

ACTA

OECONOMICA

PERIODICAL OF THE
HUNGARIAN ACADEMY OF
SCIENCES

EDITORIAL BOARD

J. BOGNÁR (Chairman)

E. CSIZMADIA

P. ERDŐS

K. SZIKRA MRS. FALUS

F. FEKETE

J. FEKETE

I. GÖNCZI

I. HETÉNYI

R. HOCH

I. HUSZÁR

J. KORNAI

F. KOZMA

E. MEGYERI

A. NAGY

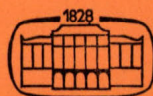
Z. ROMÁN

M. SIMAI

J. ZALA

EDITOR

T. FÖLDI



AKADÉMIAI KIADÓ, BUDAPEST

VOLUME 14
NUMBER 1
1975

ACTA OECONOMICA

A MAGYAR TUDOMÁNYOS AKADÉMIA
IDEGEN NYELVŰ KÖZGAZDASÁGTUDOMÁNYI FOLYÓIRATA

Felelős szerkesztő:

FÖLDI TAMÁS

Szerkesztőség: 1051 Budapest, Münnich Ferenc utca 7.

Megjelenik évi 2 kötetben. Megrendelhető az Akadémiai Kiadónál (1363 Bp. Pf. 24.), a külföld részére pedig a Kultúra Könyv és Hírlap Külkereskedelmi Vállalatnál (1389 Budapest, Postafiók 149).

CONTENTS

I. HUSZÁR: What Thirty Years Tell	1
И. ХЕТЕНИ: 30 лет венгеро-советских экономических связей	15
J. BOGNÁR: New Factors in International Economic Relations	27
A. BRÓDY: The Logic of Market Behaviour	49
S. NAGY: Technical Progress in an Econometric Model of Hungary	59
И. ГЕНЦИ: Влияние технического прогресса на производственную систему венгерского сельского хозяйства	75

REVIEWS

Á. BALASSA: Central Development Programs in Hungary	91
---	----

BOOK REVIEWS

XXV лет СЭВ — итоги, задачи, перспективы (К. ПЕЧИ)	109
G. FÜLÖP: Hungarian Economy and the CMEA (Economic Structure, Raw Material Supply) (I. DOBOZI)	113
P. van BRABANT: Essays on Planning Trade and Integration in Eastern Europe (I. MAJOR)	115
B. MARTOS: Nonlinear Programming. Theory and Methods (F. FORGÓ)	117
P. K. CROSSER: Prolegomena to All Future Metaeconomics (A. MADARÁSZ)	119
L. CSETE — F. SZABÓ — B. TÓTH: Erfahrungen der planmäßigen Regulierung in der Nahrungsgüterwirtschaft — L. VARGA: Die jugoslawischen agrarindustriellen Kombinate — K. FORGÁCS: Das Dilemma der kapitalistischen Agrarentwicklung (A. TÓTH-FALUSI)	121

BOOKS RECEIVED

ACTA OECONOMICA

Vol.14

CONTENTS

I. HUSZÁR: What Thirty Years Tell	1
И. ХЕТЕНИ: : 30 лет венгеро—советских экономических связей	15
J. BOGNÁR: New Factors in International Economic Relations	27
A. BRÓDY: The Logic of Market Behaviour	49
S. NAGY: Technical Progress in an Econometric Model	59
И. ГЕНЦИ: Влияние технического прогресса на производственную систему венгерского сельского хозяйства	75
Gy. LÁZÁR: The Present Hungarian Economic Situation and the Tasks of Economic Policy	131
L. FALUVÉGI: Economic Development; Economic Structure, New Phenomena in the World Economy	145
I. T. BEREND: Thirty Years of Hungarian Socialist Economic Policy	163
J. DRECIN: Industrial Policy in Hungary	187
K. SZIKRA MRS. FALUS: Some Aspects of Material Stimulation	207
J. LÁSZLÓ: National Plan for the Economy and the Enterprises	221
T. БАУЭР: Противоречивость в положении предприятий в венгерском хозяйственном механизме	235
G. KOHLMÉY: The CMEA Countries and International Economic Relations	293
F. KOZMA: Crisis Phenomena in the Capitalistic World and Some Questions of Socialist Strategy	313
T. SZENTES: Nature, Background and Effects of the Unfolding Crisis Phenomena in International Capitalism	335
G. HIDASI: China's Economy in the Mid-1970s and its Development Perspectives	355
W. WEBER: Environment Planning	383

COMMENTS AND CRITICISMS

M. LAKI: Competitive Situation and Product Pattern of Hungarian Enterprises on the Market of Consumer Goods	251
---	-----

REVIEWS

Á. BALASSA: Central Development Programs in Hungary	91
T. FRANK: The Society for Organization and Management Science	269
Á. MARTON: Trend of Consumer Prices in Hungary. 1968—1975	399

BOOK REVIEWS

XXV лет СЭВ — итоги, задачи, перспективы	109
G. FÜLÖP: Hungarian Economy and the CMEA (Economic Structure, Raw Material Supply) (I. DOBOZI)	113
P. VAN BRABANT: Essays on Planning Trade and Integration in Eastern Europe (I. MAJOR)	115
B. MARTOS: Nonlinear Programming Theory and Methods (F. FORGÓ)	117
P. K. CROSSER: Prolegomena to All Future Metaeconomics (A. MADARÁSZ)	119

L. CSETE—F. SZABÓ—B. TÓTH: Erfahrungen der planmässigen Regulierung in der Nahrungsgüterwirtschaft — L. VARGA: Die jugoslawischen agrarindustriellen Kombinate — K. FORGÁCS: Das Dilema der kapitalistischen Agrarentwicklung (A. TÓTHFALUSI)	121
L. SZAMUELY: First Models of the Socialist Economic Systems. Principles and Theories (T. FÖLDI)	273
T. FÖLDI (ed.): Economic Development and Planning. Selected Studies (Zs. JOZSITS)	274
FALUSNÉ K. SZIKRA: Productivity and its Motive Powers (Mrs. L. TÜÜ)	276
L. DRECHSLER—J. KUX—Mrs. F. NYITRAI: International Comparison of Productivity (E. PÓCS)	279
J. BERÉNYI: Lohnsystem und Lohnstruktur in Österreich und in Ungarn (É. RADNÓTI)	282
Г. ЛИСИЧКИН: Что человеку надо? (Л. САМУЭЛИ)	284
E. A. HEWETT: Foreign Trade Prices in the CMEA (I. MAJOR)	265
GY. SZEKÉR: Hungarian Aluminium Industry and Socialist Economic Intergration (Cs. EBERSZEGI)	415
GY. KERÉKGYÁRTÓ: Scientific-Technological Cooperation among the CMEA-Countries (J. DEVICES)	418
P. VAS-ZOLTÁN: United Nations Technical Assistance (A. TÓTHFALUSI)	419
P. MÁNDI: Education and Economic Growth in the Developing Countries (Z. KOLLÁR)	420
K. SZABÓ: The Challenge of Big Corporations. New Wave in Capital Concentration (I. GYÓRFFY)	421

BOOKS RECEIVED

I. HUSZÁR

WHAT THIRTY YEARS TELL*

The author draws certain conclusions from thirty years of Hungarian economic and social progress, analysing the results and deficiencies of the extensive and intensive stages of development. He looks into the way in which the Hungarian economy has joined the international division of labour and, finally, he sums up the lessons of the development of the system of economic control in Hungary.

The last thirty years – hardly half a man's life these days – have prompted a scientific analysis of the history of liberated Hungary again and again. We certainly find the subjectivism of contemporaries in these analyses and there is a lack of historical perspective, yet the multitude of events, the size and portent of the changes, and, last but not least, the planning of our future while relying on the past forces us to draw up a balance sheet. We delimit periods; search for political, economic and social interrelations; we explain the yesterdays so as to achieve new successes tomorrow and avoid the mistakes of the past.

Attempting to draw the major lessons from the economic development of thirty years, we are up against the difficulty that economic development can not or hardly can be explained in itself, nor can it be measured entirely in its own terms. Political, economic and social questions are so closely interlinked that only their order of importance can be determined – primacy being given to politics – and each of them can, as a rule, be best measured with the aid of the other two.

We cannot here undertake a systematic survey of economic development and results achieved. But, precisely in the interest of future development, it will be worth attending to some characteristic items which are perhaps the most instructive.

Interrelations between economic and political development

The social relations of pre-war Hungary can be described in a summary way as powerful remnants of the feudal order, a capitalist social system, extreme class differences and contradictions and a largely hierarchical structure. The political system corresponded to these relations: dictatorial, fascist state power, and an almost complete absence of democratic rights and institutions. The basis, and thus the reason, for political and social relations, but also their consequence was the economic

* The article is based on a lecture held at the scientific session arranged by the Karl Marx University of Economics and the Hungarian Economic Association on April 21, 1975, on the occasion of the 30th anniversary of Hungary's Liberation.

situation of the country, its low standards and deformed structure, hardly changing because of extremely slow development.

This old, historically antiquated system, left over from the Middle Ages, as it were, which had preserved the privileges of the exploiting classes with cruel terror, was almost completely annihilated after World War II. To this complete, or almost complete, annihilation the socio-political system itself had greatly contributed by joining the fascist powers in their war against the Soviet Union and her allies and by not coming to an agreement with the Soviet Union even at the last possible moment, since they could not decide on action in the interests of the nation. The decisive factor in the collapse of the old system was the series of victories gained by the Soviet Army over fascism, a campaign in which the Liberation of Hungary took 194 days. In addition, right from early days of the Liberation, the Soviet Union has given great help to starting economic life, and to reconstruction – and even the armed forces still fighting contributed, imbued by internationalism.

After the Liberation, there was no option open in Hungary for a return to the old social, political and economic order. The real alternatives were bourgeois democratic development and a people's democracy. That the road to a people's democracy was chosen was basically secured by the leading role of the Marxist-Leninist party and the political maturity of the Hungarian working class and all Hungarian working men and women. The Hungarian Communist Party was not simply one among the four parties of the coalition, but the party with a clear strategic objective and sound tactics for combining the most decisive political, economic and social tasks, with which it could mobilize and win the support of the masses. The Party had become capable of this because of its Marxist-Leninist theory and by the application of this theory to the concrete practical situation.

At the time of the Liberation, and in the course of the political struggle following it, from the creation of the dictatorship of the proletariat to our very days, the two determining factors of development have been the correct general theoretical and concrete practical policy of the Party and the active participation of the working masses in alliance with the working class in the economic, social and political struggle and in the realization of socialist objectives. For us, it is not only a palpable theoretical, logical conclusion, but practical experience that the combined effect of the two factors leads to splendid results, while a disturbance of their harmony causes grave economic damage and even the sway of the political power. And we have to – and had to – fight similar problems when mistakes are made within any one of these components. The “independently” made mistake automatically leads to the upsetting of harmony.

Please note: in this, perhaps highest, context the history of thirty years of economic development since the Liberation is at the same time the history of political struggles, political warfare, or, simply, of politics, which has also had particularly acute stages. It is highly fortunate for our people and a decisive source of economic success, that we can now, speaking about the greater part of the period, about the last

eighteen years, say that our policy, and within it our economic policy, is consistent, free from wilful exaggerations, correctly recognizing international and domestic realities, and successfully determining the strategic goals and the tactical steps of socialist development. During thirty years of peaceful construction, as a concomitant of the novel and fast development, many changes have taken place in the Hungarian economy. In the course of these changes many new, earlier unknown or hardly known, economic facts have emerged, some have disappeared again, others strengthened in a later stage of development. Every change, and every novel phenomenon demanded a certain attitude and action on the part of the leaders of the country, and, more closely, from the economic leadership and control. In addition, every politico-economical decision of major portent had and has its political importance, consequence and response.

It was not easy to find one's way under such extremely complicated conditions. True, the Soviet experience in the building of socialism was available and it was heavily drawn on. The significance of these experiences in our post-liberation development can hardly be overestimated. But, it had early become clear that this experience must be interpreted, evaluated and applied under external and internal social, political and economic conditions which differed from those in the Soviet Union in many respects. If the theoretical bases of Marxism-Leninism mean the general, and the Soviet experience of socialist construction the first practical application, then the concrete Hungarian reality, the task of building socialism in Hungary is the particular, the individual in this dialectical chain. This position, however, demanded and continues to demand a competent and creative contribution. In the majority of cases this contribution was present. When it was missing, we went astray. Both the negative and positive experiences underline that economic life can and must be controlled also in the future on the basis of recognizing these dialectics of socio-economic development.

This is, of course, only a framework, a general basis on which economic policy relies when dealing with given economic tasks. The other starting point for concrete measures of economic policy is the general political line of the Party and the social and economic-policy goals approved in its interest. The securing of the implementation of the tasks devolves on the socialist state and its economic control machinery, and realization itself on the economic organizations, and those active in them. And here too, one can say – in spite of past and still existing concerns and troubles – that the institutional system of the socialist economy was created in time, it essentially answered the changing requirements in each period, and helped to create socialist relations of production, leading on to their consolidation and the development of the forces of production.

The stages of extensive and intensive development

Relying on the establishment of socialist relations of production, their development and consolidation, as a result of the deliberate economic policy of the socialist state, social production has greatly increased, expressed most comprehensively by the more than fivefold increase of national income when compared with the pre-war figures. The foundation for the growth of production was provided by the development of the forces of production.

The starting basis for the development of the latter was extremely unfavourable. It is well known that the economic structure of the country before the Liberation did not correspond even to the requirements of those times. Hungary was an agro-industrial economy, with almost half the population engaged in agricultural pursuits. Industry used obsolete technologies, product specialization was undeveloped, the product pattern carried the marks of war economy. A low level of employment and an obsolete job structure mainly in industry but also in other branches of the economy characterized the labour situation. In addition, the economy was gravely affected by the war. The situation was aggravated by the post-war inflation. Development started with the creation of the elementary conditions of life and continued with the land reform, the stabilization of the currency, reconstruction and the liquidation of capitalist ownership relations. Up to 1949 – in the course of the three-year plan, war damage was generally made good.

The essential aim in the period of socialist reconstruction was the development of the forces of production, the transformation of the structure of the economy, the realization of full employment, and increasing the efficiency of social production in the first place by encouraging the use of modern techniques and technologies as well as by raising the qualifications of labour.

As a result of investments, fixed assets in the country almost trebled in comparison with 1950. Within that the growth in the material branches was three and a half-fold, in industry more than sixfold. The number of earners increased by more than a million, mainly through the growth in the employment of women.

This period can be divided into two major stages relying on the principal features in the development of the forces of production. In the extensive stage the bases of the socialist economy were created. The intensive stage started in the mid-sixties. They cannot, of course, be sharply divided. In the complicated process of social production and development some of the features could be observed sooner, or some later, and they had differing intensities in the various fields of the economy. At any rate, the last ten years have essentially shown an exhaustion of the resources of economic growth which had been relatively easily available earlier.

In the first period the main tasks were the socialist reorganization of agriculture and industrialization. In this early stage of industrialization the full employment became a reality. Since the means and forces used for development were relatively small – and this was true even if at some stage a relatively too great part of national

income was spent on investment, thus reducing the standard of living – what is called a simple expansion of the forces of production (extensive development) was the rule. Investment policy frequently expanded capacity, created new jobs on the existing technological level. It concentrated mainly on industry. Therefore, the transformation of the pattern of production took place in such a way that some branches barely developed in spite of their backwardness (e.g. agriculture, transport, the services).

Within industry, investments were based mainly on a fast increase of the production of heavy industry, while the development and modernization of the light and the food processing industries were lagging behind. More than half of the increase in industrial output was secured by growing employment.

The situation began to change in the sixties, Industrial investment increasingly helped to raise productivity. The share of industrial investment in the national total diminished, that in agriculture increased. In other words: with a somewhat more moderate economic growth rate and essentially stable levels of consumption and accumulation, and a regular annually rising level in incomes and personal consumption, when the share of non-industrial or, in a broader sense, of so-called non-productive investment increased, the modernization process of the forces of production accelerated. Newly established industrial and non-industrial projects were essentially built in keeping with contemporary standards and in a large part of the old factories relatively fast modernization of equipment took place. The branch and product pattern of production improved, it became more up-to-date, the directions of development conform better to international trends while better observing domestic endowments.

In agriculture, particularly after socialist relations had become dominant around the middle of the period, the labour drawn off had to be replaced by developing the forces of production and animal draught power had to be replaced by mechanical means. A considerable part of agricultural investment was used up by such replacements in that period, and relatively little could thus be spent on expansion. The introduction of up-to-date production procedures has essentially started in the current plan period.

In thirty years the Hungarian economy has come closer to the standards of economically advanced countries as regards both size and economic and technological methods. In spite of this, the development of the forces of production has not been efficient enough.

– In industry reconstruction was not sufficiently linked to modernizing the machinery and equipment park. Technology was frequently conserved by replacing machines not by new ones but by such as were obsolescent.

– Technological growth was uneven in the various industries. Progress was fast in the pharmaceutical industry, in a great part of the chemical industry, and in the aluminium processing industry, but the modernization of many important products was not satisfactory in the metal-working industries.

– The degree of utilization of modern mechanical equipment is not satisfactory by international standards: the organization of production is lagging even behind the level of mechanization.

– Mechanization accelerated in the main work processes, while many possibilities in the complementary and accessory processes of production remained unused.

– In agriculture the stock of equipment increased mainly in plant cultivation. In the starting and completing stages of the modern technological processes – the moving of materials and packaging – fifty-year-old technologies frequently persist in both industry and agriculture. According to computations the time spent in moving materials reaches one fourth of the total work process in industry and even 40 per cent in agriculture. In the more intensive stage of development this could be one of the most important areas where productivity can be raised.

– Owing to the development of the economy and to the expansion of international relations transport performance also had to be increased. But in these thirty years we spent less than necessary on the development of transport. This frequently led to delayed deliveries which hindered production. In addition to the modernization of the railway lines and rolling stock, it proved possible to rejuvenate and improve the motor vehicle park in recent years only.

– Regional location of the forces of production has been treated as urgent since the first period of socialist economic growth. An investment policy deliberately securing the rational utilization of labour resources could, however, be worked out only beginning with the sixties, mainly in the period of the fourth five-year plan. Since then a dynamic growth of industrial productive forces can be observed in the less industrialized countries. Care must be taken in the regional allocation of investment funds that obsolete means of production should not be moved from the traditional industrial areas to the provinces – together with an uneconomic product pattern – but that up-to-date technologies be introduced. The concentration of research facilities and research personnel is important basis for developing the forces of production. The central organization of research aimed at technological and economic development made great headway in the sixties. It was typical of personal and material conditions for research already in 1966, that the number of research workers exceeded 50 000 (or 1 per cent of those in employment) and that 4 000 million forints, or 2,3 per cent of national income were spent on research. The progress of scientific research accelerated at the end of the sixties. In 1974 the number of research workers exceeded 80 000 and research inputs 12 000 million forints, i. e. 3 per cent of national income.

But the results achieved are not good enough for the era of the technological revolution. To attain technological efficiency and social utility of development further progress is needed in scientific research. In the present intensive stage of development the intellectual and material forces intended for research must grow both in volume and proportion. It is even more important to create a closer relationship

between production and research and to accelerate the application in practice of research results. In addition to the pharmaceutical industry, a good example is supplied by the close relations between the international division of labour, scientific research and practical application in the course of implementing the program relating to computer techniques.

There are large and partly unutilized possibilities inherent in the various forms of the international cooperation for making technological development and economic progress more efficient. Long-term technological development agreements have been concluded and partly realized within the framework of CMEA. The number of subjects worked out in an international context is growing, although their ratio has remained rather low. A coordinated buying of licences may be an efficient utilization of development inputs, involving the domestic application of the scientific results achieved in the economically developed countries.

The role of international economic cooperation

Not only the road covered must be charted, in order to correctly judge our situation and development we also must realistically establish our place in the world. In the past thirty years the world economy as well has taken great strides forward. Within it, the progress of the socialist countries has been unbroken, continuous and considerable. The economies of the non-socialist countries have developed less evenly, booms and depressions have alternated and, on the whole, their growth rates have lagged behind that of the socialist countries. This relates both to the whole of the period and to the last fifteen years in particular. A faster growth can be seen in the socialist countries, even if the last two years, when serious crisis phenomena have been observable in the capitalist economies, are left out of account – although the recent changes, of course, are part of the nature of capitalism. In 1972 the industrial output of the socialist countries was 66 per cent higher, within it that of the CMEA countries 71 per cent higher than in 1960. At the same time, in the non-socialist countries industrial output increased by 44 per cent, in the Common Market countries by 49 per cent. Accordingly, the share of the socialist countries in the world output of industry rose from 36 per cent in 1960 to 39–40 per cent by 1972, and that of the non-socialist countries fell from 64 per cent to 60 per cent. Similar tendencies can be observed if other economic and social welfare indicators are examined.

Hungary, as a member of the socialist community, developed together with the other socialist countries, finding itself close to the average. In the meantime it joined the world economy with growing intensity. The turnover of foreign trade has always been growing faster than domestic production in the thirty years.

The weight of foreign trade is best exemplified by the fact that about a quarter of the products destined for final use is realized on external markets, and exports amount to almost half of national income.

In some branches the share of exports in final output is even higher, in the production of vehicles, in the telecommunication equipment and vacuum-technical industries it exceeds 70 per cent.

The importance of foreign trade is further underlined by the fact that the conditions of extended reproduction are extremely limited without regular imports. This dependence on imports derives from the fact that we do not possess raw materials nor sources of energy in adequate quantity and range even for maintaining existing levels. In addition, imported machinery and equipment play a considerable role in the expansion and modernization of production. The import-sensitivity is well expressed by stating that about 80 per cent of imports consist of means of production (machinery and raw materials).

Under such conditions it is not immaterial what we import and from which countries and at what price, or what we export, into which countries and at what price. Foreign trade can be a source of both gains and losses, the whole of economic development, domestically utilizable national income, consumption and accumulation depend on it.

It has been frequently said that the Hungarian economy necessarily depends on the international division of labour. The area of the country is small, the population barely exceeds ten million and we have only moderately developed forces of production. Economic growth cannot be based on such a limited national market with a small absorptive capacity.

There was a period during the past thirty years when not even that was obvious. Efforts were made to establish a production basis "independent" of the international division of labour. As a result, production became fragmented and so small in several fields that it was not profitable. There were scarcities while imports and, necessarily, exports rapidly increased. Thus, even when we aimed at independence relying on self-sufficiency, we greatly depended on our trading partners.

The imports dictated by necessity and the balancing exports, coupled with a rigid model of economic control and management deprived foreign trade of its essence, that is, the exploitation of advantages inherent in the international division of labour.

It thus follows that the joining in the international division of labour requires a rational organization of the domestic production, and the development of an economic structure that reckons with external markets.

Relations of interdependence develop in the international division of labour. The more intensive international economic relations become, the greater this interdependence will be. It is well known that international trade is growing not only in this country, but all the world over at a rate exceeding the internal growth of the economy. But mutuality also means that it is not only we who depend to an increasing degree on others, but – at least in the case of an adequate economic and trade policy – others may and do depend more and more on us as well. Of course, the position of small countries is different in this system of dependencies from that of major

economic units, but a great part of the world trade is made up of trade between small and medium-sized countries.

Under the given conditions economic policy must weigh whether, in the intricate web of dependencies, relative independence can be attained e.g. by the diversification of imports – perhaps of basic groups of commodities – and whether it is expedient to do so or, on the other hand, to what extent a concentration of exports can strengthen the country's position in world trade. It is likely that no unequivocal answer, valid at all times, can be found, but for some definite period a certain guideline can be presumably worked out and more or less consistently applied. It can, however, be hardly doubted that specialization in production and the concomitant production concentration necessary in economic development also in the interest of the desirable and fast raising of the technological standards can be successfully achieved only by what is called export concentration.

In addition, such relations come about partly between countries with the same and partly with such with different socio-economic systems. Our economic and political interests equally demand that relations be established with individual countries or groups of countries in a differentiated manner. Development of economic cooperation with the CMEA countries, and, among them, with the Soviet Union, is of outstanding importance for us, involving the fullest possible utilization of possibilities inherent in socialist integration.

In the past quarter of a century the development of socialist economic integration has been a highly important source of economic growth and its importance is continuing to grow, since we are merely in the initial stage of the evolution of the integration process and an acceleration of it may be expected. This is particularly true of recent years, since the working out, the adoption and the starting implementation of what is called the Comprehensive Program. From the point of view of our economic development economic cooperation and division of labour in the long term, guided by the idea of proletarian internationalism, which is consciously planned, and can cleverly combine and take into account national and international possibilities and mutual benefits, is of invaluable importance.

Today, a decisive part of mutual commodity trade – that based on long-term interstate agreements – is transacted by reliance on such a division of labour and specialization. All that provides great safety and means at the same time great responsibilities in development decisions, and also secures high stability in management.

Stability in the economy, and in economic development, is particularly valuable in the present state of the non-socialist world economy. We are witnesses to large, fast structural and business changes which are very difficult to forecast and at times we also participate in them. We would like to expand our relations – in conformity with our interests – with the non-socialist countries as well, in such a way that these external processes should not endanger our social objectives. This is possible only if stability is coupled with adequate mobility, an ability to manoeuvre better

than at present, if we can draw the lessons from world economic processes more quickly and if we can improve the ability of our economy to react – by changing the patterns of production, exports and imports, by a faster raising of efficiency.

Development of the system of economic control and management

In every historically given system of external and internal, economic and social conditions it is of fundamental importance what degree of harmony can be secured between the general objectives of economic policy and their concrete implementation and what means have to be used to achieve it. This harmony must be secured by the system of control and management. In the course of the past thirty years our system of management has undergone several changes, and important developments. These changes were required by socio-economic progress.

In these thirty years of socialist development we have reached the present, when we can set the objective and determine the general program of building up the developed socialist society, through several phases. It is not my intention to contribute to the discussion on the periodization of our development at this point. Instead, let me mention only the interrelation, which has become a commonplace, that different criteria of evaluation, different systems of goals belong to each stage of development. Proceeding in an unhistorical manner it would be hardly possible to correctly understand, and much less to solve, the tasks of a given period, liquidating the contradictions which are passing or just emerging when economic development is evaluated or its tasks are determined. Such simplifications, tearing out of context results or weaknesses or even their neglect, are frequent. The analysis and evaluation of the objective processes of economic development in harmony with the nature of the development phase in question is the most important condition also for an adequate change in the system of control and management, for its development to serve the objective most successfully. Of course, the values created must be always preserved, both the achievements of socialist development and the features determining the lasting, socialist character of management.

“Only large-scale, planned construction, which aims at evenly utilising economic and business values, deserves to be called socialist.” [1] – said Lenin in 1918. And later: “...we cannot work without a long-term plan that envisages important achievements.” [2] Socialist economic planning as a science and practice is of the same age as the building of socialism. In connection with the proposition first quoted Lenin emphasized the importance of local autonomy and initiative.

The necessity for economic planning and the tasks of developing it as formulated at a given date provide only little orientation as regards the extent of centralization or decentralization of management and decision-taking, and as regards the organizational solutions devised for this context. Correct economic planning requires that at a given date and under the effect of circumstances the system of cen-

tralization, of central control, should be asserted in a stronger, and at an other date and under other circumstances, in a weaker form. Even decentralization can be implemented only as a function of the situation and the tasks, weighing up the training and skills and the consciousness of the whole of society, and to the extent to which the methods of guidance and organization correspond to scientific requirements.

There is no general formula for establishing the proportions of centralization and decentralization; one thing is certain: neither will lead to success alone.

Centralization and decentralization are not antagonistic contradictions of socialist society which have to be differently interpreted in the stage of building developed socialism, at the time of the scientific and technological revolution than in the period when the bases of socialism are laid down. The scientific and technological revolution demands from us the use of scientific and technological achievements in planning, in control and in management. This frequently requires a high degree of specialization, high standards of professional qualification, and centralization. At the same time, also the basic tendency of socialist democracy must be asserted, that is, the growing role and autonomy of economic, social and political organizations. Essentially this is a parallel process, similar to the increase of specialization in the executive organs of the state control, and the increasing expansion of the role and participation of representative – social and political – organizations. Naturally, the latter process is not independent of the political, economic, professional and cultural standards, of the general education of the population, of the organizations, nor can it be considered as independent of the general program of building socialism, and the practical work of Party and government organizations.

But the scientific and technological revolution will not automatically solve economic and social problems. In addition to the advantages and possibilities it promises it raises the problem of a socialist solution to the meaning of the relationship between man and machine, man and work, the changes in the relations to each other of human groups and strata, and the long-term prospects of human self-fulfillment.

The building of the advanced stage of socialism also shows a further development and improvement in the substance and methodology of economic and social planning and control. It was partly the more complicated and complex nature of this phase and partly the emphasis on quality as well as the results and possibilities of the scientific and technological revolution that have made this expansion desirable and necessary. The complexity derives from the fact that we have superior forces of production, the fast changing technologies of our age and the standards of the world economy demand rapid development, adaptation and flexible procedures in planning and control. The quality requirements refer not only to the production and operation of highly developed and up-to-date technological equipment, but also to social factors and processes such as the raising of professional standards, the appropriation of modern organizational and management procedures, the optimal organization of the information flow and decision levels. It is therefore an important re-

quirement in the new phase that a qualitative change in the human forces of production should constitute a part of planning and not only in respect of its material implications, but also as regards substantive objectives.

In planning, therefore, the political and social objectives become linked with economic means. Perhaps it was not mere coincidence that the 11th Congress of the Hungarian Socialist Workers Party in March 1975 was able to formulate the new program of the Party, outlining the prospects of social progress in Hungary, and, as part of it, of economic construction. Though this may express the subjective attitude of an economist, allow me to say that I believe that it is precisely long-term plans that allow the precise formulation of these lofty objectives and they are also important means of implementation. We cannot state that long-term planning, as a peculiar part of the planning procedures of the intensive stage, is accomplished in every detail and as regards methods. We increasingly need such analyses of specialized disciplines, of mathematical statistics, sociology and economics which will disclose the mutual effects of individual economic and social processes.

The present stage of development shows not only an expansion of the contents and objectives of planning and control, but also an enrichment of and changes in its armory. In this respect, mainly the spreading application of the methods of mathematical statistics and mathematical economics in planning and management methodology should be stressed. Economic planning, management and control have been supported in the past ten years by various macro-economic models, static and dynamic input-output computations, optimization procedures, systems organizing, simulation procedures and various kinds of operations research. The further development and actual application of mathematical methods in the practice of planning, control and management is considerably promoted by the increasing use of computer techniques.

But we must not think that methods and techniques are sufficient in themselves, that our problems can be solved by using mathematics. These are merely tools, the tools of the researcher, of those doing creative work. It is the creative person who finds the suitable method, and translates the data and the interrelations into human language.

In an earlier stage of socialist construction control, management and planning were overcentralized, constituting a web of direct instructions incapable of exploiting local potentialities or of coordinating objectives of development with economic possibilities. Rigidity led to losses, not to mention the political consequences. This system of control and management could be justified from several points of view and could undoubtedly show results. But its essential faults also came to the fore, owing to which at the end of the fifties it had to be modified significantly, and then, in the second half of the sixties – essentially at the beginning of the intensive stage of development – a comprehensive change had to be carried out. The advantages of central planning were linked with economic regulators, such as prices, profits, interestedness, incentives etc. The indirect regulating role of the economic categories listed contributed to

a development of the economy which better conformed to the plan, to a greater assertion of the superiority inherent in socialist relations of production. Our system of control and management has become more flexible, and it keeps the quality requirements of management much more in view than did the earlier one.

Of course, nobody could expect that the regulations emerging step by step, as a chain, would directly assert the requirements of the intensive stage in the most appropriate manner and to the most suitable extent. The measures promoting the efficiency and intensity of the economy cannot, by their very nature, be rigid or unchangeable, since they are called upon not only to fight contradictions inherited from the past, but they also must correct present mistakes and frequently unforeseen events and processes as well. On the other hand, a certain stability of regulators is also necessary to secure a balance of economic processes. Attention must be paid to every signal, but we need not – perhaps should not – intervene promptly and rashly. A certain patience is needed, the more so, since the visibility of a negative phenomenon need not necessarily be a deficiency of the regulating system, and could well be one of its merits. Obviously, in such cases it is not the tool that disclosed the deficiency that should be done away with, but the cause releasing it. In addition, it is necessary to improve the regulating system as well, adapting it to changing circumstances.

*

The thirtieth anniversary is not only a date to commemorate, it has been a good opportunity for drawing up a balance sheet showing where we started, what we have achieved, and what tasks are facing us. This was performed, a mere a month ago, by the 11th Congress of the HSWP. The greater the number of years that pass between 1945 and “the present”, the more we leave behind us the dark capitalist past, and the richer the contents of our socialist present will be. The Congress also determined what has to be done in the next five years, and the program marked out the road up to the turn of the millennium. I could only touch on all this indicating some of our tasks and their complexity. All that because, to use the words of Engels: “...it is not so much the sheer results as their studying that is necessary... – this we have known since Hegel – and the results are not only useless but harmful as well, if they are filed in themselves, if they are not turned into premises of further development.” [3]

References

1. LENIN, V. I.: Speech at a congress of chairmen of gubernia Soviets. July 30, 1918. In: *Collected Works*, Vol. 28. Moscow, 1974. Progress Publishers. p. 36
2. LENIN, V. I.: Report on the work of the council of people's commissars, December 22, 1920, to the Eight All-Russia Congress of Soviets. In: *Collected Works*, Vol. 31, Moscow, 1974. Progress Publishers. p. 511
3. ENGELS, F.: *Die Lage Englands*. Thomas Carlyle: “Past and present.” *Marx-Engels Werke*. Berlin, 1956. Dietz-Verlag. Band I. S. 538

О НЕКОТОРЫХ УРОКАХ ТРЁХ ДЕСЯТИЛЕТИЙ

И. ХУСАР

Подытоживая главный опыт, автор утверждает, что основной источник успехов заключается в обеспечении согласованности между принципиальной политикой и активностью трудящихся, проводившейся в течение последних двух десятилетий. Уровень экономического развития приблизился к уровню промышленно развитых стран, однако развитие производительных сил не было достаточно эффективным, особенно на экстенсивной стадии развития. На интенсивной стадии развития особенно большую роль играет научно-техническое развитие и развитие международного экономического сотрудничества. Особенно важно в этом смысле сотрудничество со странами-членами СЭВ. Со времени всестороннего преобразования системы хозяйственного управления оно стало более гибким, качественные условия хозяйственной деятельности получают в ней больше отражения. Такое опосредованное нормирование содействовало более планомерному развитию народного хозяйства.

И. ХЕТЕНИ

30 ЛЕТ ВЕНГЕРО-СОВЕТСКИХ ЭКОНОМИЧЕСКИХ СВЯЗЕЙ

Как изменились характер и форма экономических связей между самым большим для Венгрии и пятым по величине для Советского Союза внешнеторговым партнером, какую роль играет это сотрудничество в экономическом развитии обеих стран?

Каковы дальнейшие возможности перспективного сотрудничества этих двух стран и что необходимо сделать для обеспечения этого перспективного развития?

Тридцать лет развития венгеро-советских экономических связей являются неотъемлемой частью общего развития возникшей после второй мировой войны мировой социалистической системы, углубления политических и экономических связей между странами-членами СЭВ. За прошедшие три десятилетия характер и форма наших связей и области нашего сотрудничества изменялись в соответствии с требованиями экономического развития; новые задачи экономического развития, изменения как внутри СЭВ, так и в мировом хозяйстве, новые условия будут и в будущем вызывать новые формы нашего сотрудничества. Наряду с переменными факторами сотрудничества существуют и основополагающие, стабильные элементы этих связей. Стабильной является прежде всего *политическая* основа экономического сотрудничества. Стабильным в отношении Венгрии элементом можно считать и то, что в наших внешнеэкономических связях и, соответственно, в разработке и реализации целей нашего экономического развития сотрудничество с Советским Союзом играет важную роль.

Восстановление экономики и преобразование ее структуры

Отмечая знаменательную годовщину, уместно вкратце вспомнить основные этапы прошедшего периода. Не безынтересно напомнить прежде всего о том, что подобно остальным восточноевропейским социалистическим странам до второй мировой войны Венгрия относилась к периферии капиталистического мира, и это ее периферийное положение отражалось в многочисленных условиях и проблемах, унаследованных от прошлого. Сильная зависимость от внешнеэкономических связей существовала и тогда, но в то время она основывалась на том, что структура экономики капиталистической Венгрии характеризовалась превалированием аграрного производства, низким — за исключением некоторых отраслей и групп изделий — техническим уровнем и недоразвитой тяжелой промышленностью. Это определяло роль, которую Венгрия играла в отношении капиталистической Западной Европы — она выполняла функцию житницы более развитых в промышленном отношении государств. Наряду с этим в отдельных областях был накоплен относительно большой профессио-

нальный опыт, который при благоприятных политических условиях мог бы дать возможность для модернизации экономической структуры.

Освобождение Венгрии принесло с собой коренное изменение политических условий, но вместе с тем война нанесла стране огромный, по сравнению с ее размерами и экономическим потенциалом, ущерб. Таким образом, после освобождения перед страной стояла *двойственная экономическая задача*. *Ближайшей* была задача восстановления страны, а *перспективной* — задача преобразования экономической структуры. В обеспечении решения обеих этих задач неоценима заслуга Советского Союза. Советский Союз оказал нам первую помощь в восстановлении страны. В августе 1945 года по инициативе СССР было заключено первое действительно функционирующее торгово-платежное соглашение. В рамках этого соглашения Советский Союз поставил нам необходимые для восстановительной работы сырье, машины и зерно.

Говоря о «предыстории» венгеро-советского экономического сотрудничества, не следует забывать и о том, что в то время внутри молодых восточноевропейских стран народной демократии шла острая борьба за власть и что в это время решился в пользу социализма вопрос «кто кого».

Налаживание внешнеэкономических связей также сопровождалось политической борьбой. Главным вопросом здесь была будущая внешнеэкономическая ориентация этих стран, поскольку раньше народные хозяйства восточноевропейских стран были сильнее связаны с экономикой развитых капиталистических стран. Из-за существования «санитарного кордона» с Советским Союзом не имелось сколько-нибудь существенных экономических сношений. Естественно, что в условиях обострения классовой борьбы нужно было пересмотреть и вопрос о прежних, традиционных связях, учитывая при этом, что принятие предложенной капиталистической «помощи» (план Маршалла) ослабило бы силы социализма. Отказ от плана Маршалла был самой яркой демонстрацией изменения внешнеэкономической ориентации стран народной демократии.

Установление между социалистическими странами связей нового типа символизировалось возникшими между ними договорами о дружбе, сотрудничестве и взаимной помощи. Заключенный между Венгрией и СССР в 1948 году договор демонстрировал то, что наши страны стремились к установлению *долгосрочных и прочных* связей, что открывало новые возможности и в экономической сфере. Образование в 1949 году Совета Экономической Взаимопомощи свидетельствовало о начале процесса формирования системы экономических связей между социалистическими странами. Можно сказать, что к концу сороковых годов сформировались общие рамки развития наших связей.

