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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

(FOUO 3/81)



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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

RELATIONSHIP BETWEEN ECONOMIC GROWTH, PUBLIC WELL-BEING EXAMINED

Moscow APN DAILY REVIEW in English Vol 23 No 13, 11 Jun 81 pp 1-21

[Article by G. Sarkisyan, originally published in Moscow VOPROSY ECONOMIKI in Russian No 5, 1981]

[Text] The 26th CPSU Congress stressed that the party approach, the political approach to the economy has invariably been based on the programmatic requirement--everything for the same of man, for the benefit of man. Hence, the emphasis on a more thorough regearing of the national economy to meet the tasks of raising the living standards.

In pursuance of the decisions of the 26th CPSU Congress, the country accentuates the greater social orientation of economic development and more effective use of production and scientific and technical potentialities to facilitate the growth of public well-being. It has now become more necessary than ever to ensure the positive feedback of social progress and growing public well-being to promote an economic advance and higher production efficiency.

Today the rates and proportions of the growth of production on the basis of its intensification are the central problem of economic and social development. High growth rates expand possibilities for increasing the social orientation of the economy, manoeuvring with resources and making progressive structural changes in social production. Better economic proportions are an effective tool for stepping up economic progress and increasing resources allocated for extensive reproduction and the growth of public well-being. The scale and effectiveness of the solution of economic and social tasks depend on the way intensive growth factors are used.

Developed socialist society is characterised by the plan-based growth of the economy, the dynamic development of key economic sectors, and, the corresponding increases in public well-being. Under the Tenth Five-Year Plan, the USSR used over 1.6 trillion roubles from national income to boost public well-being. This nearly equals the funds used for the purpose under the Seventh and Eighth Five-Year Plans taken together.

However, in the past few years economic growth rates have slowed down because of a low increase in production efficiency and the domination of extensive

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development factors. Production expenditures, that is, investment and fixed capital, were outpacing national income and, hence, resources allocated for consumption. Compared with 1970, in 1980, with national income, used for consumption and the accumulation of capital, having increased by 55 per cent, investment went up by 66 per cent and fixed capital by more than 100 per cent.

A major additional source of raising public well-being was an increase in the share of the consumption fund in national income (in current prices), which rose from 70.5 per cent in 1970 to 75.3 per cent in 1980. However, this did not make up fully for a fall in the increment of the resources used for consumption because of a drop in the growth rate of national income, which resulted in lower relative increases in some indicators of the growth of public well-being. Real per-capita income increased by 17 per cent under the Tenth Five-Year Plan, compared with 24 per cent in the previous five years, and non-productive fixed assets by 32 per cent, as against 37 per cent, respectively.

Overcoming the downward trend of economic development rates registered in recent years, stepping up these rates, and improving correlation between the growth of production resources and the results of economic performance is a major prerequisite for the stable rise of public well-being in the future.

L. I. Brezhnev at the 26th CPSU Congress said that "making the economy more intensive and efficient consists, above all, in having production output grow faster than inputs, in achieving more while involving relatively fewer resources in production." Under the Eleventh Five-Year Plan, with the relative increase in investment to be more than halved, and fixed capital to be reduced by 50 per cent, national income will remain approximately on the level of the previous five years, while the output of industry, agriculture and other sectors will exceed the relevant figures for the Tenth Five-Year Plan. As a result, whereas in the past five years 10 per cent of the increment in investments accounted for 7.2 per cent of the increment in national income, and 8.3 per cent of the increment in industrial output, under the Eleventh Five-Year Plan these figures will grow by 13-15 per cent and 19-22 percent, respectively. In 1976-1980 10 per cent of the increment in basic production assets were responsible for 4.8 per cent of the increment in national income and 5.6 per cent of the increment in the industrial output, in 1981-1985 these figures will be 5.8-6.5 per cent and 8.4-9.0 per cent respectively. Better correlation between these indicators with smaller relative and absolute increases in investments can be achieved under the current five-year plan only by substantially raising investment efficiency, a major prerequisite of high and stable growth rates in the 12th five-year period.

Economic intensification enhances the role of labour productivity in increasing production and raising public well-being. In the 1980s higher labour productivity becomes particularly important because of a sharp fall in the increment in manpower resources due to birth drops in the 1960s and a simultaneous increase in the number of people reaching pensionable age. In the 11th and 12th five-year periods, the active population is expected to grow by 3.3-3.2 million as against 11.2 million under the Tenth Five-Year Plan.

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In 1981-1985, the rates of increment in labour productivity will average 3.2-3.7 per cent a year, compared with 3.2 per cent in 1976-1980. Specifically, labour productivity will go up by 4.2-4.6 per cent in industry (3.3 per cent) and 2.8-3.2 per cent (2.2 per cent) in construction, respectively. Labour productivity in agriculture will grow, as a yearly average, by 22-24 per cent under the Eleventh Five-Year Plan, compared with 16 per cent in the previous five years. Higher labour productivity will account for no less than 80-90 percent of the increment in national income and over 90 per cent in the increment in industrial output, as against 76 per cent and 75 per cent, respectively, under the Tenth Five-Year Plan.

More rational use of materials, checking the downward trend of the output-assets ratio and reducing material intensiveness are very important, if we are to accelerate economic growth and improve its end results. Hindering the growth of production efficiency, the falling output-assets ratio limits the scale of increasing production and, in the final account, the economic possibilities of solving social tasks. Under the Eleventh Five-Year Plan, the rates of reduction in the output-assets ratio are to be slowed down, compared with the Tenth Five-Year Plan. However, this trend will not be overcome in full. Despite the accelerated growth of labour productivity, its growth rates will fall short of increases in the fixed assets-per worker ratio which for the five years will rise 32 per cent in industry, 38 per cent in agriculture, and 20 per cent in construction. Tapping new resources and possibilities for raising labour productivity, the output-assets ratio and reducing material intensiveness in the process of elaborating and carrying out the Eleventh Five-Year Plan is important for further stepping up the growth of the output of consumer goods, developing services, increasing resources to raise public well-being and, at the same time, for making the manpower situation less tense.

More effective use of production potential will increase the favourable impact of structural changes on economic development and the growth of public well-being.

The Eleventh Five-Year Plan provides for further improvements in the structure of national income and also for increases in the resources directly used to boost public well-being. In 1981-1985 the share of the consumption fund's increment in the overall increase in national income will reach 84 per cent. Over 90 per cent of the increment in national income, compared with 82 per cent in the previous five years, will be used for current consumption and construction in the non-productive sphere. As a result, the share of the consumption fund in national income will grow to 77.3 per cent, as against 75.3 per cent in 1980 and 73.4 per cent in 1975. This will allow us to channel over 10 billion roubles in extra funds in consumption, which makes almost two-thirds of the total to be spent in 1981-1985 on new centralised initiatives to raise living standards. An increase in the share of resources used directly to promote the well-being of the people is an indicator of better performance results and higher production efficiency.

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In the future, structural policy will be aimed at ensuring the priority development of the capital goods sector, especially its segments decisive for scientific and technical progress, and at promoting qualitative changes in the material and technical foundation of society.

A more resolute turn of the economy to raising public well-being requires the accelerated growth of consumer goods output and the faster rates of growth of both the consumer goods and capital goods sectors. Under the Eighth Five-Year Plan, the rates of increment in the output of capital goods and consumer goods, which were almost equal (51 per cent and 50 per cent) made it possible to raise the share of consumer goods in overall industrial production from 25.9 per cent in 1965 to 26.6 per cent in 1970. In the ninth five-year plan period, the priority rate of increment in capital goods rose, compared with the relevant figure for consumer goods, to 1.24 times. Under the Tenth Five-Year Plan, this priority became stabilised, and in the past ten years the share of consumer goods fell insignificantly, to 26 per cent. In 1981-1985 the output of consumer manufactures will grow by 27-29 per cent and that of capital goods by 26-28 per cent. The rates of increment in capital goods, projected for the current five-year period, exceed the relevant indicator for the previous five-year plan by more than thirty per cent.

Like under the previous plan, in the 11th five-year period the fastest rates of growth in the consumer goods group will be shown by cultural and household commodities. The output of the food industry will be stepped up considerably and the rates of growth of light industry will be stabilised. For the five years, the manufacture of cultural and household goods by heavy industry will grow by almost 40 per cent, the output of the food industry by 23-26 per cent, which is above the figure for 1976-1980, and the output of light industry by 18-20 per cent.

