

ECONOMIC REFORMS TO RESTRUCTURE SOCIETY

Abel G. Aganbegyan

Economic reforms have laid the foundations for the comprehensive restructuring of society. The April 1985 plenary meeting of the CPSU Central Committee put forward a new economic strategy for the country's economic development - the strategy of perestroika. The substance of this new strategy is to speed up national socio-economic progress. Acceleration, however, is not limited to higher rates of economic growth, though this is also an important target. We have set ourselves the objective of doubling our gross national income by the year 2000. It means going over to a new quality of growth. On the one hand, there will be a greater social orientation of economic development; and on the other, our economy will be based on the road of intensification, facilitated by the breakthrough of the technological revolution. To trigger off the speed-up we must, above all, carry through a radical reform in the sphere of management. The old administrative system must be dismantled and replaced by a fundamentally new and comprehensive system for managing the overall economy; the latter will rely on economic methods of investment planning, proper accounting procedures for all financial transactions, market development and stronger incentives for more productive work, as well as the country's fuller integration in the world economy.

The new strategy for national economic development will require reconceptualization in all spheres of our country's diversified economic life. It will necessitate the search for new approaches for qualitative changes to the economic base.

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The 27th CPSU Congress and the subsequent plenary sessions of the Central Committee have worked out the following.

- * A strong social policy oriented towards priority development of the entire social sphere, from agriculture to the house-building, and high consumer-based industries. Such a policy must be consistent with the principles of social justice.

- * A scientific-technical policy providing for social planning commensurate with the world technological revolution.

- * A new investment policy aimed at large-scale progressive shifts in the structure of the national economy resulting from:

- (a) deeper redistribution of raw materials;

- (b) priority boosting of the engineering industry;

- (c) massive investment in the chemical sector of the economy;

- (d) the development of information technology and other hi-tec branches of industry;

- (e) resource-saving measures;

- (f) a drastic increase in the share of the gross national product relating to consumer goods production and services.

- * A new agrarian policy designed, first, to spread intensive technologies, to redistribute investments in favour of storage facilities and to assist comprehensive processing of agricultural raw materials; and secondly, to grant broad autonomy to the collective and State farms, and to implement a change-over to family and collective leasing and contractual arrangements on a large scale.

An active foreign trade policy oriented towards boosting foreign trade, increasing the efficiency of export and import arrangements and granting the organizations and enterprises the right to establish direct access to the world market and to start joint ventures, as well as going over to a freely convertible rouble.

- * A new financial and banking policy within the framework of comprehensive reform in management spearheaded by building up the role of fiscal-commodity relationships in economic development as well as expanding and deepening the Socialist market, including that of commodities and services, securities and currency.

All these policies have been pursued in the context of pluralism in the development of forms of property. Alongside various forms of public or State property, cooperation and self employment have considerably gained in scope in all spheres and sectors of the economy. The June 1987 plenary meeting of the CPSU Central Committee laid the foundations of the new economic policy. It approved the concept of the new economic and management system and the programme for passing over from administrative to economic methods of management. The recently enacted law on State enterprises envisages the conversion of the main production centres to the principles of complete fiscal autonomy (khozaschot), self-financing and self-administration. To this end the Party and the Government are to draw up and pass a series of decrees on restructuring in all sectors of the management system - including

planning and pricing, finance and banking, material-technical supply and trade and the organizational pattern of branch and regional management, as well as reforming the working practices of the various organs of labour, statistical and scientific-technical bodies, and so on.

All the changes in the economy that are being carried out in keeping with the adopted decisions of the Party are being greatly influenced by the process of democratization currently taking place throughout society. Economically, democratization manifested itself in drawing broad sections of workers into management; this necessitated drastic extension of the rights granted to work collectives in all sectors of the economy and their transfer to self-government.

Why do we need such far-reaching and comprehensive economic reforms? In the first place, to overcome the stagnation and precrisis phenomena inherited by this country as a result of negative development tendencies at the start of the 1980's. However, these are, so to speak, surface reasons. More profound ones stem from the pressing need to put an end to the deep-seated deformations in the development of the Soviet economy and in the administrative command and fiat methods of management that burgeoned during Stalin's cult of personality and were aggravated during the recent fifteen to twenty years of stagnation.