Экономические связи между странами-членами СЭВ характеризуются прежде всего тем, что в период с конца сороковых и до середины пятидесятых годов они способствовали осуществлению важнейших структурных преобразований путем социалистической индустриализации этих стран. Это справедливо, даже если мы и осознаем факт наличия автаркических устремлений в национальных курсах экономического развития. Это не затрагивало существа связей, но вело к тому, что отношения взаимной зависимости сложились не в сфере производства, а в обращении. Значение внешнеэкономических связей можно хорошо проследить и на примере наших отношений с Советским Союзом. Со-

ветское оборудование и сырье сыграло решающую роль в индустриализации нашей страны (эти поставки позволили построить многие промышленные предприятия). В обмен на советские машины и сырье Венгрия поставляла необходимые для Советского Союза готовые изделия, продукцию сельского хозяйства и пищевой промышленности. Уже в этот период проявилось, что в лице Советского Союза наша страна нашла такого внешнеэкономического партнера, который может обеспечить благодаря емкости своего огромного рынка стабильный и организованный сбыт многих наших изделий на длительную перспективу, и вместе с тем оказывает большую помощь развитию нашей промышленности путем поставок сырья, энергоносителей и комплектного оборудования.

Предоставленные Советским Союзом кредиты и субсидии в значительной мере способствовали быстрой экономической стабилизации после разгрома контрреволюции 1956 года. Советские кредиты дали толчок развитию многих отраслей и строительству крупных предприятий, имеющих и сегодня и в перспективе большое значение для развития нашего народного хозяйства. К ним относится, например, промышленность техники связи, приборостроение и сильноточное машиностроение, Дунайский металлургический комбинат, завод искусственных удобрений в г. Ленинварош и другие.

Два периода

В начале шестидесятых годов появились новые возможности в экономическом сотрудничестве социалистических стран, и в частности, в экономических связях между Венгрией и Советским Союзом. Созрело признание того, что без развернутого *сотрудничества в сфере производства* мы можем использовать возможности, кроющиеся в экономических связях, лишь в ограниченной степени. Поэтому основой внешнеторгового оборота должно быть сознательное развитие рационального и многостороннего международного разделения труда. Не располагая еще должной исторической перспективой для научной периодизации, я все же думаю, что не ошибусь, если период с начала шестидесятых годов до XXIII сессии СЭВ, то есть до 1969 года, охарактеризую как период созревания этой мысли и поисков направлений, методов и форм сотрудничества, которые способствовали бы переходу от традиционного разделения труда внешнеторгового типа к разделению труда производственного типа. Результаты этой работы отражены в принятой в 1971 году Комплексной программе, которая намечает основные направления и методы экономического сотрудничества стран-членов СЭВ, отдавая приоритет связям интеграционного типа. Естественно, что путь к Комплексной программе не был легким, ведь и сегодня приходится преодолевать много проблем, чтобы обеспечить действительное развертывание интеграции во всех существенных сферах экономики. Если рассматривать этот период с точки зрения внутренних задач развития стран-членов СЭВ, то выяснится, что в большинстве этих стран почти одновременно на повестку дня встал вопрос об интенсификации производства. Наряду с проблемой рабочей силы большую роль сыграло в этом и то, что относи-

тельная экономическая отсталость стран-членов СЭВ, по сравнению с развитыми капиталистическими странами, не исчезла и после решения основных задач социалистической индустриализации. По характеру крупных структурных преобразований экономика стран-членов СЭВ приблизилась к экономике развитых капиталистических стран, однако по уровню развития производительных сил и эффективности они все еще отстают от последних. Этот уровень можно достичь лишь путем быстрого использования достижений научно-технической революции и в соответствии с этим — путем развертывания сотрудничества интеграционного типа, всесторонне учитывающего возможности международного разделения труда. Однако путь к признанию и практическому осуществлению этой истины ведет через формирование и проверку реальных экономических процессов, включая новые формы международного сотрудничества.

Начиная с шестидесятых годов в системе венгеро-советских связей начинает усиливаться стремление к более *рациональному размещению производительных сил*. В Венгрии в это время получило полный размах расширение производства, которое во многих отраслях превысило рамки внутренних потребностей страны, учитывая возможности, предоставляемые огромным советским рынком (в 1960—1965 гг. взаимный товарооборот между СССР и Венгрией возрос на 92%).

Самым известным примером этого процесса является соглашение на срок до 1980 года о сотрудничестве в области производства глинозема и алюминия, суть которого заключается в том, что энергоемкий процесс выплавки алюминия производится в местах, располагающих относительно дешевой электроэнергией. Это соглашение позволило нашей стране развивать быстрыми темпами производство готовой продукции из алюминия. Соглашение о поставке венгерских овощей, фруктов и консервов сыграло большую роль в развитии нашего сельского хозяйства. Возможности динамического развития венгерской фармацевтической промышленности также были созданы в этот период: в 1966—1970 гг. ее продукция удвоилась благодаря международному сотрудничеству. В результате этого Венгрия вышла в число крупнейших в мире производителей и экспортеров медикаментов.

Важный фактор политики развития

Для наших дней характерно общее стремление к эффективному, к экономичному и в международных масштабах использованию путем *селективного* развития имеющихся в отдельных странах возможностей. Таким путем можно обеспечить выпуск продукции передовых параметров, качества и с такими затратами, которые делают развитие связей выгодным для обеих сторон. Среди наших внешнеторговых партнеров первое место занимает Советский Союз. На его долю приходится 36% всего товарооборота. С Венгрией же осуществляется 7% внешнеторгового оборота Советского Союза, и наша страна стоит на пятом месте в ряду внешнеэкономических партнеров Советского Союза. Во многих секторах данные об объеме товарооборота указывают на наличие таких связей, которые стали предпосылками для разработки динамичной и селективной политики развития. Большинство наших центральных программ развития

базируется на венгеро-советском сотрудничестве, или, по крайней мере, соприкасается с ним во многих точках.

Помимо упомянутого выше развития алюминиевой промышленности, значительными с этой точки зрения является развитие транспортного машиностроения, прежде всего производства автобусов и задних мостов, которое в большой мере основано на сотрудничестве с Советским Союзом. Народно-хозяйственное значение такой специализации (то есть то, что Советский Союз и в перспективе рассчитывает на поставки автобусов и задних мостов из Венгрии) далеко выходит за рамки внешнеторгового оборота, ибо речь идет об отрасли, развитие которой оказывает стимулирующее воздействие на развитие многих других отраслей и предприятий венгерской промышленности.

Своеобразное сотрудничество стало возможным между нашими странами в результате заключения соглашения о сотрудничестве в производстве олефинов, согласно которому Венгрия ежегодно, начиная с 1975 года, будет поставлять Советскому Союзу 130 тыс. тонн этилена и 80 тыс. тонн пропилена, а в обмен будет получать полиэтилен, полистирол и другие изделия на базе олефинов. Это соглашение действительно до 1985 года. Думается, что сотрудничество с Советским Союзом сыграло определяющую роль в нашей программе развития нефтехимической промышленности (включая и снабжение этой отрасли сырьем и отчасти современной техникой), в то же время соглашение о сотрудничестве в производстве олефинов обеспечивает непосредственное кооперирование производства и создает условия для развития этой отрасли и на дальнюю перспективу.

Соглашение о сотрудничестве в производстве глинозема и алюминия, сотрудничество в области фармацевтической промышленности, программа производства средств автотранспорта и программа производства олефинов — это такие цели развития, которые являются важной составной частью и наших долгосрочных программ развития. Эти отрасли становятся секторами сосредоточения современной техники в венгерском народном хозяйстве. Сюда же можно причислить и развернувшееся в рамках СЭВ сотрудничество в области создания средств вычислительной техники и разработанную в этой связи программу производства средств вычислительной техники. Это означало для Венгрии специализацию в производстве ЭВМ типа Р-10, в то же время СССР обеспечивает поставку Венгрии высокомошных ЭВМ типа Р-20, Р-30 и Р-50. Сотрудничество в области создания средств вычислительной техники дало новый стимул для развития нашей промышленности средств связи, располагающей опытными кадрами. К тому же отрасль занимает ведущее место в наших внешнеторговых связях. Венгрия является одним из крупнейших зарубежных поставщиков Советского Союза по средствам связи, электротехнического и вакуумного оборудования.

Важнейший сектор наших поставок в СССР — это экспорт товаров широкого потребления. Эти товары составляют примерно одну треть всего экспорта, этот высокий процент сохранится и в обозримом будущем. Венгерские поставки изделий швейной промышленности являются важным фактором снабжения советского рынка высококачественными товарами широкого потребления (так, например, импорт хлопчатобумажных тканей из Венгрии составляет при-

мерно 35%, кожаной обуви — свыше 12% всего советского импорта). СССР — также самый крупный импортер продуктов венгерского сельского хозяйства и изделий венгерской пищевой промышленности. Большую долю здесь занимают овощные и фруктовые консервы, свежие овощи и фрукты, изделия мясной промышленности, а также вино.

Растущие требования

Структура венгерского экспорта в Советский Союз в целом верно отражает возможности производства, — а также его ограничения в отношении эффективности и качества — и представляется хорошей основой для перспективного развития венгерской экономики. Важную роль в этом играет, как мы видели, заинтересованность Советского Союза. Поэтому развитие сотрудничества должно приспособливаться к изменяющимся запросам. В отношении сотрудничества с Советским Союзом это значит, что к нашим товарам будут предъявляться *все более высокие требования*: запросы советской экономики растут на продукцию отраслей, служащих техническому перевооружению, интенсификации развития экономики на базе передовой техники, а также на товары широкого потребления, способные удовлетворить растущий спрос населения на продукты и изделия высокого качества. В этих областях развитие связей будет выгодным для обеих сторон в течение длительного времени. Из многообразия открывающихся здесь возможностей укажем лишь на некоторые.

В СССР осуществляется широкая программа развития энергетики, в рамках которой предполагается строительство системы нефте- и газопроводов. Думается, что Венгрия могла бы успешно включиться в претворение этой программы поставками средств связи и автоматики, оборудования насосных станций, необходимых для трубопроводов. Создав соответствующие производственные мощности, Венгрия могла бы удовлетворять потребности такого рода и энергетического строительства, осуществляемого на основе многостороннего сотрудничества в рамках СЭВ. Оправдано также развитие в перспективе сотрудничества в рамках СЭВ в области атомной энергетики, прежде всего специализации в области производства вторичного и водяного оборудования. Наряду с этим мы считаем, что много невыявленных и неиспользованных возможностей кроется в такой важной и чувствительной области, как специализация и кооперирование производства запасных частей и узлов. Необходимо в будущем обеспечить важную роль такого сотрудничества и в наших двусторонних связях, опираясь при этом на общие многосторонние мероприятия, проводимые в рамках СЭВ.

Взаимная заинтересованность

Прежде чем рассмотреть, как содействуют поставки из Советского Союза экономическому развитию Венгрии, необходимо кратко остановиться на *взаимной заинтересованности*, лежащей в основе наших связей. Согласно некоторым буржуазным «специалистам», высокая доля Советского Союза

в наших внешнеэкономических связях ставит Венгрию в невыгодные для нее отношения экономической зависимости, согласно же другим, СССР не получает сколько-нибудь существенных выгод от сотрудничества с такой малой страной, как наша. Наилучшее опровержение таких взглядов — это факты. Большое место, занимаемое Советским Союзом в нашем внешне-торговом обороте, отнюдь не является выражением какой-либо неблагоприятной зависимости. Интенсивные экономические связи с СССР не препятствуют развитию производительных сил страны, а способствуют ему. Высокий удельный вес Советского Союза отражает естественные преимущества, получаемые небольшой по размерам экономикой от наличия прочной связи с емким и стабильным в перспективе рынком. В конечном счете, только опираясь на сотрудничество в рамках СЭВ и в первую очередь — на венгеро-советские связи, мы могли и можем сейчас осуществлять такие структурные преобразования, которые улучшают нашу конкурентоспособность и на рынках третьих стран, укрепляют нашу позицию в развитии связей с развитыми капиталистическими странами.

Что же касается заинтересованности Советского Союза в развитии связей с нашей страной, то ясно, что хотя их значение растет, они не могут означать для СССР то же самое, что для нас. Это естественно вытекает из многократно большего экономического потенциала внутреннего рынка СССР. Однако Советскому Союзу не безразлично, в какой мере может расширение импорта и углубление планомерного международного разделения труда ускорить решение задач собственного экономического развития. Ссылка на то, что Советский Союз, в конечном итоге, может организовать собственное производство практически в любой области, сама по себе справедлива, но этот аргумент не учитывает фактор времени и затрат. Даже Советский Союз не может *одновременно* развивать все области своей экономики. В то же время импорт позволяет ему высвобождать средства для развития других областей. Вытекающие из этого преимущества очевидны, особенно если учесть, что экспорт продукции советской обрабатывающей промышленности в другие социалистические страны позволяет советской экономике расширять масштабы производства, повышать его серийность и тем самым способствует повышению его экономической эффективности. В этой связи необходимо иметь в виду не только венгерский рынок, но и более чем стомиллионный рынок всех остальных стран-членов СЭВ, и тогда станет ясным, что включение в международное разделение труда выгодно и для СССР.

Важнейшее место в венгеро-советских экономических связях, в импорте из Советского Союза занимают поставки топлива, а также сырья и материалов. Большая часть венгерского импорта топлива и электроэнергии поступает из Советского Союза. Эти поставки важны для венгерского народного хозяйства не только из-за их размеров, но также из-за их *надежности*. Это позволило продолжать нашу экономическую политику без радикального пересмотра ранее поставленных целей по развитию венгерской экономики несмотря на потрясения в мировом капиталистическом хозяйстве. Наши связи с Советским Союзом в области топливно-энергетического снабжения все более следует рассматривать в рамках развертывающегося многосторон-

него сотрудничества стран СЭВ. Основные области этого сотрудничества — создание мощностей для транспортировки и добычи углеводородов, создание объединенной энергосистемы стран-членов СЭВ, а также совместное развитие атомного машиностроения. Самым крупным совместным начинанием, несомненно, будет строительство магистрального газопровода на советской территории от района Оренбурга до западной границы СССР. Другим совместным сооружением большого значения будет строительство линии электропередачи напряжением 750 кв от г. Винницы в Советском Союзе до местечка Альбертирша (Венгрия).

В рамках данной статьи невозможно полностью проанализировать все значение экспорта сырья и материалов из Советского Союза в Венгрию. Хорошо известен факт, что венгерская черная металлургия, алюминиевая промышленность, производство искусственных удобрений, деревообрабатывающая промышленность и текстильная промышленность работают в основном на сырье, импортируемом из Советского Союза. Имеется возможность и для дальнейшего развития импорта сырья и материалов, однако необходимо учитывать, что его можно увеличивать лишь в ограниченной мере и на основе *общих усилий* (целлюлоза, асбест, ферросплавы). Сотрудничество может расширяться в будущем по линии импорта материалов в более обработанной форме (частично полуфабрикатов). Эта форма импорта дает возможность также приблизить наиболее энергоемкие производственные процессы к источникам энергии в Советском Союзе, сократить транспортные расходы и одновременно соответствует естественному стремлению советского экономического развития к совмещению в рациональной мере добычи полезных ископаемых с их переработкой, к увеличению таким образом экспортного потенциала.

Важной областью нашего сотрудничества является участие советского машиностроения в развитии венгерской промышленности. Такие примеры уже приводились выше. Значение поставок советского оборудования для развития венгерской промышленности не уменьшится и на интенсивной стадии нашей индустриализации. Продолжению этого сотрудничества в 70-е годы послужит реконструкция предприятий по добыче нефти и природного газа, нефтеперегонных заводов, строительство атомной электростанции, модернизация стекольных, металлургических и текстильных предприятий и т.д. Программа по развитию венгерского транспорта и развитие крупнотоварного сельскохозяйственного производства открыли дорогу для импорта советской техники в целом ряде новых областей. Возросло также значение импорта товаров широкого потребления долговременного пользования. Все же можно утверждать, что существуют еще большие возможности для увеличения импорта техники, прежде всего путем кооперирования производства, а именно, путем увеличения импорта крупных партий запасных частей и узлов.

Задачи на будущее

Важную роль в развитии экономического сотрудничества играет *координация народнохозяйственных планов*. Координация планов между Венгрией и Советским Союзом способствует также осуществлению экономической интеграции стран-членов СЭВ. Согласно результатам проделанной до сих пор работы по координации планов на следующий плановый период, рассмотренные области экономических связей будут динамично развиваться и в период до 1980 года. Развитие наших связей и впредь послужит обеспечению надежного снабжения венгерского народного хозяйства топливом и энергией, что отвечает нашим стремлениям по развитию промышленности и структурному преобразованию экономики. Объем взаимного товарооборота будет расти ежегодно по крайней мере на 7—8%, но с развитием кооперирования производства товарооборот может расширяться еще быстрее в соответствии с интересами обеих сторон и может совершенствоваться его структура. Есть возможность для того, чтобы внешнеторговый товарооборот между Венгрией и СССР и на возросшей базе сохранил его теперешнюю долю в наших внешнеэкономических связях.

Хотя мы подчеркивали, что в углублении экономических связей в равной мере заинтересованы обе стороны, тем не менее — из-за различия масштабов венгерской и советской экономик — венгерское народное хозяйство более интенсивно зависит от развития внешнеэкономических связей. Из этого необходимо сделать несколько выводов.

Прежде всего необходимо глубже изучить *важнейшие тенденции развития советской экономики*, в частности, и с помощью организации двусторонних консультаций по экономической политике с тем, чтобы можно было *во время* подготовиться к появлению новых направлений в экономическом развитии Советского Союза и углубить сотрудничество выявлением новых элементов взаимной заинтересованности. Необходимо проявлять больше инициативы, ибо как показывает опыт, предложения, основанные на правильном анализе обстановки и отражающие взаимные интересы, открывают гораздо более широкие возможности для сотрудничества, чем те, которые в конце концов можно реализовать. Речь идет о том, что развертывание инициативы увеличивает число альтернативных возможностей, что уже само по себе является для Венгрии важным фактором. Например, уже сегодня ясно видно, что создание единой энергосистемы и интенсификация сельского хозяйства СССР представляют долгосрочные экономические задачи, которые позволят Венгрии в течение длительного времени участвовать в их осуществлении.

Эта мысль приводит к необходимости долгосрочного обоснования этих связей. Система координации пятилетних планов, — дополнившаяся в последнее время заключением ряда долгосрочных соглашений о сотрудничестве в области производства сырья, — является хорошим орудием формирования всех существенных аспектов экономических связей. Наряду с этим, учитывая современный уровень развития техники и возросшие масштабы производств необходимо организовать долгосрочное сотрудничество

на некоторых ключевых участках. Комплексная программа намечает в перспективе координацию некоторых специально выделенных деятельности, и наша задача состоит в содействии — и в рамках системы двусторонних связей — своевременному и перспективному налаживанию сотрудничества в этих важных выделенных областях. Речь идет о сотрудничестве типа того, которое осуществляется в области производства глинозема и алюминия, олефинов и т.д. Такое сотрудничество может быть успешно налажено и в отдельных отраслях обрабатывающей промышленности.

Необходимо добиться *коренных перемен* в кооперировании производства, прежде всего в машиностроении и отчасти в химической промышленности. Мы не можем мириться с тем, что производительность труда в нашей машиностроительной промышленности относительно низка, несмотря на достигнутый уровень развития этой отрасли. В последние годы имелся ряд начинаний, часть которых хорошо оправдала себя в области углубления кооперирования производства. Эту работу следует продолжить дальше. Кооперирование в машиностроительной промышленности — это вопрос стратегического значения, поэтому его нельзя решать, исходя исключительно из расчетов рентабельности, основанных на краткосрочных экономических условиях. В качестве равноправных критериев селективного развития необходимо учитывать передовой уровень изделий, массовость производства, уровень квалификации используемого труда, наличие базы исследований и разработок. Мы не можем исходить в своих расчетах из того, что сокращение расходов за счет кооперирования по отношению к высоким издержкам производства, служащего удовлетворению внутренних потребностей страны, должно полностью реализоваться как доход, ибо в мировом хозяйстве различия в экономической эффективности оцениваются не по отношению к венгерским затратам, а *по отношению к издержкам, признаваемым на международном уровне*. Учитывая это, необходимо стремиться к таким формам сотрудничества, при которых мы можем, опираясь на создаваемую в Советском Союзе гигантскую базу производства запасных частей и узлов, сформировать такую номенклатуру продукции, которая, с одной стороны, более экономична, чем существующая в настоящее время структура производства, ориентирующаяся на производство конечной продукции, а с другой стороны — может более гибко приспосабливаться к изменениям спроса. Такой метод сотрудничества желательно осуществить прежде всего в машиностроении.

Развитие производственного сотрудничества в рамках экономического сотрудничества требует более решительного управления и в отношении научно-технических связей. Эти связи необходимо более последовательно направлять на эффективное повышение научно-технического уровня перспективных профилей венгерской продукции. Это более осязаемый общий интерес, чем такая «фронтальная» организация научно-технического сотрудничества, результаты которой могут лишь слабо использоваться в нашей экономике.

Повышение требований обращает наше внимание на необходимость совершенствования организации венгеро-советских экономических связей не межгосударственном уровне и на уровне предприятий и на их более тес-

ное увязывание. Объем и структура взаимного товарооборота между Венгрией и Советским Союзом в равной мере свидетельствуют о том, что развитие венгеро-советских связей — это не просто один из секторов нашей внешне-экономической деятельности наряду с многими другими, а *фактор, влияющий на перспективы всего нашего экономического развития.*

Развитие этих связей и сознательный учет новых требований выявят неиссякаемые резервы для нашего экономического развития и более того — для построения развитого социалистического общества.

THIRTY YEARS OF HUNGARIAN-SOVIET ECONOMIC CONTACTS

I. HETÉNYI

Economic relations with the Soviet Union are of paramount importance for Hungary. The Soviet Union is responsible for 36 per cent of the Hungarian foreign trade circulation being Hungary's most important trade partner.

The data related to the volume of trade circulation bear in numerous sectors on such contacts which became pre-conditions for a dynamic selective development. Most of our central development programmes are based on the cooperation between Hungary and the Soviet Union.

During the past three decades the types and forms of economic contacts with the Soviet Union have also undergone certain changes and development. In this connection particularly large possibilities were provided by the Comprehensive Programme which laid down the main directions and methods of cooperation within the CMEA giving preference to contacts of integrational nature.

J. BOGNÁR

NEW FACTORS IN INTERNATIONAL ECONOMIC RELATIONS

The inaugural address of the author at the Academy of Sciences discusses the emergence and expected future effects of the present international energy and raw material crisis, on the one hand and other grave problems of the world economy as well as the framework for the conditions of their solution, on the other. In the author's approach the study of the interdependence of political and economic factors is in the foreground.

The nineteen-sixties showed a dynamic expansion of international economic relations. The annual growth rate of the volume of world trade exceeded 10 per cent and holiday travel as well as international invisible services grew at a faster rate still. International credit facilities and capital, technology and know-how, managerial skills, as well as, in some areas of the world at least, the labour force gave evidence of greater mobility than ever before in economic history.

In the developed capitalist countries – responsible for more than 70 per cent of international trade and more than 90 per cent of credit and capital movements – all factors that could become vehicles of medium-term prosperity evolved favourably. The conditions for this relatively rapid growth were provided by cheap energy and raw materials, and a readiness to invest. Accelerating technological growth, new forms of economic cooperation, a state of the money market that favoured expansion in production and trade, as well as a creeping inflation that hardly disturbed the confident climate of opinion.

In the course of that decade the Cold War gradually came to a close and, thanks to the initiatives taken by the Soviet Union and the socialist countries, international tension lessened. The emerging political conditions of equilibrium proved to be strong enough to isolate and settle local conflicts which had cropped up. In my view the isolation and settlement of local conflicts was a major achievement, although in many cases what was done only proved effective in the short run, since the world in general and those most directly concerned were given but a breathing spell permitting an approach to the roots of the particular conflict from a different angle.

An important and spectacular feature of the decade was the ability of the Common Market countries and Japan to shake the economic hegemony within the capitalist world which the United States had established in the fifteen odd post-Second World War years.

A far from explicit and perhaps not well-considered assumption was, however, implied by the medium-term factors making for prosperity, one which in the long run could well lead to a crisis. The complexity of an economy, especially of the world economy, is precisely due to the fact that reasonable medium-term decisions and actions are based on apparently firm foundations, i. e. on a whole complex of previous and interrelated decisions and actions.

These interrelated actions, however, are only logical answers to the intermediate correlations and are not directly connected with the assumption which has initiated the action sequence. If the initial assumption is wrong or out of date, then the rationality of every action which is eventually – in part or in full, directly or indirectly – based upon it or its consequences, becomes questionable. That is why it often happens that the uncommon fragility of the power constructions set up by the modern economy surprises those who are part and parcel of the capitalist boom. This goes for outside observers and economic analysts as well.

Their initial assumptions directly concern the probable medium- or long-range trend of price and cost relations, but the changes in prices indirectly reflect also the cumulative shifts taking place in the distribution of economic power, that is, of the forces that dominate the market. The action sequence made up of superimposed elements was initiated by the long-term assumption that the terms of trade for finished goods and fuel as well as basic raw materials would not substantially change. However, the trends of costs and terms of trade, as established during the past twenty years, could only have been maintained –

(a) from the point of view of the economic and market relations which decisively influence prices – if the production and consumption of the various sources of energy had been proportionate to the quantity and composition of available supplies and to the time needed to bridge or make up for possible shortages;

(b) from the point of view of economic power which also has an essential influence on cost relations and terms of trade – if the latter, established at the time of colonialism, could be maintained in spite of the shift in power relations, although in the meantime the oil-producing countries had become independent, and had awakened to national consciousness, evolving their own interest systems, strengthening their sovereignty over the oil-wells in one form or another.

These days these terms of trade, especially of fuel costs are amongst the key questions of economic development. There is a consensus amongst those concerned with technological development, be they natural scientists or economists that in case of technical progress the limits of production are set by the available supply of energy and its price. [1]

The assumptions relating to the price of energy and to the probable trend in the terms of trade must be examined with special care by such importvulnerable economic units as the Common Market and Japan. I talk of vulnerability, not of sensitivity – although it would be difficult to tell where one ends and the other begins – since the Common Market has to import 96 per cent and Japan 99 per cent of their total hydrocarbon needs. These economic units also import a large part of their requirements from eleven basic metals. It is also common knowledge that 89 per cent of the world's exports of mineral oil derive from developing countries.

The present difficulties were precipitated by the energy crisis but, on the one hand, factors influencing the world economic movement are not independent of each other and, on the other hand, no single factor can change the trend of movement of so

complicated a system. The crises occurring at the centres of an economic power result from imbalances which have evolved through the interaction of many factors and which have cumulated gradually; that is, they are consequences of unsolved economic, social and political problems.

Inflation and the disintegration of the monetary system

In the early seventies also other essential factors causing instability appeared in the capitalist economy. Of those influencing world trade I wish to mention inflation and the disintegration of the international monetary system in the first place. The moderate inflation of the sixties speeded up in domestic economies and spread to international trade as well. The break-down of the monetary system resulted in the abandoning of the gold standard, the weakening of the key-currency role of the US dollar, and in the termination of fixed exchange rates. The old system has broken down and at present provisional agreements and short-term regulations are in force and there is no sign of a new system taking shape. The situation is aggravated by the fact that inflation has spread to international trade, and that mutually "imported inflation" has accelerated the rate of price rises. Despite the increasingly serious consequences of inflation, the implementation of so-called "anti-inflationary" programmes meets with great difficulties because of the critical condition of the traditional political structures of Western Europe. It is obvious that minority governments, or those with a slight majority only, are unable either to curb unduly high profits or to enforce a deflationary policy that affects the standard of living of the masses.

More important even than the afore-mentioned facts – which shake capitalist economies "from within" – is, because of its intensity, extension and multiplying effects, a third one: the taking shape of a new economic power basis.

The increase in the price of oil compels all those who play a part in the world economy to change their attitude. Developed capitalist countries and other economies poor in hydrocarbons try to exploit new primary sources of energy (solar, geo-thermal, nuclear energy) or else they make greater use of secondary processes (gasification of coal, production of hydrogen, etc.) and water power. New problems arise as a result, such as immense investment projects, the pollution of the biosphere, the question of permissible risks, but efforts are made to overcome them in the given situation. The US, thanks to its resources, is in a more favourable position than the Common Market or Japan. In these latter countries, the rise in oil prices will, in the next five to six year, create huge deficits in their balance of payments. In 1974, as a result of price increases, Western Europe paid \$ 40,000 million more for an identical quantity of imported fuel; thus it closed that year with a deficit of \$ 30,000 million instead of a \$ 10,000 million surplus in the balance of payments.* From 1975 on-

* The figures do not take any account of the effects of recycling.

wards, in spite of austerity measures already introduced or in preparation, necessary imports will absorb an estimated additional \$ 50,000 million.

The increased incomes of the oil-producing countries would be indicative of new power relations even if they were used to pay for imports needed for economic development (machinery, equipment, fertilizers, etc.). This will probably finally happen in countries where populations and areas are in keeping with oil incomes. But the small countries of the Persian Gulf or Saudi Arabia have so few inhabitants that it is hardly rational to build any kind of "national economic structure" for them. Not even if they conducted a vigorous drive of economic development in proportion to their potentialities, or on any other rational basis, would these small countries be able to spend their incomes on domestic development. In the second half of the seventies they are expected to add \$ 50,000 to \$ 60,000 million to their surpluses every year. By the end of the current decade, according to authorities that seem reliable, these countries will come to own 55-65 per cent of all the monetary reserves of the capitalist world.

The new economic power basis, therefore, has to decide how to make use of the available surpluses. This is a peculiarly new economic-power basis. Its structure differs from the usual ones. It means that in the monetary field economic power is distributed in ways that differ from those that apply to production, technology, or in highly skilled labour. It follows that the US and other leading capitalist countries do their best to isolate these new forces, and then gradually try to restore the old power relations.

The monetary resources concentrated in such hands cause problems of two kinds, they are missed in the economic circulation of the capitalist countries, and they can cause further troubles by upsetting currency equilibria. The US will shield itself against this twofold danger by using every possible form of political and economic pressure (military pressure is hardly possible today), but will also open up new prospects for the owners of capital. Pressure and the opening of enticing possibilities usually serve the purpose of getting capitalists to make long-term investment, i. e. that the oil incomes be used to fill the gaps in the circular flow. They are promised a chance of participation in dynamic industrial sectors, high profits and a greater influence in the world of finance capitalism.

The shift in the terms of trade has strengthened the position of those massive economic units which cover large territories and have large populations, are rich in raw materials and possess advanced technologies (the Soviet Union, and the US).

Small or middle-sized countries poor in raw materials see their chances for development getting smaller even if they dispose over advanced technologies and good export markets. If energy and raw material prices rise, there will be a substantial decrease in the range of goods that can be profitably produced and exported.

The socialist countries, as is known, have harmonized their energy policies right from the start. Large-scale supplies by the Soviet Union have allowed them to restrict imports of fuel from other parts of the world. Trade within the socialist

community has always been on the basis of world market prices, after eliminating those speculative elements which are part and parcel of capitalist commerce. Obviously, the shift in the terms of trade produces difficulties in the growth of those socialist countries that are relatively poor in energy and raw materials, Hungary among them. But the experience of the past twenty-five years shows that the principle of mutual assistance has always prevailed when member countries, under the impact of various world economic effects, found themselves in a relatively difficult situation.

In spite of the difficulties the shift in the terms of trade may cause in some socialist countries, the economic position of the socialist world will in all likelihood become stronger during the seventies. This can be expected as a result of the combined effect of different factors. One of the most important of these is that the large reserves of primary energy and raw materials of the Soviet Union and their export may, in the medium and long term, become of increasing importance. This circumstance may give new impulse to a Western reappraisal of East-West economic relations. One element of the reappraisal might be granting of most-favoured-nation treatment by the United States and the elimination of various forms of discrimination by member countries of the Common Market. The reappraisal would make it possible, on the one hand, to grant, for the purposes of energy and raw material extraction, "self-returning" investment credits as they are usually called, and, on the other hand, to extend credits for Eastern exports from Western countries. In the established world economic situation cooperation between the socialist countries, their far-sighted economic policy and their economic growth relying in firm foundations contribute to enhancing the prestige of the socialist world in the international economy.

The socialist world will be able to vigorously exploit expanding possibilities only if it places the relationship between national economics and the world economy on sounder foundations both within and outside the Council for Mutual Economic Assistance. Political development, the growing interdependence of the international economic processes, the direct and indirect assistance rendered to the seriously affected countries of the developing world, and the acceleration of development at home equally argue in favour of this postulate. It is auspicious that this can be done simultaneously with integration. Integration can be economically effective only if in the course of development a unit gradually grows beyond those earlier forms of relationship which still preserved a number of elements of the bartering ways revived by the embargo, a certain degree of separation of the national economies, and the neglect of commodity and money relations.

The socialist countries have to bring about this closer relationship with the world economy in a contradictory situation. Some effects of the crisis in the capitalist economy must certainly be cushioned and slowed down in time, failing this a situation could arise which is intolerable in a socialist country. This cushioning and decelerating activity, However, must not use methods which lead to a continued or renewed feather-bedding of enterprises, confining the need to adjust or rationalize to

the central economic management. The choice lies, in most cases, not in the acceptance or rejection of the need to do something but in determining the time and place when and where things have to be done. If the element of compulsion presents itself in the economy as such, that is, on the governmental level, then the enterprises will be materially interested not in the saving of energy and raw materials, but in the shaping of the new structure (since unprofitable production is subsidized to an increasing extent), not in the speeding up of technological development but in the performance of the profit-and-production tasks defined within the earlier state of affairs.

The placing of relationships with the world economy on new foundations, however, presents itself not only in the questions of imports (energy and raw materials) but also in those of exports. An active international economic policy should therefore be pursued both inside the socialist world and in other parts of the globe.

Intensification of external economic activities

An active international economic policy means a coherent system of concerted measures and efforts applied, in the domestic economy and on world markets, in the interest of promoting the external economic activities of the national economy (integration).

In domestic economies there is need for structural policies and incentive systems, organization and elasticity of the kind which allows export-oriented units of the economy to compete on world markets by supplying goods of a quality and price, and credit facilities and complex services, equal or superior to those of capitalist firms. The conditions of competition apply to all; domestic economic policy can provide only the means allowing for competitiveness to be attained and continuously maintained.

The outward aspects of an active international economic policy can be found in sets of economic conditions within and outside integrations. These policies within an integration have to help the solution of fundamental questions such as the approximation of national economies to the requirements and incentive systems of the integration, the progressive realization of convertibility within the integration, the creation of an economic environment necessary for the functioning of joint undertakings, with special regard to the emergence of enterprises in the non-socialist world, and so on. Outside the integration something must be done about new forms of economic relations between countries with different social systems, and the adoption of an external economic code defining the rights and duties of states, and so forth.

An active international economic policy helps the countries of the socialist community to carry out their respective tasks and also to influence substantially future trends in a world economy which will undergo dramatic changes during these years.

A strong polarization is taking place among developing countries. Oil producing countries with small or middle-sized populations may shortly reach the level of developed countries, although their diversified and balanced economic expansion is feasible only if additional effective social reforms are introduced. Some countries with large populations and a considerable oil production (e.g. Indonesia, Nigeria) can, owing to their oil exports, accelerate the rate of their economic growth. Other developing countries, which possess some other industrial raw materials of importance, also find themselves in a more favourable position. A fourth group of developing countries (India, Bangladesh, the Sub-Sahara countries, etc.) are about to find themselves in an uncommonly grave (almost catastrophic) situation. They will invariably have to import oil, primarily for productive purposes; private motor-cars or domestic heating being of limited importance in the consumption pattern of these countries.

They are dependent on imports of other industrial raw materials, agricultural products and fertilizers as well. The chances of development of this group of countries with a population of about one thousand million are small indeed and their food problems may grow to insupportable proportions. Death from starvation in the Sub-Sahara region and on the Indian subcontinent and the perishing of millions of animals as a result of several years of drought are only a very modest prelude to the menace the future holds in store for them and thereby for the whole of mankind, if no concerted international action is taken to alleviate these ills.

The consequences of interdependence

A highly important question necessarily arises in the course of this analysis. Can certain facts be considered global ones, although socio-economic systems or national economies radically different from one another and following their own laws of development contribute to their coming into being? Among the contributory economies, in addition to the clearly distinct group of socialist countries, one also has to reckon with the developing countries which, during their passage from a traditional to a modern society, give rise to different types of transitional structures and have not yet managed to break out of the capitalist system. The experience of the recent past convincingly proves that these systems strive to solve their internal economic problems by using methods best suited to their character and to the problems of their development; moreover, this is how they transfer also part of the external effects to their domestic economies.

National economies exemplifying different socio-economic systems are, however, active in a world where interdependence has attained a very high degree and is steadily strengthening, a world in which isolated socio-economic systems and national economies do not exist though attempts to create them were undertaken

during the Cold War. National economies embodying different systems develop with each other contract varying in quantity and quality.

When developing these relations –

(a) The parties realize an indirect or direct division of labour (classical trade, cooperation on the basis of intergovernmental agreements).

(b) They trade with each other according to rules and norms *de facto* accepted by both and on the basis of mutual advantages. (The notion of *de facto* rules and norms fits in well with the known fact that both parties endeavour to change the rules without jeopardising their relations.) In this way, if political and economic relations show a substantial improvement, it becomes possible to establish jointly accepted *de iure* rules as well.

(c) They influence each other's economic development through contacts and their economic situation in general.

(d) They are engaged in solving a number of problems of global interest at the same international forums while carrying on a political struggle (against) and cooperating with each other.

(e) Because of the interdependent nature of today's world economy the range of those processes which the economically stronger party can shape at the expense of the other party without having to suffer any considerable losses itself has been very much restricted. In tomorrow's world it will be even more probable that the economically "aggressive" party will, already in the medium-term, suffer greater losses than it is able to cause.

It is evident, however, that the political struggle between two systems evolving on antagonistic ideological and class lines will go on despite the globality and interdependence of economic processes. In choosing the weapons of the political struggle, however, one has to reckon with the consequences ensuing from the globality and interdependence of the economic processes, just as one does with the restriction of the possible uses of military means in the event of agreements on security and armament limitation.