Accordingly, structural changes will be made within the consumer goods sector. Under the Tenth Five-Year Plan, such changes manifested themselves in the growing share of consumer goods, primarily cultural and household articles, manufactured by heavy industry, with the share of light industry going up a little and the output of the food industry decreasing. The share of heavy industry increased from 26.2 per cent in 1975 to 29.1 per cent in 1979, that of light industry from 27.0 per cent to 27.5 per cent, and that of the food industry fell from 46.8 per cent to 43.4 per cent. The share of cultural and household articles in the overall output of consumer goods grew from 13.6 per cent in 1965 to 15 per cent in 1979. The Eleventh Five-Year Plan will see a further increase, albeit a relatively smaller, in the share of heavy industry, a reduction in the share of light industry, as well as a drop in the share of the food industry which will fall at decelerated rates.

The further growth of public well-being is largely determined by the development of the agro-industrial complex and more effective cooperation between all its segments in order to achieve better economic results, first of all, to solve the food problem. The goal of the food programme is the satisfaction of the Soviet people's reasonable requirements for foodstuffs, the achievement of a consumption level corresponding to scientifically grounded standards, and a considerable increase in the quality of food. Tentative estimates show that

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the full implementation of the food programme will, apparently, go beyond the current decade. However, the decisive step towards its fulfilment should be made in the current decade, primarily in the 11th five-year period, which provides for better provision of the public with foodstuffs, fuller satisfaction of public requirements, and a substantial increase in the consumption of more nutritious foods.

In agriculture, the current five-year plan accentuates the growth of the output of cereals, fodder, and livestock products, the effective storage of farm products and their sale in the best marketable form. In 1981-1985, average annual farm output will grow by 12-14 per cent, as against 9 per cent in 1976-1980. In accordance with the decisions of the July 1978 Plenary Meeting of the CPSU Central Committee, under the Eleventh Five-Year Plan the annual output of cereals is to average 238-243 million tons, compared with 181.6 million tons in 1971-75, and 205 million tons in 1976-1980 in order to bring per-capita production to a ton.

In the past few years the redistribution of investments in favour of agriculture has ensured the faster rates of growth of the basic fixed assets of agriculture, compared with the relevant national average. Under the Tenth Five-Year Plan, agricultural investments made over 27 per cent and under the Ninth Five-Year Plan, 26 per cent of overall investments, as against 23 per cent for the Eighth Five-Year Plan and 20 per cent for the Seventh Five-Year Plan. In accordance with the decisions of the July 1978 Plenary Meeting of the CPSU Central Committee, the Guidelines for 1981-1985 say that the share of agriculture in overall economic investments should not go below today's level. A major emphasis is laid on more effective use of the resources channelled in agriculture, which is very important for improving national economic performance in general.

As the efficiency of production, particularly agriculture, will grow, conditions will emerge for increasing resources to expand the non-productive sphere and develop its material and technical foundation.

In the future the country will see a further redistribution of manpower between the productive and non-productive sectors. However, of decisive importance will be more rational use of the manpower currently employed in the non-productive sector. Under the Tenth Five-Year Plan, the number of factory and office workers in the non-productive sector grew by 4.8 million, more than the expected overall increase in the workforce under the Eleventh Five-Year Plan. This underscores the importance of raising manpower efficiency in the non-productive sector, the retooling and modernisation of enterprises and a sharp reduction in the share of manual low-skilled work which in this sector is 50 or 100 per cent above the corresponding figure for the productive sector. The faster growth of assets in the non-productive sector and an increase in the funds earmarked for this sector are important for the successful solution of this task.

The 26th CPSU Congress stressed that the foundation for tackling social tasks is being laid in the economic field. Today it is necessary to ensure a closer contact between a real increase in living standards and the growth of production and labour productivity. The role of the social factors of economic growth, that is money and more stimulants to work, has grown, as has their impact on the development of production and the attainment of high end results.

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The vast programme of social development and the growth of public well-being, mapped out by the 26th CPSU Congress, aims at solving major social problems and, at the same time, at increasing the impact of rising living standards on the growth of the volume and efficiency of production. This approach makes it necessary for the social programme to center on transformations in work which constitutes the basis of the socialist way of life and which is the main condition for the all-round development of the individual. For these purposes, it is envisaged to further raise labour productivity, make work more useful and better working conditions, on the one hand, and increase the interdependence of the growth of living standards and the end results of work, on the other.

To meet public requirements and, simultaneously, to raise the effectiveness of economic and moral incentives, it is necessary to step up the reduction of the volume of manual work, especially work requiring great physical effort, and to make work more useful and creative in all fields. This is crucial for gradually overcoming substantial differences between manual and mental work and for turning agricultural work into a variety of industrial labour.

The solution of this problem largely determines possibilities for raising labour productivity, the wages and cultural and vocational standards of manpower, for making the spiritual life of workers richer and increasing their satisfaction with work. A falling share of manual work will help substantially alleviate the manpower problem, reduce labour turnover, and save on compensation payments for adverse working conditions.

Compared with 1969, in 1979 thanks to mechanisation and automation, the share of people doing mechanised jobs rose by 3.7 points in industry and 7.6 points in construction. However, the share of manual work in the economy is still large. The share of manual labour goes down slowly and not infrequently this process is accompanied by increases in the overall volume of manual work. At present, the following shares of manpower do manual jobs in different sectors: nearly two-fifths in industry, excluding machinery repairs and adjustment; over half in construction, and nearly two-thirds in agriculture.

It is particularly necessary to mechanise the manual jobs of auxiliary workers who account for 50 per cent of industrial manpower. The work of 64 per cent of manpower employed on basic operations in industry have been mechanised. However, the relevant figure for auxiliary jobs is only 29 per cent. Studies show that the mechanisation of auxiliary jobs and the release of the same number of workers for employment elsewhere requires a fourth or a fifth of the means invested in the mechanisation of basic operations. However, nearly 80 per cent of the funds allocated for the mechanisation of manual work are claimed by basic operations and only 20 per cent go to auxiliary jobs.

More effective solution of these problems in the 1980s will be ensured by the accelerated retooling of the economy, making the social orientation of scientific and technical progress more pronounced, shaping and carrying out a specific integrated programme for reducing manual work.

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Attaching great importance to transformations in the sphere of social labour, it is also necessary to emphasise the rationalisation and greater efficiency of work at subsidiary individual holdings which today account for nearly a quarter of national farm output. At present, nearly 40 million families of collective farmers and office workers have subsidiary individual holdings. Two-fifths of the manpower in this sector are pensioners and over half are people of the working age groups. Nearly 90 per cent of them combine work in social production with the tilling of their subsidiary individual holdings. Greater output of machinery custom-made for such holdings, better provision of their owners with mineral fertilisers and greater technical aid to them in doing labour-intensive jobs will considerably facilitate their work, reduce time spent on subsidiary individual holdings and increase their output. All this, in its turn, will help promote the labour activity of people in social production and raise labour productivity in the socialized sector.

One of the main economic and social tasks today is to fuller meet consumer demand, promote the growth of consumption, the quality of goods and the expansion of their assortment.

In the past few years, the money incomes of the working people were growing faster than commodity trade, mostly due to the underfulfilment of agricultural assignments. Compared with 1975, in 1980, with the output of consumer manufactures having increased by 21 per cent and retail trade by 24 per cent, the wage bill went up by 27 per cent and the public consumption fund by 29 per cent. Imbalance between public incomes and commodity resources undercut the efficiency of measures for raising living standards, intensify the spontaneous redistribution of incomes between people, and undermine motives for work.

Meat, milk and other livestock products and fruits are in heightened demand. In 1971-1979, per capita consumption of meat and meat products grew by 10 kilograms, milk and dairy products by 12 kilograms, and eggs by 74. However, over the recent years the rates of growth and sale of these products have become decelerated, which could not but have adversely affected the dynamics of the provision of the public with these foodstuffs and their consumption. Thus, in 1979 the sale of meat and meat products by state and cooperative shops made 10.2 million tons, the increase of 40 per cent on 1970. However, in 1979 the relevant figure remained on the level of 1975. In 1971-1979, milk and dairy products sales increased by a third, and by as little as 6 per cent in the first four years of the Tenth Five-Year Plan. Demand for milk and meat was increasing not only because the growth of the population was outstripping output, but also because of a marked fall in the role played by subsidiary individual holdings and changes in the demand pattern of villagers. In 1976-1979, the output of meat and meat products by subsidiary individual holdings did not increase, while that of milk continued to fall. Whereas in 1979 collective farmers' subsidiary individual holdings yielded more potatoes, other vegetables and fruit, eggs, and milk than their owners consumed, 92 per cent of meat output was consumed by producers. Also, demand for more nutritious foods rose considerably because of increases in the incomes of the less well off families, which were growing particularly rapidly in the past 10 or 15 years.