What is the substance of these economic reforms? What would we like to do away with, and where are we heading? First of all, we would like to do away with the shortages in the economy and the resulting situation in which the producer dominates the consumer.

We would like to go over to a deficit-free economy in which the production of commodities and serv-

ices is directly guided by social requirements and is oriented to consumer demand. Such a switch-over is closely geared to large-scale economic restructuring. The economy must undergo a radical transformation in order to meet social requirements. In this way, we shall build up a truly efficient economy, because in a Socialist society efficient production is equivalent to satisfying social demands. This approach lays emphasis on quality rather than quantity, since articles of higher quality more closely meet social requirements.

The prioritization of social requirements should be in favour of everything that is directly aimed at improving people's well-being in the broadest sense of the word - at securing higher living standards and providing conditions for freer and greater all-round development of human society as a whole. In this context, we must do away with the priority of production targets and abolish a system of management designed, above all, to meet production targets. Under the new conditions, social aims and objectives must come to the fore: the economy should be devoted to the people, so that the person is the measure of all things. Perestroika is being carried through in the people's interests, towards a better life. It therefore follows that we must go over to a socio-oriented economy, with the social sphere highly developed and modern consumer goods and service industries.

The satisfaction of people's spiritual requirement must be an even higher priority. People's jobs should be made easier, more attractive and more creative. In a Socialist society, economic advance must ensure guarantees for all human rights - including the right to work, to rest and leisure, and to housing and social security. Our economy should enjoy full employment, highly de-

veloped health protection, public education and social insurance. In other words, we must pass over to an economy servicing the people's interests in a renewed Socialist society.

But for the economy to meet such great social challenges it must be put on the road of general intensive development rather than development based on the priority growth of particular industries. The main source of our economic development should be higher efficiency and better quality, due to new machinery and technology, rather than the accretion of resources. Hence, we must go over from a wasteful to a thrifty and highly efficient economy - an economy of maximum labour productivity and of competitive high-quality production. To build such an economy we have to reject the evolutionary approaches to scientific technical progress that have been typical of the USSR for the past fifteen to twenty years. We must press for speedy, revolutionary changes in techniques and technology; switch over to the manufacture of a new generation of machinery and to large scale application of fundamentally new technologies; and move on to the economy of the scientific-technical revolution, the economy of technological breakthrough, the economy of renewal.

We must also do away with autarkic tendencies in our economic development. Today we are paying priority attention to improving our foreign economic relations, planning for their growth outstripping home market production. Thus, the Soviet Union will play a more important role in the world economy and its economic cooperation with other countries will gather momentum. In terms of economic ties with Socialist states, we have been working for an integrated Socialist economy;

Continued on page 27

Continued from page 23

We are going on from an authoritarian to a democratic economy - an economy governed by the people, with the substantial involvement of the masses in economic management. The work collectives have enjoyed every broader rights and greter influence in this country, resulting in increased social activity on the part of every worker. Economic self-development and self-government are gradually taking shape.

In short, the transition to a rejuvenated system of Socialism is under way. This will be a qualitatively new, transformed system fully and comprehensively giving play to all the advantages that the Socialist system offers. It will be a modern economy, profiting from the best aspects of economic development in other countries - an economy of social and scientific-technical progress and, simultaneously, an economy of Socialism whose potential has been released to the utmost. The challenge is to restore Lenin's understanding of the Socialist economic system, adapting it to the modern conditions of a developed society.

This economy will, of course, be part and parcel of a rejuvenated Socialist society; it will co-exist in harmony with the new political, legal and ideological systems, and will be backed and secured by them. The establishment of a qualitatively new economic system will demand time, enormous efforts and mauor structural changes. We are creating a real economic revolution.

Continued from page 23

internationally, we are moving towards ever greater openness of economic relations.

The economy of administrative command and fiat methods of management is to be replaced by an economy with predominantly economic methods of management, a market economy, an economy with developed financial and credit relations. From wage-levelling and neglected material incentives, we are working towards an economic system oriented to take due account of economic interests based on economic self-reliance and material encouragement.

In carrying forward these policies, we have to do away with the centralization of the economic system and develop diversified form of

property ownership. We are moving towards an economy with advanced cooperative and extensive self-employed sectors. The monopoly of some industries and branches will increasingly be replaced by Socialist-style economic competitiveness and competition.