The improbability of a general economic crisis

In the foregoing I have spoken about new phenomena that have come to light in the world economy during the early seventies and how they affect the various participants and decision-making centres. But – in view of both the seriousness of the problem and its potential effects upon the world economy – I think there is every justification to return to questions relating to the situation of the developed capitalist countries. The question has to be asked whether, during the next few years, the capitalist economy overburdened by manifold crisis phenomena and imbalances assuming ever more serious forms and which now also has to tackle the shift in the terms of trade, will not reach a state of general economic crisis. In my view, one can talk of a general economic crisis only when the scope and proportions of economic

processes and activities decline to an extent which leads to a dissolution of the whole interrelated system of reciprocal obligations. After such a collapse, economic activity can be resumed only on a new basis and a lower level.

I should like to make the point that a general economic crisis that comes close to a collapse is the most serious of all political and social problems; if it occurs, what will be at stake will not only be the advantages implied by international economic cooperation but also the whole international system based upon the known conditions of equilibrium, that is, peaceful coexistence and *détente*.

From the economic and social points of view the problem is whether such severe forms of instability and tension can be maintained in an antagonistic society where the anti-inflationary programmes of capital and labour necessarily conflict, and each side wants the other to shoulder the burden of stability.

Where, in general, are those limits of instability and tension within which the situation is still bearable, and when does economic action transgress these limits? It is impossible to tell precisely not only because it is men (politicians) who, upon the advice of men (economists), ultimately decide to choose from among the feasible policies, but also because only one of the three factors feeding instability is of an internal character, although its formation is also decisively influenced by external factors. As concerns the other two, they are primarily international economic problems, such whose coming into being is also influenced by economic power centres established outside the developed capitalist world. In case of similar international correlations, however, the interested parties endeavour first of all not to solve the given problem but to counteract each other's steps – which is not the same thing.

Amidst so much uncertainty one can only say that, in my view, the instability will last 5 to 10 years, including serious troubles during that period, and crises in some industries and economies, but I do not consider it likely that a general economic crisis possessing the afore-mentioned criteria will occur. I should like to stress though that these "serious troubles" mean unfavourable developments for the exports of socialist countries and can temporarily have an adverse effect on trade or aggravate the conditions of long-term credits.

The interrelation between economics and politics

Changes deeply affecting current economic processes and the related interest and institutional structures come about under circumstances when the trends of growth and the structure of the national economies are influenced by the world economy to a greater measure than in any known past period. The countries with small or medium-sized populations are sensitive or vulnerable to the world economic situation. That is to say, that the growth, the system of objectives, the technology, structure and available means of their national economies largely depend on international correlations. But the dynamically increasing effect of economic processes

applies not only to countries with small or medium-sized populations but also to large economies, such as the Soviet Union or the United States. Not even a country as much disposed to isolation as the People's Republic of China can cut itself off from the world. This increasing influence, of course, does not mean that the large economies have no alternative. Temporarily the alternative may well be isolation, but this is so irrational and so contrary both to the interests of the country and to the effects which, of its own choice, it accepts in other areas (such as, in the case of the People's Republic of China, armament, especially nuclear armament) that the leaders will be compelled, sooner or later, to review their own previous decision.

World economic and world political issues have become increasingly interrelated. This has been true as far back as the nineteenth century, since e.g. national security questions have always been closely related to economic ones. In times of war peaceful economic potential becomes a military potential, and technological power determines the level of armaments.

When arming, it is necessary to pile up economic surpluses which have to be financed out of the budget. In a number of nineteenth and twentieth-century wars economic blockade (i.e., the breaking of the military potential of the enemy by economic means) played a very important part in the efforts of belligerents.

In these days the difference lies in the intensity and the extension in space of the effect and interrelations (the major world economic processes affect all countries), in their complexity (in the affected countries these processes act upon vast and contiguous areas), and in their interdependence (the effects spread not only from continent A to continent B, but also conversely).

As a result of the powerful interrelatedness of economics and politics, instances of economic means being used for political purposes and, conversely, political means being used for economic ends increase in frequency. The former happened in the case of the Marshall Plan, the latter is exemplified by the "voluntary" cut in Japanese textile exports to the US. It has also been shown that the parameters of economic activity are determined on a political basis even where some power's decision allows events to take their course. In the nuclear age the possibility of using military force is limited, and this circumstances greatly enhances the role of economic means in international affairs.

The strongest interrelation of economic and political action is shown just by East-West trade, which is the principal form of economic relations between countries with different socio-economic systems. This can be traced accurately in the history of such relations, starting with the Cold War period and the embargo (economic means to serve political ends) which reduced relations to a minimum. (In 1953 the share of East-West trade in international trade was 1,2 per cent as compared to 6 per cent in the period between the two World Wars.) In the course of the thaw and the slow improvement in the international situation, the embargo and other discriminatory measures have been relaxed, and the socialist countries have made specific efforts to

increase the volume of trade; consequently the share of this trade in world trade has risen to 2.8 – 3 per cent.

According to all indications, economic relations play a particularly important role in the consolidation and invigoration of the European security system. Any agreement confined exclusively to political security remains one-sided and "sterile" and becomes a mere non-aggression pact. But "security" is a much wider and more extended concept, since it concerns every essential component of the life and development of a national state. A dynamically increasing quantity of common economic interests is an organic part of the proper functioning of the security system. If the quantity and quality of common economic interests are satisfactory, then the economy as their focus promotes the growth of mutual confidence. In the event of international tension common economic interests constitute a moderating force which substantively or formally cushion the politically necessary (inevitable) measures taken by the parties. This is why it is desirable from the point of view of international affairs that East-West economic relations develop rapidly both in extent and in weight. Both sides, however, have to endeavour to promote the creation of common interests and the modernisation of the forms of relationship.

Fundamental world problems

The ever stronger interrelation of economic and political problems creates a qualitatively new situation in international affairs. Examples illustrating the fact of this interrelation have so far referred to national economies or at most to integrations, demonstrating the way the active parties (the states) proceed when employing available means. The interests, aims and means of national states or integrations are necessary but not sufficient starting points for an approach to and a study of international economic problems. A growing number of fundamental questions cannot be solved on a bilateral basis these days or by means of cooperation between two integrations. It is no mere play on word to say that there are important international questions and there are serious world problems. These problems plague the whole world, by virtue of their nature, their effect or the dangers they hold, and consequently concern the fate of all mankind. But only mankind as a whole has the means to solve these serious problems and to lessen the dangers.

In what follows I wish to mention briefly a few of these world problems with the aim of discussing whether the present international economic order makes it possible to plan and implement coordinated or common programmes of action which –

- (a) promote the solution of these problems, and
- (b) minimize the dangers which, arising as "side effects" of useful and important technological processes, worsen or even threaten the living conditions of mankind.

The first problem concerns non-renewable resources, primary energy in the first place. It is obvious that energy plays a decisive role in the industrial revolution and in technological civilization. *John von Neumann* argues that the industrial revolution has made more and cheaper energy available at every stage. [2] In *R.A. Brady's* view [3] electricity is the most important force which, given the progress of automation and electronics, promotes the synchronization of the totality of productive processes. Today, however, it is increasingly argued that non-renewable resources will be depleted in consequence of exponential economic growth. This view is persuasively canvassed by the Paley Commission [4] and the Club of Rome, [5]. The widely maintained proposition that the industrialized countries alone are interested in this matter is not true; for more than ten years now developing countries have initiated large-scale programmes of industrialization based on development plans (national economic plans) which clearly express the economic policy of their governments. They have to face the fundamental problem whether they really have poorer and scantier natural resources available for industrialization than those countries that industrialized earlier. If the aim is – and it can hardly be other – that these countries, which include over 70 per cent of the world's population, should within three to four generations approach the per capita production and consumption of present industrial countries, then the utilization of non-renewable resources will assume much greater proportions than the Club of Rome supposed. It is obvious that scientific and technological progress can break through such barriers as are due to the limited availability of resources. The first objective in this respect is to be aware of the prospects, that is, that forecasts should be produced by international cooperation, covering all the continents and oceans of this earth. Until a relatively dependable forecast of this kind is available, science and technology will not be able to approach these questions in a novel way. One can already tell on the basis of present scientific knowledge that a new age has begun in the relationship between man and nature. The appropriate shaping of this relationship is now a key issue of rational socio-economic action. There is every indication that, in the course of the utilization of natural resources – whether the point at issue is the quantity of the resources to be utilized or the effects exerted upon nature in the course of utilization or consumption – it will prove necessary to respect certain limits and conditions of equilibrium as is done while human civilization (economy and culture) are being shaped.

The spread of technology and the extreme dangers of its application constitute the second world problem. (Let me add that the order in which problems are here discussed should not be taken for an attempt to rank them) *John von Neumann* and others have said that, in the course of technological growth the environment has become limited and ill-organized [6], and that, in the long run, we begin to become critically aware of the Earth's finite and actual dimensions [7]. *John von Neumann*, referred here to the relationship between technology and geography as well as the political organization of the world. I shall return to this idea, allow me to say right

now that I consider the problems related to the spread of technology throughout the earth to be equally serious, since modern technology has not even reached the vast majority of humanity, though in every stage of the industrial revolution better facilities were available than earlier. It is incontestable that the spread of technology is subjected to rigorous limits, that move within a certain range established by social conditions. From the point of view of technology this means that development so far proceeded on an extensive basis. It comes up against barriers created by size, and it fails to get through to those who badly need its beneficial effects. (Extensive development is, of course, not merely a technological problem. Much the same can be said also of the present world economy, if we think in global terms or examine the degree of efficiency of the conversion of energy.)

The propagation of certain highly developed technologies, however, automatically leads to jeopardising universal security unless international conventions regulating these issues are concluded. This tendency today makes itself felt most clearly in military technology where the efficiency of offensive weapons upsets every possible time scale. [8] It is generally known that nuclear fission will have an essential role in the solution of energy problems. (Between 1980 and 1985 a good number of countries will cover 15 to 25 per cent of their total power requirements in this way.) There is more and more talk of the exploitation of nuclear reaction processes and of the massive transformation of chemical elements. The possibility of a "regulated climate" is an open question, though this is said to be a problem for future decades. The new possibilities created by the use of nuclear energy and technological achievements affecting the whole of the Earth link up the life of nations, and a situation will then arise of which *von Neumann* [9] said that the technology developing at the time he wrote (1955), which would dominate the future appeared to be wholly inconsistent with traditional and then current geographic and political units and ideas. Such a situation means a crisis not only for technology but for humanity as such. But this crisis cannot be settled by eliminating existing geographic and political units (that is, national states), since the world is not prepared for such action. It is therefore evident that the problem can be solved only through international cooperation extending to new areas and new problems.

A third fundamental world problem is how to feed the increased population of the Earth. It is generally known that by the year 2000 the population of the Earth will have grown to about 7,000 million, of which 5,700 million will be living in the developing world and 1,300 million in the developed countries. At present 71–72 per cent of the world's population live in the developing world, producing 43–44 per cent of the world's food. Presuming that agricultural production doubles by the end of this century, then per capita consumption will remain unchanged on a world scale but will decline in the developing countries. Such a state of affairs cannot be tolerated. Between 1965 and 1970 the developing countries did relatively well in production, the international organizations engaged in indicative planning (FAO) have therefore

raised the production targets, reckoning with a yearly increment of 3.6 to 4.0 per cent.

In the early seventies, however, under the combined effect of several factors, a considerable slackening and fluctuation in production started. The "green revolution" did not come up to expectations, energy and fertiliser costs were rising, and weather conditions worsened. Moreover, the long-range meteorological forecast suggests that the situation will worsen in large areas, or will remain unchanged. Further efforts will, therefore, have to be made to promote agricultural production, but one also has to reckon with a year-by-year increase in import needs. According to present estimates the developing countries will have to import in 1985 more than double the quantity of cereals than in the early seventies.

At present there is no assurance that this requirement will be met, the world's grain supplies have never been as low as today. The 1974 U.S. harvest was poor, and experience shows that, given bad weather, some countries of the developed world also choose to import grain. Furthermore, production bonus systems intended to make farmers less interested in grain production have been in force in the US, Canada and Australia. The developing countries now press for international action (World Food Conference 1974) within the framework of which they themselves would make great efforts to augment agricultural output, but the developed countries (the US in particular) should also promote grain production. Producers would thus become interested in keeping stocks and would conclude international contracts for the regulation of production and the sale of products.

Allow me to point out that, in a book [10] published in 1968, I proposed – with a view to solving the food problems of the developing countries – the introduction of a world market mechanism which, economically, clearly remains based on financial incentives, but which, in some fundamental questions relating to the future of mankind, departs from this basis on the governmental level – taking notice of emergencies, exceptionally great interests or perils and acting to improve the situation or to eliminate the peril.

The fourth great world problem is the situation of those forty developing countries and about 1,000 million people most seriously affected by the present world economic changes related to price increases. These developing countries will have to import oil primarily for the purposes of production, and a sizable quantity of food as well as fertilisers also in the future. Some of these countries have much suffered from adverse weather conditions. Some scientists maintain that this is due to a further spreading of the Sahara. Much remains to be done in a large country like India (prospecting for hydrocarbons and raw materials, extending irrigation, etc.), but it is evident that in a country so densely populated (in this respect other countries of the Indian subcontinent are in similar straits) tangible results can be attained only after a longer period of time.

It is therefore obvious that the countries inhabited by 25 per cent of mankind, which are in such a grave situation, can be saved only by a wide-scale international

cooperation. Credit should be made available to them allowing them to pay for their energy imports, they should be provided with agricultural products free of charge, and concentrated international aid. In such assistance by various related actions a share must be taken by all countries, first of all by states which in the past exploited the economic benefits afforded by colonialism, but also by countries which now possess considerable monetary surpluses as a result of price increases. Provision must also be made for countries in such difficult straits to allow them to repay credits on terms which, while imposing some strain on their resources, are nevertheless realistically acceptable.

I consider a fifth great world problem to be the relationship of the natural environment and man. It is well known how serious problems have arisen because modern industrial technologies were applied on a large scale but without reckoning with side effects. Living nature is our environment. We have taken it for "granted" and we have not taken into account the complicated processes and ecosystems which we influence through our actions. There are indications that we have markedly disturbed the equilibrium of the biosphere and the hydrosphere in a number of places. Inhibiting or preventing these dangers is possible only in a broadly based international cooperation, since rivers, some of the big lakes, the seas and the air are used by the industries and populations of more than one country, more often than not a great many. Their protection is also a common concern. This includes research, which needs the experience of every country.

Environmental protection raises another very essential problem of principle which, I should like to stress, has a great practical effect.

Classical economics knew of two kinds of commodity: economic goods which are scarce and are thus the objects of economic activity, and free goods which are available in unlimited quantities. Water and air were included among the free goods, although water for certain purposes of use and consumption had had a price in the past as well. Today we can say that these free goods no longer exist. The natural environment must be protected if man wants to assure his living and working conditions. Protection of the natural environment and the prevention of its pollution have thus become a cost factor which has to be reckoned with in investment planning. This cost factor, however, is a function of the price of the equipment used to prevent the harmful by-products of industry from getting into the air or water. It is possible that these differences in cost cause such shifts in the production costs of some industries as to affect profitability in relation to others.

A sixth great world problem is the use of the seas in the exploitation of non-renewable resources available in limited quantities. Science and technology as a key to natural resources make it possible to exploit also the seas in addition to the rocks of the Earth's crust and the gases of its air. Experts hold the view that ores and minerals to be found in the sea-water can be concentrated, and the number of extractable substances can be increased by the use of new methods. The ocean floor may well be

an inexhaustible source of metals and chemicals if methods can be developed for their profitable extraction.

A great many believe that off-shore and seabed oil deposits may surpass oil reserves. According to preliminary estimates, production sites on the high seas in 1980 will provide 30 to 40 per cent of all extracted oil, and about 40 to 50 per cent in the year 2000. [11] There are, of course, very serious political problems, not to mention international law, such as can be settled only through large-scale international cooperation. There is still no uniform agreement on the extent of territorial waters: twenty-nine states are satisfied with a 3 mile limit, seventy demand 12 miles, some other countries have laid claim to 200 miles. Since the 1973 Conference on the Law of the Sea there have been indications that the legal, economic engineering, political and production problems that may arise can be solved only on an international level.

Looking at things in the light of the present situation, not every national would gain from such cooperation (e.g. Canada, Australia), but the interests of sparsely populated rich countries can hardly be allowed to decide the issue. The other countries – which take part in the extraction carried on beyond the territorial waters – should have a share of the output in proportion to their contribution.

It is not my intention here to go into the problems of an international organization and undertaking of this nature. It would be essential from the point of view of international affairs and economics that nations should contribute to and share in the proceeds of production according to mutually agreed principles. International undertakings would thus be established for the exploitation of those areas of the seas that are the common property of all mankind.

The fundamental changes which have occurred in world economic processes, power relations and needs, and which presuppose and even require thorough-going reforms of the existing international economic system, include the following:

- (a) the increasing interrelation of security, political and economic questions now and in the future;
- (b) the ever strengthening interdependence between the conditions of growth and development of different national economies;
- (c) the safeguarding of the economic and environmental living conditions of humanity (with special regard to the exploitation of the seas and the protection of the hydrosphere and the biosphere);
- (d) the safeguarding of an international economic climate which promotes the rapid growth of the developing countries, especially of those adversely affected by the present-day changes.

The institutional order, as is known, has three levels (decision-making centres): enterprise, national economic (governmental) and international. Even at present the weight of these three centres markedly differs in the economies of the three participant systems. One of the main features of the socialist economic system is the preponderance of national economic decisions relative to decisions taken at enterprise level. The capitalist economy, owing to the prevailing system of ownership

relations, is characterised by decisions taken by business interests. In the developing countries – because of the necessity of social reforms that create the conditions for economic development, and in order to counteract the economic power of capitalist big business – the governmental level likewise plays a primary, and not only compensatory, role in the management of the economy.

A growing number of questions within the whole world economy will, in the future, be possibly settled on an international level or it will prove expedient to settle them thus. Such questions include those relating to international security, to the economic and living conditions of society, and to the regulation on a new basis of economic relations between states. Questions relating to international security are, e. g., general disarmament or the reduction of armaments, and stopping famine from afflicting considerable areas of the world. Questions such as the exploration and exploitation of the available raw materials – with special regard to the non-renewable resources to be found in the oceans – or the protection of the environment are typical of those that relate to the economic and living conditions of society. Such a regulation of economic relations between states would imply a new economic and legal code settling questions connected with the extension of economic activities to new areas, the increasing interdependence of economic processes, and the creation of the international economic climate needed by the developing countries.

May I add briefly that, in 1972, the United Nations Conference on Trade and Development (UNCTAD), which had already earlier dealt with the definition of general and special principles governing international trade, adopted by a vast majority a proposal by President *Luis Echeverria* of Mexico for the elaboration of a draft Charter of Economic Rights and Duties of States. [12] Almost all of those who addressed the conference endorsed the idea that in the economic field the proposed Charter should carry the same weight as the Declaration of Human Rights. The Working Group established by UNCTAD, and composed of specialist from thirty-one countries, prepared a draft document intended to be universal and acceptable to all groups of states. The draft was submitted to the Second Committee (economic and financial questions) of the United Nations General Assembly in the autumn of 1974. The document called the "Charter of Conduct" [13] by the group of ninety-nine developing countries was adopted with 120 positive votes at the General Assembly of the United Nations in December, 1974. The United States and some of its West-European allies (altogether six) voted against the adoption of the Charter.

A widening range of world problems and of such as are to be regulated internationally, of course, implies that the institutions concerned be reformed and made fit to do the job. It is also evident that only a relatively narrow range of problems can be effectively regulated on an international level; therefore one ought to examine very carefully what kind of problems are truly sufficiently important and of such character as to justify their being tackled in this way.

The regulation of the economic rights and duties of states must be considered as well since some of the economic problems (questions of the hydrosphere and the

biospheres, exploitation of the resources of the oceans) in the long run become security problems, which concern not just one or another country but the security of the conditions of existence of the world and of humanity.

Nor should one forget that economic factors play an ever increasing role in the international class struggle.

This is due to the combined effect of a number factors.

(a) The extensive convertibility of political and economic means.

(b) A fair few of those opposed to *détente* concentrate on economic questions.

The two-year long debates in the US around the application of the most-favoured-nation clause to trade with Soviet Union and the European socialist countries are an example.

(c) More economic contacts lead to more common interests. This is very useful, but more contacts also create surfaces that may produce friction.

A comprehensive regulation of the rights and duties of states and international practice based on such would, in addition of reducing risks, help international affairs to benefit to the maximum from the development of economic relations.

I also wish to point out briefly that some aspects of the changes described in detail create, even in the developed countries, a considerable shift in the distribution of tasks between the decision-making centres (enterprise and government). The weight of decisions taken on a governmental level greatly increases compared to that of decisions by business interest. The importance of such developments should not, of course, be overestimated, since the class basis of the states concerned does not change. The state that extends its sphere of authority is the monopoly capitalist state which embodies the class domination of the bourgeoisie.

There are several factors working towards a shift in the focus of levels of decision taking:

(a) known economic difficulties, especially the anti-inflationary policies;

(b) integrations which largely involve action by governments;

(c) the practically total separation of the interests of multinational companies from national economic interest structures;

(d) the anticolonialism of the economic efforts of developing countries which firms, not even multinational ones, can neither contain nor channel into temporary compromises;

(e) the mechanism of approach to world problems described earlier (i.e., states cooperate in tackling these problems);

(f) the example of other countries (primarily socialist ones) which is effective and working even if this effect is categorically denied. (The effect of a viable precedent or alternative on a society embodying antagonistic contradictions.)

Beginning of a new era?

By way of introduction I argued that a new era is starting for the world economy; the period of expansion that had begun in the fifties and taken shape amid the conditions of a relatively stable boom has closed, and a period of transition leading to a new era has begun. In this period factors which influence the development and the rational limits of international economic relations appear in a different order of magnitude and composition, that is in new combinations. These changes have given a forceful impetus to prices, terms of trade and cost relations, i.e. to the conditions of rational export-import activity. Furthermore, thanks to science and technology, a number of new problems have to be faced, that is, the limits of development set by non-renewable resources and the ecological limits to growth when the size of the world's population is expected to double before the end of the century. The change in conditions, the appearance of new requirements, the increasing interdependence of economic processes with international affairs and world security peremptorily demand the regulation on a new basis of economic relations between states, as well as the modernization of the institutional system of international economic relations. If this does not happen, certain forms of international economic relations may become just as dangerous to the world as a disturbance of the equilibrium of the hydrosphere or the biosphere.

The question arises whether there is hope for a rational solution of such great problems in a world restless also in the economic sense, where the balance of forces and the conditions of equilibrium have already been upset, but the creation of new conditions of equilibrium based on a new alignment of forces needs another ten years or more.

Theoreticians generally believe that, when reforms are introduced, it is better to start with conditions of relative equilibrium. It is then safer to set the direction, duration and aims of the movement. In the case of complex processes such as the world economy, in the other hand, practical experience shows that conditions of equilibrium are not readily disturbed when things are going relatively well. Therefore, major reforms are usually enforced by crisis situations when all or a great many factors are on the move or at risk, and the problem cannot be side-stepped. The new situation arising as a crisis also weakens the resistance of those opposed to the new settlement, since there is no way of returning to the *status quo ante*. Such action, of course, implies risks – just as any other action does – but it can safely be predicted that inability to apprehend the new situation and postponement of action will produce a catastrophe.

Beside the processes, shifts and uncertainties which accompany the beginning of a new era in the world economy – and which influence the conditions of growth of every national economy, though not in the same direction nor to the same degree – another factor as well suggests that the reform of the international economic order will already start in the current decade. In the present circumstances, all three sys-

tems which together make up the world economy are interested in a change, although their motives for furthering this change and their ideas of its nature and aims radically differ.

Realist members of the political and economic establishment of the developed capitalist countries are aware that it is impossible to return to the earlier situation or to maintain in the long run, a relative equilibrium by temporary settlements. They feel the mounting pressure of the outside world, of the socialist countries and different types of developing countries, as well as of political power factors at home, such as the strengthening Left, the trades unions, etc. They hope that they will be able to continue, from a better position, the struggle for the protection of their basic interests as long as they accept certain demands. The conservative, anticommunist forces opposed to any settlement also bring pressure to bear upon their governments, but given their composition they are hardly likely to be able to work out a united policy. The more sensible elements will be concerned lest they altogether cede the initiative to the Left.

Developing countries possessing oil or other considerable raw material reserves will favour change in order to consolidate institutionally the advantages they have gained on the world markets. Starting from a better institutional position it will prove easier for them to safeguard what they got and to transplant their successes to other fields. Developing countries poor in raw materials and wrestling with agricultural weaknesses look to a new economic order to save them from disaster, and to secure them conditions for development.

The socialist countries are greatly interested in the establishment of a new international economic order and they also show a full awareness of the increasing role of international economic relations in the world. Peace cannot today be maintained in a world where international economic relations do not serve the creation of interest structures shared by the nations and states but create instead further conflicts and associated dangers.

It is the progressive forces which in international affairs formulated the concept of peaceful coexistence as an alternative to unclear war.

In international economics as well it is the progressive forces that have to formulate the concept of a new international economic order which, on the one hand, promotes economic growth as one of the foundations of peace for all nations and, on the other, protects the conditions of existence on this globe for mankind, both for the present generation and for those to come.

The new international economic order has to provide the transformation of international economy from a means of deepening and sharpening development differences among nations into that of *relative levelling*.

References

1. SIMON, F.: "Nuclear energy and the future". *Lloyds Bank Review*, April 1955. [As quoted by A. Brady: *Tudományos forradalom a termelésben* (Organization, automation, and society. The scientific revolution in industry)] Budapest, 1966. Közgazdasági és Jogi Könyvkiadó. p. 299
2. NEUMANN, J.: *Válogatott előadások és tanulmányok. Túlélhetjük-e a technikát?* (Collected Works. 1–6. vol.) Budapest, 1965. Közgazdasági és Jogi Könyvkiadó. p. 103
3. BRADY: *op. cit.*, p. 299
4. Resources from freedom. A publication of the Paley Commission (Material Management Commission of the President of the United States), Washington, 1952.
5. MEADOWS, D. – MEADOWS, D.: *Limits to growth*. A report for the Club of Rome's project on the predicament of mankind. New York, 1972. Universe Book. p. 205
6. NEUMANN: *op. cit.*, p. 103
7. *loc. cit.*, p. 104
8. *loc. cit.*, p. 105
9. *loc. cit.*, p. 104
10. BOGNÁR, J.: *Economic policy and planning in developing countries*. 1968. Akadémiai Kiadó, pp. 565–566
11. BERGSTEN, C.F.: *The future of the international economic order: an agenda for research*. Toronto–London, 1973. Lexington Books, p. 242
12. BECHER, K.: "Character of the economic rights and obligations of states." *German Foreign Policy*. 13. 1974. 5. pp. 616–627
13. "A 'magatartási charta' az ENSZ előtt" (The "Charter of Conduct" before the United Nations), *Világgazdaság*. November, 29. 1974.

НОВЫЕ ФАКТОРЫ В СИСТЕМЕ МЕЖДУНАРОДНЫХ ЭКОНОМИЧЕСКИХ ОТНОШЕНИЙ

Й. БОГНАР

Статья посвящена, с одной стороны, возникновению настоящего международного энергетического и сырьевого кризиса и его ожидаемым последствиям, а с другой стороны, так называемым веским проблемам мировой экономики и созданию условий к их решению. Автор рассматривает экономические и политические вопросы в их взаимосвязи. По его мнению, энергетический и сырьевой кризис не ведет к общемировому кризису, но центры власти перемещаются в страны, являющиеся крупными производителями топлива и сырья, и цены на эти товары могут сохранять свой монопольный характер, созданный инфляционными средствами, в течение 5–10 лет. Автор указывает на валютный кризис, предшествующий и независимый от энергетического кризиса, и подчеркивает, что уже этот кризис привел к смещению в структуре власти, хотя и в несколько ином направлении.

В сложившемся положении социалистические страны в возрастающей мере будут опираться друг на друга. 40 развивающихся стран, не располагающих полезными ископаемыми, оказались в весьма опасном положении. Автор выступает за усиление международного сотрудничества, потому что умножились веские мировые проблемы. Среди них он отмечает проблемы невозобновляемых ресурсов, ускорения распада экологического равновесия, обеспечения продовольствия для возросшего населения, ухудшения положения 40 самых отсталых развивающихся стран, добычи минеральных ресурсов морей. Автор напоминает о недавно принятой хартии ООН, определяющей экономические права и обязанности государств, и указывает, что можно и нужно решить всеобщие проблемы, касающиеся всего мира, независимо от международных товарно-денежных отношений.

В заключение автор выражает мнение, что в международной экономике, как и в международной политике, прогрессивные силы должны породить концепцию новой международной экономической системы, которая обеспечит каждому народу мирное экономическое развитие, а всему земному шару — воспроизводство условий жизни и существования.

A. BRÓDY

THE LOGIC OF MARKET BEHAVIOUR

In public opinion the market is something that regulates the metabolism of commodity producing societies, creating equilibrium between supply (production) and demand (consumption).

The study therefore examines the classical market theory, tracing the observations of Marx on the market and on competition.

Analysing the logic of the operation of the market, the study arrives at the conclusion, as opposed to the above, that the market is incapable of creating equilibrium and, therefore, its regulating role is *ab ovo* incomplete. We can speak of a regulation only in so far as it allows the realization of production and thus the continuation of reproduction through the fluctuations around the equilibrium situation. Thus the market does not hinder, does not regulate but only transact the cyclical economic movement characteristic of commodity production.

Laymen and economists alike view the market as an instrument governing the metabolism of commodity-producing societies by dint of equilibrating supply (production) and demand (consumption).

This inquiry into the logic of market behaviour produces a result which invalidates this common belief in the equilibrating properties of the market, and shows instead that the market is basically incapable of establishing equilibrium. Therefore, as a control instrument, it is imperfect from the very outset. One can speak about control only in the very limited sense that by alternating around its only theoretically existing equilibrium the market permits a continuous realization of products (and thus a more or less uninterrupted flow of reproduction). Yet, far from hampering or controlling it, the market actually gives rise to the cyclical motion so characteristic of all forms of large-scale division of labour and commodity production.

In the sequel I examine the market theory of classical economists in the light of some remarks by *Karl Marx* concerning markets and competition. I do not consider modern theories since their concepts can clearly be traced back to *Adam Smith* in this respect. Later works according to which the market not only exerts an efficient but also an optimal control, and which, moreover, claim that the equilibrium allegedly brought about will be, by the same token, the most desirable situation for the society concerned, are rendered empty in respect of their characterisation of market behaviour by his early, fascinating and elusive logical error.

Smith, Ricardo and Walras about the market

Adam Smith, analysing the interdependence of natural and of market prices writes:

“The quantity of every commodity brought to market naturally suits itself to the effectual demand...” “If at any one time it exceeds the effectual demand, some

of the component parts of its price must be paid below their natural rate. If it is rent, the interest of the landlords will immediately prompt them to withdraw a part of their land; and if it is wages or profit, the interest of the labourers in the one case and of their employers in the other, will prompt them to withdraw a part of their labour or stock from this employment. The quantity brought to market will soon be no more than sufficient to supply the effectual demand. All the different parts of its price will rise to their natural rate, and the whole price to its natural price."

"If, on the contrary, the quantity brought to market should at any time fall short of the effectual demand, some of the component parts of its price must rise above their natural rate. If it is rent, the interest of all other landlords will naturally prompt them to prepare more land for the raising of this commodity; if it is wages or profit, the interest of all other labourers and dealers will soon prompt them to employ more labour and stock in preparing and bringing it to market. The quantity brought thither will soon be sufficient to supply the effectual demand. All the different parts of its price will soon sink to their natural rate, and the whole price to its natural price." [1]

Smith sets the problem with classical sharpness. Private interest is obviously the primary motive force of the process. His main endeavour is to prove that through the market control private interests serve the general welfare. His observations, describing the contemporary markets and the forces found operating, are held not to require later improvements or essential modifications. All the later explanations of the market processes therefore returned – in an open or an implicit way – to his basic ideas. His train of thought thus was sanctified in everyday usage and became, so to speak, a conditioned reflex more deeply ingrained than the multiplication table. It is, as a matter of fact, the 1×1 of economic reasoning.

Let us now turn to his first great pupil, *David Ricardo*:

"Let us suppose that all commodities are at their natural price... Suppose now that a change of fashion should increase the demand for silks and lessen that for woollens; their natural price, the quantity of labour necessary for their production would continue unaltered, but the market price of silks would rise and that of woollens would fall; and consequently the profits of the silk manufacturer would be above, whilst those of the woollen manufacturer would be below, the general and adjusted rate of profits. Not the profits, but the wages of the workmen, would be affected in these employments. This increased demand for silks would, however, soon be supplied by the transference of capital and labour from the woollen to the silk manufacture; when the market prices of silks and woollens would again approach their natural prices, and then the usual profits would be obtained by the respective manufacturers of those commodities." [2]

Ricardo follows Smith deliberately: "In the seventh chapter of the *Wealth of Nations*, all that concerns this question is most ably treated." The essence of the argument is the same, though expressed most succinctly. Private interest is revealed as profit interest, and rent does not figure among the motive forces. Wages themselves are sorts of dependent (not to say "residual") variables. All this testifies to the clas-

sical capitalist economic development that had occurred during the time connecting our two authors.

Leon Walras, at least in this context, argues also as a follower of Smith. He stresses already in his Lesson 1 that such assertions as "the value of things tends to increase as the quantity demand increases or as the quantity supply decreases, and that this value tends to diminish under contrary conditions", are "purely scientific truths... In making statements such as these, economists are working in pure science". Then he adds, rather condescendingly: "Adam Smith did something of this sort himself." [3]

To be fair, Smith was speaking about natural and market prices and not about values. He generally kept his mind open to these important distinctions. Walras, however, working under the banner of pure (i.e. unadulterated bourgeois) science virtually rejects such distinctions. Nevertheless, in spite of the very narrowness of his approach that recoils from terrains already explored we still have to quote him since he was the first bourgeois economist who very clearly spoke about the double, dual character of equilibrium.

According to him the necessary and sufficient condition for equilibrium under a given set of prices and quantities – are

- "(1) that the effective demand for each service and each product be equal to its effective supply at these prices, and
- (2) that the selling prices of the products be equal to the costs of the services employed in making them."

"Services" do nicely for rents, profits and wages – categories kept apart by Smith and rightly assessed in their hierarchy (under capitalism) by Ricardo. But that is beside the point. What is new and important is that two separate kinds of equilibria are needed for general equilibrium: equality of prices and costs on one side, and equality of supply and demand on the other.

In the face of the greater complexity of the situation that results from the realisation of the dual nature of the problem, he still maintains that the market, through the famous process of *tâtonnement* (groping), will lead to and reach equilibrium:

"If this twofold equality does not exist, in order to achieve the first it is necessary to raise the prices of those services or products, the effective demand of which is greater than the effective supply and to lower the price of those services or products the effective supply of which is greater than the effective demand; and, in order to achieve the second, it is necessary to increase the output of those products the selling price of which is greater than the cost of production and to decrease the output of those products of which the cost of production is greater than the selling price.

This is the law of the establishment of equilibrium prices in production." [4]

A syllogism, and its improvement

However great the conformity in grasping the basic tendencies, however consistent the apparent logical argument, the onlooker remains sceptic, by virtue of the simple fact that no actual economic system ever is or was in a state of equilibrium. If the above train of thought were correct, then the normal state of an economy would be an equilibrium state, and disturbances of this equilibrium could have only a transient character.

Karl Marx never had any illusion about the stability of the situation, he took it that an actual market never is in equilibrium, and that equilibrium itself is a scientific category that is established only by its continuous negation. (*Omnis determinato est negatio* – as *Spinoza* had formulated it). His views, amply expressed in this context can be summed up in one quotation:

“Since, therefore, supply and demand never equal one another in any given case, their differences follow one another in such a way – and the result of deviation in one direction is that it calls forth a deviation in the opposite direction – that supply and demand are always equated when the whole is viewed over a certain period, but only as an average of past movements, and only as the continuous movement of their contradiction.” [5]

This provides more than a hint to face the problem and ask the question: How is it that, for all the tendencies toward equilibrium, equilibrium does not result, but instead we find only a continuous motion, alternating around something called equilibrium?

Let us review once again the argument, expounded by *Smith*, in its simplest, syllogistic form. His two premises are:

- A) *Excess demand leads to price increase.*
- B) *A high price decreases excess demand.*

Smith, *Ricardo*, *Walras* (and everybody else, with the single exception of *Marx*) jumped to the conclusion that:

- C) *Excess demand leads to a decrease in excess demand.*

Joining up the two premises (assumed to be true) we conclude, apparently logically, that excess demand will cancel itself and therefore equilibrium must ensue after a (longer or shorter) stretch of time.

Here lies the logical error. The two premises can not be joined directly, because *price increase* figuring in statement A) is by no means the same concept as the *high price* figuring in statement B).

Yet there is no obstacle to rephrasing statement B) in the form of an equivalent statement B' that can be joined to A, without committing a blunder. This new form is

- B'. *A price increase accelerates the decrease of excess demand.*

If we now join our two true statements we will come to the right conclusion

- C. *Excess demand accelerates the decrease of excess demand.*

This is the relevant and valid conclusion. But this conclusion, now has a fairly different content: it subsumes no convergency to equilibrium, but rather a special sort of motion around the equilibrium, analogous to the motion of a pendulum, where – just as in our case – the restoring force causes acceleration.

If somehow excess demand came into existence, then, as our logical argument shows, the operating tendencies, or market forces, will bring about not a simple *decrease* of the deviation, but an *acceleration* of this decrease. This acceleration will last as long as any deviation still exists. The deviation therefore will decrease faster and faster all the time, until excess demand becomes zero. Now we are apparently at equilibrium, but how are we to account for the speed with which the economy continues to move? The speed of adjustment is actually at its maximum since it has been accelerating all the time. The process therefore necessarily overshoots equilibrium – just as in the analogous case of the pendulum, where overshooting and the unfolding periodic motion can be attributed to the fact, that gravitation acts not directly on speed, but indirectly, through acceleration.

The error in the classical train of thought is therefore in essence an error of dimensionality, a confusion of a quantity (high price) with its derivative (price increase). We could commit the same error, if, whilst reasoning about the pendulum, after stating that deviation leads to a restoring force, and considering, that this force tends toward the equilibrium position, we concluded that the pendulum will revert to this equilibrium and will stay there ever after, at least until the next outside disturbance. If we correct for this error, we have obtained – instead of a conclusion going counter to reality – the correct form of economic motion, a more faithful reflection of reality.

Our reasoning must grapple with what are, on the surface, entirely different sorts of problems in physics and in economics. In physics it took quite a stretch of the imagination to see how two such disjunct phenomena as length and speed are basically connected and are related as a quantity and its time derivative. In economics, the appearance is the opposite, and it takes some thinking to distinguish two categories in a seemingly homogeneous phenomenon. It is relatively easy in our context, yet let me remind the reader, how complex it can become, when, say, the same amount of money has to be considered sometime as an income, the other time as an asset; transitory and/or perennial.