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The social programme of the Eleventh Five-Year Plan gives a first priority to the fuller satisfaction of consumer demand and overcoming the shortage of some goods. The solution of this problem requires, on the one hand, the faster growth of commodity resources vis-a-vis the money incomes of the population, a better structure of commodity trade, and strict adherence to plan targets for the growth of incomes, above all, to the wage bill, and more effective control in this field, on the other. More extensive use of the possibilities of subsidiary individual holdings and reducing the losses of farm produce will help improve the provision of the public with foodstuffs.

In the current five-year period, retail state and cooperative trade will grow by 22-25 per cent and its absolute increment will be much greater than in the previous five years, while the volume of everyday services to the population will increase by about 40 to 50 per cent. In 1981-1985, the money income of the population will go up by 20-23 per cent.

By 1985, the output of meat will reach 17-17.5 million tons (slaughter weight), as against 14.8 million tons in 1976-1980. The production of milk will reach 97-99 million tons, compared with 92.6 million tons for the previous five years, and the output of eggs will make no less than 72 billion, as against 63.1 billion. The corresponding increase in sales will considerably improve the supply of the public with livestock products. The production and consumption of vegetables and fruit will also increase.

Under the Eleventh Five-Year Plan, the sale and consumption of consumer goods other than foodstuffs will grow appreciably, and the provision of families with cultural and household goods will increase. Public demand for these goods could be fuller satisfied even with today's volume of trade, if we raised quality of output. However, the share of goods with state quality mark is still low: at the enterprises of the USSR Ministry of Light Industry, it was 12 per cent in 1980 (2.2 per cent in 1975).

Consumer demand will be met fuller, while the state retail prices of basic foodstuffs and manufactures will remain stable. According to the USSR Central Statistical Administration, in 1979, compared with 1970, the index of the state retail prices of consumer goods stood at 102 per cent. The prices of essentials, particularly foodstuffs, do not change. Rent, utility rates and city transit fares also remain on the same level. Since these commodities and services account for the bulk of the spending of the family, the stability of prices, rent rates and fares largely predetermines the dynamics of the general level of consumer prices. In this period, the prices of some non-essentials increased, as did prices on the collective farm market. These are cases of goods being priced higher, although their quality has not been improved. Sometimes more expensive commodities are marketed, while cheaper goods, although they are in demand, of the same category disappear from sale. That is why the Guidelines for 1981-1985 point to the necessity of considerably increasing the output and sales of inexpensive high-quality goods which are in demand, intensifying state and public control over prices, and raising the responsibility of the heads of industrial associations, factories and other organizations for the strict observance of prices.

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The growth of the consumption of goods and services, taking into account the stability of prices in the 11th five-year plan period, will make it possible to increase real per capita incomes by 16-18 per cent, to exceed the 1970 level by 1.7 times. At present nearly 75 per cent of real incomes of the public comes from labour remuneration. With the projected increase in labour productivity, under the current five-year plan the wages of factory or office workers will increase by the average of 13-16 per cent and the labour remuneration of collective farmers from the socialised sector by 20-22 per cent. The average monthly labour remuneration of collective farms will make almost 75 percent of the wages of factory and office workers, as against 70 per cent in 1975, and 63 per cent in 1970.

The 26th CPSU Congress stressed the necessity of ensuring in 1981-1985 the priority growth of labour productivity vis-a-vis wages, a major condition for increasing production and raising public well-being. The point is that in the past five years the growth rates of labour productivity came unduly close to those of wages, mostly due to the underfulfilment of plan assignments for labour productivity, which fact created new difficulties with balancing money incomes and commodity resources. Thus, 1976-1980 one per cent of the increase in labour productivity in industry accounted for 0.82 per cent of the increase in wages, compared with 0.64 per cent in 1971-1975. The relevant figure in construction was 1.43 per cent (0.62 per cent). Also, in these years the wages in the non-productive sector grew faster than in production. Under the current five-year plan, the projected 13-16 per cent increase in the average wages of factory or office workers will be ensured with a 22-25 per cent rise in labour productivity in industry and a 15-17 per cent productivity increase in construction.

It is very important to improve the correlation between the growth of labour productivity and labour remuneration in agriculture, particularly in the collective farm sector, where labour remuneration was growing much faster than productivity for a long time. Thus, compared with 1970, in 1979, with labour productivity in the socialised sector of agriculture having grown by 23 per cent, the wages of state farm workers increased by 45 per cent, and the labour remuneration of collective farmers by 52 per cent, with the lead being 2-2.3 times. Under the Eleventh Five-Year Plan, with the projected growth of labour productivity in the social sector of agriculture by 22-24 per cent, the labour remuneration of collective farmers will rise 20-22 per cent.

To increase the effectiveness of incentives, it is necessary to establish closer dependence of wages on the performance of every worker and that of an enterprise as a whole, raise the role of incentives as a productivity stimulant, better the quality of output, ensure the fuller saving of resources of all kinds, further raise the role of the wage-rate system, improve the forms and system of wages in close contact with more effective quota-setting, increase control over the measure of work and the measure of payment, and ensure the necessary dependence of bonuses on the performance of a worker and that of an enterprise as a whole.

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Another major direction of improving labour remuneration is to rationalise rations between the wages of different categories of workers, taking into account the complexity and importance of work, its conditions and intensity, and also sectoral and regional specifics. It is a pressing matter to raise the wages of engineers and technicians and to improve the correlation between their wages and those of shopfloor workers. The wages of engineers and technicians exceeded those of shopfloor workers by 45.9 per cent in industry and 48.2 per cent in construction in 1965; 36.3 percent and 34.7 percent in 1970; and 15.9 per cent and 4.3 per cent in 1979.

In raising wages, particularly those of low-bracket workers, great importance is attached to the reduction of manual and low-skilled work, to the growth of skills, and the combining of jobs. This is the main way to reduce the absolute numbers of low-paid workers and their proportion in the national labour force, raise their wages, and cut down gap between the labour remuneration of different categories of workers. At the same time, a greater emphasis on incentives and better performance, specifically higher quality standards, may eventually increase the difference between the wages of various categories of workers, which will promote the more consistent implementation of the principle of equal pay for equal work.

In the future, the role of the public consumption funds in solving production and socio-demographic problems will grow, as will the efficiency of using the means allocated for these purposes. In the current five-year period, the public consumption funds will grow by 20 per cent to 138 billion roubles in 1985.

The social programme of the Eleventh Five-Year Plan accentuates demographic problems, particularly the higher social role and prestige of the family which is the primary cell of socialist society, higher birth rates and the longer life-span and active life of the people. The Soviet population grows at high rates, by an average of over two million a year. In birth rates and natural increase of the population, the USSR holds one of the first places in the world. The Soviet Union is among the countries with low death rates. In 1979 natural increase per thousand was 8.1 in the Soviet Union, 7.1 in the United States, 3.9 in France, 3.1 in Italy, 0.4 in Britain, and 2.1 in West Germany.

In recent years, the sex and age composition of the population has worsened, particularly in the countryside, and birth rates have gone down substantially in the European part of the Russian Federation, the Ukraine, Byelorussia and the Baltic republics. Whereas in 1961-1979 the population of the Soviet Republics of Central Asia, Kazakhstan and Transcaucasia increased by 52 per cent, the relevant figure for the Russian Federation, the Ukraine, Byelorussia and the Baltic republics rose as little as 14 per cent. In the 1980s, in view of the after-effects of the 1941-1945 war and the aging of the population, regional differences in population dynamics may grow, which will affect the regional distribution of manpower. Increment in the active population will remain relatively high in the Soviet Republics of Central Asia and Azerbaijan, and partly, in Armenia, Georgia, Moldavia, Southern Kazakhstan and some autonomous republics of the Russian Federation. In the current decade, almost the entire increment in the active Soviet population will come from these republics.

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Of late, unfavourable trends have grown in the field of family and marriage relations. The number of divorces has increased, as has that of single men and women. The absolute number and the proportion of families with one child or without children keep growing. According to the 1979 population census, of the 66.3 million families, 58.6 per cent consisted of two or three persons and most of them were families with one child or without children.

