consider not the actual number of workers existing in previous years, but rather the minimum determined under the standards of the Order of the MPS No 30/Ts of 1966. This will make it possible to fulfill the repeated instructions of the MPS to fill the complement of track layers.

When the freight flow declines but the actual number of workers does not exceed the planned as corrected by the mentioned standards, labor productivity

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must be taken as 100 percent. With an exceeding of the number of employees, this indicator must be figured in accord with the existing procedure.

At the shelter belt districts, the basic measurement is labor expenditures per hectare of forest planting. We feel that this does not fully describe the achieved level and does not consider the actual labor intensiveness of the work performed. As the basis for calculating labor productivity, it is essential to take the quantity of product produced by the operating personnel with the current upkeep of the forest plantings in calculated hectares. It is also essential to establish labor expenditure standards for the maintenance of the stands depending upon their age.

The PMS must keep the existing indicator "Output in Calculated Kilometers of Major Track Repair Per Worker Over the Report Period," and this is determined by dividing the volume of repairs in calculated kilometers by the number of PMS workers. In figuring the number of calculated kilometers, it is essential to use the coefficients for relative labor intensiveness of jobs as provided by the instructions of the MPS No P-2618 of 31 January 1967.

The wage fund must be planned for the group of employees figured in strict accord with the standard personnel and norms set by the MPS.

In order that the Shchekino method is made effective, the "clear tracks" must be made in strict accord with the directive plan, and the PMS promptly supplied with materials.

The increase in track capacity, the observance of repaid times, the use of highly productive equipment, including the VRP-1200, VPRS-500 and R-200 machines, the controlled breaks in train traffic provided two or three times a week with a duration of at least 2 hours will help to reduce the personnel, that is, to fulfill the same quotas with fewer workers, to increase the quality of the work and to raise labor productivity.

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