The actual motion within the market

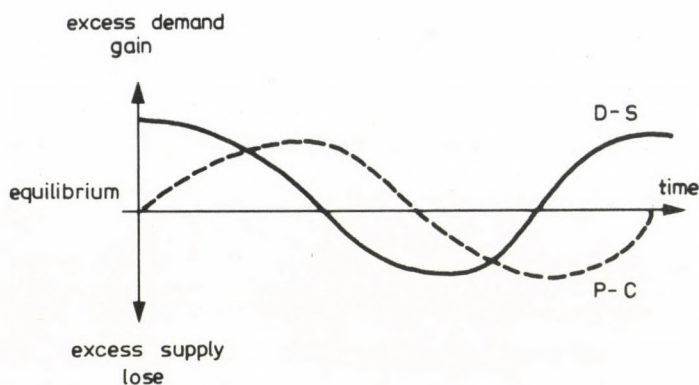
It is the best to start from the observation made by *Walras*, that not one but two equilibria are to be satisfied. If these two equilibria are not simultaneously given (or otherwise, of course, the system will not move at all), then they can not be simultaneously established ever after. *Either* price-cost equilibrium *or* demand-supply

equilibrium prevail, but each only for a moment, because lack of equilibrium of one side forbids a more than passing equilibrium of the other.

To develop the process in greater detail let us assume that at the initial point of the price is equal to cost but an excess demand is given. Then the price will, of course, increase and this leads to a gradual decrease of excess demand. Hence, after a certain time demand and supply must become equal. Their equilibrium, however, can be but momentary, because the price, having been rising all the time, will be now at its maximal level. The momentary equilibrium of supply and demand stops any further rise, yet the high price level at this point drives the adjustment process further and makes supply overshoot the level at which supply equals demand.

There is no way now to avoid the developing and growing excess supply motivated by the high price. It will certainly pull the price downwards and the price will, under the pressure of excess supply, gradually return to its initial equilibrium only to find there a situation of sizeable excess supply. Indeed excess supply has kept growing from the moment the price reached its maximum until the moment all positive deviation from price-cost equilibrium was wiped out. Therefore, this new price-cost equilibrium can persist also but for a moment, the tension caused by excess supply pressing the price further down, below its equilibrium value. The process, now, will – *mutatis mutandis* – repeat its orbit, or rather will trace out its remaining half orbit with opposite signs. At the end of it the original initial position (price-cost equilibrium, but excess demand) will be more or less exactly reproduced.

The incessant motion can be pictured
in the following sketch



Supply and demand, taken in their entirety throughout the whole process, will be actually "equal", but only "as an average of past movement", and of course the price "viewed over a certain period", that is, for a whole cycle, will be equal to cost. But these equilibria will exist only "as a continuous movement of their contradic-

tions." The agents of production and exchange can have no notion where to find the "equilibrium" that we have so neatly set up as a straight line in middle of the process. They have to rely on their scant information about prices and costs, quantities actually brought to market and sold or left unsold there. They may take the economists' word that an equilibrium actually exists somewhere – but that will not help much.

Let us review again the economic content of assumptions and abstractions employed above. We did assume the theoretical existence of equilibria both for prices and for quantities. We also accepted the tendencies, forces, interests driving toward these equilibria. What we did not assume or conclude was, that those tendencies necessarily lead to an overall equilibrium. On the contrary, we tried to analyse the tendencies and tensions inherent in a typical non-equilibrium situation, with the intention of seeing what forms of motions they might generate. We succeeded in developing some simple kinetics of the market. Our flexible, one might say dialectical, approach was easily derived from the observations and approach of K. Marx.

Smith and Ricardo operated with a notion or concept of equilibrium that – in our respect – proved to be but rudimentary. Taking stock of the tendencies working toward equilibrium they conjectured a smooth functioning of the market and actual establishment of equilibrium. Though they made all the necessary distinctions (between natural and market prices, on one side, supply and demand, on the other) still their categories had no life of their own, their deviations, contradictions were but temporary, transient, accidental and did not develop into any process. In need of proving the existence of equilibrium the kinetics of the market-place were lost.

But now a new and deeper question emerges. If the market behaves as it does under the tendencies given, we still have not answered a very basic why. To assume forces and develop a form of motion suitable to them is only half the story. We have now every reason to ask, why those forces are, as they are. And observation is not yet explanation, just as in the case of gravity, it would not do to argue that we all are subject to it, and being everybody's basic and firsthand experience, no further explanation is necessary.

The behaviour on the market

To put our question in relief let us start with instances where the behaviour on the market defies the classical rules and is, apparently, illogical.

In the so-called developing countries syndromes of "target farming" were and are still observed. In short this consist of a curious behaviour of the native "subsistence farmer" who is just emerging into a cash economy. A price rise in the produce marketed by him might more after than not entail a decrease in the quantity brought to market instead of increasing it.

An explanation of this phenomenon is now widely accepted among "development economists": the "farmer" still operates basically within his traditional surrounding where the rules of the "economic game" are entirely different from

those we are usually exposed to. In his traditional economy cash is sporadic or non-existent. He must be artificially driven to sell his produce – at least in the beginning. Poll-taxes, personal levies, school-fees or instilled “modern” needs might serve equally well for such outside pressure. Hence he has to sell, yet his “target” will be only a specified amount of money (not money “as such”, but rather the monetary expression of the duress suffered). The lesser amount of produce or labour time he has to sacrifice to meet his (real or imaginary) obligation the better.

Even with the slow erosion of the old rules of the economic game the contact with the cash economy and money market is lopsided and strained for some time to come. The producer is not necessarily interested in selling for money; if he must sell it is mostly in need of paying or buying. The motivation, so characteristic of the modern market, to buy for economic gain, is still insignificant.

The Masai herdsmen will justify their reluctance to sell cattle characteristically by pointing out that money brings at most 5 per cent a year, while a good heifer can bear more than just a calf every year. On the Masai steppe cattle is still a better survival kit than a checking account in a faraway town.

Hence this apparently illogical behaviour reduces simply to a different set of rules, ruthlessly logical in themselves and confusing only from a cashmarket standpoint. We can trace similar syndromes whenever the market only intermediates between ends that are fixed exogeneously and not determined yet by maximizing gains or profits or surplus of any kind. So, for instance, Marx ironically comments on the fact that during the greater part of the XVIII century capital was unable to seize the whole week of the labourer, because “the fact that they could live for a whole week on the wage of four days, did not appear to the labourers a sufficient reason that they should work the other two days...” [6]

The labouring class, even with the full bloom of capitalism, still slothfully retains some of these much rebuked habits. Everybody who has set foot for just a week in any factory will know that, contrary to all the economic textbooks, a rise in wage rates will not necessarily foster production. If, for instance, the piece-rates are raised this will hardly bring about increased efforts. It is with some sorrow that we have to state that not even under the circumstances of socialism is the worker willing to assume the role of “entrepreneur” which the textbooks demand of him and his behaviour will be habitually more skin to the target farmer’s.

What is now the common ground in all these seemingly contradictory motives and countervailing forces that would allow us to define some deeper sense or rationality by which behaviour on the market can be explained? Are there any deeper forces of which “profit maximisation” is only a transient form observed specifically under the rules of commodity production? Maximization of “utility” seems to be more suggestive of a common principle, for its vague and all encompassing generality, yet for the same reason in proved to be nonoperative and, furthermore, it still leaves our original question open: Why do we have to maximize something – and what would happen if we ceased to maximize that something?

I believe the answer can be found bearing in mind that in all the cases behaviour serves to protect and preserve an undisturbed, unhampered flow of reproduction, or to phrase it more succinctly: survival of the society in question. That is the reason why subsistence farmers initially restrain their market operations to the unavoidable minimum, that is the reason why the worker idles in the XVIII Century (and later) and that is the reason, why market behaviour changes so drastically once the market becomes all-embracing, meaning that not only surplus is exchanged regularly but all or most of the elements of production.

Our theoretical approach here is not entirely new and, indeed, was looming already behind the concepts of the economists of the classical era – Smith, Ricardo, Marx. It has been very consistently spelled out lately by *P. Sraffa* who successfully derived the solution to the Ricardian riddle of Standard value simply by postulating a system of prices that grant steady reproduction.

If his postulate served well to establish a set of equilibrium prices then, perhaps, it can be equally exploited in non-equilibrium situations. On one side we know that the system is never exactly in equilibrium – on the other side that mankind has to carry on production and exchange if it wishes to survive.

From this simple but very basic necessity one can derive the actual rules of economic behaviour – once the capitalist form of commodity production is firmly established. (Motivation and therefore the laws of motion may be somewhat different under other forms of commodity production. Socialist planning also achieved other controls to secure this continuity).

Let us first inspect the decisions on the levels of production. It is clear that the source of expansion is identical with the profit, or generally surplus, realized on the market. A profitable situation makes expansion possible. Does it also make it necessary? Economists usually bring in competition here as the force that makes a possible expansion inevitable. But what is competition in this case if not the expression of the inner needs of the system that has to go on?

On the other side we have the decisions on prices. Even in the case of a “perfect” market this is a real decision taken by the capitalist producer. To sell or not to sell at any one given price is a decision in itself and it is never “the market” that is making this decision. In the case of monopoly the producers’ discretion is of course even greater. If now the market makes a price cut “necessary” or a price increase “possible” this only means that the current proportions of the process of reproduction (determined by former right or wrong decisions on all the seemingly isolated levels of production) establish a certain relation of supply and demand for any given commodity. And now it is again competition that makes a necessity of the possibilities, and constrains the producer to fall in step with the market.

Competition in both instances was not a mythical spirit of emulation, inborn in human nature, but simply the need of maintaining the entire process of reproduction as seen from the standpoint of its single, isolated agents. If we, in conclusion, assert that the capitalist market is governed by competition, then by pointing out this or-

ganising force we really stated that in the last instance it is the need of an undisturbed and possibly expanded reproduction that determines the behaviour on the market. This yields the explanation to the tendencies so aptly observed and described by the classical economists and by the same token — in the form of maximization of profits — gives a key to understanding the orbital motion of capitalist production. The orbital motion, therefore, is not a “fault” or a “malady” of the process but rather the only way it can maintain itself, the expression and operation of its inherent motive forces.

References

1. SMITH, A.: The wealth of nations. Chapter VII. On the natural and market price of commodities. (ed. E. Cannan) London, 1930. pp. 59–60
2. RICARDO, D.: The principles of political economy and taxation. Chapter IV. On natural and market price. in: D. Ricardo: Works I. ed. by P. Sraffa Cambridge, 1953. pp. 90–91
3. WALRAS, L.: Elements of pure economics or the theory of social wealth. London, 1954. Allen Unwin. pp. 52–53
4. Op. cit. pp. 253–4
5. MARX, K.: Capital. Vol. III. Chapter X. Market Prices and Market Values. Moscow, 1961. Progress Publishers p. 190
6. MARX, K.: Capital. Vol. I. Moscow, 1961. Foreign Languages Publishing House. p. 274

О ФУНКЦИОНИРОВАНИИ РЫНКА

А. БРОДИ

Общепризнано мнение, что рынок — это нечто регулирующее обмен веществ товаропроизводящих обществ и обеспечивающее равновесие между предложением (производством) и спросом (потреблением).

В своей статье, рассмотрев логику действия рынка, автор приходит к выводу, что в противоположность вышесказанному рынок не в состоянии обеспечивать равновесие, поэтому его регулирующая роль заведомо несовершенна. О регулировании как таковом можно говорить лишь постольку, поскольку рынок позволяет, посредством колебаний вокруг характерного для данного момента состояния равновесия, реализовать продукцию и, в силу этого, продолжать воспроизводство. Таким образом, рынок не сдерживает, не регулирует, а лишь осуществляет характерные для товарного производства экономические колебания.

Статья, таким образом, посвящена классической теории рынка с использованием замечаний Маркса о рынке и конкуренции.

S. NAGY

TECHNICAL PROGRESS IN AN ECONOMETRIC MODEL OF HUNGARY

The article is concerned with the relation between technical progress and long-term economic growth with special attention to Kaldor's Technical Progress Function. By regression analysis it is proved that Technical Progress Function can be quantified also for Hungary's economic development between 1950 and 1970.

The second part presents an econometric model of seven equations constructed to express the above idea for Hungary.

The concluding part of the article reviews the analysis and short-term ex post forecasts performed with the model which indicate the acceptability of approach on the one hand and the need for dynamic analysis on the other.

With the development of the economy and the increasing complexity of economic processes specialists in economic analysis and forecasting are confronted with special tasks involving ever higher requirements. The growing requirements make their influence felt also in the methodology of economic analysis and forecasting. Novel methods emerge almost every day which may serve as useful aids to the researcher economist although none of them can replace a deep understanding of the processes underlying economic development and an adequate theoretical stand.

The present study aims to serve a double purpose. First, while presenting the economic development of Hungary between 1950 and 1970 we wish to show the role and influence of technical progress. In our approach the key role in long term economic growth is attributed to the scientific – technological progress also in Hungary. This task, specific in a certain sense, calls for a special method. Therefore, the second task implies the construction of an econometric model which tries to express as adequately as possible our view concerning the course of economic growth on the one hand, and which is suitable for the description and analysis of the actual long-term growth path of the economy, on the other.

Solving the above mentioned two tasks amounts in fact to constructing, specifying an econometric model and to its verification on the basis of data for 1950–1970. The latter stage includes not only parameter estimation but also analysis and forecasts of quantitative relationships, moreover bringing out also the dynamic features of the model. The latter was necessary to justify the goodness of the model applied also from the dynamic aspect, the consideration of which needs hardly any explanation in the analysis of economic growth.

Technical progress and economic growth

An impressive body of literature, studies, articles and other publications have been already published on the relationship between the above mentioned two factors. Naturally, research has also started to determine in what form technical prog-

ress should be incorporated in econometric models describing the process of economic growth.

The first growth models* were not concerned explicitly with the effect of technical progress.

The next stage is represented by the neo-classical growth models. The backbone of these models is the production function which may be defined in general as

$$Y = f(K, L)$$

This relationship states that production, output or national income (Y) is a function of the factors of production engaged, the capital stock (K) and labour employed (L). It is clearly seen that this definition does not allow for technical progress as a separate factor.

With the progress of theoretical and empirical research it turned out that the growth of production is connected not only with the capital stock and the labour employed but also technical progress plays a role. Later neo-classical growth models tried to allow for this fact in their production functions. According to the first solution the influence of technical progress appeared as a residual i.e. the part of output growth not explained by changes in the capital stock and labour was attributed to technical progress. In this case production function was defined as

$$Y = f(K, L, t)$$

where t indicates time (years) representing the effect of disembodied technical progress.

However, it is a fact that technical progress affects the technological level of also the new capacities. Younger assets represent in general higher technological level. Consequently, it is clear that the capital stock is not homogeneous but rather diversified in respect of technological level. This realization confronted the neo-classical model builders with serious problems since the assumption of homogeneous capital stock was of central importance. Solution was brought by the vintage models which considered separately the various vintages which were different in respect of their technological level. However, this solution has led in a certain sense to an over-sophistication of the growth models.

Breaking with the neo-classical school N. Kaldor came forward with a new approach basically in the spirit of the Keynesian theory. [1] The neo-classical growth theory does not explain the causes, nor the generation of technical progress but considers it as a residual. In contrast, Kaldor views technical progress as the main driving force, the engine of economic growth. In his model advanced technology is infused

* R.F. Harrod's "Dynamic Theory" was published in 1936 followed by E. Domar's "Capital Expansion and Growth" in 1945. The effect of technical progress is absorbed in these models by the variations in the capital-output ratio.

into the economy through new investments. His famous Technical Progress Function defines precisely this idea.

The Technical Progress Function describes the relationship between the growth rates of the productivity (output per head) of workers working on the new capacities and of new investments per operative on these capacities. In other words, this means that there is a close connection between the level of the technological equipment of labour (new equipment per head) and the productivity of workers operating the new capacities and of the two factors the first one appears to be decisive. Since those working on the new capacities represent the highest productivity and technological level, it is obvious that they have a decisive influence on the growth of productivity, supply with capital stock and of the economy as a whole.

Although Kaldor's model describes the effect of technical progress in the advanced capitalist economy we believe that its basic idea i.e. that technical progress is the main driving force of economic growth, has a general validity. In view of all this we can say that scientific-technical progress, i.e. the development of science, is the central factor of economic growth also in a socialist economy.

Before specifying the model it seems reasonable to support our statement with some approximative computations. As a first approach let us consider the relationship between technical progress and economic growth as the connection between labour productivity and new capacity, in terms of investment per operative. In this case, following the above line of argument, we wish to find out whether the infusion of new technology into the economy through new capacities is decisive for the aggregate productivity growth. Accordingly, the following relationship was estimated:

$$\left(\frac{\text{GDP}_t}{L_t} \right) = f \left(\frac{I_t}{L_t} \right)$$

where GDP_t denotes Gross Domestic Product, L_t total employment and I_t gross investment put into operation in the year t .

Regression estimates obtained for the 21 years between 1950 and 1970 are as follows*

$$\frac{\text{GDP}_t}{L_t} = 22,454 + 2,429 \frac{I_t}{L_t}$$

(0,784)

$$\bar{R}^2 = 0,9984 \quad DW = 0,937$$

where \bar{R}^2 denotes the correlation coefficient adjusted for degrees of freedom, DW the Durbin-Watson statistic. The classical method of ordinary leastsquares was applied.

* Data are given at 1968 prices. The standard errors of the parameters which are acceptable appear in parentheses below each parameter.

A rather strong correlation has been found between the two factors. However, the low value of Durbin-Watson statistic suggests that in the period discussed further systematic factors, played also a role in the development of aggregate productivity.

After having obtained evidence that technical progress plays a central role also in the Hungarian economy we could proceed to constructing an econometric model in which the central factor is the technical progress. Since the model consists of linear relationships, the above equation could not be built into the model in its original form. Therefore, the next step was to linearize the Technical Progress Function. Thus we tried to explain Gross Domestic Product as a function of labour employed and new investments put into operation. This solution seemed acceptable for several reasons. First, this specification is close to the production function since new investments put into operation represent precisely the gross increment in the capital stock, the expansion of capacities. Second, by considering investments put into operation, i.e. new capacities, in fact we are close also to Kaldor's idea, although the annual number of workers operating the new capacities could not be estimated.* As shown by the following estimates, the computations have supported our linear approach:

$$\text{GDP}_t = 221,821 + 1,937 I_t + 74,307 L_t$$

$$(0,393) \quad (36,937)$$

$$\bar{R}^2 = 0,9981 \quad DW = 0,9196$$

The value of Durbin-Watson statistic is relatively low again, but the estimates obtained are acceptable even in this case, all the more so since estimates of this relationship obtained later with the method of two-stage least-squares proved to be satisfactory in every respect.

To sum up, in our model designed for analysing and forecasting long-term economic growth technical progress appears as the main driving force of economic development.

The model

To characterize our model consisting of six stochastic equations and one identity we can say first of all that it belongs to the "family" of *open* econometric models. It means that when describing the development of the economy the model does not ignore foreign trade. On the contrary, it allows explicitly for the fact that at present more than 30 per cent of Gross Domestic Product is realized in the channels of foreign trade.

* It may be mentioned here that as *J. Black* pointed out in his article ("The technical progress function and the production function". *Economica*. Vol. 29) the connection between the linear version of Kaldor's Technical Progress Function and the production function can be easily established.

The model is macro-economic in the sense that it tries to describe the development of the whole economy. For this the main national economic aggregates (consumption, investment, import, etc.) are used.

Another characteristic feature of the model should be emphasized. It reflects also the *dynamic* character of economic processes since for the explanation of the individual aggregates not only current variables are used but events of preceding periods are also considered by applying lagged variables. Consequently, *dynamic models* incorporate in their systems of relationships also the growth paths of the individual variables.

With the help of the present econometric model we try to describe as adequately as possible the sophisticated interdependence of the economic variables. A *simultaneous* model would be the tool most suitable for this purpose. However, here a model of the *recursive* type is used which on account of its simpler internal structure, better expresses the underlying economic idea of the model. (The recursive character of the model can be seen after an adequate regrouping of the column and row vectors of the parameter matrix G , since in this case parameters different from zero are situated only to the left of the main diagonal.)

It follows that the variables of the model can be divided into dependent and independent, in other words, into endogenous and exogenous or predetermined variables. The predetermined variables include, beyond the exogenous variables, also the lagged endogenous variables.

In the case of the present model the parameter estimation was carried out in the structural form. It has the generally known advantage that in this approach our *a priori* information concerning the relationship among the variables, obtained in general from theoretical or empirical econometric research, can be better utilized in the specification of the individual equations. Thus, if our specification ideas are more acceptable, we may come much closer to the real nature of economic relationships than with the reduced form parameter estimation.

The difference between the two procedures appears also from the following formalized treatment.

If the structural form is used, the parameters are estimated by single equations with the methods of ordinary or two-stage least squares. By suitably arranging the parameters the following formula is obtained:

$$Gy + Bx + U = 0$$

where G and B are the parameter matrices of the endogenous and predetermined variables; y and x are the vectors of the endogenous and predetermined variables; U denotes the matrix of residuals.

Our *a priori*, extraneous information concerning the structure and internal relationships of the economy appear in the form that we know in advance about certain elements of the G and B parameter matrices that they are zero. This means that, in

contrast to applying the reduced form, not every variable appears in the equations of the endogenous variables but only those whose parameters are different from zero.

The above equation can be transformed so that the endogenous variables are on the left-hand side expressed as a function of the predetermined variables and the residuals:

$$y = -BG^{-1}x - UG^{-1}$$

if

$$-BG^{-1} = P \text{ and } -UG^{-1} = V,$$

and the covariance matrix of the residuals:

$$G^{-1} \Sigma G^{-1}, \text{ where } \Sigma = U'U$$

the reduced form of the equation system is obtained:

$$Y = PX + V$$

When the parameter estimation is immediately performed in the reduced form, the parameter matrix P is obtained in a single step, not indirectly, according to the following formula:

$$P = (X'X)^{-1} X'y$$

where symbols are as indicated above. In the course of this estimation procedure endogenous variables are expressed as a function of the predetermined variables without any constraints or assumptions.

A disadvantage of this approach is that no *a priori*, extraneous information concerning the individual parameter values can be incorporated in the matrix P . Consequently, the application of the structural form is asymptotically more efficient than of the reduced form. It should, however, be borne in mind that structural and reduced-form estimations produce identical results only if the structural equations of the model are just identified.

As we shall see, the model describes the production of and expenditure on the Gross Domestic Product. Parameters have been estimated by relying on 21 annual observations between 1950 and 1970. It caused some difficulty that no GDP figures were available for the pre-1960 period. Therefore, the first part of the sample time series, i.e. data for 1950–1959, are independent personal estimates.*

Data are given at 1968 prices so that the model describes real processes, changes in volumes and does not allow for variations in prices and incomes.

* We are aware that these personal estimates may reduce the value of quantitative information obtained. However, we strongly believe that the possible errors inherent in data estimation do not influence significantly the validity of the approach expressed in model.

The parameters of the model have been estimated with the methods of ordinary least squares (OLS) and two-stage leastsquares (TSLS).** Predetermined variables are denoted with asterisk. The subscript denotes time. (E.g. L_t indicates employment in the current year and L_{t-1} employment lagged one year.) DW stands for Durbin-Watson statistic and SH for the standard error of the equations. (The estimation method applied is always indicated in parentheses.)

1. Consumption functions (TSLS)

$$C_t = 12,958 + 0,4131 Y_t + 0,3677 C_{t-1}^*$$

(0,0790) (0,1318)

$$\bar{R}^2 = 0,9961 \quad DW = 1,591 \quad SH = 3,476$$

2. Import function (TSLS)

$$M_t = -2,781 + 0,0419 C_t + 0,0511 I_t^* + 0,5776 E_t^*$$

(0,0241) (0,0466) (0,1773)

$$\bar{R}^2 = 0,9879 \quad DW = 2,162 \quad SH = 0,990$$

3. Foreign trade balance (TSLS)

$$B_t = 0,733 + 3,2560 E_t^* - 3,2260 M_t$$

(0,3250) (0,3150)

$$\bar{R}^2 = 0,956 \quad DW = 2,592 \quad SH = 1,184$$

4. Technical Progress Function (TSLS)

$$Y_t = 138,581 + 2,1573 I_t^* + 0,0544 L_t$$

(0,1450) (0,0122)

$$\bar{R}^2 = 0,9880 \quad DW = 1,713 \quad SH = 9,673$$

5. Labour supply (OLS)

$$L_t = 0,464 + 0,1427 N_t^* + 0,8031 L_{t-1}^*$$

(0,1712) (0,1978)

$$\bar{R}^2 = 0,9999 \quad DW = 1,534 \quad SH = 0,042$$

6. Capital stock

$$K_t = 21,643 + 0,5139 I_t^* + 0,9893 K_{t-1}^*$$

(0,1912) (0,0254)

$$\bar{R}^2 = 0,9999 \quad DW = 1,395 \quad SH = 4,885$$

7. Stockbuilding (identity)

$$S_t = Y_t - C_t - B_t - I_t^*$$

Explanation of the variables:

C_t – total (private and public) consumption at 1968 prices (Thousand million Forints)

M_t – total imports (from the socialist and non-socialist countries) at 1968 prices (Thousand million foreign exchange Forints)

B_t – foreign trade balance at 1968 prices (Thousand million Forints)

** I am greatly indebted to Dr. Richárd Bugnics, assistant lecturer, Karl Marx University of Economics, for his efficient help in parameter estimation.

- Y_t – Gross Domestic Product at 1968 prices (Thousand million Forints)
 L_t – employment (Thousand active earners)
 K_t – gross value of capital stock at 1968 prices (Thousand million Forints)
 S_t – stockbuilding at 1968 prices; beyond unfinished products it includes investments in progress too (Thousand million Forints)
 I_t – investments put into operation at 1968 prices (Thousand million Forints)
 E_t – total exports (from the socialist and the nonsocialist countries at 1968 prices (Thousand million foreign exchange Forints)
 N_t – Population, at the beginning of the year (Thousands)

Application of the model for analysis

As has been already mentioned, the model as a logical structure describes the production of and expenditure on the GDP. Realizing the advantages provided by the structural form, the elements of the system, the individual equations can be used for an analysis of economic development in the sample period between 1950 and 1970. Information obtainable from the above equations was further increased by estimating the parameters of the model with unchanged specification for the periods 1950–1960 and 1960–1970 separately. Thus we have three values for each parameter of the model. Apart from the information contained in the specification a comparison of these values may provide useful insight into our past development.

Equation 1 explains the development of total consumption. As it can be seen from the specification current consumption is determined by GDP in the current year and consumption lagged one year. Parameters obtained and their standard errors suggest a strong correlation. Development of the relationship over time is presented in Table 1.

Table 1

Parameters of the consumption function

Sample period	\bar{R}^2	GDP_t	C_{t-1}	DW-statistic
1950–1960	0,9905	–0,0775 (0,0902)	1,1330 (1,2163)	2,155
1960–1970	0,9898	0,8015 (0,1135)	–0,3339 (0,1990)	1,732
1950–1970	0,9961	0,4131 (0,0790)	0,3677 (0,1318)	1,591

The relative weights of the two factors in determining current consumption were not uniform over the past 21 years. In the 1950s the level of current consumption was dependent primarily on the consumption level of the preceding year. In other words, current consumption developed “independently” of the growth of

GDP, i.e. while GDP was growing current consumption remained unchanged, slightly increased or decreased, at any rate it followed a divergent pattern as suggested by the negative sign of the parameter. In the 1960s the role of the GDP changed to the opposite, this was the main factor in shaping the course of current consumption. It was the consumption level of the preceding year that functioned here as a "brake". In other words it meant that current consumption was adjusted to the expanding volume of GDP rather than to the consumption level of the preceding year. Parameters of the total period 1950–1970 express that in the long run current consumption was a positive function of both GDP and consumption lagged one year and within this GDP carried a somewhat greater weight. While one unit increase in GDP led to 0,41 rise in current consumption, the same parameter for lagged consumption was 0,37. A comparison of the parameters supports also the idea that in respect of economic planning and analysis a certain period cannot be regarded as a mechanical sum of the constituent sub-periods delimited in some manner. As one can see different relationships may prevail in the long than in the short run. This also underlines the fact that research into the long-term characteristics of economic growth is a rather important, independent task.

In the specification of *equation 2* we set out from the theoretical consideration that the import demand of the economy is dependent on the aggregate economic activity since the imported commodities enter into both production and consumption and play an important part also in investments. Moreover, even export activity has some "import-consequences". To put it in a general forms imports grow as a function of the final expenditure categories. Parameter estimation verified the above line of thought since the parameters obtained are all significant, the standard errors are low and the values of Durbin-Watson statistic are also acceptable.

Table 2

Parameters of the import function

Sample period	\bar{R}^2	C_t	I_t	E_t	DW-statistic
1950–1960	0,8722	0,0559 (0,0249)	0,0970 (0,0583)	-0,2179 (0,4600)	3,196
1960–1970	0,9950	0,0946 (0,0222)	0,2802 (0,0447)	0,2497 (0,1193)	1,777
1950–1970	0,9879	0,0419 (0,0241)	0,0511 (0,0466)	0,5776 (0,1773)	2,162

Table 2 suggests the general conclusion concerning the development of the parameters over time that the "import-consequences" of consumption and of putting new investments into operation increased. It means that between 1960 and 1970 a unit change in consumption required twice as much imports as between 1950 and 1960. In respect of new investments changes in the parameters occurred in the same

direction, but import requirements rose by more than two and a half times. It seems that the import requirements of exports changed considerably between the two periods. It should be mentioned that the growth of import was determined primarily by exports over the 21-year period. However, a negative parameter was obtained for the exports in the period 1950–1960. In our opinion this may be explained with the efforts at autarky in the 1950s.

Equation 3 describes the foreign trade balance with the aid of a stochastic relationship. This solution was applied here because net exports or imports are explained by exports and imports where the former items appear in the GDP balance in domestic prices, but exports and imports are expressed in foreign exchange prices converted to the 1968 level. The specification was verified by the parameters, standard errors and the other indicators.

The backbone of the model is constituted by a linear Technical Progress Function, i.e. *equation 4*. It describes the production of the Gross Domestic Product as a function of new capacities put into operation and total employment. In accordance with the exposition presented in the first part of the article this relationship presents the “engine” of economic growth. The new capacities always represent higher and higher technological level and thus technical progress is infused into the economy precisely through these investments. Naturally, capacities representing higher technological level also induce a rise in the qualification level of the labour operating them. In reality these two processes take place simultaneously in strong interaction. The specification was justified beyond the acceptable parameter values also by their time trends.

Table 3

Parameters of the Technical Progress Function

Sample period	\bar{R}^2	I_t	L_t	DW-statistic
1950–1960	0,8809	1,2236 (0,4908)	0,0793 (0,0300)	1,904
1960–1970	0,9812	2,5840 (0,1068)	0,0494 (0,0135)	2,475
1950–1970	0,9880	2,1573 (0,1451)	0,0544 (0,0122)	1,713

The effect, the efficiency of investments put into operation more than doubled between the periods 1950–1960 and 1960–1970. This fact proves, too, that capacities representing the latest, most advanced technology and the associated labour have an ever increasing role in economic growth and in particular in the rise of the Gross Domestic Product. Taking the 21-year period as a whole, one unit of new capacity produces 2,2 units of GDP while an increment of 1000 persons in employment induces 54,4 million Forints.

If adequately arranged, the above equation may be conceived as the demand function for labour. Taking the volume of GDP and the new capacities put into operation as given, the required quantity of labour can be derived from the equation. *Equation 5* tries to describe the supply of labour. According to the specification, current-year employment is determined first by the employment level of the preceding year since the former cannot deviate from the latter to an arbitrary extent. The other factor is the size of the population, all the more so since labour reserves are in general proportional to the size of the population. The theoretical assumption underlying the specification has been verified by the parameters obtained. The time trend of the parameters shows that lagged employment has an increasing role in determining the current employment level. In our opinion it indicates that available labour reserves are near exhaustion.

Table 4

Parameters of the labour supply function

Sample period	\bar{R}^2	N_t	L_t	DW-statistic
1950-1960	0,9999	0,5401 (0,2062)	0,2748 (0,2468)	1,619
1960-1970	0,9999	0,3351 (0,2140)	0,8913 (0,1890)	2,102
1950-1970	0,9999	0,1427 (0,1712)	0,8031 (0,1978)	1,534

Equation 6 is in fact an identity. It aims to express that the capital stock of a given year is equal to the capital stock of the preceding year plus new capacities less scrapping. Since the inclusion of scrapping would have meant an undesirable expansion of the model we have chosen this possibility i.e. the identity is approximated with a stochastic equation. Estimation has produced acceptable parameters.

Equation 7 is an identity also in form. In the structure of the model this equation reconciliates the production of the GDP with its final use. It reflects that Gross Domestic Product is equal to domestic use (consumption, investments put into operation, stockbuilding) adjusted for the balance of foreign trade. The identity is given here in a somewhat rearranged form which can be solved for stockbuilding the seventh endogenous variable. Unlike the usual statistical practice stocks include here not only the conventional items but also investments in progress.

The model as complete system generates the growth path of the economy as a function of three exogenous variables (investments, exports and population) and further three lagged endogenous variables. In respect of economic policy the three exogenous variables have divergent character. Correlation with economic policy is the strongest in the case of investments put into operation. Beyond a conscious export-promoting policy the development of exports depends to a considerable extent on world market conditions which cannot be influenced by our economic policy. Al-

though the growth of the population is not entirely independent of economic policy measures, in the short run it is rather exogenous to the economic policy.

The behaviour of the model can be described as follows. The growth of capacities, their higher technological level coupled with labour of higher qualification leads to higher GDP (Equation 4). The greater volume of GDP results in a higher consumption level (Equation 1) which causes a rise in imports (Equation 2) and/or an increase in stocks (Equation 7). However, imports depend also on exports and they determine together the size and sign of the foreign trade balance. The structure of the model permits the growth of GDP only if the necessary labour is available (Equation 5) and there are enough funds for investment. However, the latter relationship does not appear in the model. Though new investments represent economic policy instruments this does not mean that unrealistic investment decisions can be made irrespective of the volume of GDP. A number of investigations has pointed out, for example, that in Hungary there is a strong correlation between investment activity, the balance of foreign trade and stockbuilding.

Obtaining the reduced form, forecasting

The econometric model presented above is suitable just because of its structural form for analysing the past course of economic development. For forecasting, however, the *reduced form* is more applicable with the endogenous variables expressed as a function of the predetermined variables of the model. Forecasting consists "only" in projecting with other methods the expected future values of the exogenous variables by relying on extraneous information. These values are then substituted into the model which is solved for the endogenous variables. Values obtained for the exogenous and endogenous variables make up the forecast whose internal logic and consistency is ensured by the "goodness" of the model.

Naturally, the model offers various ways for analysing economic policy variants. It is obvious that different forecast(s), different levels of GDP, consumption, etc. are arrived at if we take different values for the exogenous variables. In fact we set out here from the parameter matrices G and B of the endogenous and predetermined variables.

We have the G matrix following:

C_t	M_t	B_t	Y_t	L_t	K_t	S_t
-1,000	-	-	0,4131	-	-	-
0,0419	-1,0000	-	-	-	-	-
-	-3,2260	-1,0000	-	-	-	-
-	-	-	-1,0000	0,0544	-	-
-	-	-	-	-1,0000	-	-
-	-	-	-	-	-1,0000	-
-1,0000	-	-1,0000	1,0000	-	-	-1,0000

The matrix B is presented also in a similar form:

A	I _t	E _t	N _t	C _{t-1}	L _{t-1}	K _{t-1}
12,9580	—	—	—	0,3677	—	—
-2,7810	0,0511	0,5776	—	—	—	—
-0,7330	—	3,2560	—	—	—	—
138,5810	2,1573	—	—	—	—	—
464,000	—	—	0,1427	—	0,8031	—
21,6430	0,5139	—	—	—	—	0,9893
—	1,0000	—	—	—	—	—

The parameter matrix P of the reduced form is obtained via the already discussed formula: $P = -B G^{-1}$. In the reduced form the endogenous variables are thus expressed as a function of the predetermined variables only. Thus we have the following matrix P.

	A	I _t	E _t	N _t	C _{t-1}	L _{t-1}	K _{t-1}
C _t	-54,7975	0,8913	—	0,0032	0,3677	0,0181	—
M _t	-4,8509	0,0884	0,5776	0,0001	0,0154	0,0008	—
B _t	15,1861	-0,2852	1,3926	-0,0004	-0,0497	-0,0025	—
Y _t	-163,9327	2,1573	—	0,0078	—	0,0437	—
L _t	-462,1111	—	—	0,1427	—	0,8031	—
K _t	19,2879	0,5140	—	—	—	—	0,9893
S _t	-197,3930	2,5540	-1,3926	0,0050	-0,3176	0,0281	—

The divergent economic contents of the structural and reduced forms can be explained in terms of the actual parameter values in the individual matrices.

Elements of the matrix B express the direct impact of the predetermined variables, while the elements of the matrix G reflect the relationship among the endogenous variables. The elements of the reduced form parameter matrix P show the total impact of the predetermined variables, since the relationships among the endogenous variables are also accounted for. Thus, for example, the first row of the matrix B indicates that capacity growth does not influence directly the level of consumption, but since it does affect the volume of GDP (2,1573) and the latter the consumption (0,4131), one can see in the reduced form that one unit increase in capacities causes 0,8913 ($2,1573 \cdot 0,4131$) increase in the consumption.

Since data for 1971, 1972 and 1973 were also available at the time the model was constructed and they did not belong to the sample period of parameter estimation it was possible to test the model also for *ex post* forecasting. In the course of this exercise values of the exogenous variables were already available together with those of the endogenous ones. This condition was used to compare actual values with those obtained with the model for the endogenous variables. The main results are presented in the following table

Deviation of forecasts of endogenous variables from the actual ones as percentage of the actual values in the years

	1971	1972	1973
C_t	- 2,0	- 0,5	-2,8
M_t	-39,5	-30,2	-0,5
Y_t	- 0,9	- 1,3	-6,5
L_t	+ 0,1	+ 0,1	+0,3
K_t	- 6,6	- 1,8	-2,1

The *ex post* forecasting reaching beyond the sample period has led to several conclusions. As one can see, the model has produced acceptable forecasts for consumption, GDP, employment and capital stock. However, the deviation is far too large in case of the import forecast.

As for the poor forecasting performance of the import function, in our view the problem has been caused by our efforts to concentrate on long-term relationships. As can be seen from the parameter values, exports carry the largest weight in determining the imports, which means, in our opinion, that in the long run the balance of foreign trade is in equilibrium or at least there is a tendency to achieve it. In the short run, however, it may occur that exports and imports follow divergent courses. In such cases the above import function is not suitable for the short-term forecasting of imports. It follows from the structure of the model that in such cases the equations of the foreign trade balance and of stockbuilding are also problematic. In our further work it seems justified to re-specify the import function so that imports are explained by the domestic final expenditure categories only. This solution may ensure the applicability of the import function both in the short and in the long run.