Under the Eleventh Five-Year Plan, steps will be made to improve the material well-being and living conditions of families with children and young couples, grant them greater privileges and material aid, improve the education of children as members of society and family, better medical aid and health-building facilities. It is particularly important to create more favourable conditions for women to allow them to combine active participation in social production with their role as mothers, improve their working conditions, rationalise and reduce household work, develop children's facilities in every way possible, and introduce a paid leave of absence for women to look after the child. In the first place, we shall increase privileges and advantages to working women with children.

The development of social security schemes will be aimed at further improving the conditions of life and work of pensioners, the promotion of their labour activity, the growth of pensions, particularly minimum pensions and the bringing closer together of the conditions and levels of the pensions of industrial workers and collective farmers. In 1981-1985 it is planned to gradually draw closer together the size of the earlier established pensions and those fixed for the workers of similar skills at present. The pension is calculated as part of the wages of a worker at the time of his retirement and the size of the pensions of this manpower category does not change, as a rule, in the future. As a result, we have substantial differences between the pensions of the workers of similar skills, fixed in different years. The average size of the old-age pension established in 1979 was 12 per cent higher than that of 1975, 36 per cent above the 1970 pension and 60 per cent above the 1965 pension. That is why the correlations between these pensions and present-day wages differ, although they were nearly equal at the time when these pensions were established. Raising the earlier pensions, with an eye to the growth of wages, will make it possible to improve correlations between pensions granted in different years.

The social programme of the Eleventh Five-Year Plan provides for the solution of the housing problem, a major social issue. In the current decade, the task is to give every family an unshared flat. In 1980, 80 per cent of the families in cities lived in unshared flats, compared with 75 per cent in 1975. In 1985 the per-capita provision of Soviet citizens with housing will average 13.7 square metres. Under the Eleventh Five-Year Plan, we shall complete the change-over to the construction of housing to standard designs with better layout and built-in amenities. (In 1979 the new generation of blocs of flats accounted for 40 per cent of the housing built by the state.)

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Along with state-financed housing, it is necessary to increase attention to housing construction by building societies and individuals. The importance of this segment of housing construction is particularly great now because it can become an extra source of ensuring balance between money incomes and commodity resources. Apart from that, housing construction in this sector can be conducted with the participation of would-be owners. However, plan assignments for housing construction by building societies are not carried out in full and its proportion in the overall volume of new housing has been dropping for the last few years.

Rational use of working time and an increase in leisure time are very important for the harmonious development of the individual and for fuller satisfaction of the spiritual requirements of the public. The importance of this problem is explained, on the one hand, by the rising requirements of people, particularly by the rapid growth of their social and spiritual requirements, and, a considerable share of household work in overall time free from work in production, on the other.

Reducing the volume of household work and removing its most arduous forms is the main reserve of increasing leisure time, particularly that of women. On a national scale, household work takes nearly 180 billion hours a year, slightly less than time spent in production. The development of services, better housing and the provision of families with all the necessary efficient domestic appliances will considerably reduce time spent on household work and increase leisure time, particularly that of women, which will favourably affect labour activity and productivity in social production.

The growth of public well-being is organically connected with the further consolidation and development of the socialist way of life, the fuller demonstration of its advantages, and the moulding of the new man.

Moulding the new man requires the harmonious combination of growing material well-being with the enrichment of spiritual life, the cultivation of the sound and rational requirements of the comprehensively developed individual. In this connection it is important, first, that the material and spiritual opportunities of every working person should be determined, above all, by the extent of their participation in social production, their labour performance and their relevant share of the consumption fund; second, the satisfaction of the requirements of the public should meet the principles of the socialist way of life; third, these requirements should be increasingly geared to the interests of the comprehensively developed individual. The creation of conditions for the gradual turning of work into the main vital requirement of man plays a particularly important role in this respect.

Growing public well-being favourably influences social production, and stimulates its fast development. The impact of growing public well-being on the development of production has always been recognised in the theory and practice of socialist construction. However, as a rule, an emphasis was laid on the dependence of the growth of living standards on production, whereas their feedback to production was frequently reduced to the stimulating function of wages.

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The importance of higher public well-being for promoting economic progress has become particularly great in connection with the growing role played by the subjective factor of social production in the context of the scientific and technical revolution, i.e., the role of the worker, the harmonious development and use of his abilities. Hence, the necessity of ensuring the more integrated impact of public well-being on social production and the growth, on this basis, of the stimulating role of public well-being.

The growing impact of the public well-being on production now that the latter is being intensified, makes it necessary to further improve the ways of raising living standards and the methods of implementing social undertakings. In this connection priority is given to the ways directly connected with the fuller use of intensive growth factors, labour productivity growth, and the improvement of the quality of work. A particularly important role is being assumed by more efficient use of resources directly used for raising public well-being. The solution of these tasks requires the profound substantiation of structural changes in the redistribution of the increment in resources under every new plan, closer connection between the growth of the well-being of different public strata and categories of the working people and the extent of their participation in social production, and the improvement of the planned-based mechanism used to carry out social undertakings.

Attaching the prime importance to transformations in the character of labour and to raising its productivity, the 26th CPSU Congress stressed the necessity and importance of improving the distribution of goods and services between individuals, first of all, distribution of goods and services according to one's labour performance to consolidate the socialist way of life, raise public well-being and, simultaneously, increase production. As the main form of the implementation of the principle of the distribution of goods and services according to one's work, labour remuneration has the leading role to play in promoting public welfare and in stimulating social production economically.

To stimulate production it becomes more and more important to use such ways of raising public well-being as better housing, further rationalisation of the allocation of housing, improvements in the content and conditions of work, fostering the creative initiative of advanced workers, longer holidays and conditions for adequate recreation geared to the labour performance of workers, higher pensions, etc. At the present stage the growth of the stimulating effect of living standards on production is inseparably connected with the promotion of labour discipline and raising the responsibility of people for their jobs.

The growth of public well-being and its stimulating impact on production are accompanied by the intensification of the former's social aspects, thanks to which it becomes possible to ensure closer interaction between the economic and social functions of public well-being. The most optimal case is their coordinated development, with the stimulating effect of living standards on production growing in inseparable connection with the solution of social problems. However, the stimulating function of public well-being can develop if only it does not hinder social development. At the same time, the preference is given to social development which increases stimuli to work.

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At all stages of the construction of socialism and communism, the economic development of Soviet society proceeded in organic unity with social development and was subordinated to the solution of major social tasks. Under mature socialism, economic growth becomes increasingly aimed at satisfying the material and spiritual requirements of the people and creating the best possible conditions for the all-round development of the individual. Simultaneously, the growth of living standards produces an ever greater impact on economic development. Ensurance of optimal interaction between economic progress and the growth of public well-being, a greater stress on the social orientation of the economy and fuller use of the social factors of production development are major conditions for stepping up the advance of the society of mature socialism.

(VOPROSY EKONOMIKI No 5, 1981. In full.)

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

BAKING INDUSTRY IN THE 11TH FIVE-YEAR PLAN

Moscow KHLEBOPEKARNAYA I KONDITERSKAYA PROMYSHLENNOST' in Russian No 3, Mar 81 pp 2-3

[Article by A. S. Grishin, USSR Ministry of the Food Industry Administration for the Baking Industry: "Main Directions in the Development of the Baking Industry during the 11th Five-Year Plan"]

[Text] In the "Main Directions for the Economic and Social Development of the USSR for the Period 1981-1985 and for the Period through 1990" pride of place is given to further social progress in Soviet society and improving the well-being of the people. An important role in solving these tasks belongs to the food industry, which during the 11th Five-Year Plan has to increase output by 23-26 percent.

In the baking sector much work is being done to further develop technically re-equip and improve the range and enhance the efficiency of production.

At the November (1979) CPSU Central Committee Plenum the need was indicated to improve the range of baking products in order to provide most fully for the population. In this connection the USSR Ministry of the Food Industry Administration for the Baking Industry has drawn up measures aimed at considerably improving the range and at making the most complete use of capacities on comprehensive mechanized lines and other equipment, and improving the production of bread, bread roll and fancy bread products, rusks and cakes.

In 1980 USSR Ministry of the Food Industry output of bread and bakery articles was 20,993,000 tons, which is 954,000 tons or 4.8 percent more than in 1975. This modest increase in output is explained by the per capita drop in demand for bread to 6.4 kilograms during the period 1976-1980. The structure of the range available has been improved as the result of increased processing of bread and bakery products from various varieties of better ground flour, and of dietetic products.

Processing of bread from husked rye flour and first grade wheat flour has been increased, along with bread, bread roll, and rusk products, and the volume of output from scoured rye and wheat flour and second grade wheat has been slightly reduced. Thus, in 1980 the output of bread from first grade wheat flour and the best variety increased 16 and 19 percent respectively, bread and fancy bread products 8.8 percent and bread roll products 11.6 percent. The production of small bread and fancy bread products up to 300 grams increased 48 percent, and products weighing up to 50 to 70 grams by a factor of 4.7.

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During the 10th Five-Year Plan, 110 new bakeries were built. The construction of new enterprises and the modernization of those already in operation made it possible to increase their daily capacities by 9,890 tons.

The construction of bakeries with warehouses for storing flour without packaging and the introduction of nonpackaging installations at existing enterprises have provided an opportunity to bring the nonpackaged transportation of the main raw material up to 56 percent. In 1980, some 8.9 million tons of flour were moved using this progressive method, and the figure for the entire five-year plan is about 40 million tons which is almost double the figure for the 9th Five-Year Plan.

About 1,150 installations for the nonpackaged storage of flour are now in operation at the bakeries. The introduction of nonpackaged warehouses makes it possible not only to mechanize loading and unloading work but also to improve efficiency in the sector tanks to reductions on flour losses and packaging.

Much work has been done in the field of mechanizing dough-making processes. Hoppers, installations for continuous doughmaking and machines for high-speed mixing have been introduced at bakeries. The production of bread using progressive technologic systems has increased from 11.2 million tons to 15.6 million tons, and now accounts for 74 percent of all bakery products made within the USSR Ministry of Food Industry system.

In 1980 the output of bread and bakery products enriched with proteins, vitamins and other additives increased to 10 million tons and is approaching about 50 percent of the total volume.

The introduction of progressive methods for processing dough is making possible to comprehensively mechanize doughmaking operations, intensify the process and reduce technologic consumption of raw materials.

During the period 1976-1980 much attention was given to mechanization of processes of measuring out the dough and baking the bread. During this period within the industry more than 1,000 comprehensive mechanized and continuous flow lines for the production of shaped and rounds of baked bread, long loaves and small bread and fancy bread products were introduced. At many bakeries pastry-and-baking units with blind-type ovens were installed for making shaped bread. The use of baking tins coated with polymer materials is expanding. In 1980 the output of bread made in these kinds of tins exceeded 1.8 million tons, and as a result the consumption of vegetable oil for greasing them was substantially reduced.

At some enterprises up-to-date layouts have been introduced for the storage and transportation of bakery products: a comprehensive mechanized bread storage facility at the Kiev Prodmash Scientific and Production Association, and containers with matching vehicles for delivering bread to the trade network.

During the 10th Five-Year Plan the conversion of production ovens and boilers to progressive fuels (gas, liquid fuel) and electric heating was continued. Now, more than 50 percent of bakeries are operating on modern fuels.

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Comprehensive mechanization of production and improvements in technology and labor organization have made it possible to improve productivity 11.8 percent and free a certain number of workers from heavy operations. At the same time, the lack of means of mechanization for the auxiliary sections, where more than 25 percent of the total number of workers are engaged, and also in measuring out small bread, fancy bread and rusk products, is holding back labor productivity growth and the degree of mechanization in labor.

During the period 1981-1985 steps are envisaged to further develop the baking industry. When the long-term plan was being drawn up, factors such as maximum satisfaction of demand for an extensive range of bread and bakery products, population increase, the reduction in the norms for bread, comprehensive mechanization and automation of production processes, the introduction of progressive technology and improvements in labor productivity and production efficiency were taken into account.

- During the 11th Five-Year Plan, the main avenues in the development of the baking industry sector are as follows:

the buildup of production capacities by means of constructing bakeries and modernizing existing enterprises;

- improvements in the structure of the range of bread and bakery products in order to satisfy more completely consumer demand for various kinds of products;

the further introduction at enterprises of nonpackaged transportation of main and secondary raw material;

the assimilation of progressive technologic processes for making dough using units and installations that permit comprehensive mechanization and automation of dough making;

- the introduction of lines, including comprehensive mechanized lines and continuous-flow lines, for processing shaped and baked bread, long loaves, small bread and fancy bread and rusk and bread roll products;

the development and introduction of baking ovens of new design with oil-and-gas and electric heating;

the mechanization of loading and unloading operations at grain stores and bakery dispatch offices through the introduction of mechanized complexes and container transportation of bread into the trade network;

the automation of production processes and the development of automated control systems.

During the period 1981-1985 it is intended to increase the production capacity of the sector by 11,000 tons through the construction of new enterprises and the modernization and expansion of existing enterprises. Together with the introduction at existing plants of 330 warehouses for nonpackaged storage of flour this

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will make it possible to bring the annual volume of nonpackaged deliveries to 11 million tons annually in 1985.

During the 11th Five-Year Plan we have to introduce at bakeries some 400 installations for the reception and storage of additional raw materials: salt and sugar solutions, liquid fats, dairy products and yeast milk; we must also deliver yeast only in the form of yeast milk in cities where there are yeast plants.

Progressive methods of doughmaking will be introduced: rye dough in large dense fermentation with the use of hoppers, and liquid fermentation; wheat dough in liquid leavening containers, large dense leavening containers, and also rapid leavening using various units and installations.

The I8-KhAG-6 and LCh-KhAG-13 hopper-type doughmaking units will be replaced by series-produced I8-KhTA-6 and I8-KhTA-12 units. It is planned to set up about 900 doughmaking units and installations at bakeries. Mechanization of doughmaking preparation processes will make it possible over five years to make redundant about 2,000 workers engaged in manual operations. The extensive introduction of comprehensive mechanized and mechanized lines is planned in order to effect comprehensive mechanization of measuring, pastrymaking and bread-baking processes.

Type R-2-59M and KhPA-40 pastrymaking units with emptying devices, along with the P-104 electric oven, will be installed at plants for the production of shaped rye and wheat bread. A baking unit with a type PKhS oven employing a swinging-tray-and-chain conveyer has been developed for processing shaped bread in tunnel-type ovens.

Lines will also be introduced for preparing baked bread, long loaves, and bakery and fancy bread products.

Particular attention must be paid to the mechanization of processes in the production of fancy rusk and roll products and cakes, for which demand is growing. It is essential to disseminate leading experience in the preparation of these products more extensively and to introduce comprehensive mechanized lines for their production.

The operation of emptying and transfer devices on continuous-flow lines will eliminate the present manual operations now needed at the sections.

During the period 1981-1985, within the sector 1,000 comprehensive mechanized lines will be introduced and about 4,000 workers made redundant. By 1985 it is intended to bring the amount of bread processed in polymercoated tins up to 4 million tons and save about 4,000 tons of vegetable oil. In addition, the requirement for workers engaged in greasing tins will be reduced.

Bread storage and delivery requires much mechanization work. Particular attention will be paid to the storage and delivery of the product in 16-18-pan containers that are loaded into the bread trucks by a hinged releasing device at the back of the truck. Using this method of transportation, bread can be delivered in the

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containers directly to the store floor. This scheme for transporting bread is recommended for most bakeries. At new and existing large-capacity enterprises it is expedient to introduce the mechanized bread storage system used at the Kiev Prod-mash Scientific and Production Association where provision has been made for full mechanization of loading and unloading and transportation operations--from the stacking of the bread in the containers to the unloading of the containers with the product in the bread trucks.

During the 11th Five-Year Plan special attention must be given to questions of product quality and the preparation of bakery products with improvers and whey, and also to the rational consumption of raw materials and reducing losses at all stages of the technologic process. One important factor in the work of the sector remains the search for internal reserves and the most complete utilization of production capacities. In order to expand product output and extend the bakery base it is necessary to practice more extensively the modernization of enterprises and to replace the technologic equipment being used with more productive equipment. The efforts of the workers in the sector are aimed at solving the task of fully providing the population with an extensive range of good quality bread products and at improving efficiency in the baking industry.

The decisions of the 26th CPSU Congress will be fulfilled.

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CONSUMER TRENDS AND POLICIES

METHODS OF SATISFYING CONSUMER DEMANDS EXAMINED

Moscow VOPROSY EKONOMIKI in Russian No 2, Feb 81 pp 45-53

[Article by M. Darbinyan: "Ways of Satisfying the Population's Requirements"]

[Text] The successes in developing the national economy during the 10th Five-Year Plan comprised a major step in the implementation of the economic policy which had been worked out by the 24th and 15th CPSU Congresses.