In view of all these experiences it is all the more necessary to investigate the dynamic characteristics of the model. In a subsequent study we wish to present in quantitative terms how the model behaves over a rather long period as a consequence of its internal dynamics, its lag structure. These results indicate not only the goodness of the model but they may also provide useful information on the character of the investigated economic processes.

References

1. KALDOR, N. — MIRRLEES, J. A.: A new model of economic growth. *Review of Economic Studies*, 1961–1962. pp. 170–190
2. HEESTERMAN, A. R. G.: *Forecasting models for national economic planning*. Dordrecht, 1970. D. Reidel Publishing Company.

ИЗОБРАЖЕНИЕ ТЕХНИЧЕСКОГО ПРОГРЕССА В ЭКОНОМЕТРИЧЕСКОЙ МОДЕЛИ

III. НАДЬ

В своей статье автор рассматривает связь между техническим прогрессом и экономическим ростом. В первой части обсуждаются теоретические аспекты этой проблемы, прежде всего в отношении моделей роста, причем подробно анализируется так называемая функция технического прогресса, разработанная Калдором. В дальнейшем с помощью регрессивного расчета автор доказывает, что основное содержание функции технического прогресса — согласно которому технический прогресс является главной движущей силой экономического роста — поддается количественному выражению также в отношении развития Венгрии в 1950—1970 гг.

Вторая часть статьи показывает построенную в соответствии с изложенной выше идеей эконометрическую модель, состоящую из семи уравнений, излагается спецификация и дается оценка параметров. Параметры бесспорно свидетельствуют о том, что настоящая эконометрическая модель, отводящая главную роль техническому прогрессу, кажется пригодной для изображения развития венгерской экономики в 1950—1970 гг.

В заключительной части автор показывает, как можно с помощью модели анализировать развитие народного хозяйства на протяжении данного двадцатилетнего периода. При этом анализ проводится сперва по целому двадцатилетнему периоду, а потом отдельно по каждому из десятилетних составных периодов. Полученные параметры позволяют сделать интересные выводы относительно характерных черт экономического развития Венгрии. На основе этого анализа, а также прогноза *ex ante* на 1971, 1972 и 1973 годы можно констатировать, что хотя модель в общем оказалась подходящей, некоторые ее уравнения нуждаются в поправках из-за того, что модель основывается на закономерностях долгосрочного экономического роста и прогноза. Таким образом, в ходе дальнейшего развития модели целесообразно будет исследовать и ее динамические свойства.

И. ГЕНЦИ

ВЛИЯНИЕ ТЕХНИЧЕСКОГО ПРОГРЕССА НА ПРОИЗВОДСТВЕННУЮ СИСТЕМУ ВЕНГЕРСКОГО СЕЛЬСКОГО ХОЗЯЙСТВА

В статье характеризуются макроэкономические факторы развития, и указывается на то, что оценка конкретных технико-технологических решений зависит от уровня экономического роста данной страны, от мощности и экономической эффективности ее промышленности. Поэтому недостаточно найти и применить к данным условиям технически наиболее «современное» решение. Новая техника должна быть приспособлена к специфике социалистических хозяйств, особенно учитывая использование средств и удовлетворяющую степень сезонной занятости рабочей силы.

Постановка вопроса

В результате социалистической реорганизации венгерского сельского хозяйства были созданы крупные социалистические сельскохозяйственные предприятия, которые в последние годы консолидировались и в некотором отношении развились дальше. В последующий период следует уделить внимание прежде всего многостороннему и гармоничному развитию производительных сил. Исходя из практического опыта, следует найти такую прогрессивную модель социалистического сельского хозяйства, которая соответствует, с одной стороны, требованиям развития социалистического общества и экономики, а с другой стороны, идет в ногу со все ускоряющимися технико-технологическими изменениями.

Венгерское сельскохозяйственное производство достигло примечательные и в международном отношении успехи, и в стадии формирования находят новые технические решения и хозяйственные образования. Нет еще, однако, вполне сложившейся концепции организации производства на будущее. По многим общим и частным вопросам точки зрения и практические решения весьма различны и по основным вопросам еще не завершены дискуссии, которые — хотя и с менее резкими столкновениями, чем раньше, — все еще ведутся.

*В экономике предприятия более или менее выделяются два аспекта микроэкономики:** с одной стороны, *вопросы, связанные со сферой предприятия*, сюда относятся и проблемы отношений собственности на предприятии, дальнейшее развитие формаций предприятия, поведение, самостоятельность предприятия, заинтересованность, внутренний механизм предприятия и связи, интеграции, объединения между предприятиями и т.д. С другой стороны, своеобразную область микроэкономики представляют узко взятые проблемы экономики предприятия — направление производства, его масштабы, внутренние связи, организационные формы и т.д.

* Более детальное изложение этого вопроса см. [1]

В сельском хозяйстве тот или иной актуальный мотив экономики предприятия временами выступал и как политическая проблема (напр. землеустройство, отраслевое хозяйство, позже — специализация, вертикальная интеграция, более того, были периоды, когда решения центральных органов предписывали площадь производственных бригад, численный состав, число звеньев и т.п.) Поэтому и в будущем, при меняющихся экономических, общественных и технических условиях, *развитие производственной сферы будет требовать концепции*, от которой и в будущем будет зависеть эффективность сельскохозяйственного производства. Значит, необходима такая перспективная концепция организации хозяйства, которая основана на всестороннем взвешивании обстоятельств, сглаживает крайности новых направлений, сопоставляет гипотезы с действительностью и одновременно оставляет возможность для разумной дифференциации.

Развитие нашего социалистического сельского хозяйства, несомненно, вступило в новый этап — за последние полтора десятилетия техника постепенно проникла в сельское хозяйство, более того, в настоящее время и в сельском хозяйстве появляются предвестники того процесса, который принято называть научно-технической революцией. В ближайшем будущем нам следует иметь в виду, что *научно обоснованная техника и технология (комплексы машин и зданий, химикаты, биотехнические решения и т.п.) будут все больше определять производственные процессы в сельском хозяйстве*, что эти процессы все в большей степени станут механизированными, биологически программированными процессами; технический прогресс, таким образом, станет решающим элементом сельскохозяйственного производства.

Таковы условия, при которых предстоит наметить перспективную концепцию организации производства, начертать производственную модель социалистического сельского хозяйства.

Как приспособить систему организации производства к требованиям современной техники, и как координировать эти два фактора? Существуют ли специфические особенности системы организации производства в социалистическом сельском хозяйстве, и какие специальные решения они будут мотивировать?

На все это нет еще полного ответа. В данной статье я берусь только поставить некоторые вопросы, затронуть аспекта подхода, набросать контуры некоторых главных черт перспективной модели предприятия, но и при этом не претендуя на окончательное решение этих вопросов, скорее, лишь с намерением оживить дискуссию переоценкой и систематизацией известных и до сих пор факторов, способствуя этим коллективному формированию перспективной концепции организации предприятий.

Технический прогресс и экономическая эффективность в сельском хозяйстве

Технико-технологическую модернизацию сельского хозяйства требуют одновременно разные факторы. Прежде всего то, что *число занятых в сельском хозяйстве из года в год снижается*. Уменьшающуюся рабочую силу

в сельском хозяйстве приходится замещать фондами, материалами, новыми технологиями, чтобы уровень и объем сельскохозяйственного производства не снизился. Следует также учесть, что одновременно с оттоком рабочей силы сокращается и площадь сельскохозяйственных угодий. Вместе с тем *непрерывно возрастает потребность в продуктах сельского хозяйства* внутри страны, более того, мы намерены расширить экспорт сельскохозяйственной продукции. Кроме повышения количества, все возрастают и требования к качеству продукции: с одной стороны, следует увеличить объем производства более ценных по составу продуктов (напр. нежирное мясо, молочные продукты, овощи, фрукты и т.п.), с другой стороны, позаботиться о хранении, консервировании, переработке продукции. И, наконец, следует считаться и с новыми требованиями работников сельского хозяйства к условиям труда на рабочих местах, ведь новое поколение не согласно уже работать при устаревших условиях труда.

Все это вместе взятое требует и мотивирует быстрые темпы модернизации применяемой в сельском хозяйстве техники и технологии. Можно с полным правом сказать, что техническое преобразование сельского хозяйства — это в определенном отношении процесс *принудительный*, который нельзя приостановить или замедлить без ущерба всему народному хозяйству. Техническое преобразование сельского хозяйства — другими словами создание «сельского хозяйства промышленного типа»* — вопрос очень сложный. Некоторые специалисты считают, что нам не нужно делать ничего другого, как создать или купить самые передовые из существующих в мире технологий, внедрить их как можно скорее в практику сельскохозяйственных предприятий, и этим проблемы развития будут решены. Этот подход оставляет без внимания не только дивергенцию экономических и технических параметров, но и общественно-экономические, природные и производственные условия отдельных стран, более того, существующие внутри одной и той же страны различия между отдельными местами производства, вследствие чего аналогичные технические решения могут дать совершенно разный эффект.

С одной стороны, мы, таким образом, считаем техническое преобразование сельского хозяйства необходимым процессом, с другой же стороны, считаем, что конкретные технико-технологические решения следует подвергать более строгому предварительному экономическому контролю и из методов и средств выбирать те, которые самым лучшим образом отвечают уровню развития венгерской экономики, ее ресурсам, природным и организационным условиям, то есть наилучшим образом удовлетворяют требованиям общественно-экономической эффективности.

* Выражения «индустриализация сельского хозяйства» «создание сельского хозяйства промышленного типа» в последнее время встречаются во многих статьях, опубликованных в Венгрии. Однако эти понятия толкуются по-разному, так как за ними кроется как процесс технического преобразования сельского хозяйства, так и некоторые концепции, оспариваемые мной. Поэтому — так как нет места для уточнения дефиниции — я пользуюсь этим выражением, ставя его в кавычки.

Существует, однако, опасность, что в ходе развития изложенное выше требование не во всех областях соблюдается последовательным образом. С одной стороны, потому, что из-за наличия многих вариантов технологических рекомендаций нелегко дать им экономическую оценку, с другой стороны, потому что при реализации отдельных элементов индустриальной концепции может возобладать технический подход, «техническая новизна» решения может получить приоритет над экономической эффективностью.

Имеется много примеров тому, когда для характеристики «передового» варианта перечисляются технические параметры; считают, например, оптимальным вариантом тот, при котором 1 кг мяса получают с наименьшей затратой кормов, не считаясь с более высокой ценой кормовой смеси, содержащей более ценные компоненты, возможно, больше импортного материала.

На ориентацию в техническом развитии сельского хозяйства временами влияют и заблуждения экономической теории. В индустриально развитых странах наблюдается тенденция к уменьшению числа и удельного веса самостоятельного населения, занятого в сельском хозяйстве. Отсюда одним из критериев передового уровня считается минимализация затрат живого труда, получение максимальных урожаев при как можно более развитой механизации производства. В этих странах в настоящее время повышение производительности живого труда, снижение удельной затраты живого труда *вообще* рентабельно, повышает экономическую эффективность производства. Как раз из механического толкования этой тенденции вытекает воззрение отдельных специалистов, согласно которому самый насущный вопрос модернизации венгерского сельского хозяйства — это как можно более быстрая замена живого человеческого труда овеществленным трудом.

Однако реальное изучение положения показывает, что в венгерском сельском хозяйстве замена живого труда овеществленным трудом нередко приводит к повышению издержек.* Не всегда повышение производительности живого труда сопровождается повышением экономической эффективности. В отношении отдельных сельскохозяйственных операций иногда случается и то, что валовая продукция в ходе модернизации в большей мере возрастает, чем издержки; но в настоящее время чаще встречается противоположная тенденция.

Согласно практическому опыту, рост издержек в некоторых случаях компенсируется ростом урожайности, однако *вообще необоснован взгляд, согласно которому введение технологий, повышающих урожайность (продуктивность) в каждом случае и автоматическим повышает экономическую эффективность.*

Как оценить при таких обстоятельствах техническое преобразование сельского хозяйства? Считать ли закономерным то, что «индустриализация» сельского хозяйства *не может* сопровождаться повышением экономической эффективности? И если это так, то позволительно ли при таких обстоятельствах проводить техническую модернизацию нашего сельского хозяйства?

* Подобные тенденции наблюдались и в некоторых отраслях промышленности. См. в связи с этим [2.]

Прежде всего следует еще раз констатировать: нельзя воспрепятствовать модернизации, не рискуя вызвать возможное сокращение производства продуктов, необходимых народному хозяйству. Естественно, что органы, компетентные для вынесения решений, исходя из интересов народного хозяйства или предприятия, или в интересах удовлетворения требований трудящихся к условиям работы, могут выступить за модернизацию, даже если она будет менее рентабельной. Но одно дело сознательное принятие экономических последствий и другое дело — погоня за необоснованными иллюзиями.

Естественно, что техническое развитие оказалось бы более эффективным экономически, если бы вследствие повышения эффективности промышленности уровень цен промышленности снизился, или же стали более дешевыми средства и материалы, импортируемые для сельского хозяйства. Однако на такие перспективы — по крайней мере на среднесрочную перспективу — мало надежды, учитывая, наряду с другими факторами, наблюдающуюся во всем мире возрастающую тенденцию росту цен на средства производства. Средства производства, используемые в сельском хозяйстве — в особенности машины — большей частью импортируются и наш потенциальный рынок средств производства недостаточно сбалансированный. Нужно считаться и с тем, что техническое преобразование сельского хозяйства требует значительной доли ограниченных ресурсов страны.

При таких условиях нам следует в первую очередь сконцентрировать усилия на том, чтобы из возможных альтернатив развития выбрать самые для нас благоприятные, разумно адаптировать их к отечественным условиям и создать такие условия на предприятиях, которые способствовали бы принятию и рентабельному использованию новых способов, средств, технологических систем.

Естественно, что в отношении *научного исследования и перспективного развития* было бы ошибкой исключить те решения, которые при *нынешних* экономических параметрах нерентабельные. Однако, с точки зрения практического осуществления нельзя исходить из того, что самое новое направление или решение, созданные в данной отрасли науки, для нас одновременно экономически самое выгодное.

При таком подходе мы можем добиться того, чтобы техническое развитие нашего сельского хозяйства с экономической точки зрения хотя бы относительно оказалось более эффективным.

Адаптация техники к системе цехового хозяйства

В теоретических исследованиях в настоящее время уже часто разделяют сферу предприятия и сферу цеха, хотя на практике они нераздельны. Сфера цеха в первую очередь означает термин для места и рамок производственной (и обслуживающей его) деятельности. Цех вообще представляет категорию внутри предприятия и подчиняется законам микроэкономики и решений на уровне предприятия. В рамках аналогичной формации предприятия (напр.

государственных хозяйств) сфера цеха может быть различной в зависимости от характера, объема и технологии производства.

В данном случае мы поставили себе цель исследовать взаимодействие между техникой и сферой цехового хозяйства. Попытаюсь поэтому точнее описать сферу цехового хозяйства, его функциональные аспекты, систему цехового хозяйства. Система цехового хозяйства включает — будучи системой ведения хозяйства сельскохозяйственного предприятия — *направление, объем, структуру производства (и его дополнительных или обслуживающих деятельности), далее способ связи между структурными элементами* (напр. отраслей), дифференцированную большей частью и по отраслям *оснащенность* производства, *меру* использования производительных сил (рабочей силы, земли, основных и оборотных средств).

В сельскохозяйственном производстве известно много вариантов систем цехового хозяйства; встречаются хозяйства самого различного направления, размера, структуры, оснащенности в различных странах, но и внутри одной страны. Технические элементы, которые используют, которые можно использовать в развитии сельского хозяйства (сорт, агротехника, зоотехника, машины, сооружения и т.п.), нельзя выбирать независимо от системы цехового хозяйства; все технические решения следует выбирать в соответствии с основными условиями хозяйства. Следует принять за реальность, что в Венгрии функционируют социалистические хозяйства, своеобразной формации, экономических закономерностей и взаимосвязей, что существуют определенные природные условия (почвенные, климатические, гидрологические и т.п.) и что эти первичные условия нельзя изменить, даже если систему хозяйства, или отдельные ее элементы и приспособить к требованиям техники.

В качестве примера рассмотрим проблему адаптации систем машин для растениеводства к требованиям хозяйства. Хотя механизация в сельском хозяйстве лишь косвенный фактор повышения урожайности, все же ее можно считать хребтом технического развития.* Если исходить из того, что все большая часть процессов труда в сельском хозяйстве становится механизированным процессом, то ясно, что выбор систем машин оказывает влияние не только на рентабельность, фондоемкость, поризводительность хозяйства, он определяет и планомерное, бесперебойное проведение производственных и трудовых процессов.

Специалист, развивающий, планирующий, адаптирующий техническое развитие, оценивает систему машин на основе ее параметров, технических показателей. В экономической жизни, однако, система машин лишь средство для достижения определенных производственно-экономических целей. Машина или система машин не может сама по себе обладать современными параметрами, конструкцией, функцией, а лишь в зависимости от того, насколько она может удовлетворять данные макроэкономические и организационные требования. Нередко та же машина, которая прекрасно входит в одну систе-

* См. [3].

му хозяйства, несмотря на всю свою «современность» не может быть рентабельно использована в другом хозяйстве, в другой системе. Значит, с экономической точки зрения неправильно без тщательного взвешивания ориентироваться только на машины, представляющие в данный момент «мировой уровень».

Исходным правилом игры капиталистической экономики является удовлетворение спроса, возникающего на рынке потребителей (в случае сельскохозяйственных машин — на фермах). Учитывая эти требования осуществляется и развитие машин. Современное капиталистическое хозяйство, однако, одновременно старается и манипулировать эти запросы; часто возбуждают фиктивные запросы, более того, оказывают экономическое или психологическое давление на покупателей.* Из этого следует, что системы машин, созданные в развитых капиталистических странах, с одной стороны, удовлетворяют определенные требования хозяйств (причем капиталистических хозяйств), с другой же стороны, вследствие дезориентационной деятельности производящих и торгующих предприятий отходят от них в сторону более дорогостоящих решений. Поэтому нельзя эти машины, какими бы прекрасными техническими параметрами они ни обладали, адаптировать в наших хозяйствах без тщательного анализа.

Рассмотрим, сильно упрощая, некоторые характерные различия между цеховыми моделями капиталистического и социалистического сельского хозяйства. (Здесь речь идет только об основных моделях цехового хозяйства, конкретные системы хозяйства в значительной мере дифференцированы как в капиталистической, так и социалистической экономике).

В качестве примера возьмем капиталистическую ферму, которая работает в средне-западных областях Соединенных Штатов, используя рабочую силу фермера и членов его семьи. Фермер добивается получения максимальных доходов и поэтому максимально механизмирует. На более крупной, чем средняя, и квалифицированно управляемой ферме он получает доход при отработке сравнительно низкого числа рабочих дней и более низком (чем в Венгрии) использовании машин, значит он может развивать даже монокультуру.

Такая основная модель хозяйства предъявляет к системам машин следующие требования:

а) применяет большей частью *машины, используемые только для одной цели*; значительная часть ферм занимается производством одного или двух главных видов продукции и при данных условиях цен (и дотаций) может вынести дополнительные издержки, связанные с коротким сроком эксплуатации машин,

б) *добивается наличия более мощных машин*, даже ценой того, что на ферме временами эти мощности не используются полностью. Как известно,

* По Преушену [4] фермеры в США в некотором виде гонятся и за модой при покупке все новых и новых дорогих машин; трактор также может быть символом статуса, как автомашина.

на большинстве ферм имеется один (или максимум два) трактора, мощность трактора должна соответствовать операции, требующей самой большой мощности,

в) в соответствии с тем, что на ферме часто работает всего один человек, то чаще всего создают машины, которыми при осуществлении одного рабочего процесса *может управлять один человек*, которые могут выполнять одновременно несколько операций, даже в том случае, если такие машины стоят дорого и их эксплуатационные издержки также высокие.

Если сравнить эти требования с требованиями, предъявляемыми социалистическим хозяйством — не принимая во внимание различные типы хозяйства, встречающиеся в обоих случаях — мы можем прийти к некоторым заслуживающим внимания выводам.

Во-первых: Личные доходы работников социалистического хозяйства более тесно связаны с числом рабочих дней или часов, отработанных в течение года. Если механизатор, работающий в сельском хозяйстве, из-за сезонности работ, может работать только 80—100 дней в году, его личный доход не мог бы быть пропорциональным доходу, получаемому индустриальным рабочим, работающим регулярно в течение всего года. Таким образом, к системе машин (так же как и ко всей системе организации хозяйства) предъявляется требование, чтобы они обеспечили круглогодичную занятость.

Во-вторых: Объем социалистических хозяйств позволяет одновременную работу нескольких людей на выполнении одной операции, или, по мере необходимости, разбивку процесса работы на несколько операций. Вследствие этого применение систем машин «для одной персоны» мотивировано лишь в том случае, если они более рентабельны или нельзя найти другое техническое решение. Далее: социалистическое хозяйство из-за большого размера может пользоваться несколькими тракторами, таким образом возникает возможность их дифференциации в соответствии с требующейся для отдельных операций (групп операций) тяговой силой, и тем самым обеспечения более рентабельной нагрузки (тракторы различной мощности).

В-третьих: В социалистических хозяйствах в интересах относительной экономии средств и снижения издержек производства больше внимания следует уделять степени использования машин во время выбора и эксплуатации систем машин. Поэтому вообще следует отдавать предпочтение машинам, используемым для нескольких операций, в нескольких отраслях хозяйства, по сравнению с машинами одно-целевыми.

Изложенные выше соображения учитывают, естественно, лишь *самые общие* экономические требования, предъявляемые к системе машин в социалистическом хозяйстве. Конкретные системы машин могут быть различными для отдельных стран, но решение и внутри одной страны зависит от характера и соотношения продукции, размеров хозяйства и природных условий.

С подобным логическим подходом можно рассматривать и отношение других элементов новой технологии и техники к системе хозяйства. Однако, в соответствии с характером технологии эти проблемы носят различный характер в отношении развития животноводческих ферм, оросительных систем, химизации и т.п.

Адаптация системы хозяйства к требованиям техники

Техническое преобразование сельского хозяйства требует в первую очередь увеличения размеров хозяйств. Главные причины этого следующие:

Современные машины, оборудование могут быть рентабельно использованы лишь при производстве сравнительно большого объема. В случае неполного использования машин возрастают издержки на отдельные операции и одновременно себестоимость продукта, возрастают удельные капитальные затраты. Современные животноводческие фермы, сушильные, холодильные установки, кормосмесители, перерабатывающие аппараты и т.д. рентабельны только при определенных размерах. В случае больших размеров становится рентабельной деятельность по обслуживанию и лишь так эффективна работа квалифицированных рабочих и специалистов.

Крупные размеры сами по себе еще не означают более рентабельное производство, только в том случае, если увеличение масштабов влечет за собой повышение эффективности затрат, доходности. *Поэтому невозможно определить степень оптимальной концентрации независимо от пространства и времени:* это зависит от условий цен и издержек, от характера технологии и специфичности отдельных отраслей. Значит, мы можем говорить об оптимальной концентрации только при конкретных условиях хозяйства и технологии. Однако техническая модернизация требует и развития понятия концентрации. В мелких хозяйствах Западной Европы один трактор с прицепленной машиной уже определяет объем операции; в социалистических же крупных хозяйствах имеется возможность организовать группы, в которые входит несколько машин. Так, например, опыт венгерских крупных хозяйств показал, что эксплуатация одного зернового комбайна по-отдельности нерентабельна ни с точки зрения организации транспорта, ни технического обслуживания. Целесообразно, чтобы в одной группе работало не менее 3—4 комбайнов и рассчитывать площади посева с учетом дневной или сезонной производительности такой группы. Таким образом, несколько изменится порядок планирования, в соответствии с которым сначала принимали решение о размерах отрасли на основе учета различных природно-экономических факторов, а затем только о применяемой технике; в будущем оба подхода должны осуществляться одновременно.

Под воздействием концентрации техническое развитие влечет за собой углубление специализации. Известно, если на неизменной посевной площади расширить производство отдельных культур, то неизбежно приходится уменьшать число выращиваемых культур. Специализация пробивает себе дорогу и в процессе разделения труда между хозяйствами; в ходе такого разделения труда отдельные этапы того или иного вертикального процесса осуществляют различные хозяйства. Сюда же можно отнести организацию межхозяйственных коопераций для осуществления деятельности, выходящей за рамки одного хозяйства, выделение некоторых видов деятельности из обязанностей сельскохозяйственных предприятий и организацию специальных организаций, предприятий для их осуществления. (Таковой является, например, авиационная служба защиты растений). Ведение и организацию

хозяйства приходится приспосабливать к требованиям развития техники, кроме концентрации и специализации и в ряде других аспектов. Так, например, изменения претерпевает система управления хозяйством, структура хозяйства, техническое снабжение, следует пересмотреть ряд традиционных подходов к правилам выбора предшественников, связям между отраслями, использованию органических веществ и т.д.

Мы грешим против требований рентабельности и в том случае, если априори принимаем определенные технические решения, которые требуют определенных объемов и дают в результате определенный рост производительности, и *односторонне* приспосабливаем условия хозяйства к ним. Размеры современных птицеводческих ферм с технологической и экономической точки зрения, можно сказать, ничто не ограничивает. В отношении же ферм крупного рогатого скота транспортировка кормов и навоза, требования животным к наличию выгона и даже некоторые соображения ветеринарии сильно лимитируют чрезмерное увеличение масштабов. Согласно еснгерскому опыту на фермах с количеством мест, превышающем 600—700, скачкообразно возрастают эксплуатационные проблемы и вследствие этого и хозяйственные трудности. Увеличение масштабов в принципе должно снижать себестоимость производства, в первую очередь тем, что снижаются удельные постоянные издержки. Во многих случаях, однако, одновременно с этим бурно растут другие издержки, более того, иногда ухудшаются и показатели производства.

В ходе развития мы иногда вынуждены принимать решения, требующие больших капиталовложений в тех случаях, когда приходится компенсировать выбывающую рабочую силу, или увеличить урожайность.

Однако, *во-первых*, не все равно, сколько рабочей силы заменяет данное техническое решение. Если больше, чем предусмотрено, это тоже беда, так как в хозяйстве возникают трудности с занятостью рабочей силы. Требование к уменьшению потребности в рабочей силе логически требует применения более мощных тракторов. Если же трактор данной мощности делает излишней в несколько раз большее количество рабочей силы, чем необходимо, то его внедрение нарушает равновесие хозяйства. *Во-вторых*, практический опыт показывает, что потенциальный эффект высокопроизводительной техники в направлении повышения производительности при отсутствии соответствующих условий не проявляется, расходы же увеличиваются и в этом случае. *В-третьих*, если новое техническое решение в среднем по стране и повышает соответствующим образом производительность, еще не обязательно, что это в равной мере отвечает требованиям хозяйства в области Сабольч-Сатмар, располагающей избытком рабочей силы, как хозяйства в области Комаром, где приходится преодолевать недостаток рабочей силы.

Недостаточно, значит, удовлетвориться тем, что новая техника повышает производительность или концентрацию, но следует и *количественно* взвешивать их соответствие требованиям хозяйства. Другими словами: *от техники в данном положении следует требовать не максимального, а предусматриваемого повышения производительности и добиваться не максимальной, а экономически оптимальной в местных условиях концентрации.*

Разумная специализация уже и до сих пор проявила положительное действие в наших хозяйствах, в особенности в государственных хозяйствах. В будущем, параллельно с внедрением новой техники и технологии, мотивировано шире развивать этот процесс в более широком кругу хозяйств. В настоящее время здраво рассуждая уже никто не думает о восстановлении многоотраслевой, квазиавтарктической системы ведения хозяйства, или введении старых строгих правил в отношении предшественников. Но и модель ведения хозяйства «индустриального типа» не может означать специализацию в ее преувеличенной форме, переход на монокультуру в полеводстве, даже если в отдельных капиталистических странах и можно найти такие — далеко не общепринятые — примеры и по следам этого и у нас есть приверженцы точки зрения, согласно которой модель ведения технически развитого хозяйства означает монокультурные производственные единицы, которые в крайнем случае охватываются рамками общего предприятия.

По вопросу, можно ли культуру (и все культуры) в течение долгих лет возделывать без плодосмена, решающим является мнение специалистов-почвоведов и агротехников. С экономической же точки зрения ясно, что модель социалистического хозяйства не может быть равной полевой монокультуре, так как не обеспечивает достаточной занятости рабочей силы и разумное использование средств производства (в первую очередь машин).

Техническое преобразование сельского хозяйства существенно модифицирует и отраслевые связи. В сельском хозяйстве, осуществляющем производство традиционным образом, между отраслями хозяйства сложилась сложная натуральная взаимосвязь, которая оказывает существенное воздействие на объем и структуру производства. Можно было держать столько скота, сколько хозяйство могло обеспечить кормами и подстилкой. Можно было планировать урожайность, которая обосновалась количеством навоза, производимого поголовьем. Нужно было выращивать друг после друга такие культуры плодосмен, которые обеспечивали относительную защиту против засорения полей, вредителей и болезней растений. В технически развитом сельском хозяйстве эту роль все больше берут на себя минеральные удобрения, гербициды, средства защиты растений, поэтому нет необходимости в жестких отраслевых связях.

Все это, однако, не означает, что под лозунгом «индустриальной» концепции ведения хозяйства нужно необдуманно отбросить такие внутренние ресурсы хозяйств, как корневые и пожнивные остатки, стебли, часть которых можно использовать на корм, другую часть в качестве органического удобрения, параллельно с материалами промышленного изготовления.

Научно обоснованные технологии в последнее время во все большем числе отраслей появляются в форме *систем производства*, назначение которых как раз в том, чтобы все факторы, необходимые для достижения целей производства (например, сорт, агротехнику, машины, химикаты и т.п.), применяли в соответствующем соотношении, количестве и качестве. Эта новая комплексная технология и организация производства уже и до сих пор дала выдающиеся результаты и имеются признаки, обнадеживающие и в отношении их распространения.

Но как сопроводительное явление систем производства — в особенности на первом этапе развития — наблюдается некоторая отраслевая однобокость, которая оставляет без внимания требования хозяйства в целом и концентрирует внимание на одном единственном виде продукции. Это вытекает из того, что для поддержки новых систем производства были организованы специальные центры (так наз. гесторы), которые развивают интенсивную и успешную деятельность в интересах развития данной отрасли и в таком направлении стимулируют и сотрудничающих с ними специалистов хозяйств. Все это, естественно, только тогда приводит к аномалиям, если отраслевой подход той или другой системы производства внутри хозяйства не сопоставляют с требованиями других отраслей, или когда руководство недостаточно целеустремленно создает гармонию между отраслями и производительными силами внутри хозяйства.

Односторонний отраслевой подход иногда находит свое выражение и в технических конструкциях. В отдельных системах выращивания сахарной свеклы, например, внедрили такие уборочные машины, которые срезанные головки и ботву оставляют на земле, так что они не могут быть использованы на корм; вместо них на отдельном поле, при добавочных затратах приходится выращивать грубые корма.

С устранением некоторых элементов отраслевых связей одновременно, как следствие технического развития складываются и отраслевые связи нового рода. Так например, на повестке дня встали связи, направленные на *многостороннее использование систем машин*. Одновременно с развитием систем машин подыскивают и те культуры (причем на определенной площади), при помощи которых элементы системы машин можно было многосторонне использовать. В настоящее время уже многие хозяйства и так называемые хозяйства систем сознательно ищут возможность использования отдельных машин системы, сделанных для выращивания одной культуры — как правило кукурузы — для той или другой операции выращивания другой культуры, (например, комбайн может убирать злаки, кукурузу, семенную люцерну, рапс, в последнее время даже сою). Естественно в качестве элементов такой системы, распространяющейся на несколько отраслей, при соответствующей обоснованности, могут фигурировать и одно-целевые машины. Этот процесс несомненно разумный и конструктивный, но на следующем этапе развития следует искать уже не возможности использования уже имеющейся системы машин, в другой отрасли, а *априори так планировать систему машин, чтобы ее элементы были пригодны для проведения полевых работ культур на определенной площади*. Этим мы можем сделать большой шаг вперед — по крайней мере в отношении механизации — в сторону создания гармонии между современной техникой и системами ведения хозяйства.

В наши дни разворачиваются контуры новой экономики сельскохозяйственного производства, которая по-новому подходит к вопросам, считает устаревшим ряд канонов и широко учитывает новые технические и технологические решения сельскохозяйственного производства. Этот подход, однако, не означает *одностороннее* равнение на отдельные, хотя многообещающие решения техники; по вопросам структуры хозяйства и организации процессов

и в дальнейшем нужно будет решать на основе экономических параметров, а не технократических соображений.

Венгерское сельское хозяйство и в этом отношении идет по правильному пути. Из уроков начальных попыток, по следам анализа иногда противоречивого практического опыта и результатов теоретических исследований вырисовываются контуры хозяйственной модели социалистического сельскохозяйственного предприятия, базирующегося на новой технике.

Основные соображения в связи с гармонией технического развития и системы ведения хозяйства можно свести к следующему:

а) Техническое преобразование сельского хозяйства быстрыми темпами неизбежный процесс, его приторможение причинило бы вред всему народному хозяйству. Целесообразно, однако, усилить экономический контроль оценки и эксплуатации технических и технологических решений.

б) В ходе модернизации при выборе отдельных технических и технологических решений следует исходить не из того, насколько они являются новинками, а из экономических параметров, в первую очередь из экономической эффективности. Следует добиваться не обязательно достопримечательных решений «мирового уровня», а необходимо выбирать *эффективные* варианты, рентабельные и оправдавшие себя за границей решения следует оценивать применительно к отечественным экономическим, общественным и природным условиям.

в) Новую технику и технологию во многих случаях можно использовать рентабельно в комбинации с известными и распространенными методами. На практике не оправдала себя теория, согласно которой, чем быстрее и радикальнее мы заменим известные способы новыми, тем быстрее повышается экономическая эффективность в сельском хозяйстве.

г) Новую технику и технологию в большинстве случаев следует прилагать к социалистической модели хозяйства и ее конкретным формам, с особым учетом согласованности технических и экономических параметров, разумного использования средств производства, разумной комбинации отраслей и планового, равномерного использования рабочей силы. На гармоничное соответствие техники и хозяйства следует обращать усиленное внимание уже на ранней стадии планирования развития.

д) Системы ведения хозяйства также следует адаптировать к требованиям новой техники и технологии. Это в некоторых случаях требует большой концентрации, уменьшения числа отраслей, усовершенствования руководства и технического обеспечения и вообще значительной модернизации организации хозяйства.

е) Несмотря на эту тенденцию не обязательно в каждом случае наиболее рентабельным окажется самый большой масштаб, наиболее соответствующими машины с наибольшей производительностью, а та ступень, которая самым лучшим образом удовлетворяет макро- и микроэкономические требования. (Следует отметить, что увеличение масштабов хозяйств не в каждом случае сопровождается концентрацией хозяйства). Не монокультура будет тем направлением, которому надо следовать в полеводстве, и не обязательно

в условиях Венгрии гигантские животноводческие фермы будут самым эффективным.

ж) В перспективной модели ведения хозяйства будет фигурировать меньшее число культур. Часть из них будут выращивать в больших масштабах и применяемые для этого системы машин смогут быть использованы и в других направлениях в согласии с характером и объемом отраслей. Хозяйства будут представлять собой разумную комбинацию отраслей высокой, средней и низкой степени технической оснащенности и концентрации, обслуживающей оснащенности и концентрации, обслуживающей и дополнительной деятельности. Хозяйства оцениваются необязательно напряженной производительностью и «промышленной» технологией всех отраслей, а экономическим результатом, вытекающим из разумных решений и их комбинаций.

з) На основании всего этого кажется, что нашу перспективную модель хозяйства будет характеризовать не столько схематическое подражание крупно-промышленной аналогии, накопление технических супер-решений, а скорее такая система организации хозяйства — равняющаяся на отечественные экономические и природные условия, — которая разумно синтезирует решения различного технического уровня, различной производительности и концентрации и будет проявляться в зависимости от местных условий и характерных черт отраслей в многообразной форме. Для осуществления этого требуется, с одной стороны, целенаправленное планирование хозяйства с целью выбора техники и согласования технических и экономических факторов. С другой стороны, необходимо такое материально-техническое снабжение сельского хозяйства, которое обеспечит осуществление решений, которые считают оптимальными, и непрерывность эксплуатации машин. И, наконец, желательно, чтобы решения центральных органов, связанные с выбором современных методов, их распространением, но в особенности их регулированием и поддержкой, ориентировали хозяйства в соответствии с этим.*

Могут быть практические препятствия реализации каждой теоретической концепции, в том числе и внедрения данного хода мыслей в производственную практику. Применение машин, например, зависит не только от научных концепций, но и от тех, кто выпускает машины (а это большей частью зарубежные предприятия). Зависит также агротехника от имеющихся в распоряжении сортов, химизация от доступных препаратов и т.п., все они — от имеющихся в стране и хозяйстве ресурсов, от положения на мировом рынке и т.д. Это значит, что техническое развитие и экономическая политика часто вынуждены выбирать менее идеальное решение, так как только это предоставлено и их распоряжение.

Несмотря на эти законные аргументы, я все же считаю полезным и нужным одновременно формулировать техническую и организационную концепцию перспективы развития, так как при этом, с одной стороны, станет более ясной система требований, которые можно предъявить технике, с другой стороны, облегчает гармоничное развитие производительных сил, уменьшает

* См. [5.]

отрицательное действие того или другого — правильного самого по себе — распоряжения, отраслевой или инвестиционной односторонности.

Изложенная модель, как я уже указывал, касается краткосрочной и среднесрочной перспективы. На более отдаленную перспективу уже можно себе представить существенные экономические изменения, но могут появиться и такие, доселе неизвестные технические, технологические или биотехнические открытия и ношества, которые потребуют пересмотра или изменения концепций, связанных как с экономической оценкой технологии, так и с организацией хозяйства.