The further increase in the population's well-being found its expression, in particular, in the growth of the retail goods circulation of state and cooperative trade, which during the period of the 10th Five-Year Plan increased by 24.5 percent in comparable prices. Favorable shifts also occurred in the structure of retail goods circulation. During these five years the sales of livestock-raising products increased by more than 15 percent, and even higher were the growth rates in the sales of confectionery goods (18 percent), vegetables and fruits (36 percent), fish and fish products (36 percent).

Changes likewise took place in the sales of non-foodstuff commodities. The sales of fabrics, clothing, and underwear increased during the indicated period by approximately 30 percent, knitted-wear and hosiery items by 25 percent, leather footwear by 22 percent, soap and cleaning compounds by more than 35 percent. Sales of everyday and household items increased at a high rate--by almost 46 percent. There were significant increases in the population's purchases of electric vacuum cleaners, motorcycles, cameras, furniture, metallic kitchenware, porcelain, glass, and many other items.

However, the achievements in the development of the economy and in the solution of social problems, as noted in the draft of the CPSU Central Committee for the 26th CPSU Congress, "Basic Directions of the USSR's Economic and Social Development for the Years 1981--1985 and for the Period Until 1990," could be more substantial. A certain negative influence was exerted by deficiencies in the mechanism of administration and planning, in the accounting methods, as well as by violations of labor and performance discipline, etc. This made difficult a sharp increase in efficiency and the transition of the national economy to a path of intensive development. Thus, despite the achievements in agriculture and the growth in the consumption of

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foodstuff products, there are, as noted in the "Basic Directions," shortcomings in providing the population with certain foodstuff items; in agriculture insufficiently effective use has been made of the resources allocated to it.

During the last three five-year plans about 400 billion rubles were invested in agriculture, but the yield, as was noted in L. I. Brezhnev's speech at the November 1979 Plenum of the CPSU Central Committee, is still obviously too small. An increase in the effectiveness of agricultural production requires a guarantee of the high quality and preservation of the output produced, as well as its delivery without losses to the consumer. It must be noted that because of shortcomings in this matter at times more than one-fourth of the total volume of production of vegetables, fruits, and potatoes is spoiled in the process of transport and storage.

Such a situation is brought about by a number of causes. Frequently this occurs as the result of a negligent attitude on the part of trade workers to the matter entrusted to them, irresponsibility in observing the storage procedure, the lack of an elementary procedure in the acceptance, storage, and transport of agricultural produce.

However, it is necessary in a number of cases to also considerably raise the quality of agricultural produce being provided by kolkhozes and sovkhoses to trade enterprises and organizations. According to the court data, the percentage of substandard and deficient fruit and vegetable produce and potatoes being delivered to state and cooperative trade, including that delivered to the All-Union stocks, amounts to something on the order of 10--14 percent, and at times even more; moreover, during the last few years this percentage has hardly decreased at all. This is partially explained by the fact that the kolkhozes and sovkhoses lack a sufficient material interest in the quality of the produce being delivered, since it is not motivated to a sufficient degree by the purchase price.

Often, proceeding from the correct position that all agricultural produce grown must be received and stored, trade has been imposed upon by substandard produce. It is hauled into the cities, stored in warehouses over a period of many months, and then it turns out that it is impossible to use it. The appearance of fulfilling the delivery plans is created, and transport and storage facilities are overflowing with the surplus.

Of course, we do not mean to exclude the necessity of receiving even substandard fruits and vegetables, as well as other highly perishable produce, which are suitable for use in a fresh or processed form. As is known, the procurement organizations are permitted to accept such produce on conditions and at prices which have previously been negotiated. However, it is necessary to provide incentives for the delivery of actually standard produce.

It would be feasible, in our view, to carry out the purchases of substandard produce from the kolkhozes and sovkhoses without recording them in the plan fulfillments, and to stimulate the motivation of the kolkhozes, sovkhoses, and agricultural organs for creating in the localities capacities for processing such substandard produce.

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Considerable reserves for increasing the effectiveness of agricultural production and improving supplies to the population are contained within the organization of produce storage in trade. At the beginning of 1980 the level of availability of storage facilities for fruits, vegetables, and potatoes throughout the country as a whole amounted in state trade to about 75 percent, and in consumer cooperatives--to approximately 50 percent. Herein we must take into consideration the territorial unevenness of the production of fruits and vegetables and the distribution of storage facilities; this reduces the coefficient of their loads to 61 and 40 percent respectively.

At the same time, if capital investments directed into agricultural production and into the food industry have increased at quite high rates (which was fully justified), capital investments in trade, including those for the development of storage facilities for vegetables, fruits, and potatoes, over the course of the last two five-year plans have not only not increased but at times have even decreased.

At the October 1980 Plenum of the CPSU Central Committee it was pointed out that we must seek out means to develop appropriate capacities for the processing and storage of agricultural produce, including the use of a rational redistribution of capital investments which are being allocated to agriculture. Up to now, however, too little has been done in this regard. This is also extremely important in connection with the fact that, as provided for by the draft "Basic Directions," it is necessary to expand in all ways the acceptance of livestock, milk, fruits, and vegetables in the places where they are produced and to ship them out by transport to the procurement units: this requires the creation of additional capacities for storing and processing agricultural produce in trade and primarily in consumer cooperatives.

The solution of this problem requires a comprehensive approach. The draft "Basic Directions" has provided for a concentration of efforts and resources to solve the fundamental problems of the national economy, to guarantee a step-by-step implementation of the targetted comprehensive programs with respect to the most important socioeconomic problems. Designated as having top priority is the foodstuff program, which has been called upon to unite together the questions of developing agriculture, procurement, storage, transport, processing, and sales of produce, of the food industry and trade in foodstuff items. This ought to ensure a high quality of agricultural produce, storage capacity, and evenness of sales for it throughout the course of the entire year, given the seasonal nature of production. The foodstuff program should be directed at guaranteeing the satisfaction of the population's requirements in accordance with the norms of rational consumption and the balance between demand and supply.

In order to successfully implement the foodstuff program, the draft "Basic Directions" has provided for a unity of planning, financing, and administration, guaranteeing a proportional and well-balanced development of the agroindustrial complex, improvement of the economic ties between sectors, organization of their precise interaction with regard to increasing production, improvement in its storage, transport, processing, and delivery to the consumer. Furthermore, we should bear in mind that the storage of produce received requires much less funds than does an increase in its production.

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An important step in implementing this program would be to speed up the construction of kolkhoz and sovkhoz warehouses and storage facilities for fruits, vegetables, and potatoes where this is feasible; such a step would facilitate an improvement in the quality of produce, a certain lessening in the load of transport, and an improvement in the supply of food products to the population. In order to provide incentives for this, we need to establish higher purchase prices on agricultural produce for its production in the off-season, as compared to the seasonal period. This would ensure not only a profitability in warehousing the produce for storage in the places where it is produced but also a rapid recovery of capital investments and, consequently, an incentive for building storage facilities in rural areas.

At the present time questions of the comprehensive planning of the development of production, transport, storage, processing, and sales of produce are most urgent for the fruit and vegetable produce of agriculture.

During the last few years certain successes have been achieved in increasing the production of consumer goods. At the same time breakdowns often occur in supplying the population with certain items. Breakdowns in the sales of individual items have their own peculiar characteristics. At times they occur under conditions where the rate of growth in their production and sales is actually quite high. Thus, interruptions in the sale of soap and synthetic cleaning compounds began in 1979, when the level of their sales amounted to 113 percent as compared to the previous year and 240 percent as compared to 1966. Moreover, over the period 1966--1978, when the market was saturated, the sales of household soap even decreased by 26 percent. In a number of cases the breakdowns in the sales of the above-mentioned items could not be prevented even by the above-normal reserves on hand. At the beginning of 1979 the retail trade network had above-normal soap reserves amounting to 40 days of circulation, or 30 percent over the norm, and the corresponding supply of synthetic cleaning compounds was enough for 24 days, or 133 percent of the norm. And this proved to be insufficient to ban interruptions in their sales.

Often random breakdowns which have begun in one region or city, which have, it would seem, a local nature, quickly spread over the country's territory and assume very wide scope. This is explained not only by the integrated nature of the commodity markets but also by shortcomings in the shunting of resources and by the lack of an All-Union wholesale unit which would be capable of carrying out this shunting on a countrywide scale. Under conditions when the price does not limit the purchase of items by the population in amounts which are reasonable from the point of view of the society, then even a brief deficit is created by the population in the reserves of a number of items in amounts which exceed the necessary normal consumption.