Литература

1. GÖNCZI, I.—VÁGI, F.: Mikroökonómiai koncepciók a mezőgazdaságban (Микроэкономические концепции в сельском хозяйстве). *Gazdálkodás*. 1973/2. pp. 1—11
2. ФРИШШ, И.: Технический прогресс, план, хозяйственная реформа. *Acta Oeconomica* Vol. 10 No. 1 pp. 29—50
3. DIMÉNY, I.: Mezőgazdaságunk és a műszaki fejlesztés (Сельское хозяйство и технический прогресс). Budapest, 1973. Kossuth Könyvkiadó.
4. PREUSCHEN: Streifzug durch die mechanisierte Landwirtschaft in den USA. (Обход механизированного сельского хозяйства в США). *Landtechnik*. München, 1964. No. 20 pp. 772—780
5. BALÁZSY, S.: Financial regulating system and technical development (Система финансового регулирования и техническое развитие). *Acta Oeconomica*, Vol. 10 Nos. 3—4

THE EFFECT OF TECHNICAL PROGRESS ON THE SYSTEM OF FARMING

I. GÖNCZI

As a consequence of modernizing the socialist agricultural production the new technical, technological, biotechnical solutions and complex systems are becoming more and more determinative in the production processes. Therefore, it has become necessary to work out a farming concept corresponding to the higher technical stage and, simultaneously, also the social macro and microeconomic requirements related to the new technologies must be more exactly formulated. The article outlines the macroeconomic factors of development and points out that the valuation of concrete technical and technological solutions depends on the development level of the given country, on the capacity and efficiency of its industry. It is, therefore, not sufficient to find and adapt the technologically "most modern" solutions. The new technology must be adapted to the socialist properties of farming, keeping in view particularly the utilization of assets and the satisfactory seasonal employment of the labour force.

The adaptation of farming systems to modern technology requires above all the increasing of farm sizes. But the optimal rate of concentration must be strongly differentiated by branches, depending on the nature of the investment and on the natural factors. Modern technology also demands the specialization of production, without pushing it into the extreme or aiming at monoculture in land cultivation. It is also important that the productivity raising effect of technology should be in harmony with the labour supply of the given farm.

REVIEWS

Á. BALASSA

CENTRAL DEVELOPMENT PROGRAMS IN HUNGARY

The central development programs are one of the most important tools available to the Hungarian central control of the planned economy for changing the production and utilization structure of the national economy. The concept and application of central development programs were introduced in 1968 as a part of the reform of the control system of the economy. Their application stems from the recognition that, in order to accomplish major changes in the production and utilization structure of the national economy, development programs of a scale and requiring such large investments are also needed whose selection and financing cannot be subject to decisions influenced by current market demand and market conditions – considerations related to enterprise profit interests. Such large-scale investments also require the concerted, programmed efforts of a great number of controlling organs and of many enterprises, often belonging to different industrial sectors.

Central development programs are one of the most important forms of decision-making in the framework of, and related to, the economy-wide plans. In these programs the state centrally determines the development objectives in the given field of production and utilization, its technological content and the volume and structure of the production to be attained, as well as the objectives related to the raising of and the structural changes in utilization and the means to be used in order to attain the above-stated objectives. Generally, these means are identical with those widely used within the context of the control system. Such are, first of all, the investments determined by the state (mainly major investment projects, but, in some cases, lump-sum investments and other state investments as well). However, only a certain portion of state investments is related to central development programs. Another peculiarity of the central development programs is that the state not only takes into account the own funds of the enterprises concerned but relies on them as well, providing the enterprises with assistance and granting preferences in reasonable cases in order to enhance the investment of these funds into central development programs. To fulfil the tasks laid down in central development programs is compulsory for the economic control agencies and for the participating enterprises.

The realization of central development programs usually lasts for a longer period; it mostly exceeds the period of a single five-year plan. Directing the development of a certain activity within the scope of a central development program does not mean, however, that this activity will stay 'in the centre' forever. After the program has been realized, development of the activity concerned will be subject to the general rules and conditions of economic control.

Central development programs in the fourth five-year plan for the years 1971–1975

There are six central development programs under realization, in compliance with our fourth five-year plan. These are as follows:

- the utilization of natural gas;
- development of petrochemistry;
- development of the aluminium industry;
- the modified development program of road transport vehicles;
- promotion of the utilization of computers and their domestic production;
- promotion of the complex construction technology using light-weight structures.

Beyond the programs enumerated above, some other programs of different type will be realized during the fourth five-year plan. These are the modernization programs of the textile, garment, furniture and printing industries, the meat program, etc. These latter, however, do not satisfy the criteria of the central development programs, nor are they accepted by the government as such. Therefore, we do not treat them together with the central development programs.

The authorization and initiation of the programs under implementation took place within a relatively short period. The government authorized the program for the production of road vehicles (first stage) in 1968, the programs for the development of the natural gas, aluminium, and light-weight structures, and the modification of the program for road vehicles (second stage) in 1970, then, in 1971, it authorized the computerization program, and, finally, in 1973, the program for the development of petrochemistry was launched.

Central development programs affect different fields of manufacturing and construction as well as a wide range of users. The nature of these programs, the costs they absorb, and the results they bring, differ in many respects. Notwithstanding, they have some characteristics in common as regards the national economic objectives they serve, which are as follows:

- the programs for the development of natural gas and the aluminium industries are aimed at the *exploitation* of relatively scarce domestic *natural resources*, the economical production of natural gas and bauxite;
- in the field of production, a *great technological development* is brought about by the programs of road vehicle production, petrochemistry and com-

puterization, while the two latter, together with the natural gas, aluminium and light-weight structures programs, result in technological development also in the fields of utilization;

- all programs envisage a *fast increase in production*;
- the program concerning the road vehicles production aims at the fast increase of the *exports to socialist countries* in order to earn foreign exchange;
- the aluminium, petrochemical and computerization programs envisage the rapid development of exports to the socialist countries in the context of concrete *cooperation* projects, especially with the Soviet Union; this involves the import of similar or manufactured goods of the same value (in the case of the aluminium program, the value of the goods received in exchange is higher than the value of exports);
- the aluminium program and the program for the development of road vehicles production also envisages a certain increase in *exports* to capitalist countries; however, in general, the programs play only a minor role in the increase of exports to capitalist countries – relative to the magnitude of investments;
- the programs for the development of petrochemistry and computerization will accomplish the *substitution of domestic products for imports from capitalist countries*;
- the natural gas and the light-weight structures programs serve the more efficient and better satisfaction of the needs of the users and the population in general.

It is an important feature of the central development programs that their majority aims at the development of not only production but also of the related utilization (however, following from the nature of different subjects, full-scale utilization targets are contained only by the computerization program). Another important feature is that these programs play an important role in the formation of the ties of socialist integration.

The fulfilment of the programs necessitates considerable capital expenses; most of the expenditure goes for development (investment and the creation of working assets). The development costs of the approved targets of the six programs under realization exceed 110 thousand million Forints. Almost half of this expenditure has been provided within the current five-year plan, about ten per cent of it had been spent in the pre-1970 period and about 40 per cent is to be granted in the period of the coming five-year plan. However, when considering the total costs as well as those remaining, it must be taken into account that in certain cases (such as that of the computerization program) the envisaged expenditures have been authorized only for the first stage; so the sums to be spent after 1975 are expected to be higher.

According to the approved cost estimates of the six central development programs, the expenditures of the petrochemical program will be the highest (about Ft 36 thousand million by 1980), the other programs, in the order of magnitude, are:

the natural gas program (Ft 24 thousand million), the aluminium program (Ft 21 thousand million), the program for the development of road transport vehicles production (the two stages will cost altogether Ft 15 thousand million), and the computerization program (Ft 10–11 thousand million by 1975). The promotion of the light-weight structures construction technology will require an expenditure of about Ft 5 thousand million.

Preliminary statements of the costs of the central development programs to be incurred between the years 1971–1975 had been contained by the programs themselves, and then confirmed by the fourth five-year plan. In a number of cases, the estimates for the years 1971–1975 contained by the five-year plan have been modified since. According to the cost statements in force at present, a total expenditure of Ft 55 thousand million (of which Ft 47 thousand million is investment) will be effected in connection with the six programs during the period between 1971–1975.

About 50 per cent of the expenditure on the six development programs between 1971–1975 is undertaken by the state budget, 30 per cent is covered by bank credits and 20 per cent comes from enterprises funds. About half of the total are state investments, two thirds of which qualify as major projects. Credit and state support are involved in the two thirds of the investments decided by the enterprises.

The investments made in the scope of central development programs account for 8–9 per cent of all investments in the national economy, and for 17–18 per cent of the investments made in the industry. Central developments make up an especially large part of the investments in mining and metallurgy (one third of the total), in the chemical industry (a quarter), and in the metal-working industries (one fifth).

Beyond financing about one half of the development costs from the state budget, in order to realize the above programs, the state provides further aid and facilities. These help both the accomplishment of the development projects and the expansion of current production. In addition to state grants and loans to state investments, the supporting of development may take the form of budgetary grants for investments made by enterprises, preferences in the field of credit quotas, repayment deadlines, and rate of interest; the development may be assisted by allocations from the central technological development funds, by grants to provide working assets and, in some cases, by the reduction of customs duties levied on imported investment goods and by refunding the otherwise centralized part of the depreciation allowances. Preferences promoting current production are, in certain cases, state refunds, exemption from charges on assets (capital tax), reduction of customs duties on materials and spare parts, price subsidies and dotations, wage preferences etc. It should be noted that the type and magnitude of the individual programs differ widely according to the concrete circumstances of the realization of the program concerned and conforming to them, the forms and the extent of support are diversified. Experience has proven that *the realization of the planned development goals is possible by utilizing the means available within the scope of the present control system of the economy*. However, it seems expedient to revise it in the coming period, for the sake of simplifica-

tion and for a closer adaptation to the goals, the forms in which assistance and preference is provided for the programs.

It follows from the content and the nature of the central development programs that their direct effect on the efficiency of social production cannot be unambiguously shown. Their effect is only partially quantifiable as it is often indirect, manifesting itself only at the user and even there it is unseparable from other factors. To judge the efficiency of the programs is difficult because of the frequent wide fluctuations of world market prices and because, in certain cases, the production or service introduced by the program cannot be replaced by imports or other facilities for a number of reasons.

The volume of the investments, however, makes it justifiable that at least a partial return be accomplished also directly. This underlines the importance of the fact that a part of the development expenses is recycled into the state budget in later years by way of repayments of state and development loans and repayable subsidies; budget returns include charges on assets that have been created as a result of the investment, and profit taxes and revenues from other sources. The control system and the credit conditions secure the return of expenses covered by bank loans and enterprise resources. Notwithstanding, it must be stated that, for a number of reasons, we have no overall survey of the net income produced as a result of implementing the programs. It seems to be expedient to compute the expenditures and results of the programs according to a uniform method and updated figures when formulating the realization targets for the period between 1976–1980.

Major lessons from the preparation of programs

During the past years, the experiences and the progress of realization of central development programs have been analyzed and evaluated several times by the ministries responsible for the industrial branches concerned, by the National Planning Office and the Ministry of Finance, and, on the basis of the reports submitted, also by the leading party and government organs both in their entirety and separately as well. The analyses dealt with the preparation, elaboration, and approval of the programs; with their harmony with the national plan. They also paid attention to the organization and control of implementing the programs as well as to the achievements, problems, and shortcomings involved. On the basis of these surveys the government passed several resolutions ordering the updating of the cost estimates of certain central development programs, and on fostering their realization. Generalizing the facts collected, the Council of Ministers also adopted a resolution determining the criteria of the contents of the central development programs and the order of their elaboration.

The analyses and evaluations have shown the following picture:

Based on the initial achievements of long-range planning, the spheres and fields of the central development programs currently under realization as well as the preliminary concepts of the development objectives and tendencies had been determined during the process of elaborating the fourth five-year plan. Selection and elaboration of the programs was generally preceded by thorough preparatory analyses.

Four of the central development programs were based on technological and economic concepts surveying the prevalent tendencies of technological development, the changes in demand as well as the prospects for international cooperation in the field concerned. On the basis of these analyses the possibility and necessity of rapid development in these industries were pointed out, making proposals concerning the concrete direction of development, giving the outlines of the development objectives and the necessary expenditures, and suggesting the elaboration of central development programs. These technological and economic concepts proved to be a valuable help in selecting the central development programs and in estimating the costs. Two programs, however, were drafted without previous technological and economic concepts: the lack of such a concept later turned out to be a disadvantage.

The preparation of the central development programs, together with the preparation of the technological and economic concepts, generally took 2–4 years. During the elaboration of the programs the requirements and tasks of technological development in the relevant field were determined; the volume, structure, mode, and means of the development of production and realization were identified; the possibilities of cooperation with the socialist countries, foreign trade aspects, the necessary investments and budget expenses, necessary imports were also taken into account; requirements towards the related economic activities and the possibilities of their fulfilment were treated here as well. The responsible ministries of the industrial branches concerned, the State Board of Technological Development, the Ministry of Finance, the Ministry of Foreign Trade, the National Office for Materials and Prices, the banks and the representatives of the major enterprises interested in the program also took part in the preparatory work. In order to harmonize the essential questions, an inter-departmental committee was formed in most cases, early in the preparatory phase of the program.

Although the thorough preparatory work yielded good results in general, in the case of several programs the technological and economic bases were not completely satisfactory:

- although the objectives of the programs were usually correctly selected, in the case of certain programs the setting of the goals was not circumspecting enough and thus the goals had to be corrected later;
- for a number of reasons, the programs did not envisage the expenditures necessary for the realization of physical goals, nor the available enterprise resources exactly enough, and therefore the realization of certain goals had

to be postponed or budgetary grants beyond the original plan became necessary;

- the programs did not elaborate and solve the problems of the adjacent fields thoroughly enough, they did not deal with the steps to be taken in these other fields of activity. This necessitated a number of additional measures to be taken after the program had been authorized;
- although during preparation special attention was paid to the questions of international cooperation, in the case of certain programs the international conditions of realization are not completely satisfactory.

After they had been collated in the inter-departmental committees, the draft programs were submitted to the government for approval. However, no uniform practice had been established in regard to the contentual problems to be included in a program submitted to the government, and as to what important indicators and financial means should be subject to government approval. It occurred that the approval contained only the objectives to be achieved and contained only a partial decision on the financial means necessary for realization. In the course of approval often new analyses had to be required in order to decide on suggested preferences, although they largely determine the possibilities for the realization of the approved objectives and its time schedule.

It was a negative experience that, while the physical objectives were described in terms of unambiguous and, sometimes, fastidiously determined figures, the financial means necessary for their realization could not be assessed with similar exactness. Thus, the harmony between the approved physical goals and the available resources was but virtual, and this has later led to discrepancies which were rendered greater by the fact that no reserves were included in the cost statements of the programs.

The continual and mutual matching of the central development programs with the fourth five-year plan was not completely satisfactory. Only a part of the central development programs now in force were ready at the time of drawing up the fourth five-year plan. Some of the programs could be integrated into the five-year plan only at a lower realization rate than originally envisaged, other central development programs, started in the realization period of the plan, were only prepared after the plan had been approved.

The fourth five-year plan contains the development targets and the assessment of the costs of four central development programs for the years 1971–1975; for want of due preparation, only a part of the preferences and the support necessary for the realization of these programs could be authorized within the plan. The targets of two programs are contained by the plan only partially (with respect to state investments and certain support). We can draw thus the conclusion, that the realization of the central development programs was provided for by the fourth five-year plan without the desirable preparation. This may be explained by the fact that our limited experience could not provide sufficient guidance for the elaboration of the programs and for

their harmonization with other plan targets; the time was too short from the date when the elaboration of the programs had started until the fourth five-year plan was to be approved; in a number of cases, the preparatory work of the programs failed to deal with important aspects, some of the computations proved to be insufficiently founded; because of the inadequacies of the preparation coordination required more time than would have been necessary.

As the plan had failed to arrange satisfactorily the tasks and possibilities of realizing the 1971–1975 targets of the programs, the tasks had to be corrected and rendered more exact in the years following the approval of the plan. In certain cases resolutions were passed to postpone to later years the targets originally set for 1975, in other cases additional financial means had to be provided in order to achieve the objectives deemed necessary.

Successful realization of the central development programs requires major efforts especially in technological development activities and in creating the production capacities.

The realization of the central development programs is served in the fourth five-year plan by 25 individual major investment projects. A part of them had been initiated prior to 1971, other investments, in turn, were started in the five-year period of the plan, especially in 1971–1972. It is a general experience that, although they had been prepared with the utmost care, their cost statements exceed the estimations of the central development program. The financial means are usually provided by the state organs when these authorize, or sometimes, modify, the programs of these individual investment projects, thus, the financial conditions necessary for the realization of the investment are secured. After initial difficulties the majority of the major investment projects related to the programs is being realized according to plans and the new production capacities begin production in due time.

The affected organs intended to begin the majority of the enterprise investments related to the programs in the early period of the plan. This tendency was encountered even when the technological and economic preparation of the programs or concrete investment projects failed to answer the requirements, or, when it turned out that the enterprises did not possess adequate means to finance the investments, or they were not sufficiently creditworthy.

One of the impediments to the realization of enterprise investments was that the financial resources of the enterprises concerned fell behind original estimations. To this contributed the changes in 1971 in certain elements of the economic control system as well as the rises in the price of certain raw materials and semi-finished products in 1971 and 1972, or, rather, that these changes were taken into account in the planning of the programs with a delay. It also occurred that, when preparing the investment programs, the enterprises had not been responsible enough in assessing their financial potentials and, expecting to get state assistance or preferences, they had submitted figures showing greater resources of their own than they later proved to be able to provide; it also turned out that the government and bank organs overes-

timated the possibility of drawing on the enterprise resources in sharing the financial burden. The tensions were also caused by the fact that the organs controlling the industrial branch, the financial and planning organs took into account almost the whole of the estimated resources of the relevant enterprises and they did not provide for reserves in order to cope with eventual rises in the development costs or with problems deriving from smaller enterprise funds than originally estimated.

As a result of a revision of the programs in recent years, a harmony between the revised targets and the available means has been generally achieved. The possibilities and sources of financing the investments have been classified so that central means play a greater role in the realization of the programs. Although the investments of the program to be made by the enterprises themselves suffered a delay, their realization has largely begun. This, together with an appropriate technological and economic control, coordinating and executing work, allows the successful realization of the programs in the period of the current plan.

Order of elaboration, approval and realization of central development programs

The thorough analysis and evaluation of the elaboration and execution of the central development programs, as has been treated above, contributed to the clarification of the principles related to central development programs. At the beginning of 1974, the Council of Ministers issued a decree concerning the contentual requirements and the order of elaboration of central development programs.

The government decree confirmed that a central development program must be initiated in the case of such development projects which have a prime effect on the growth rate and structure of social production and utilization, which take usually more than five years to complete and are of major social importance; and in the case of which the direction and control of the preparation and execution requires widespread and close coordination on higher levels and whose realization absorbs considerable central resources.

The elaboration of a central development program must be preceded by the preparation of one or more technological and economic concepts. The latter are, of course, drawn up for other purposes as well. It is the State Planning Commission that selects the technological and economic concepts on whose basis central development programs are to be elaborated. The State Planning Commission selects in the course of approving the technological and economic concept the development variant which will serve as a basis for the central development program. It decides about the main objectives of the program, about the order of magnitude of the financial means available for the particular program, and about the approximate time schedule of realization.

The elaboration of the central development program must contain a basic document establishing the decision by technological and economic considerations,

pointing out the interrelations between the program and the national plan and clarifying the tasks of the organs interested in the execution.

According to the decree of the Council of Ministers, a central development program must generally meet the following contentual requirements:

- it must contain the economic-policy objective of the central development program and the justification for its application;
- it must point out the estimated domestic demand for the products concerned, taking into account the material-financial possibilities of the national economy and the users; it should deal with the related foreign trade possibilities and liabilities, including the import possibilities of the product-group concerned;
- attention must be paid to domestic research and development as well as to the purchase of production licences necessary for the realization of the central development program;
- the program must contain the technological data of the products or services to be developed, the mode of production and the recommended production technologies and the technological development tasks related to their utilization;
- the fixed and working assets necessary for the realization of the program must be detailed (the cost of the development, i. e. investment costs and the means necessary for the expansion of the working assets, their financial sources, the material-technological composition of the investments – i. e. construction, machinery, equipment etc. – the levels on which the investment decisions must be taken, the characteristic data of the major investment projects and information regarding the related – “consequential” – investments); the necessary labour and its composition, the raw materials and energy must also be specified, the latter with special regard to imports;
- the program must contain the likely state assistance and the preferences necessary for the realization of the development goals as well as the measures to be taken during the forthcoming five-year plan;
- the programs must show the expected economic advantages and must contain computations according to a centrally prescribed methodology regarding the efficiency of the development.

The government decree rules that central development programs, being a part of the national plans, must be harmonized with the plans and the control system of the economy.

The preparation of long-range plans provides an occasion for selecting the targets, especially those taking a long time to realize, that should be achieved through central development programs. The necessity and possibility of a sufficiently detailed harmonization of the objectives of the central development programs with the national plans is most accentuated in relation to the medium-term plans. The targets of the central development programs cannot be modified within the scope of a short-

term plan, the only possible modification is adjustment of the means provided for the development according to the experiences of the realization.

While harmonizing the central development plans with the national plan the fact must be taken into account that the starting and the completion of the development programs do not usually coincide with the starting and completion dates of the medium-term national plans. The approved central development programs have a priority in the elaboration of medium-term plans with regard to the main objectives and the means necessary for their achievement. However, as the size of the means available for the realization of the programs can only be determined after other interrelations of the plan have been explored, the rate of realization must be adapted to the general provisions of the plan, which lays down what targets are to be achieved during the relevant period and what means are available for their achievement. If there is a considerable gap between the pace set by the medium-term plan and the original one, the program must be re-scheduled after the plan has been approved.

Central development programs are subject to the approval of the Council of Ministers in every case. The above mentioned decree unambiguously determines what targets of the programs must be submitted for government approval.

Experience has lead to the decision that the production and utilization targets set by the central development programs as well as the development expenditures are to be determined as pairs of lowest and highest estimates and the approval refers to these limits; it has been also decided that, within the total cost statement of the central development programs, a reserve fund must be established from state resources.

The Council of Ministers must be informed yearly about the realization stage of the central development programs. If, during the implementation of a program, the authorized limits of the approved indicators are exceeded or the conditions change considerably as against the assumptions made at the time of approval, a modification of the program has to be proposed.

In the case of every central development program an inter-departmental committee must be organized from the representatives of the interested organs, trusts and large enterprises. The inter-departmental committee is responsible for the realization of the entire program. It has a right to decide on important technological and economic questions and it is the duty of this committee to supervise the activity of the executive organs.

The inter-departmental committee creates or appoints a responsible working organization (bureau, secretariat, department etc.) for the preparation and operative execution of the program. This working organization secures the active cooperation of the organs, enterprises and institutions responsible for the elaboration and realization of the program, it provides for collation of the computations and estimates of the program, organizes and controls the execution of the program, and prepares suggestions for measures the necessity of which emerges during the realization of the program.

The responsible ministries and other central organs involved in the execution of the program contribute on their part to the realization conditions of the central development program. Among these, they provide the necessary conditions for the operation of the inter-departmental committee, they secure the implementation of the committee decisions and control the activity of the subordinated enterprises and institutions in the realization of the program.

The enterprises and institutions taking part in the realization of the central development programs are obliged to integrate into their plans the tasks which the approved program assigns to them; the fulfilment of these tasks is obligatory, the enterprises have to report on their completion.

In order to check on the fulfilment of the approved goals and indicators, to reveal the circumstances and problems hindering the realization of the program according to the plan and to initiate or take steps for their elimination, the inter-departmental committee sets up the necessary information system. The State Development Bank plays an important role in gathering information, compiling reports and putting forward suggestions for necessary steps to be taken.

The National Planning Office continuously surveys the fulfilment of the central development programs relying on information submitted by the interdepartmental committees, ministries and banks, and regularly submits comprehensive reports to the government on the most important experiences.

Experiences in the execution of the central development programs in 1971–1975

The first four years of the fourth five-year plan brought considerable successes in the fulfilment of the targets set for 1971–1975 by the central development programs. Although at the beginning of the plan period the starting of the different investments related to the development programs was hindered by a number of technological, economic and financial difficulties, and by the fact that the starting of a large number of investment projects had been concentrated to the first one-two years of the plan period, the realization of the programs has considerably accelerated in the last two years, thus, with few exceptions, the central development targets to be accomplished by the year 1975 will be successfully achieved.

The objective of the central development program for the utilization of natural gas is to increase gas production on the basis of domestic gas reserves as well as to use both the domestic natural gas and that imported from the Soviet Union in optimal manner, and to modernize the energy structure of the national economy.

Realization of the program progressed according to the targets up to the end of 1974 and those set for the year 1975 are expected to be accomplished. Natural gas production has increased at a rate exceeding the plan: in 1974 5,1 thousand million cubic meters of natural gas were produced, and in 1975 the annual production is expected to reach 5,7 thousand million cubic meters, instead of the 5,3 planned. In the

first half of 1975 the construction of the "Fraternity" pipeline for the transport of the natural gas imported from the Soviet Union has been completed. According to the program, by the end of 1975 about 65 per cent of the flats in the country will have to be supplied either with piped gas or with cylinder gas (propane-butane gas). By the end of 1973 the above proportion had reached 61 per cent, thus, it is likely that in 1975 the 65 per cent will be attained. Within that, the number of flats supplied with gas will probably reach the target of 2280 thousands.

The realization of the natural gas program opens the way for the modernization of the furnace technology of several metallurgical, chemical, glass- and ceramics, and metal-working enterprises as well as for the modernization of coal-gas production.

As a result of the successful accomplishment of the program, by 1975 20 per cent of the fuel needs of the country will be satisfied by natural gas.

The central development program for the utilization of natural gas will be carried on after 1975 at a rate somewhat exceeding earlier plans.

The objective of the *central program for the development of the aluminium industry* is to satisfy the domestic aluminium demand economically, to increase exports by exploiting the possibilities provided by the Hungarian-Soviet and the Hungarian-Polish agreements concerning alumina and aluminium. The program envisages to develop all branches of the aluminium industry, from the prospecting and mining of bauxite and the manufacture of alumina, through aluminium metallurgy and semi-manufactures to increasing the production and utilization of aluminium finished goods.

The fourth five-year plan set a somewhat slower rate of realization than the central development program had envisaged. It turned out during the realization that the financial means necessary for certain investments exceeded the estimates contained by the program and also the funds available within the five-year plan were smaller. The development expenditures of the aluminium industry between 1971-1975 could only be accomplished with considerably higher state assistance because the realized profits and, thus, the development fund of the aluminium industry did not attain the planned ones. The plan period will see the completion of two bauxite mines and two others are also under construction; the new Alumina Factory of Ajka has been put into operation; the Alumina Factory of Almásfüzitő is now being modernized; the first construction stage of the Székesfehérvár wide-strip mill has been completed and the second stage is under construction; the extension of the press-mill is about to begin. As a result, the production of bauxite will increase by more than 40 per cent, alumina production by nearly 70 per cent, aluminium production by 6-7 per cent, and the production of aluminium semi-finished products by about 75 per cent; however, the production of certain goods will fall short of the targets of both the central development program and the fourth five-year plan.

Although the program is fulfilled at a level lower than the original estimates, the obligations for the delivery of raw-material-type products undertaken in the

Hungarian-Soviet and Hungarian-Polish alumina-aluminium agreements are being met. The exports to capitalist countries exceeded the targets.

As the realization of the central development plan is slower than the original targets to be achieved by 1975 and the content of certain developments has undergone modification, the updating and modification of the central development program has become necessary for the period after 1975.

The central program for the development of petrochemistry aims at the rapid development of the production of plastics and synthetic fibres as well as at the modernization of the user industrial branches, on the basis of a more extensive utilization of hydrocarbons, thus, through the provision of a larger base of raw materials.

During the period of the fourth five-year plan, the activity for the implementation of the program was characterized mostly by the realization of the basic major investment projects and by the preparations for the investments to be effected after 1975. The results of the program will considerably affect production and utilization only after 1975.

The basic production facility of the program is the olefin-complex of the Tisza Chemical Combine which will produce 250 thousand metric tons of ethylene and 125 thousand metric tons of propylene annually. The larger part of the output will be utilized within the framework of Hungarian-Soviet cooperation: in exchange for the delivery of ethylene, propylene and other products, other petrochemical products will be imported. The other part of the output will provide raw materials for polyvinyl chloride production in the Borsod Chemical Combine, as well as for the extension of polyethylene production in the Tisza Chemical Combine. The olefine works have been put into operation at the beginning of 1975.

The construction of the polyvinyl-chloride factory, which will produce 150 thousand metric tons of the chemical annually, has begun at the Borsod Chemical Combine. The investment of the first polypropylene plant, which will produce 50 thousand metric tons, is now being planned at the Tisza Chemical Combine.

Based on the acryl nitrile provided by the Hungarian-Soviet olefin cooperation, the capacities for the production of polyacryl nitrile are being extended. The polyacryl nitrile plant, producing 4600 metric tons of the chemical annually, was put into operation in 1973 and it is about to be gradually extended in the next years. A part of the available polyacryl nitrile is exchanged for Polish polyester fibres.

The central development program envisages the creation of a 220 thousand metric tons' plastic processing capacity. As it progresses faster than had been planned, it is probable that the plastic processing capacity will reach an annual 250 thousand tons in 1975.

The petrochemical program, begun in the past years, will develop according to the approved program after 1975 as well.

The objective of the *program for the development of the production of road transport vehicles* is to modernize and expand the production of motor buses and

modules for other road transport vehicles as well as to increase exports to the socialist countries and to extend cooperation.

The first stage of the program was accomplished in 1971. At present, the realization of the second stage is in progress. The fulfilment of the objectives of the program has been generally successful. A new, up-to-date family of motor bus types has been developed. The production of high standard engines and rear running gears for road transport vehicles has been introduced on a high technological level.

Although the realization of the investments related to the development program of the road transport vehicle production is somewhat behind the planned schedule, the production and export targets of the program have been successfully achieved. The annual production of motor buses reached 9,000 in 1974 and it will reach the planned 10 thousand in 1975. As against the planned 38 thousand, 40 thousand motor buses will have been produced by the end of the period 1971–1975. After the program has been completed in 1977, 12 thousand motor buses will be produced annually.

The production of rear running gears will also reach the planned level in 1975, thus it will amount to almost 50 thousand pieces annually.

In 1973 the production of the main enterprises in the road transport vehicle industry exceeded production in 1970 by 75 per cent while exports were up by 85 per cent. The share of these enterprises is steadily increasing within the production of the metal-working industry.

As the production of the enterprises manufacturing road transport vehicles has increased beyond schedule, their profits are also higher than originally estimated. Thus, an over-fulfilment of the plan is expected in this field as well. It should be noted, though, that the profitability of the Csepel Motor Works and of the Gear and Painting-Machines Factory, which both contribute to the road vehicle production program, has not been satisfactory so far and further state intervention is needed for the improvement of the product pattern.

The central development program of the road transport vehicle production will be completed in 1977; further development of the industry will take place under the general conditions of economic control and management.

The objectives of the computerization program are, on the one hand, to introduce the computers into economic life in order to increase social and economic efficiency, and on the other, to organize the production of up-to-date computer facilities based on cooperation with the CMEA countries, as a part of modernizing the structure of the metal-working industry.

The computerization tasks set by the program have been successfully fulfilled so far. The computer is continuously gaining ground, the bases for the application of computer techniques have been created. The number of computers operating in this country increased from the 120 pieces in 1970 to 228 by the end of 1973 and is expected to rise to 340 by the end of 1975. (Although the number of computers is below the plan target, their capacity nearly corresponds to the plans.) At first, comput-

ers were imported mainly from capitalist countries; at present, more than half of the computers installed were made either in this country or in a CMEA country and this proportion will continue to increase in the coming years.

At present, about 800 enterprises and institutions avail themselves of computer services regularly. For the time being, mostly partial problems are being computerized; after having learnt more about the processes and interrelations the introduction of comprehensive production control systems, administrative, servicing and other systems will become possible, which will indicate a higher level of computerization. As the efficiency of the computers largely depends on the harmony among the organizational, control, information and automation systems, in the future more attention must be paid to the interrelations between the utilization of computer techniques and the plant and labour organization as well as to the mechanization of administration in enterprises.

The development of the computer industry also takes place according to the plan. The progress of product development is satisfactory. The obligations undertaken within the framework of the first development stage of creating a unified CMEA computer system have largely been fulfilled, and the development activity for the second stage has also begun.

Apart from minor lags, the investments envisaged for the plan period have been realized in the main fields. Production in 1971–1973 corresponded to the targets of the plan. About 77 per cent of the sales went to CMEA countries, especially to the Soviet Union. The expected increase of production in the remaining part of the five-year plan period makes possible the satisfaction of domestic demands and the fulfilment of export obligations. The sales on the capitalist markets require increased efforts in product development. The profitability of the computer industry is good, the returns on investments are satisfactory.

The realization of the central development program for computerization is based upon cooperation between the CMEA countries. The backbone of the Hungarian computer stock will be the machines produced within the framework of the Unified Computer System of the CMEA (UCS), and the basis of computer production will also be the production and export of UCS-compatible equipments. Although important results have been achieved in the cooperation with CMEA countries, there have also been instances of deficiencies. There have been delays in the procurement of certain equipments necessary for our national economy and underfulfilment of the import plans caused problems in exports.

Elaboration of the targets of the computer program is now in progress. On the basis of negotiations with CMEA countries it seems that the increase of production will be somewhat slower than had been estimated earlier.

The objective of the *central program for the development of the complex light-weight structures construction techniques* is to rapidly increase the productivity and the output of construction (installation) as well as to ease the tasks of the building material industry. Construction of light-weight structural elements can achieve a

two-threefold productivity of labour in the case of construction above ground; the necessary materials are produced primarily by metallurgy, the metal-working, plastics, and light industries, and the use of this technology greatly reduces transport needs as well. Its disadvantage is its price which is higher than that of a comparable building made of traditional materials. (This can partly be explained by the relatively low domestic price of silicate products.) The application of the light-weight structures construction techniques is justified especially in the case of buildings serving production purposes, as the shorter time of construction and the resulting economy may counterbalance the higher construction costs.

According to the original targets of the program, the building capacity applying the light-weight structures construction method should have been increased to an annual 2 million square meters. However, with regard to the actual possibilities, the market demands and the possibilities for the realization of the production facilities, this target has been modified by the government. The modified target is an annual capacity of at least 1,35 million square meters to be achieved by the end of 1977. On the basis of development up to now, it is expected that in 1975 a construction capacity of approximately 1 million square meters realized through the use of the light-weight structures construction method will be available. As against original estimates, instead of the promotion of complex systems, so-called partial utilization will be fostered, i.e. light-weight structural elements will be used more extensively in construction according to traditional methods. Accordingly, capacities will be created gradually for the production of steel structures for shell-vaults, and, partially, for walling and ceiling structures, and, on a lesser scale, for finishing structures.

According to the experience, the realization of the program progresses slowly. It may be reckoned that a capacity for the construction of 2 million square meters will be reached by 1980.

*

On the whole, the realization of the central development programs in the years 1971–1975 contributes to the increase of production in manufacturing, and, on a lesser scale, in construction as well as to the transformation of the production structure and to the modernization of the utilization pattern.

As a part of the preparations of the fifth five-year plan for 1976–1980, about 40 centrally ordered technological and economic concepts were prepared at the beginning of 1974. Among these were concepts dealing with the further progress to be achieved with the central development programs currently under realization. The further tasks in the realization of the development programs concerning the utilization of natural gas and the petrochemical production have largely been determined. It has been pointed out that the objectives of the central development program for the production of road transport vehicles will have been achieved by the middle of the coming plan period. Determination of the targets for the development of the

aluminium industry, computerization and light-weight structures construction for the period between 1976–1980, in turn, requires more detailed analyses on whose basis the present programs may be amended or modified.

The technological and economic concepts elaborated so far did not point out the necessity of initiating central development programs for the development of further activities. The question of drawing up a central program for the development of protein production has been raised, but the technological and economic concept submitted on this subject did not produce a sufficiently founded suggestion which could serve as the basis of a central development program. The subject is being further examined by responsible organs.

The determination of the realization rates for the years 1976–1980 of the central development programs in course will take place in the middle of 1975, modifying the programs if necessary, and also a decision on the initiation of possible new programs will be taken.

BOOK REVIEWS

XXV лет сзв — итоги, задачи, перспективы. Москва, 1974. Секретариат Совета Экономической Взаимопомощи. 366 стр.

В апреле 1974 года Секретариат Совета Экономической Взаимопомощи и Международный институт экономических проблем мировой социалистической системы организовали в Москве международную научную конференцию. В работе конференции приняли участие руководящие сотрудники органов СЭВ, представители правительств стран-членов СЭВ и Республики Финляндии, а также более тысячи ученых-исследователей.

В своих докладах ученые широко осветили деятельность СЭВ, который за 25 лет добился крупного международного авторитета и превратился в экономическую организацию, сплотившую страны трех континентов. Они указали на роль СЭВ в развитии и формировании социалистических международных экономических отношений нового типа и анализировали задачи в области развития социалистической экономической интеграции. Докладчики уделили серьезное внимание принципиальным и методическим проблемам социалистической экономической интеграции: методам совершенствования плановой деятельности, осуществляемой в материальном производстве специализации и коопе-

рации, а также развитию внешнеторговых и валютно-финансовых отношений, оптимизации структур народных хозяйств, выравниванию уровней экономического развития стран-членов СЭВ.

У нас нет возможности привести здесь все доклады и выступления. Мы прокомментируем только те четыре — по нашему мнению важнейших доклада —, которые осветили основные научные направления усовершенствования социалистической экономической интеграции и важнейшие вопросы этой интеграции с точки зрения участия в ней Венгрии.

В своем докладе Секретарь СЭВ *Н. В. Фаддеев* проанализировал результаты деятельности этой организации за 25 лет, рассмотрев важнейшие этапы истории СЭВ. По его мнению, первый этап деятельности СЭВ охватил период с 1949 по 1958 г.г. Этот этап явился периодом формирования многостороннего экономического и научно-технического сотрудничества, а также развития торговли между странами-членами СЭВ на долгосрочной основе. Однако, наряду с результатами, в экономике стран-членов СЭВ этого периода возникали и определенные трудности. Наблюдался дефицит по некоторым важным видам сырья и основных материалов, а также энергии для развивающейся промышленности. Не было достаточного количества оборудования

для некоторых строящихся заводов. Производство сельскохозяйственной продукции отставало от темпов роста потребления, и т.д.

С целью решения вышеуказанных задач в мае 1958 года состоялось совещание представителей коммунистических и рабочих партий, которое послужило основой второго этапа развития СЭВ с 1958 по 1962 г.г. Совещание рекомендовало провести координацию народнохозяйственных планов на 1961—1965 г.г., одновременно предложив странам-членам СЭВ развивать сырьевые базы своих народных хозяйств, развивать новую технику, а также расширить кооперацию и специализацию производства в области машиностроения. Совещание указало и на необходимость усовершенствования принципов ценообразования во взаимной торговле между странами-членами СЭВ.

Третий этап развития СЭВ продолжался с 1962 по 1969 г.г. Начало этого этапа было положено на совещании первых секретарей и глав правительств коммунистических и рабочих партий стран-членов СЭВ. На этом совещании было заявлено, что координация народнохозяйственных планов является основным методом деятельности СЭВ и основным средством углубления международного социалистического разделения труда. Этот вывод был подведен объективной необходимостью оптимального развития народных хозяйств, той необходимостью, согласно которой внутренние народнохозяйственные пропорции должны быть согласованы с пропорциями социалистического сотрудничества в целом. На совещании был принят разработанный XV-ой Сессией СЭВ документ под названием «Основные принципы социалистического международного разделения труда».

К концу шестидесятых годов страны-члены СЭВ добились огромных успехов в области развития экономики, науки и техники. Те страны, которые раньше

были аграрными, или аграрно-промышленными, превратились в промышленно развитые государства, в народные хозяйства с многоотраслевой структурой промышленности. На этом этапе развития СЭВ был создан целый ряд международных хозяйственных организаций, и начался процесс решения многочисленных важных задач совместными усилиями.

Несмотря на достигнутые успехи, жизнь потребовала дальнейшего усовершенствования деятельности, методов и форм СЭВ. В апреле 1969 года специальная XXIII-ая Сессия СЭВ участием первых секретарей коммунистических и рабочих партий приняла постановление о комплексной программе усовершенствования экономической интеграции стран-членов СЭВ. Комплексная программа является качественно новым этапом сотрудничества, началом этапа развернутой социалистической экономической интеграции.

С ростом экономического потенциала стран-членов СЭВ сближение стран и выравнивание уровней их экономического развития будет происходить более высокими темпами. Главным методом планомерного и сознательного развития процесса интеграции является совместная плановая деятельность. Дальнейшее развитие получили товарно-денежные отношения, в связи с чем роль коллективной валюты стран-членов СЭВ — трансфертабельного рубля — увеличивается. Продолжает развиваться и сотрудничество в области науки и техники. СЭВ вступает в следующие 25 лет своей деятельности как цветущая в экономическом отношении и сплоченная политически и идеологически экономическая организация сотрудничества братских социалистических стран.

Советский экономист *М. В. Сенин*, директор Международного института экономических проблем мировой социалистической системы, в своем докладе

занимался вопросом формирования и развития международных экономических отношений нового социалистического типа.

Что касается отличий и сходств между социалистической и капиталистической интеграций, Сенин подчеркивает, что мы не были бы реалистами, если бы не учли того, что между двумя общественно отличающимися типами интеграции есть и определенные общие черты. Оба типа интеграции возникли в результате развития производительных сил и производственных отношений, процесса концентрации производства и роста международного разделения и обмена труда, интернационализации экономической жизни. Далее, он подчеркивает, что обе интеграции способствуют развитию производительных сил и росту производительности труда. Принципиально важным является то, что оба типа интеграции развиваются на базе одинаковых по типу производительных сил, взятых на основе характеристик уровня техники и технологии. Однако, ясны и те принципиальные различия, которые имеются между двумя системами интеграции. Во-первых: они развиваются на различной общественной, экономической, идеологической и государственно-правовой базе, на основе различных отношений собственности.

Во-вторых: это то — связанное с предыдущим тезисом —, что касается экономического эффекта интеграции, методов распределения прибавочного продукта.

Автор устанавливает, что социалистическая интеграция имеет огромные преимущества и развивается на самой здоровой общественно-экономической основе, но в то же время нельзя не обратить внимание на некоторые временные преимущества западно-европейской интеграции. К ним можно отнести, например, то, что между способностью восприятия внутренних рынков гораздо меньше разницы, меньше расхождений в

уровнях развития экономики, в национальных методах системы денег, цен, кредитов, банковских операций, налогов и прочих систем. Пока страны Общего рынка стоят на более высокой ступени промышленной кооперации, в связи с чем более тесно связаны с мировым рынком. Однако, эти факторы носят временный характер и исчезнут в том процессе, в котором экономическая интеграция стран-членов СЭВ достигнет всё большего прогресса.

Сенин определил, что при помощи экономической интеграции страны-члены СЭВ решают целый ряд объективно существующих диалектических противоречий. В чём заключаются эти основные противоречия? Во-первых: расхождения между способностью восприятия национальных рынков и масштабами заводов и предприятий. Во-вторых: противоречие между стремлением народных хозяйств к комплексному, многоотраслевому экономическому развитию и ограниченные возможности национальных экономик. С этим связано и то, что, с одной стороны, постоянное развитие мировых производительных сил требует всё большей концентрации средств капиталовложений, применения достижений научно-технической революции, а с другой стороны, для осуществления такой концентрации потенциалы национальных экономик еще не приспособлены. Существует противоречие между требованием комплексного развития участвующих в интеграции отдельных народных хозяйств и неравномерным расположением природных ресурсов.

Наконец, автор устанавливает, что опыт, накопленный в ходе согласования интересов, и дальнейшее развитие на этой основе теории интеграции обеспечивает дальнейшее углубление экономической интеграции социалистических стран и поможет решению упомянутых противоречий.

О. Т. Богомолов, директор Института экономики мировой социали-

стической системы, сделал доклад об опыте в области усовершенствования планомерного управления социалистической интеграцией и народными хозяйствами. Он установил, что стратегия экономического и научно-технического сотрудничества является чрезвычайно актуальным вопросом, так как в настоящее время Советский Союз и все остальные страны-члены СЭВ вступили в этап разработки планов до 1990 года. При таких условиях пути усовершенствования экономического механизма вступают в более конкретные отношения с перспективной экономической и социальной политикой.

Экономико-политическую концепцию нельзя отрывать от хозяйственного механизма, и к этому выводу пришли многие экономисты стран-членов СЭВ. Улучшение хозяйственного механизма должно охватить усовершенствование организационной структуры экономики, методику планирования, и т. д. В зеркале этого ясно, что в отличие от начального этапа реформ в настоящее время акцент с проблемы «взаимосвязи плана и рынка» в странах-членах СЭВ переносится на более фундаментальную проблему — на проблему «усовершенствования социалистического планирования». Такая увязка централизованного управления и хозяйственной самостоятельности предприятий, в процессе которой всё сильнее раскрываются преимущества социалистической экономики — как на это указывает опыт стран-членов СЭВ — может быть решена конкретно, с учетом многочисленных исторических факторов, как, например, достигнутая степень промышленной концентрации, уровень сбалансированности народных хозяйств.

Богомолов делает обзор усовершенствования процессов планирования народного хозяйства, рассматривает преобразования и реформы организационных форм управления, процесса повышения роли экономи-

ческих рычагов и стимуляторов. Подводя итоги, он устанавливает: если в общих чертах обобщить опыт проведенных в странах-членах СЭВ хозяйственных реформ, то можно сделать вывод, согласно которому линия коммунистических и рабочих партий, направленная на уточнение целей научно обоснованной экономической политики и усовершенствование методики, приводит к использованию преимуществ нового общественного строя. Естественно, развитие и дальнейшее усовершенствование реформ не свободно от проблем и противоречий. Однако, важность коллективного опыта с учетом Комплексной программы уже и сегодня имеет большое значение, и это значение в дальнейшем будет только расти.

Венгерский экономист академик *Иштван Фриш* в своем докладе занимается взаимосвязью социалистической экономической интеграции с построением социализма в Венгрии. Он устанавливает, что выполнение Комплексной программы в основном происходит успешно. Интеграция проделала значительный путь и удовлетворила потребность общественного производства в интернационализации. Он дает подробный анализ значения сотрудничества в области планирования и достигнутых до настоящего времени результатов этого сотрудничества. Однако, автор указывает на то, что в связи с формированием экономических условий интеграции возникают проблемы, прежде всего в области развития валютно-финансовых отношений. Естественно, речь здесь идёт о таком процессе, который находится в самой тесной связи с производством, ведь эти отношения могут превратиться в соответствующие формы развития производительных сил, но могут и затормозить этот процесс.

По мнению Иштвана Фриша, в этой области всё же имеются трудности, потому что вопросы, касающиеся плате-

жей, кредита и валютных дел, в социалистических странах не могут быть оторваны от системы внутреннего управления экономикой. Эти отношения находятся в теснейшей связи с такими рычагами, как национальное планирование, ценообразование, заработная плата, система управления предприятиями, распределение доходов и расходов. Естественно, что все они в основном построены на одинаковых принципах, но каждая страна имеет в этом отношении и специфические отклонения. В дальнейшем необходимо стремиться к тому, чтобы при развитии внутреннего управления экономикой усиленно учитывались требования социалистической интеграции.

Далее, в своем докладе Иштван Фришш установил, что построение социализма в Венгрии с самого начала находится в теснейшей связи с развитием СЭВ. Это переплетение дало возможность Венгрии, несмотря на дискриминацию со стороны империалистических держав, постоянно развивать свою экономику. Анализируя ту огромную роль, которую играл СЭВ в развитии венгерской экономики, докладчик стремится в своем докладе доказать три мысли. Во-первых, ту мысль, согласно которой социалистическая экономическая интеграция является неизбежным этапом развития всех социалистических стран. Во-вторых, то, что интеграция предоставляет для стран содружества, в том числе и для Венгрии, широкие возможности для повышения эффективности экономики и производительности труда, для ускорения технического развития, для поднятия экономики на более высокий уровень. В-третьих, в значительной мере зависит от собственных усилий то, насколько удастся реализовать эти возможности, опираясь на сотрудничество с дружескими странами.

К. Печи

FÜLÖP, G.: *Gazdaságunk és a KGST (Gazdasági szerkezet, nyersanyagellátás)* (Hungarian Economy and the CMEA [Economic structure, raw material supply]). Budapest, 1974. Kossuth Könyvkiadó, 332 p.

In his book *Gábor Fülöp* set the aim to examine and analyse the perhaps most exciting problem of the Hungarian economy and that of the cooperation among the CMEA-countries – the raw material supply. It is a special merit of the book that the solution of the Hungarian raw material problems is approached not merely by starting from the possibilities and requirements of the Hungarian economy, but from the aspect of the whole CMEA-community.

The author applies a method of analysis to be regarded as a novel one in the approach to the raw material problem and, consequently, his categories of analysis differ from the usual ones, too. Instead of the traditional notion of raw material he uses the expression *industrial materials*. The group of industrial materials includes the fuels, ores and metals, chemical products, materials of vegetal and animal origin as well as building materials. In the mutual raw material trade of countries some new aspects can be explored if the *direct and indirect* export and import of raw materials are examined together. By exporting manufactured goods the individual countries export not only the processing labour, but "built in" into these products also the imports and the domestic raw material-producing labour inputs of previous phases. For example, in the steel export the imported ore and foundry coke as well as the domestic labour of Hungarian processing are exported. For the joint denomination of the direct and indirect raw material trade the author introduces the notion of *complete raw material trade*.

The raw material contents of manufactured products is that part of the production value of the manufacturing branches that represents the new value added not in these branches. By means of the input-output table the raw material contents of manufactured products can be exactly worked out. The ratio of industrial materials in the finished products was estimated by the author uniformly at

60 per cent. If we add the trade in food products to the complete trade in industrial materials, we can obtain the *total trade in materials*.

From the point of view of Hungarian foreign economic relations the following main conclusions can be drawn from the computations based on these categories of analysis:

- the balance of direct exports and imports in raw materials utilized in the industry shows a deficit and will remain so. The relative shortage of raw materials in Hungary can be clearly seen on the level of direct foreign trade relations, so to say on the surface. Since about half of her total import is industrial materials, Hungary transacts direct exports with her main partners mostly against the import of industrial materials. In 1960 Hungary's export of industrial materials had amounted only to 37 per cent of the import of industrial materials, in 1969, however, almost half of her industrial material imports (45 per cent) were already compensated by raw material exports. Except for the Soviet relation, the tendency of compensating an increasing proportion was realized in the trade with all socialist countries. This was due to the barter character of trade and to the growing demand of the partners for "hard" goods.

- Hungary's total foreign trade in materials (that means the complete trade in industrial materials + agricultural raw materials) is balanced (it has even a surplus of about 2-3 per cent). Within this, the net import of industrial materials is compensated by net food export, i.e. the labour imported in industrial basic materials is converted into agricultural labour through the export.

- The conversion of domestic manufacturing labour into foreign industrial-material-producing labour can be realized only in the socialist, first of all in the Soviet relations. The author correctly emphasizes: "When increasing this division of labour we have to remember that the partners will acknowledge the material re-delivered in processed form and the value added by manufacturing as 'hard' goods of full value if the manufacturing activity will produce the necessary modern use-value ensuring competitive economic conditions." (p. 153)

- Since to the socialist countries Hungary re-delivers a considerable part of direct raw material imports in a processed form (adding domestic raw material and capitalist imports) the negative bal-

ance of the total trade in industrial materials is smaller than that of direct raw material deliveries (20 per cent and 55 per cent, respectively). Thus the effect of the balance of the total trade in industrial materials on decreasing the domestic capital intensity is more moderated than shown on the level of direct relations.

- From the point of view of the socialist partners not the total quantity of raw materials exported to Hungary means "losses" (more precisely, comparative disadvantages), but only that part of it which they do not receive back in a processed form. (According to the author's calculations the countries export about the half or two thirds - in Hungary the half - of the total industrial material contents in the form of finished products.) In this way the losses caused by the engagement of fixed assets are much smaller for them than shown by the balance of direct raw material deliveries. For the part of the industrial raw materials not transported back by Hungary in the form of finished products (i.e. indirectly) these countries receive food products from Hungary. In lack of these latter they ought to regroup their assets and labour force into the agriculture where, the per capita stock of assets approaches the corresponding indicator of the industry or even reaches its level, but the social efficiency of production is much more unfavourable than in the production of raw materials. From this the author draws the conclusion that in the socialist relations the exchange of raw material-processing and agricultural activities for direct raw material-producing labour may bring about mutual advantages.

As regards trade with the developed capitalist countries Hungary is a net exporter in the total trade of raw materials. Namely, because of the unsatisfactory competitiveness of the Hungarian machine-building industry the country is forced to export partly these capital-intensive products and partly even such products whose competitiveness is ensured for the time being by the lower wage level.

The analysis of the author allows us to obtain a more detailed picture of the role of the Soviet Union in the raw material cooperation of the CMEA-countries. In the total trade in materials the Soviet Union has an export surplus. The export surplus of the Soviet Union in the complete raw material trade is much less than in the trade of industrial materials, since in the import surplus of

finished products a considerable part of the net export of industrial materials is "received back". The Soviet Union imports some food products, but mostly the products of manufacturing industries and it pays with industrial material-producing labour which increases the capital-intensity of the Soviet economy. The author is not deluded by an important result of his own calculations, according to which for a country being a net exporter of raw materials – if the indirect turnover of goods is taken into consideration – the "losses" of the engagement of fixed assets will be much smaller than shown by the balance of direct raw material deliveries. He perceives well that "the specific barriers to the material exporting activity of the Soviet Union is capital-intensity as well as the fact that a part of raw materials can be transported only by rail and a great part of explorable resources can be found in Siberia". (p. 272)

In the last part of his book the author deals in a special chapter with the role of investment cooperation in the solution of the raw material problem: "... we have to cooperate in surmounting the capital-intensity problems of our importing partners. Without this the present contradictions may become acute" – he states. (p. 305) He rightly points out: "It is not expedient to support even theoretically such a standpoint which would consider the equal distribution of investment burdens among the countries as the only or the main criterion of integration and, for example, would not rank the food economy among raw material-producing branches." (p. 306)

From Gábor Fülöp's valuable study containing a lot of facts we picked out only the most important question, the raw material cooperation. The book touches on several other fields, too, that are only in loose connection with the raw material economy, yet their studying may be of use for those interested in the situation of the foreign economy of Hungary. At the same time, the book is a genuine contribution to the literature dealing with the raw material problems of the CMEA-community.

I. DOBOZI

BRABANT, P. van: *Essays on planning trade and integration in Eastern Europe*. Rotterdam, 1974. University Press. IX + 310 p.

P. van Brabant undertook the writing of a "CMEA encyclopaedia". The sections dealing with economic theory, with economic history, with the history of ideology, and foreign policy can be clearly distinguished and even the philosophy of history is present on the pages of his book.

Albeit the author approached the problem complex from so many sides, in the final analysis he has failed to understand and expose the mechanism of the functioning of the CMEA in its full complexity.

In his book the CMEA appears to be a magic formation – existing and non-existing at the same time. As the institutional system of the cooperation between the socialist countries the CMEA obviously exists, however, when the author is seeking an autonomous economic system, he cannot find it in the CMEA.

This follows from van Brabant's approach: he contrasts the CMEA with two "ideal" models. One of them is the theoretical image of the economic integration, the other is the European Economic Community. Van Brabant does not see a major difference between these two models

The above approach is wholly unjustified; as a matter of fact, the author himself emphasizes that the CMEA cannot be understood on the basis of abstract economic rationality. At first van Brabant rejects the Western opinion, according to which the CMEA is an irrational formation and even states that the CMEA has an inherent rationality, and therefore it can be investigated only on the basis of an *adaptive*, and not a *normative*, model. Still, forgetting his own arguments, he begins his analysis of the economic cooperation of the socialist countries with the "ideal" type in his mind.

He finds that the mutual economic relations have not yet been organized into a closed economic mechanism, so the only possible approach left to him is that from the side of the institutional system

of the intra-CMEA relations. Thus, he regards the CMEA first as a hierarchic organization and he describes it as such. According to his presentation, the organization of the socialist cooperation is dualistic: it is a web of *formal* and *informal* systems of decisions and informations. Van Brabant attributes the leading role to the informal side.

He alleges that important decisions are taken by the bilateral and multilateral conferences of the party leaders. The activities of the operational organs, i.e. of committees, jointly owned enterprises etc. are restricted to building up an information basis and to less important fields of economic cooperation.

If we regard the system of economic institutions of CMEA we can find the following subsystems in addition to the decision-making and planning levels: the institutions for cooperation and specialization in production; the financial system and the system of trade between the socialist countries. Van Brabant analyzes these subsystems one after the other.

Firstly, he investigates the problem-complex of cooperation and specialization. The author quotes a computation published by the CMEA, according to which a 50 per cent extension of specialization within the CMEA would result in an average growth of 20 per cent in the output of the member countries. Van Brabant deems that these figures testify to a low level of existing specialization and cooperation within the CMEA. Regarding the exports of specialized products between the member countries, he draws the conclusion that the specialization-activities are determined by the production-structure of the less developed countries.

Van Brabant divides the financial system of the CMEA into two, strictly related subsystems. He analyzes the price and credit systems in detail. He describes CMEA prices as "socialist world market prices" being primarily instruments for clearing the balances of payment of the member countries. The author expresses the opinion that the conditions of setting up a unified monetary mechanism, i.e. of the establishment of a common currency system, have not yet come about. The author deals with the banks of the CMEA and their credit functions separately. He relies largely on *M. Tardos's* model of credit criteria on whose basis he makes further generalizations. He draws on the works of other

Hungarian economists as well, such as *B. Csikós-Nagy, S. Ausch, F. Bartha, I. Vincze, T. Kiss* etc. He points out that the crediting activity of the CMEA is involved only in a fraction of the whole investment activity, and in the case of a credited investment the financial burden is overtaken by the crediting country.

A key to the understanding of the functioning of the CMEA is the trade system of the socialist countries. Van Brabant describes the bilateral character of the trade between the member countries and notes that the member countries have set off on the way to multilateralism. Trade relations have been developed into a system of "structural bilateralism". He also remarks that commodity quotas are being replaced by value quotas.

P. van Brabant states that the emergence of the necessity of the CMEA integration in the mid-1960s was, in fact, an aspect of the attempt made by the Eastern European socialist countries to switch over from the extensive way of development to the intensive one.

What were the difficulties of this switch-over as seen by van Brabant? Among others, he points out the differences in the development levels of the economies of the individual countries and the insufficient efficiency of their internal economic mechanisms. As much is acceptable for us. (He analyzes the Hungarian economy separately as one having achieved a considerable success in the switch-over mentioned above.) However, when he speaks about a rigid separation between the internal and external economic relations, he declares that the cause of such a separation was the "integration" of the foreign policies of the socialist countries. At this point where political questions arise, the author gives up his impartiality and draws a prejudiced picture of the barriers of trade between East and West.

Summarizing the aforesaid, we can state that van Brabant's book embraces most aspects of the functioning of the CMEA, and the author also touches on a number of basic problems of socialist integration. His research yielded interesting results regarding bilateralism, the switch-over from the extensive way of development to the intensive one, the "raw materials versus finished goods" problem-complex of the CMEA etc.

Although the author's theoretic consistency commands respect, his analysis could not answer

the questions he had put himself, as he chose for his analysis such premisses that could not be considered as generalizations of the practice of the socialist countries.

I. MAJOR

MARTOS, B.: *Nonlinear programming. Theory and methods*. Budapest, 1975. Akadémiai Kiadó. 279 p.

Nonlinear programming in the broad sense basically deals with finding optimal solutions to constrained extremization problems with many variables. Many real-world problems, mostly of economic nature can be formulated to fall into this class. A special case, linear programming has proved to be very useful and efficient in solving large-size practical problems. Economic theory also benefited from theoretical results coming from certain properties of these problems. Successes achieved in linear programming inspired both mathematicians, economists and operation researchers to solve the much more difficult problems arising when dropping the assumption of linearity. This work is far from being completed, nonlinear programming is and is still going to be the subject of research for a long time.

An outstanding expert in this field is *Béla Martos*, the author of the book. He is mainly interested in continuous programming, therefore discrete programming is not dealt with in the book. The book falls into two parts: theory and methods. The first part contains all the background needed to understand the structure of these problems and to apply methods for solving them. The author's approach is unique in this part. Most of the nonlinear programming methods rely on the assumption that the constraints and objective functions are convex. But the power of these methods is more than that. One of the greatest achievements of this book (based on earlier work by Martos) is the determination of the limits of generalizations. In other words, if we want certain properties to hold (such as: convex feasible set, local minima be also global, convex optimal set, etc.), then the functions involved should belong to certain classes of functions. These classes are wider than the family of convex functions, although "not significantly". From the practical point of view, if a problem

cannot be solved with techniques based on the use of convex functions, it is very unlikely that methods relying on quasiconvex functions would be of much help. How "slight" this generalization can be is demonstrated in the case of quadratic functions where at most one eigenvalue of the symmetric quadratic form can be negative if we want the corresponding quadratic function to be quasiconvex on the nonnegative orthant.

Therefore, the significance of these generalizations is primarily of theoretical nature and it makes possible to build up a coherent, unified theory as is excellently done in this book. This feature of the book can very well be utilized when using it as a textbook for university students. The material is teachable, only the knowledge of elementary calculus and linear algebra is presupposed, in generalizations it does not go any further than the n -dimensional Euclidean space. The presentation is not too technical, proofs are clear, understandable and rigorous, illustrative examples make easier to understand the concepts and methods. From the point of view of a teacher it would be very useful to have some more examples (other than pathological), easily solvable exercises and their solution. A formal remark is in place here: a list of standard symbols (such as a unit vector, identity matrix, etc.) should have been included. At some places these symbols are used but not explained.

If critical remarks can be made at all, these should refer to the second part dealing with methods. All the methods included are correctly presented, convergence proofs are rigorous, they are understandable. The "method part" as opposed to the theory part should primarily be focused on applications, in the sense that the ultimate goal of all theory is practice. A practitioner who reads this book is interested in methods effectively applicable to his particular problem. In this respect he is lost. He won't find computational considerations, experiences or speculations on the possible effectiveness of certain methods. The collection of methods dealt with is representative as far as ideas and theoretical background are concerned but they do not represent the most effective ones at all. At certain places too much effort is put into treating situations which are very unlikely to occur (dealing with the mathematically interesting but in practice never occurring unbounded feasible region). Knowing the author as an economist, too, I was

expecting some economic applications or at least economic interpretations of such notions as duality, convexity, etc. But this might not have been the intention of the author because he wanted to keep the book strictly mathematical.

Chapter 1 summarizes the background needed in the book. These are the basic properties of sets, vectors, matrices, topological properties of the n -dimensional Euclidean space, functions, polytopes and polyhedra.

In *Chapter 2* the very subject of the book is set forth by defining the mathematical programming problem, the (continuous) nonlinear programming problem and the concept of a solution.

Chapter 3 deals with the basic convexity (quasiconvexity) properties of functions. Convexity, quasiconvexity, explicit quasiconvexity, quasimonotonicity, explicit quasimonotonicity and linearity are defined for functions on E_n . Theorems are proved on the convexity (quasiconvexity) of composite functions and the notion of ω -convexity is discussed.

In *Chapter 4* the feasible set of a nonlinear programming problem is studied in terms of the properties of the constraint functions. Closed-convex feasible sets come together with quasiconvex constraint functions whereas we get polytopal feasible sets if the constraint functions are quasimonotonic. Some separation theorems for convex sets and a few results in the theory of inequalities (including *Farkas' lemma*) are also contained in this chapter.

Chapter 5 is dedicated to minima. Local and global minima are defined and a necessary and sufficient condition is established for them to coincide in terms of explicitly quasiconvex functions. If the feasible set is a polytope, then the global vertex minimum of the objective function is the vertex having the minimal objective function's value. We get local vertex minimum if only the neighbouring vertices are considered. Necessary and sufficient conditions are given for the global minimum to be a vertex of the polytope and a local vertex minimum to be a global minimum in terms of quasiconcave functions. The convexity property of the set of optimal solutions also relates to quasiconvex functions. The theorems of this chapter are mainly the author's own results.

Chapter 6 deals with duality theory associated with the Lagrangian saddle points. Some constraint qualifications are also briefly discussed.

In *Chapter 7* elementary properties of differentiable functions, differentiable quasiconvex and convex functions and pseudoconvex functions are discussed. Useful theorems are proved for composite pseudoconvex functions. Sufficient and necessary virtual minimum and stationary point theorems are given in terms of differentiable and pseudoconvex functions. A tableau for sufficient optimality theorems makes easier to understand the interrelationship among them.

In *Chapter 8* first the *Kuhn-Tucker-Lagrange* necessary and sufficient conditions for a local (global) minimum are derived and a duality theory is built up on it. The general results are specified for linearly constrained, quadratic and linear programs.

The very interesting *Chapter 9* relies mainly on the author's own results concerning convexity (quasiconvexity) properties of quadratic functions on E_n and on the nonnegative orthant of E_n . The key notion is that of a positive subdefinite matrix (A symmetric matrix C is said to be positive subdefinite if for all $v \in E_n$ $v^T C v < 0$ implies $C \geq 0$ or $C \leq 0$). While positive semidefiniteness relates to convex functions, positive subdefinite matrices are connected with quasiconvex functions.

Chapter 10 is a brief summary of the linear simplex method.

The power of adjacent vertex methods is exploited in *Chapter 11* where they are applied to solve pseudomonotonic programs (minimizing a pseudomonotonic objective function subject to linear constraints) of which hyperbolic programming is a special case. In this subject the author is a pioneer and was among the first ones to give an efficient algorithm to solve it. The results are also extended to explicitly quasimonotonic functions.

Chapter 12 deals with full description methods (finding the vertices and extreme directions of a polyhedral set). The method of *Manas* and *Nedoma* and the *Uzawa* method are included. The size of this chapter is not proportional to the practical importance of these methods.

Chapter 13 is aimed at solving linearly constrained quadratic programs by simplex-like methods. First *Wolfe's* method is used for solving it under the assumption that the objective function is convex. *Wolfe's* parametric "long-form" method is extended to solve the problem with quasiconvex quadratic functions. This is based on the theory developed in *Chapter 9* and contains the author's

own results. Another method, the *Dantzig-Van de Panne-Whinston* algorithm is also discussed.

Gradient methods are the subject of *Chapter 14*. For linear constraints the method of *Frank and Wolfe*, for nonlinear constraints the feasible direction method of *Zoutendijk* is developed. In both cases the nonlinear functions involved are supposed to be pseudoconvex. Convergence proofs are also included.

Chapter 15 discusses *Veinatt's* cutting plane algorithm which is different from other methods of earlier chapters because it goes toward the solution through infeasible points.

The bibliographical notes at the end of each chapter and the comprehensive list of references show that the author knows and applies the relevant part of the literature. The interested reader gets good hints from them for further study and research.

Finally we can conclude that *Martos' book* is a significant contribution to the mathematical programming literature and should be on the bookshelf of everybody dealing with the subject.

F. FORGÓ

CROSSER, P. K.: *Prolegomena to all future metaeconomics: Formation and deformation of economic thought*. St. Louis, Missouri, 1974. Warren H. Green. 196 p.

According to *Kuhn's* well-known concept concerning the development of sciences, at a time when empiric anomalies are increasing and a credibility crisis of ruling paradigms arises, the interest in methodological and gnoseological problems, in the philosophy of the science increases. Disregarding to what extent *Kuhn's* hypotheses can be verified, either in general or specifically in economics, a writing concerned with the history and methodology of the science in question is more likely to arouse interest and provoke agreement and/or controversial repercussions in the contemporary "crisis period" of the development of economics, than in "normal" times, when even the specialists of the narrower field might leave the same publication unnoticed in the ever swelling flood of publications and information. It could, in turn, hardly be denied that the state of modern

economic theory (meaning now the theories prevalent in the Western countries) is more of a crisis situation than one of stability based upon firm achievements relying on the self-confidence of the scientific community and the practical utilizers, characterized in a normal period, by undisturbed harmony between the predictions of theory and the following developments. Published last year, Professor *Paul Crosser's* book, examining the notions and the methodology of the classical political economy and the subjective school (more exactly, those of the Austrian school of *Menger* and *Wieser*), may exploit the peculiar advantage of the historical moment.

The embarrassingly grandiose title, borrowed from *Kant*, inevitably provokes a comparison with that famous work of the philosophy of criticism and the intensions of *those* prolegomena. The comparison is, of course, absurd as, to mention but one cause, *Crosser's* objective is not to point out the possibility of an existing, though challenged discipline as was of the *Königsberg* philosopher in his time, but the foundation of a new discipline in economics. "It is the ambition of the author of this presentation to establish Metaeconomics as a branch of economic science. Actually, a scientific endeavor cannot be considered as having arrived at a level of the scientific discipline if a meta-theory is not provided for it." (p. VI)

The book consists of two parts. The first part deals with the pre-classical and classical periods of economics, the second one is concerned with the successive subjectivist school. At the end of the book an appendix is added, following up the changes in the function and interpretation of the concept of value from the objective labour-value of *Smith* and *Ricardo* through *Menger's* and *Wieser's* subjective categories into the standpoints of *Walras* and *Marshall*, which the author characterizes as a state of "valuelessness". "Value as a frame of major reference became taboo in the formulations of the two... writers (*i. e.* *Walras* and *Marshall*) and their followers. In that sense we are confronted in this case with what is known as valuelessness in economic thinking." (p. 193)

Setting off from the development of the labour theory of value, the first part examines the basic categories of classical economic thought, the inherent causal relations and the functional interdependences which determined the different

phases in the formulation of categories and the creation of systems. The author outlines the process having led from *Adam Smith's* and *Ricardo's* basically sensualist and materialist concepts to *Say's* subjectivized notions of value in exchange and utility and to *John Stuart Mill's* system, which seemingly uses the same terminology but which, in reality, neglects the category of labour value in the analysis of production, thus degrading the social analysis to a mechanistic, technical investigation.

The titles and subtitles of the second part clearly reflect the author's despire toward the analyzed period of the development of economics and the authors of this period. To quote but some of these titles: Deconceptualization and Fragmentization; Deformation of Economic Thought; The Loss of the Category Temporality; Misprojection of the Category Price; Elimination of the Category Capital etc. In this part Professor Crosser follows up the deformation of economic thought and the logical consequence of the emergence of the marginal utility school. As against the classical period and *Marx*, (whom Crosser does not regard as one of the classical economists, but as one who was, in a sense, a scholar who drew on, and reformulated, the ideas of the classical economists), "this school started out with a denial of the existence of regularities in economic life in any objectivist and materialistic manner; causation and time were rendered by that school subjectivistic factors. Individual attitudes were offered as a replacement for economic laws, imputation was to determine timing and replace causation. In addition, the range of economic inquiry was to be greatly narrowed, and within that narrowed range economic thinking was to become fragmentized. (p. 104) He illustrates his findings mainly by analyzing the methodology of *Menger's* and *Wieser's* exchange and price theories. Beside them, a section of the book is devoted to *Böehm-Bawerk's* interest and capital theory and another to *Schumpeter's* concept of economic development as well. He holds that "Böehm-Bawerk has not provided any socially and economically relevant concept of capital at all." (p. 164) He judges that the latter brought about the final phase of the decomposition of political economy as a scientific discipline. (p. 173)

In his closing remarks the author tries to set up a link between the emergence and the argumentation of the marginal school and certain facts of the capitalist development, namely, the construction of railways and the peculiarities of its financing. The subjective and decadent theories reveal the disappearance of the youthful vigour of capitalism and the decline of the Western economic system.

Has Professor Crosser been successful in achieving his goal, or, to make a paraphrase of *Kant's* question, has he promoted, "meta-economics" by a step (if even the first one)? To give an answer to this question is rendered difficult by two factors, both related to the method of the book. The first one is the author's self-consistency in failing to quote the works of the authors whose ideas he is criticizing; he does not make references to the criticized works, either. Although this practice is not unprecedented in the literature of the history of economic thought and it may even be justified in this case by the prolegomena-character, yet, it leaves much ground for the reader to doubt the soundness of the author's opinion, although some of his – often summary – verdicts correspond to more or less traditionally accepted statements in Marxist literature. The second difficulty arises from the fact that the reader is not introduced deeply enough into the philosophical and methodological foundations of the author's criticism. Although there are some remarks on these, (e.g. on p. 58 he refers to the laws of economics as causal relations and not substantially different from the laws of natural sciences, as, in the final analysis, man and his activities are determined by forces identical to those determining other natural beings) they are too brief to provide a sufficient insight for a relevant discussion. However, if we do not claim the promised "solution of the questions of metaeconomics as a scientific discipline", nor the summary of the criticism of economic thought and political economy, then we can find that Paul Crosser's book is one providing much food for thought (being even sometimes provocative), and that it proves the necessity of methodological investigations.

A. MADARÁSZ

CSETE, L. – SZABÓ, F. – TÓTH, B.: *A tervszerű szabályozás élelmiszer-gazdasági tapasztalatai* (Erfahrungen der planmäßigen Regulierung in der Nahrungsgüterwirtschaft.) Budapest, 1974. Közgazdasági és Jogi Könyvkiadó, 250 p.

VARGA, L.: *A jugoszláv agrár-ipari kombinátok* (Die jugoslawischen agrarindustriellen Kombinate.) Budapest, 1974. Közgazdasági és Jogi Könyvkiadó, 202 p.

FORGÁCS, K.: *A tőkés agrárfejlődés dilemmája* (Das Dilemma der kapitalistischen Agrarentwicklung.) Budapest, 1974. Közgazdasági és Jogi Könyvkiadó, 205 p.

Die Serie „Zeitgemäße ökonomische Fragen“ des Verlags Wirtschaft und Recht befaßt sich in 1974 mit mehreren Problemen der Agrarwirtschaft.

Das Buch von L. Csete – F. Szabó – B. Tóth faßt die Erfahrungen der planmäßigen Regulierung der Nahrungswirtschaft seit der Einführung des neuen Wirtschaftslenkungssystems (1968) zusammen.

Im ersten Teil wird bereits im vornherein festgestellt, daß die Landwirtschaft ihren in Bruttoproduktionswert ausgedrückten Plan in der untersuchten Zeitspanne (1967–1972) jedes Jahr erfüllte, während sich die Planvoranschläge von Jahr zu Jahr erhöhten. Als besonders günstig kann es beurteilt werden, daß die Entwicklung des Pflanzenbaus von intensivem Charakter war.

Die Erfüllung der Produktionsziele ist je Zweig bzw. Sektor ziemlich verschiedenen Ausmaßes. Die Erfüllung der Ziele, die Planmäßigkeit können auf den verschiedenen Ebenen nur durch ein System von zeitlich und inhaltlich harmonisierten Plänen gesichert werden. Zur Erstellung von begründeten Plänen ist ein Informationsstrom in zwei Richtungen unerlässlich notwendig. Zur Harmonisierung der zentralen und der unternehmerischen Konzeptionen ist es besonders wichtig, bei dem Zufluß der Informationen den Zeitfaktor in Betracht zu ziehen. Noch weniger gelöst ist der Rückfluß der Informationen. Neben einer schnelleren Verbreitung der Analysierungs- und Planungsmethoden ist deshalb auch die Erhöhung der Anzahl von Computern wichtig.

In Verbindung mit den Planungsproblemen der Nahrungsmittelindustrie legen die Verfasser der Verwirklichung der vertikalen Planung, Leitung und Entwicklung eine hervorgehobene Bedeutung bei. Da Landwirtschaft und Nahrungsmittelindustrie aufeinander angewiesen sind, ist dies von außerordentlicher Wichtigkeit.

Eine wichtige Komponente der planmäßigen Regulierung ist die Planung der ökonomischen Hebel. Die Wirkung der auf diesem Gebiet vor sich gegangenen Veränderungen kann für die Jahre zwischen 1967 und 1972 nur schwer zahlenmäßig ausgedrückt werden, so bringen die Verfasser nur Feststellungen von allgemeinem Charakter. Sie stellen fest, daß die „Planmäßigkeit“ auch bei der Planung der Regler weiterhin gefestigt werden müsse, die Regler müßten rechtzeitig, zusammen mit den Zielen und Kraftquellen veröffentlicht werden, und die Elastizität der einzelnen Agrarprodukte solle in erhöhtem Maße in Betracht gezogen werden. Schließlich – die Ergebnisse und die in der nächsten Zukunft erwartbaren Umstände zusammenfassend und erwägend – betonen sie, daß es immer notwendiger wird in der Nahrungswirtschaft ein in seinen Prinzipien einheitliches Regulierungssystem einzuführen.

In der Zeitspanne seit der Einführung der neuen Wirtschaftslenkung erhöhte sich das Interesse an der Bildung und Verwendung der Einkommen der landwirtschaftlichen Produktionsgenossenschaften, da infolge der speziellen Verhältnisse der Landwirtschaft viel mehr Änderungen notwendig waren, als auf anderen Gebieten. Auf Wirkung der eingeführten Finanzmaßnahmen wuchsen die Einkommen der Produktionsgenossenschaften schneller als geplant, es muß aber betont werden, nicht als deren direkte Folge, sondern indirekt, auf dem Wege der Produktionserhöhung.

Beim Wachstum des Bruttoeinkommens der Produktionsgenossenschaften spielte auch die Veränderung (Erhöhung) der Produzentenpreise eine bedeutende Rolle. Die Preisänderungen modifizierten die Preisproportionen in erster Linie zugunsten der Viehzucht, die Rentabilität des Zweiges blieb aber auch solcherweise noch bedeutend hinter dem Durchschnitt zurück. Dessen Grund kann teilweise auch darin gefunden werden, daß sich unter den in der Landwirtschaft gebrauchten Produktionsmitteln die Preise der Futtermittel am meisten erhöhten.