The draft "Basic Directions" takes special note of the necessity to exert an active influence on the formation of the reasonable requirements of the population. Workers in trade and industry must find the forms and means to exert such an influence and to intensify their work in this direction. This can greatly curtail expenditures on increasing the production of individual items and arrange their production in amounts corresponding to rational requirements.

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Often when the population's demand is not satisfied--because of a shortage of certain items in the market, the sectors of the industry (ministry) producing it are fulfilling and over-fulfilling their production plans and bringing out fine economic indicators according to which their activities are appraised favorably. Such a situation can hardly be considered as normal.

In working out the plans for producing items, especially those in mass demand, it is necessary to proceed precisely from the requirements of the population and not only the demand. In this connection it is necessary, in our view, in appraising the activities of individual sectors of the national economy and ministries to take into consideration not so much the fulfillment of the production plans or the production growth rate as the satisfaction of the population's requirements; this is the goal of socialist production. This is also necessary because the appraisal of work by percentages of plan fulfillments engenders an attempt to achieve the adoption of lowered plans and to conceal existing reserves.

The draft of the "Basic Directions" indicates the necessity of an increasingly complete satisfaction of the population's requirements for consumer goods as the principal task of the country's economic and social development.

As is known, the volume and structure of requirements for various items are supposed to be reflected in the requisitions which trade presents to industry. These requisitions are essentially formal in nature, since by themselves they do not involve any sort of responsibilities on the parties concerned: neither on trade for their economic grounds and guaranteeing markets, nor on industry for their satisfaction. Necessarily serving as an important means for increasing the responsibility of the parties concerned are the five-year agreements recommended for adoption by the decree of the CPSU Central Committee and the USSR Council of Ministers, "On Improving Planning and Increasing the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality"; these are agreements between the main administrations of the USSR Ministry of Trade (the wholesale offices of the Union Republic ministries) and the associations of the industrial ministries wherein the volume of goods to be delivered along with their distribution by individual years must be reviewed. We must speed up the introduction of these measures, and for this purpose it is necessary to specify the structure of the above-mentioned agreements (a definite list of organizations between which they will be concluded), to establish a list of items in a group assortment in accordance with which they will be concluded, etc. Of course, increasing the responsibility of the ministries and departments (especially the main ones) not only for fulfilling the plans for producing consumer goods and their delivery in accordance with concluded agreements but also for satisfying the population's demand in accordance with the requisitions of the trade organizations will require considerable improvement in the methods of studying demand and a more rapid restructuring of production.

The need to increase the responsibility of industry and trade, as well as that of the planning organs for satisfying the population's demand is also dictated by the following circumstances. It would seem that the saturation of the market with goods, an increase in their reserve supplies in amounts exceeding the norms, would have to induce industry to improve the assortment and quality of the goods, as well as turning out new variants of them with new consumer qualities, facilitating a speed-up in sales. Trade should also facilitate this by intensifying advertising,

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expanding the trade network, etc. Nevertheless, this is not always the case. Expanding the assortment and producing new items require additional outlays, and this is connected with a certain risk for production, since these outlays may not be recovered or may prove to be ineffective. Hence in a number of cases industry has not been motivated to carry out the above-mentioned measures.

At times even trade is not motivated to increase the volume of production, inasmuch as this requires a targeted formation of demand and, following this, an increase in the scope of sales, improvement in the assortment, a growth of reserve supplies, development of a retail trade network, stepping up advertisements, etc. All this requires additional outlays. Study of the population's demand, supply of items, formation of reserve supplies of items, their storage, and, finally, selling what is most complicated under conditions of a broad assortment of goods, their surplus. Moreover, this is connected with the highest level of circulation expenditures, a large risk of goods going down in price, a slowdown in the turnover of operating capital which could lead to a worsening of economic indicators.

Thus, industry and trade turn out to be not economically motivated to create a "pressure of supply" in the market, whereby, in K. Marx's exemplary expression, "supply takes demand by force." At times their interests close in on and amount to suggestions with regard to curtailing production plans, since, thereby, the industrial enterprises, as a rule, adjust all other plan indicators, including financial ones, and for trade this means fewer troubles.

At times the planning organs do not oppose the above-mentioned tendencies to the extent which they should, and, as a result, suggestions on lowering the production plans for certain items are adopted.

At the November 1979 Plenum of the CPSU Central Committee it was pointed out that "USSR Gosplan does not sufficiently oppose the inrush of a bureaucratic approach and seniority which are weakening the force of the plan and hindering the proportional growth of the economy," adding that we must "exhibit greater firmness in defending the general state interests." These positions are also fully pertinent to the practice of planning consumer goods.

Curtailing the production growth rate, based only on current demand, without taking its prospective development into account, has led in a number of instances to a sudden appearance, in our opinion, of an artificial shortage of certain items of which there had been a surplus over the course of several years. This is what occurred in due course with sewing machines, bicycles, and during recent years--with skis, quilted blankets, washing machines, electric lamps, and certain other items. Herein we cannot exaggerate the importance of the insufficient study of public demand, the untimely delivery of goods, the weak influence of trade on production, etc. In many cases the matter is considerably more complex. Thus, in recent years breakdowns have been noted in the population's supply of cotton fabrics and articles made of cotton thread. This seems particularly incomprehensible in view of the systematic increase in the harvest of raw cotton and its record crops in some years. Attempts are frequently made to explain this by means of the irrational utilization of cotton fabrics and by the reduced production of linen fabrics. The principal reason for the deficit, however, is contained in the insufficient growth in the production of cotton fabrics. During the period 1971--1979 the average annual growth rate of their production amounted to 1.4 percent. The production of

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cotton thread has also proceeded at this same low growth rate, and this has brought about low growth rates in the production of knitted goods, stockings, socks, etc. Meanwhile, the purchases of raw cotton have been more than twice as high--3.3 percent, and the production of cotton fiber--1.8 percent. A gap has been formed between the raw-material resources and the potentials for producing fabrics and articles made of cotton thread; it is caused primarily by a lag in the introduction of capacities in the cotton industry, especially spinning and ginning capacities. There are also other reasons of no small importance: an increase in a number of cases in the dampness, contamination, and greasiness of the raw cotton, a reduction in the production of cotton thread by assortment (in particular, a reduction in the proportion of thin-staple cotton), a lowering of its quality--a curtailment in the proportion of the top grades and an increase in the proportion of the lower grades, especially the sixth grade, which is of little practical use in producing cotton fabrics, etc.

The annual increase in the production of cotton fabrics is in contrast to the more considerable growth in the public demand, brought about by the increase in the average wages of workers and office employees (3.3 percent), labor payments of kolkhoz members (4.8 percent), wage funds (5.6 percent), and other factors. Here we should note that in 1979 the production plan for cotton fabrics was underfulfilled by more than 300 million square meters, and for the 10th Five-Year Plan as a whole there was a shortage in the production of cotton fabrics amounting to more than one billion square meters.

A stepped-up development of production should be the main thrust in ensuring the population with a sufficient supply of cotton fabrics and eliminating the shortage. And references to deficiencies in the distribution of fabrics along the lines of their utilization (although there are deficiencies in this regard) mask the true state of affairs and do not assist in the correct choice of the main way to eliminate the deficit.

At times suggestions are uttered with regard to increasing the market stocks of fabrics by means of reducing their outlays for other needs, but, in our opinion, it is impossible to agree with this fully. The market stocks of cotton fabrics (by cost), as well as their industrial processing (sewing clothing, underwear, and other garments) increased during the years 1971--1979 on an average of 2.3 percent annually. The extra market consumption also grew objectively. The average annual growth rate in the stocks of special work clothing during these years comprised 4.8 percent, and the stocks of state-budget institutions (fabrics for hospitals, sanatoriums, children's institutions, etc.) amounted to 2.4 percent. The predominant growth in the amount of fabrics directed into industrial processing, as compared with their retail sales, is feasible. This frees the population from the necessity of excessive outlays of time spent on sewing clothing and underwear, and it ensures a better and more economical use of fabrics as well as a higher quality of garments. During the years 1970--1979 the proportion of cotton fabrics directed into industrial processing increased from 57.7 percent to 65.5 percent of their total amount in monetary terms. In analyzing the dynamics of the structure of the outlays of cotton fabrics, these two directions of their use must be considered in their aggregate, taking into account the need for a systematic increase in the proportion of fabrics being directed into industrial processing.

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also correct is the outstripping rate of growth in the amount of fabrics directed into the production of special work clothing. This has been brought about by the process of the increased complexity of production, the raising of its standards, hygienic requirements, and so forth. Likewise justified is the outstripping rate of the use of fabrics for the needs of the state-budget organizations; this is caused by the social achievements of our society, which are running ahead of the commodity turnover growth rates of the social consumption funds, and certain other factors.

During the years 1971--1979 the volume of cotton fabrics directed into industrial consumption grew insignificantly--by 6.5 percent, including those directed into the production of consumer goods (footwear, furniture, leather haberdashery, linoleum, sporting goods, and many others)--by 8.7 percent, into needs which are partially connected with the production of consumer goods (milk filters, polishing cloths, etc.)--by 4.9 percent, while for production-operational needs this figure even decreased by 12.8 percent.

What has been said does not, of course, exclude the need to replace cotton fabrics by other materials--film, synthetic fabrics, non-woven materials, etc. The draft "Basic Directions" indicates the need for a maximum replacement of natural fibers for technical purposes by chemical ones, while fabrics should be replaced by non-woven materials. In order to speed up this process, it is feasible to provide appropriate economic incentives. In particular, the price ratio between cotton fabrics for industrial consumption and the materials which are replacing them must stimulate the predominant utilization of the latter.

Analysis of the state of production and trade in cotton fabrics shows that in order to eliminate the shortage of items made of cotton fabrics, it is necessary first of all to increase their output. This pertains not only to the items given above. What is required is a further significant growth in the production of consumer goods, along with an upswing in the level of managing the economy on the broadest possible plane and certain changes in its structure.

We need to increase our attention to developing the "B" industrial group and to a certain reorientation in the practice of planning. Deficiencies in planning the production and output by sectors of the "B" industrial group were mentioned at the 25th CPSU Congress. The attention of the planning and economic organs, the Party, Soviet, and trade-union organizations was drawn to the need for a serious change of approach to the production of consumer goods. Noting that the responsibility for the insufficient concern over the light and foodstuff industries and the service field is borne by many, including the central planning and economic organs, the following conclusion was made: "While continuing to increase capital investments in the sectors of group "B" and their production services, in trade and the service field, it is necessary to raise our requirements for those who plan the development of this sector of the economy and who manage it."

The development of our economy is characterized by a systematic growth in the production of consumer goods. In 1979 such production was 10.5 times higher than the 1940 level and 2.4 times higher than the 1965 level. However, requirements have grown even more rapidly, and in a number of cases public demand for

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individual items has remained unsatisfied; this brings about the necessity for a more accelerated development of their production.

It should be noted that in a number of cases the productions plans for Group "B" have not been fulfilled. At times in the year plans the development plans for the industries of Group "B" have been accepted at lower levels, as compared with those provided for in the five-year plans. During the period after 1950 the actual coefficient by which Group "A" exceeded Group "B" through all the five-year plans was almost always higher than that provided for in the year plans, while in the latter this increase was often set higher than what proceeded from the five-year plans. And even during the 9th Five-Year Plan, when the Directives of the 24th CPSU Congress had specified an outstripping growth rate for Group "B" and the coefficient of the ratio of the average annual growth rates of Groups "A" and "B" amounted to 0.94, this could not be carried out because of a number of reasons: according to the year plans this coefficient amounted to 1.03 for the five-year period, but it actually was 1.21.

In the 10th Five-Year Plan a drawing closer together was noted for the growth rates of Groups "A" and "B". If in 1975 the actual coefficient by which Group "A" outstripped Group "B" amounted to 1.22, in 1979 it was 1.06, and in 1980 the plan for the economic and social development of the USSR provided for their equal growth rate--4.5 percent for each of them. For 1981 a growth rate has been provided for Group "B" which already outstrips that for Group "A": 4.2 percent to 4.1 percent.

It is necessary to ensure the optimum ratio between Subdivisions I and II of social production and primarily between industrial groups "A" and "B". In our view, the criteria of this optimum quality should proceed from the goal of socialist production--an ever-increasing satisfaction of the population's requirements. Under the conditions of developed socialism this makes it necessary to draw the growth rates of the above-mentioned groups closer together. This is also being facilitated by changes in the value structure of production. Embodied /reified/ labor has become absolutely and relatively predominant, and scientific and technical progress is directed not only at reducing manpower but primarily embodied labor--lowering the outlays of fixed capital, along with the proportional expenditures of fuel, raw materials, and other materials; this brings about a drawing closer together in the growth rates of Subdivisions I and II of social production and those of Groups "A" and "B" of the industrial sectors.

The task boils down to such an outstripping of Group "A" and, consequently, of Subdivision I of social production as will ensure to the greatest degree the expansion of the scope of consumer goods, as well as that of the boundaries of Subdivision II. We should bear in mind that "in the final analysis, production consumption (the consumption of the means of production) is always connected with personal consumption and always dependent upon it."* Nor should we exclude the necessity of reviewing at definite intervals of time the outstripping growth rates of Group "B", particularly when there are shortages of a number of items.

* V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], vol 4, p 48.

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What has been said does not contradict the operative principle in a socialist society of the predominant growth of Subdivision I of social production, the principle of the outstripping growth rate of the means of production over the development of the production of consumer goods; this is one of the basic positions of the Marxist-Leninist theory of reproduction. At the same time the operation of this principle does not signify the need for a constant or regular--every five-year plan or every year--excess in the growth rate of Group "A" over Group "B". It is rather a matter of conforming to principle as a whole; during the course of certain lengthy period or in the future within the limits of which at separate phases (years or even five-year periods) it is also possible to have the growth rate of Group "B" outstrip that of Group "A".

It should be noted that we have had such periods. In the plans of the 2nd and the 9th Five-Year Plans provisions were made for the outstripping growth rates by Group "B". The same thing was provided for in the year plans for 1968--1972 and 1979, 1981, while in 1953 and 1968--1970 the actual indicators of Group "B"'s rate surpassed the indicators of Group "A".

The draft "Basic Directions" has provided higher growth rates for the Group "B" industrial sectors, as compared to those for the products of the Group "A" industrial sectors: 27--29 percent as opposed to 26--28 percent. This ratio proceeds from the necessity for an ever fuller satisfaction of the population's requirements for consumer goods, providing a balance between demand and supply under the conditions which have taken shape. It requires radical changes in the practice of planning (capital investments, raw materials and other materials, the wage fund, and other indicators) not only with regard to sectors turning out and selling these items corresponding to the infrastructure but also with regard to branches indirectly connected with them.

In order to increase the proportion of consumer goods produced within the over-all volume of industrial production, shifts are also necessary in the structure of producing the means of production, directed at Subdivisions I and II of social production. It is primarily necessary to provide the means of production to the appropriate sectors of Subdivision II of social production--the light and food industries and others. Moreover, during the period 1971--1979 the output of the means of production for Subdivision I increased by 79 percent, while that for Subdivision I rose by 70 percent. This tells us that during the next few years we can hardly expect any sort of significant structural changes in the output ratios of the Group "A" and "B" industrial sectors unless serious measures are undertaken in this direction.

At the October 1980 Plenum of the CPSU Central Committee L. I. Brezhnev pointed out the need for a greater enlistment of the machine-building sectors, including those in the defense field, in the rendering of assistance to civilian machine building and, in particular, to the light and food industry, as well as to agriculture.

In examining the ratio between industrial groups "A" and "B", we must take into consideration the developmental characteristics of modern economics. The most important aspect of the interrelationships between production and the level of the population's prosperity consists of the fact that, as was noted at the 24th and 25th CPSU Congresses and at the subsequent Plenums of the CPSU Central Committee,

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the fullest satisfaction of people's material and cultural requirements is not only the highest goal of social production under socialism, as well as the goal of the Party's economic policy, but also a persistent requirement of economic development itself, one of the important economic prerequisites for the subsequent development of production, an increase in its effectiveness, and the growth of labor productivity. Present-day production presents ever-increasing demands primarily on the workers themselves. Special skills, a high level of vocational training, and general high standards of the workers have become obligatory conditions for successful labor. And all this depends to a considerable extent on the standard of living, on how fully the material and spiritual needs can be satisfied.

This means that raising the standard of living of the people ensures a planned development of production and a growth in labor productivity. Only with a specific level of satisfying needs appropriate to the nature and contents of labor can we create the necessary conditions for raising labor productivity and the subsequent development of production.

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