Ein von vielen Gesichtspunkten aus diskutierter, aber zweifellos wichtiger Schritt war die Erweiterung des Tätigkeitskreises der Produktionsgenossenschaften, die Genehmigung der zusätzlichen Tätigkeiten. Berechnungen nach hätte nämlich die Grundtätigkeit an sich keine genügende Quelle zur Erweiterung der Produktionsfonds, zur Entwicklung der Produktion bieten können. Ohne diese wären staatliche Unterstützungen der Investitionen in noch größerem Ausmaß notwendig gewesen.

Die letzten Kapitel des Buches befassen sich mit der Bildung und Verwendung der produktionsgenossenschaftlichen Einkommen. Die Verwendung, Verteilung des Bruttoeinkommens, beziehungsweise ihre Regulierung veränderte sich mit der Einführung des neuen Systems der Wirtschaftslenkung bedeutend. Es blieben zwar gewisse direkte Regulierungsmethoden bestehen (so z. B. das verbindliche System der genossenschaftlichen Fondsbildung und die Abrechnungsanordnungen), die Rolle der verschiedenen indirekten Mittel (Steuern und andere öffentliche Lasten, Preisregulierung, Kreditpolitik usw.) erhöhte sich aber in einem großen Maße.

Das Buch von *L. Vargha* befaßt sich mit der jugoslawischen Landwirtschaft, innerhalb dieser analysiert er in erster Linie die Tätigkeit der agrarindustriellen Kombinate. Die Gründe, Umstände des Entstehens dieser jugoslawischen Spezialität versucht der Verfasser dadurch verständlicher zu machen, daß er die Ausgestaltungsprobleme der zeitgemäßen Nahrungswirtschaft in Jugoslawien sehr ausführlich darlegt. Die größte Schwierigkeit bedeuteten die Besitzverhältnisse und bedeuten es auch heute noch. Die außerordentliche Zerstückeltheit ist bis heute eines der schwersten gesellschaftlich-wirtschaftlichen Probleme in Jugoslawien. Die Schwierigkeiten werden noch dadurch erhöht, daß der Anteil des gesellschaftlichen Sektors (landwirtschaftliche Kombinate, „Grundbesitze“, Farmen, Bauerngenossenschaften usw.) am landwirtschaftlichen Gebiet nur etwa 14 Prozent erreicht. Dessen Grund liegt übrigens größtenteils darin, daß infolge der Regulierung der Eigentumsverhältnisse in 1953 eine solche – auch heute noch in Gültigkeit stehende – Entscheidung getroffen wurde, die praktisch eine Ablehnung der Kollektivisierung als sozialistische Umgestaltung der Landwirtschaft bedeutete.

Die sich immer mehr erhöhende Einschaltung in die internationale Arbeitsteilung blieb aber auch auf die Landwirtschaft nicht ohne Wirkung. Die Erhöhung der Produktivität wurde zur Bewahrung der Konkurrenzfähigkeit unerlässlich. Da die Zwergwirtschaften auf sich gestellt fast nicht einmal zur Sicherung der einfachen Reproduktion imstande sind, erwies sich die Ausgestaltung von größeren Betriebseinheiten als notwendig.

Die Kombinate, die eine rentablere Produktion ermöglichen, sind fast ohne Ausnahme vertikal organisiert, sind also an mehreren Phasen der Nahrungsgüterproduktion interessiert, nehmen sogar auch an, sich daran nur locker knüpfenden Unternehmen (Fremdenverkehr) teil. Die Erstellung von Kombinateneinheiten wurde in erster Linie von der Nahrungsmittelindustrie, im Interesse der Behebung des Mangels an landwirtschaftlichen Rohstoffen, und solcherweise zur besseren Ausnutzung ihrer Kapazität angestrebt. Die Integration zwischen industriellen und landwirtschaftlichen Betrieben stand aber auch nicht im Gegensatz zu den Interessen der letzteren, weil dadurch die längerfristige Stabilität ihrer Verkäufe, beziehungsweise mit Hilfe von Krediten und direkten Investitionen die Anwendung der modernsten Technologie, und dadurch die Verminderung der Selbstkosten und die Erhöhung der Arbeitsproduktivität gefördert wurden.

Bei der Untersuchung der Kombinate darf nicht vergessen werden, daß bei ihrer Entstehung auch eine andere spezifische jugoslawische Institution, die Kommune (die kleinste Verwaltungseinheit), ebenfalls eine bedeutende Rolle spielt. Da die Kommune auch eine wirtschaftende Organisation ist, und ihr Budget hauptsächlich auf den Steuern und den Einkommen ihrer eigenen Unternehmen fußt, ist sie an der je höheren Rentabilität der sich auf ihrem Gebiet befindlichen Betriebe interessiert. Ein wichtiger Gesichtspunkt ist ebenfalls, daß das gut wirtschaftende Kombinat auch die Beschäftigungsprobleme mildern kann. Die Wichtigkeit der Rolle der Kommune bei dem Zustandekommen von Kombinateneinheiten wird auch dadurch erhöht, daß die Gründung neuer Betriebe ihr gesetzliches Recht ist, und sie dadurch wirtschaftspolitische und politische Konzeptionen verwirklicht. Es muß noch erwähnt werden, daß sich bei Vereinigungsabkommen, die die Verwaltungsgrenzen der Kommunen bedeutend über-

steigen, auch die Republiken einschalten. Natürlich bestehen neben den die wirtschaftliche Integration, und solcherweise die Errichtung der Kombinate antreibenden Faktoren auch Interessiertheitsverhältnisse von hemmender Wirkung. Außerdem ist auch die Lösung von noch zahlreichen Widersprüchen notwendig.

Dessenungeachtet präferieren die ökonomischen Hebel die Vereinigung der Unternehmen, und dies bietet letzten Endes günstige Möglichkeiten zur Ausgestaltung der Kombinate. Die wichtige Funktion der Kombinate besteht darin, daß sie die zerstückelten Grundbesitze der Landwirtschaft, mittels Integrierung der mit den individuellen Bauern in Produktions- und Verwertungsbeziehungen stehenden allgemeinen Dorfgemeinschaften, in die Rahmen der Produktion einbezieht.

Im Rahmen der Kombinate konnten sich verschiedene Stufen der Vereinigung verwirklichen, abhängig von den Umständen der Ausgestaltung. Diese kann sich von einer für eine bestimmte Zeit, auf einem gegebenen Gebiet vor sich gehenden Zusammenarbeit bis zu einer das Aufgeben der Selbständigkeit bedeutenden Vereinigung ausdehnen. Über die Form und die Bedingungen der Vereinigung, Assoziation entscheidet in letzter Reihe das operative Organ der Arbeiterselbstverwaltung – der Arbeiterrat.

Ein wichtiger Charakterzug der Organisationsform der Kombinate besteht darin, daß kaum einige solche Kombinate vorkommen, die nur von landwirtschaftlichem Charakter sind. Die allgemeine Form ist das agrarindustrielle Kombinat. Trotzdem macht uns der Autor auch mit dem Organisationsaufbau eines Kombinats bekannt, das vorrangig von landwirtschaftlichem Charakter ist, um im weiteren das Verständnis der Unterschiede zu erleichtern. Ein wichtiger Organisationscharakterzug ist hier, daß nur das Kombinat über eine selbständige rechtliche Persönlichkeit und Betriebscharakter verfügt. Innerhalb dieses funktionieren drei selbständige Arbeitsorganisationen: Pflanzenbau, Tierzucht und die Kooperationsabteilung. Hier hebt der Verfasser den, für das landwirtschaftliche Kombinat charakteristischen spezifischen Zug hervor, daß die industriellen Verarbeitungsbetriebe in die Rahmen der entsprechenden landwirtschaftlichen Einheiten gehören, und auf einem niedrigeren Grad der wirtschaftli-

chen Selbständigkeit stehen. Demgegenüber gehören unter die unmittelbare Leitung des Kombinats: die Transport-, Bau-, Versorgungsabteilungen, sowie die sogenannten Gemeinschaftsdienste. Die Gemeinschaftsdienste bilden eine selbständige Wirtschaftseinheit – in die Sektionen Recht, Administration, Produktionsentwicklung, Handel und Finanzwesen gegliedert. Eine wichtige Aufgabe der Gemeinschaftsdienste ist die Harmonisierung der Tätigkeit der verschiedenen Zweige auf Kombinatebene.

Ein wichtiger Charakterzug der agrarindustriellen Kombinate besteht darin, daß sie mit ihrem Zustandekommen in Richtung der Ausgestaltung einer vertikalen Integration zwischen Landwirtschaft und Industrie (in erster Linie Nahrungsmittelindustrie) wirken. Charakteristisch ist, daß in 1970 unter anderem 87,7% der Zuckerindustrie, 60,8% der Fleischindustrie, 70,3% der Pflanzenölindustrie der Organisation der Kombinate angehörten. Die Kombinate verwirklichten in den 60er Jahren eine großangelegte Konzentration des Bodengebietes, aber – was wenigstens ebenso wichtig ist – sie ermöglichten auch eine bedeutende Konzentrierung der Grund- und Umlaufmittel in der Landwirtschaft. Der Konzentrationsprozeß sicherte die Verwirklichung des Grundprinzips der Ausgestaltung der Kombinate, d. h. die landwirtschaftlichen Großbetriebe können als gleichberechtigte Partner der Industrie auftreten, damit die Vereinigung für alle Partner mit wirtschaftlichen Vorteilen einhergehe. Als Ergebnis des gleichberechtigten Partnerverhältnisses bewahren die im Kombinat assoziierten Betriebe ihre Selbständigkeit, innerhalb der bei der Vereinigung ohne Zwang angenommenen Rahmen.

Das Grundprinzip der Vereinigung ist also der wirtschaftliche Vorteil für beide Partner. Im Zusammenhang mit der Industrie haben wir bereits erwähnt, daß der Vorteil in der Sicherung des Rohstoffbezugs und somit in ihrer Kapazitätsausnutzung besteht. Für die Landwirtschaft bedeutet die Inanspruchnahme der bereits im vorherigen erwähnten sog. Gemeinschaftsdienste den größten Vorteil. Die Zentralorganisation ist durch die Konzentrierung der Wirtschaftskräfte mit solchen modernen Mitteln (z. B. Computer) ausgestattet, die die Teilnehmer einzeln nicht imstande wären in Betrieb zu halten. So aber wird es für die

Landwirtschaft möglich, ihre Produktion auf zeitgemäße wissenschaftliche Grundlagen zu legen. Dies ist natürlich auch eine Geldfrage. Auch hier bietet die Angehörigkeit zum Kombinat bedeutende Vorteile, teils auf dem Wege der durch die eigene Bank gewährleisteten Dienste, aber besonders vermittelt der im Rahmen der ausgedehnten Bankbeziehungen des Kombinats verschafften Kredite. Für den Agrarsektor kann es auch einen Vorteil bedeuten, daß in ungünstigen Wirtschaftsjahren der ausfallende Einkommensanteil von den anderen Betrieben des Kombinats ersetzt, oder kreditiert werden kann. Lebenswichtig kann die Hilfeleistung des Kombinats zum Beispiel bei der Einführung von zeitgemäßen Produktionsverfahren sein, die eine hohe Investition bedingen. Die landwirtschaftliche Produktion der Kombinate wird durch das Streben nach Fabrikmäßigkeit charakterisiert – schreibt der Verfasser. Dies wurde auf dem Gebiet des Pflanzenbaus zu meist erfolgreich verwirklicht. In der Tierzucht ist das Bild aber noch sehr verschiedenartig. Neben den modernsten westeuropäischen und amerikanischen Technologien kann man auch noch die traditionellen Anlagen finden. Trotz der Übernahme der modernsten Technologie ist es doch nicht gelungen eine rentable Inbetriebhaltung zu verwirklichen.

Eine logische Folge der sehr verzweigten Tätigkeit der Kombinate ist, daß sie an der Tätigkeit zahlreicher Wirtschafts- und Gesellschaftsorgane teilnehmen. Sie stehen mit den Wirtschaftskammern in einem verbindlichen Mitgliedsverhältnis, durch diese nehmen sie an der Ausgestaltung des gesellschaftlichen (volkswirtschaftlichen) Plans teil. Bedeutend sind die bereits erwähnten Bankbeziehungen; das Kombinat kann gleichzeitig Aktionär auch mehrerer Banken sein. Obzwar das Kombinat selbständig eine Handelstätigkeit ausüben darf (auch nach dem Ausland), hält es in der Praxis dennoch Beziehungen mit verschiedenen Binnen- und Außenhandelsunternehmen aufrecht. Neuestens wird ein Teil der Handelstätigkeit durch den Verband der Kombinate übernommen.

Im weiteren zeigt und analysiert der Autor aufgrund einer ziemlich breit angelegten Datenbasis ausführlich die Entwicklung der Kombinate und ihren Platz im gesellschaftlichen Sektor der Landwirtschaft. Aufgrund der zur Verfügung ste-

henden Daten kann eindeutig festgestellt werden, daß im Laufe der Zeitspanne zwischen 1966 und 1970 die Kombinate zu den bedeutendsten und gewichtigsten Komponenten des Wirtschaftssektors wurden. Das Ausmaß des Zentralisations- und Konzentrationsprozesses wird durch die Angabe gut veranschaulicht, daß 1970 unter die 100 größten Produktionsunternehmen Jugoslawiens 15 agrarindustrielle Kombinate gehörten. Unter diesen überstieg das gesamte Jahreseinkommen von fünf Kombinateneinheiten je 1 Milliarde Dinar.

Schließlich stellt der Autor als Zusammenfassung seiner Untersuchungsergebnisse fest, daß die Entwicklung extensiven Charakters der Kombinate anfangs der 70er Jahre ihre äußersten Grenzen erreichte. Im weiteren kann die Entwicklung nur auf intensive Weise vor sich gehen, der Grund dafür ist, daß sich die ohnehin bestehenden Beschäftigungsprobleme durch ein Anschließen von neueren Kleinwirtschaften an die Kombinate weiter erhöhen würden. Die frei gewordenen Arbeitskräfte könnten nämlich durch die mit einer hohen Arbeitsproduktivität arbeitenden Kombinate nicht gebunden werden. Als gängigster Weg der Entwicklung erscheint die Erhöhung der Wirtschaftlichkeit der Produktion, die Verwirklichung einer rentableren Bewirtschaftung.

Den sich im allgemeinen durchsetzenden spezifischen Zügen der landwirtschaftlichen Produktion entspringend, bestehen auch verwandte Züge zwischen der ungarischen, der jugoslawischen, oder sogar der kapitalistischen Landwirtschaft. Deshalb kann das Buch von K. Forgács, das sich mit den gemeinsamen und verallgemeinbaren Tendenzen der Agrarentwicklung der westeuropäischen entwickelten kapitalistischen Länder befaßt, Anspruch auf ein breiteres Interesse erheben.

Die Autorin stellt bei der Untersuchung der Gestaltung der kapitalistischen Landwirtschaft fest, daß die Agrarentwicklung bereits von Anfang an bedeutend von der kapitalistischen Industrieentwicklung abwich. Der fundamentale Grund der Abweichung ist das Monopolium des Grundbesitzes. Ein interessanter und zugleich wichtiger spezifischer Zug der Agrarentwicklung besteht darin, daß als Ergebnis der lebhafter werdenden kapitalistischen Entwicklung sich auch in der Landwirtschaft der Differenzierungsprozeß beschleunigte, der im Wesen genommen die auf

kapitalistischen Grundlagen beruhende Entwicklung der gesamten landwirtschaftlichen Produktionskräfte förderte. Deren Haupttendenz war die Polarisierung, – kräftig kam aber auch eine andere Tendenz zur Geltung, die Depolarisierung, im Laufe derer aus den Schichten der Klein- und Zwerggrundbesitzer, auf Einwirkung verschiedener Wirtschaftsumstände einzelne auf die Ebene der Mittelklasse aufstiegen, beziehungsweise vom oberen Pol auf dieselbe Ebene herabsanken. Damit erhöht sich die Zahl jener Landwirte, die zwar über einen Eigentumsbesitz von größerem Ausmaß verfügen, diesen aber meistens nur als Produktionsmittel und nicht als Kapital in Betrieb halten können.

Dieser, sich auch heute durchsetzende Differenzierungsprozeß in zwei Richtungen ist die Erklärung dafür, daß die mittleren Bauernbetriebe bis heute in der Landwirtschaft Westeuropas eine bedeutende Rolle spielen. Gleichzeitig bedeutet dies auch den Grund, warum die Landwirtschaft in ihrer technischen Entwicklung bedeutend hinter der Industrie zurückblieb, und so der Manufakturcharakter der Landwirtschaft bis zur Mitte des 20. Jahrhunderts in der Mehrzahl der entwickelten kapitalistischen Länder aufrechterhalten blieb.

Die neue Entwicklungsetappe entfaltete sich nach dem II. Weltkrieg, genauer in den 50er Jahren, mit dem Eindringen der Errungenschaften der technischen Revolution in die Landwirtschaftsproduktion. All dies geschah, trotzdem die kleinbetrieblichen Rahmen oft nicht zur rationalen Verwendung der modernen Produktionsmittel und Verfahren geeignet sind. Die Umgestaltung zu einem kapitalintensiven Zweig änderte die Landwirtschaft in einem raschen Tempo von einer einst geschlossenen Produktionseinheit zu einem offenen Zweig um. Mit der Verstärkung der vertikalen Beziehungen zwischen Industrie und Landwirtschaft wurde der Agrarsektor zu einem integrierenden Teil der kapitalistischen Wirtschaft.

Die stets breitere Anwendung der sich immer mehr entwickelnden Maschinen und Chemikalien machte den bereits erwähnten Differenzierungsprozeß in der Etappe nach dem II. Weltkrieg noch komplizierter. Da es möglich wurde mit Hilfe von Maschinen die Mittelbesitze auf familiärer Grundlage zu bewirtschaften, wurde diese Besitzart zum charakteristischen Typ des landwirtschaftlichen Betriebes. Der Großteil der Lohnarbeiter

verläßt die Landwirtschaft, und ähnlicherweise gehen auch die über einen auf dem oberen Pol befindlichen Grundbesitz verfügenden Unternehmer vor. So bleiben in der Landwirtschaft praktisch nur die Mittelschichten, also größtenteils die Familienbetriebe. Gleichzeitig ist innerhalb der Gruppe der Familienbetriebe die Polarisierung kontinuierlich, ohne aber zur Ausgestaltung von im alten Sinne genommenen Polen zu führen. Dem Schein entgegen ist hier keine Rede von irgendeinem Dekapitalisierungsprozeß, betont die Autorin, auf Einwirkung der Integrationsbestrebungen der Industriemonopolen wird ja sogar die Selbständigkeit des Familienbetriebes zu einer immer mehr formalen, der Besitzer und seine Familie arbeiten eigentlich für das monopolistische Unternehmen.

Die Unternehmen in der verarbeitenden Industrie zwingen mit Hilfe ihrer Monopolabkommen den landwirtschaftlichen Produzenten niedrige Aufkaufspreise auf, und entziehen dergestalt das in der Landwirtschaft produzierte Mehrprodukt. Dies, und das Wachsen der organischen Zusammensetzung des landwirtschaftlichen Kapitals vermindert die Rentabilität des Agrarsektors auf eine bedeutende Weise. Das Ansteigen der Einkommensdisparität zwischen Industrie und Landwirtschaft würde beinahe das Fortsetzen der landwirtschaftlichen Produktion auf kapitalistischen Grundlagen gefährden, wenn der Staat nicht mit Hilfe eines Dotationssystems das Einkommen der Landwirte ergänzen würde.

Infolge der widersprüchlichen Entwicklung bleibt die Diskrepanz zwischen Landwirtschaft und Industrie auch weiterhin bestehen. Ihre Äußerungsform ist das Übergewicht der Mittelschichten, die niedrige Bewertung des landwirtschaftlichen Kapitals und der niedrigere Stand der Arbeitseinkommen des Agrarsektors, als der der Industrielöhne. Als Folge der technischen Entwicklung verminderte sich in der Landwirtschaft der in der Produkteinheit enthaltene Gesamtarbeitsaufwand bedeutend, und dies ist ausschließlich ein Ergebnis der beträchtlichen Verminderung des Aufwands an lebendiger Arbeit – stellt die Verfasserin aufgrund einer ausgebreiteten Datenbasis fest. Also erhöht sich die Effektivität des Kapitals allgemein nicht in einem so raschen Tempo, wie die Produktivität der lebendigen Arbeit. Diese Erscheinung übt wegen der spezifischen Umstände der Landwirtschaft eine viel un-

günstigere Wirkung auf die Rentabilität aus, als im Falle der Industrie. Die Arbeitsproduktivität bleibt in der Landwirtschaft auch dann niedriger, wenn die auf je einen Beschäftigten entfallende Kapitalmenge das Niveau der Industrie erreicht, – weil der landwirtschaftliche Arbeiter mit gleichem Kapital nur weniger zu produzieren imstande ist, als der Industriearbeiter. Die ungünstige Lage wird noch dadurch verschlechtert, daß die Landwirte gezwungen sind, auf Einwirkung der höheren Industrielöhne, mit neueren Kapitalinvestitionen die die Landwirtschaft verlassenden Lohnarbeiter zu ersetzen.

Der abschließende Teil des Buches befaßt sich mit den auch in unseren Tagen vorhandenen praktischen Problemen und deren möglichen Lösungen. Auf eine paradoxe Weise brachte die relativ schnelle Liquidierung der jahrhundertelangen Zurückgebliebenheit der Landwirtschaft in unserer Zeit die Probleme des Agrarsektors in den Vordergrund. Die typische Reagierung der Familienbetriebe, der Kleinproduzenten auf die ungünstiger werdende Einkommenslage ist das Streben nach einer Steigerung der Erträge, in erster Linie mit Hilfe der technischen Entwicklung. In den entwickelten Industrieländern ist aber die Nachfrage nach Agrarprodukten unelastisch, sie ist auf dem bereits erreichten Niveau stabilisiert. So ist in den westeuropäischen Ländern eigentlich mehr oder weniger eine fortwährende Überproduktion an Agrarprodukten zu ersehen, im Gegensatz zur Industrie, wo seit dem II. Weltkrieg auch das höhere Wachstumstempo zu keiner Überproduktionskrise führte. Zugleich halten die kapitalistischen Staaten mit Hilfe von stets höheren Dotationen – aus politischen Gründen – die überflüssigen Betriebe und das hohe Produktionsniveau aufrecht. Die Unhaltbarkeit der Lage erkennend, streben die EWG und auch die einzelnen Regierungen eine Modifizierung ihrer Agrarpolitik an, indem sie das Gewicht von der bisherigen Preis- und Einkommensregulierung auf die Umgestaltung der Agrarstruktur und die Beschränkung der Agrarproduktion überlegen.

Die Agrarentwicklung der EWG-Mitgliedstaaten wird zusammenfassend und ausführlich

durch das von der EWG-Kommission erarbeitete Memorandum (Manholt-Plan) analysiert. Dieses Dokument bringt Vorschläge auch zur Ausgestaltung des komplexen, kurz- und langfristigen Reformprogramms des Agrarsektors. In Verbindung mit den darin enthaltenen rationalen Reformprojekten besteht ein ernstes Problem – schreibt die Autorin – nämlich das, daß bisher darüber mehr debattiert, als davon verwirklicht wurde. In der Praxis bewies es sich meistens als einfacher die Aufnahmefähigkeit des Marktes zu erhöhen, als eine dem Markt angepaßte Landwirtschaft auszugestalten. Im Interesse der Ausgestaltung des Gleichgewichts auf dem Agrarmarkt werden die landwirtschaftlichen Preise künstlich hochgehalten. Dies bedeutet aber eine stetig anwachsende Last für die EWG, die noch dadurch erschwert wird, daß die zur Verbesserung der wirtschaftlichen und sozialen Lage getroffenen Anordnungen noch größere Summen verschlingen.

Trotz der Probleme bildete sich keine einheitliche Meinung im Zusammenhang mit der Rolle und der Zukunft des landwirtschaftlichen Kleinbetriebes heraus. Nach mehreren Ökonomen dürfen die Vorteile des Kleinbetriebes auch in der entwickelten Industriegesellschaft nicht vernachlässigt werden. Da die auf einer kleinen Bodenfläche ausgeübte Bewirtschaftung nicht imstande ist die Arbeitskraft der Familie gänzlich in Anspruch zu nehmen, wird dadurch sozusagen eine Arbeitskräftereserve gebildet. Wenn diese Arbeitskräfte im Falle einer Dekonjunktur entlassen werden, bleiben sie in letzter Linie doch nicht gänzlich ohne Arbeit und Einkommen.

In die weitere Zukunft voraussehend ist es zweifellos, daß letzstens die Notwendigkeit herantreten wird eine großbetriebliche Landwirtschaft auszugestalten. Bis dahin werden aber wegen politischer Gründe, und auch aus wirtschaftlichen Erwägungen, anstatt einer grundlegenden Veränderung der bäuerischen Agrarstruktur die Probleme durch langsame Reformen gemildert. Dadurch wird aber auch das Dilemma der kapitalistischen Landwirtschaft ohne Kapitalisten ständig bleiben.

A. TÓTHFALUSI

BOOKS RECEIVED*

- Dr. BENKE, I.: Érdek és ösztönzés (Interest and stimulation.) Budapest, 1975. Kossuth Könyvkiadó. 254 p.
- CASSEL, D. – MÜLLER, H.: Kreislaufanalyse und Volkswirtschaftliche Gesamtrechnung. Stuttgart, 1975. Gustav Fischer Verlag. 106 p.
- CSIKÓS-NAGY, B.: Socialist price theory and price policy. Budapest, 1975. Akadémiai Kiadó. 371 p.**
- HALLER, F.: Sozialistische Akkumulations- und Wachstumstheorie. Berlin, 1974. Verlag Duncker und Humblot. 192 p.
- NEMÉNYI, I.: A magyar beruházási politika 30 éve (Thirty years of Hungarian investment policy.) Budapest, 1975. Közgazdasági és Jogi Könyvkiadó. 297 p.
- OSERS, : Forschung und Entwicklung in sozialistischen Staaten Osteuropas. Berlin, 1974. Duncker und Humblot. 317 p.
- SZEKÉR, Gy.: Alumíniumiparunk és a szocialista gazdasági integráció (Hungarian aluminium industry and the socialist economic integration.) Budapest, 1975. Kossuth Könyvkiadó. 231 p.
- SZIKRA, K. MRS. FALUS: A termelékenység és hajtóerői (Efficiency and its impetus.) Budapest, 1975. Kossuth Könyvkiadó. 315 p.**
- SZITA, J.: Az összeurópai gazdasági együttműködés távlatai (Prospects of the all-European economic cooperation.) Budapest, 1975. Kossuth Könyvkiadó. 345 p.**
- TREML, V. G. – GALLIK, D. M. – KOSTINSKY, B. L. – KRUGER, K. W.: The structure of the Soviet economy. Analysis and reconstruction of the 1966 input-output table. New York – Washington – London, 1972. Praeger Publishers. 660 p.
- TOLNAI, Gy.: A fejlődő országok gazdasága ma és holnap (The economy of the developing countries today and tomorrow.) Budapest, 1975. Közgazdasági és Jogi Könyvkiadó. 278 p.

*We acknowledge the receipt of the enlisted books. No obligation to review them is involved.

**To be reviewed in *Acta Oeconomica*.

AUTHORS

- Dr. István HUSZÁR, b. 1927. Titular professor. Deputy President of the Council of Ministers, President of the National Planning Office. Formerly President of the Central Statistical Office. Author of studies on living standard policy and statistical problems.
- Dr. István HETÉNYI, b. 1926. Titular professor. Secretary of State, National Planning Office. Author of "Hungary's twenty-year economic development plan" (The New Hungarian Quarterly 1963. VII—VIII.), "Les traits principaux du système de planification" (Économie appliquée archives de l'I.S.E.A 1967.), "Wirtschaftspolitik und wirtschaftliche Entwicklung in Ungarn" (Marxistische Blätter 1973/3.) and articles on long-term planning in Hungarian.
- Dr. József BOGNÁR, see Vol. 13, No. 2
- Dr. András BRÓDY, b. 1924. Doctor of econ. sci. Professor of economics at the University of Zambia. Head of Research Group at the Institute of Economics, Hung. Acad. Sci. Author of "Proportions, prices and planning" (Akadémiai Kiadó — North Holland Publishing Co. 1970.), papers on input-output analysis and techniques, on computable price systems, etc.
- Dr. Sándor NAGY, b. 1944. Research worker at the Economic Research Institute, Central Statistical Office. Author of "Economic and econometric forecasting" (Dissertation, Birmingham, 1971) and articles on forecasting and dynamic stability in Hungarian.
- Dr. Iván GÖNCZI, see Vol. 10, No. 2
- Ákos BALASSA, see Vol. 10, Nos. 3—4

Printed in Hungary

A kiadásért felel az Akadémiai Kiadó igazgatója

Műszaki szerkesztő: Botyánszky Pál

A kézirat a nyomdába érkezett: 1975. VI. 30. — Terjedelem: 13,25 (A/5) ív, 1 ábra

75.2022 Akadémiai Nyomda, Budapest — Felelős vezető: Bernát György

TO BE PUBLISHED IN THE NEXT ISSUE

GY. LÁZÁR: The Present Hungarian Economic Situation and the Tasks of Economic Policy

L. FALUVÉGI: Economic Development; Economic Structure, New Phenomena of External Economy

I. BEREND T.: Thirty Years of Hungarian Socialist Economic Policy

J. DRECIN: Industrial Policy in Hungary

K. SZIKRA MRS. FALUS: Some Aspects of Material Stimulation

J. LÁSZLÓ: National Plan for the Economy and the Enterprises

T. БАУЕР: Противоречивость в положении предприятий в венгерском хозяйственном механизме

COMMENTS AND CRITICISMS

M. LAKI: Competitive Situation and Product Pattern of Hungarian Enterprises on the Market of Consumer Goods

REVIEWS

T. FRANK: The Society for Organization and Management Science

BOOK REVIEWS

BOOKS RECEIVED

ABSEES

A QUARTERLY JOURNAL OF ABSTRACTS OF SOVIET AND EAST EUROPEAN SOURCES

Edited and published at the Institute of Soviet and East European Studies of the University of Glasgow on behalf of the British National Association for Soviet and East European Studies

Senior Editor: Vladimir V. Kusin

- EACH ISSUE contains up to 1000 abstracts of books and articles published in the USSR, Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania and Yugoslavia. There is an annual index.
- PLUS a specialized bibliography (e. g. "Relations between GDR and FRG", "Prices in Centrally Planned Economies", "Soviet and East European Legal Systems since 1945").
- PLUS a bi-annual Information Bulletin on British and international developments in the field of Soviet and East European studies.
- ASSOCIATED WITH ABSEES: Soviet, East European and Slavonic Studies in Britain, an annual bibliography of British Writings on the area.

ANNUAL SUBSCRIPTION RATE £12 or \$36

ADVANTAGEOUS JOINT SUBSCRIPTION TO ABSEES AND SOVIET STUDIES £15 or \$45.

Cheques should be made out to University of Glasgow. Correspondence dealing with subscriptions and advertising space to Publications Officer, University of Glasgow, GLASGOW G12 8QG, Scotland.

FOR A FREE SAMPLE ISSUE WRITE TO
THE EDITOR, UNIVERSITY OF GLASGOW,
GLASGOW, G12 8LQ, SCOTLAND.

ECONOMICS OF PLANNING

THEORY AND PRACTICE OF CENTRALLY PLANNED ECONOMIES AND THEIR RELATIONS WITH MARKET ECONOMIES

ITEMS FROM VOL. XII, No. 1-2, 1972:

JAN SERCK-HANSEN: † Harald Hallaråker
(1918-1975).

The Future of Economics of Planning.
French Issues.

DAVID LIGGINS: The Models used in French
Short-term Macroeconomic Forecasting.

RAYMOND COURBIS: The FIFI Model
used in the Preparation of the French Plan.

MICHEL DELEAU, ROGER GUESNERIE
and PIERRE MALGRANGE: Planning,
Uncertainty and Economic Policy. The
Optimix Study.

BERNARD CAZES: Futures Research and
Economic Planning: The French Case.

Annual subscription rate: N.Kr. 60,-. Back issues may be obtained.

ECONOMICS OF PLANNING

Box 2585 Solli, Oslo 2, Norway

I QUADERNI DI TERZO MONDO

N. 1	UMBERTO MELOTTI	<i>Marx e il Terzo Mondo</i>	L. 1.800 (US\$ 4)
N. 2	LEONE IRACI	<i>Marx e il mondo antico</i>	L. 1.800 (US\$ 4)
N. 3	G. P. COTTI COMETTI	<i>La Tanzania verso il socialismo</i>	L. 1.800 (US\$ 4)
N. 4	PIETRO SCARDUELLI	<i>Lévi-Strauss e il Terzo Mondo</i>	L. 1.800 (US\$ 4)
N. 5/6	UGO STORNAIOLO	<i>La civiltà incaica (doppio)</i>	L. 3.600 (US\$ 8)
N. 7	NICOLETTA MANUZZATO	<i>Marx e la questione irlandese</i>	L. 1.800 (US\$ 4)
N. 8	ANTONIO CARLO	<i>La natura sociale dell'URSS</i>	L. 1.800 (US\$ 4)
Abbonamento a 8 quaderni			L.12.000 (US\$20)

CORSO DI SOCIOLOGIA

Finalmente a dispense il corso di sociologia del Centro Studi „Terzo Mondo”.
Dispense già disponibili:

N. 1	EUGENIO TURRI	<i>Società e ambiente</i>	L. 500 (US\$ 1)
N. 2	UMBERTO MELOTTI	<i>I concetti analitici fondamentali</i>	L. 500 (US\$ 1)
N. 3	GIOVANNI BIANCHI	<i>Sociologia politica</i>	L. 1.000 (US\$ 2)
Abbonamento al corso completo			L.12.000 (US\$20)

Ogni versamento relativo a „Terzo Mondo”, ai „Quaderni di Terzo Mondo” e al „Corso di Sociologia” va effettuato sul conto corrente postale n. 3/56111 di „Terzo Mondo”, via G. B. Morgagni 39-20129 MILANO.

TERZO MONDO

rivista trimestrale di studi, ricerche e documentazione
sui paesi afro-asiatici e latino-americani
diretta da Umberto Melotti

ANNO VII N. 26.

PP. 128 L. 1.500 (US\$ 2.50)

DANIEL VIDART, *Antropologia della fame*; ANTONIO CARLO, *Le radici strutturali della politica estera sovietica*; TULLIO VIGEVANI, *La politica estera del Brasile*; HORACIO VAZQUEZ RIAL, *La preparazione militare del Brasile*; GIAN CARLO COSTADONI, *Azione e contraddizione della Chiesa in Brasile*; LIDIA VACCHI, *La condizione della donna nelle colonie portoghesi*; JOYCE GOLDMAN, *Donne e violenza nel Bangladesh*; D. SCHULDER e F. KENNEDY, *Genocidio dei neri o libertà d'aborto? La posizione delle afro-americane*; GIGLIOLA LANDUCCI, *Dipendenza scientifica e condizionamento tecnologico in America Latina*; UN GRUPPO DI VOLONTARI, *Missione e sottomissione. Considerazioni critiche sull'attività missionaria in Ecuador*.

ANNO VIII N. 27

PP. 128 L. 1.500 (US\$ 2.50)

SAMIR AMIN, *La crisi dell'imperialismo americano*; MICHEL GUGLIELMO TORRI, *La rivoluzione verde in India*; MARIA ROSA CUTRUFELLI, *La condizione femminile in Zambia*; LUCIANO AGUZZI, *Educazione e società a Cuba*; KARL A. WITTFOGEL, *La rivoluzione sociale in Cina alla luce del marxismo*; LUCIANO PELLICANI, *Sul problema dell'estinzione dello Stato*; ANTONIO CARLO, *Sul sottosviluppo meridionale*.

Abbonamenti 1975: L. 5.000 — Abonnement/Subscription/Suscripción: US\$ 10
Collezione completa del n° 1 (1968) al n° 26 (1974): L. 15.000 (US\$ 25).

REVUE TIERS-MONDE

Tome XVI, n°61, janvier-mars 1975
ORGANISATION DE L'ESPACE

Les activités tertiaires supérieures dans les pays d'économie dominée sous la direction
de Michel ROCHEFORT

Note de la Rédaction: Ce numéro est le troisième de la Revue Tiers-Monde entièrement consacré à la détermination des mécanismes actuels d'organisation spatiale dans les pays d'économie dominée. Dans le n° 45, «La Ville», on étudiait les facteurs de la concentration urbaine et les modifications apportées par l'urbanisation à l'ensemble de la vie économique, sociale et culturelle. Dans le n° 50, «Modernisations et espaces dérivés», on a voulu fournir un instrument méthodologique d'analyse permettant de dégager les différents types d'organisation spatiale dans les pays sous développés. Cette étude a montré l'impact des forces externes, à chaque période de développement du système capitaliste dans les pôles, sur les éléments des systèmes internes des pays dominés. Dans le n° 61, on s'interroge sur le rôle des activités tertiaires supérieures dans les phénomènes de domination; on tente de préciser par quels mécanismes elles interviennent dans les relations inégales entre les pays industriels et les pays d'économie dominée et quel rôle elles jouent dans l'organisation de l'espace de ces derniers.

Avant-propos par Michel ROCHEFORT

M.-C. GUERRINI, H. LAMICQ, C. PAIX, M. ROCHEFORT: Formes de domination, activités tertiaires supérieures et organisation de l'espace.

Marie-Claude GUERRINI: Rôle du tertiaire supérieur dans la domination de l'économie ivoirienne.

Catherine PAIX: La portée spatiale des activités tertiaires de commandement au Liban.

Hélène LAMICQ: La mise en valeur du Nord, manifestation de l'impérialisme dans l'espace chilien.

Le secteur tertiaire des pays d'économie dominée.

BIBLIOGRAPHIE

- Théorie et histoire économique
- Organisation de l'espace
- Etudes de cas: La Côte d'Ivoire
 - Le Liban
 - Le Chili.

Direction-Rédaction: Institut d'Etude du Développement Economique et Social, 58 boulevard
Arago — 75013-PARIS (tel: 331.28.01)

Abonnements et vente: Presses Universitaires de France, 12, rue Jean de Beauvais,
75005-PARIS (tel: 033.48:03) (CCP: PARIS, n° 1302-69)
France: F 88,00 Etranger: F 98,00

REVUE TIERS-MONDE

Tome XVI, n°62, avril-juin 1975

SOMMAIRE

Alain TOURAINE: Introduction à l'étude des classes sociales dans une société dépendante; la société latino-américaine.

Emile BENOIT: Limitations à la croissance et développement.

Jan HINDERINK: La géographie, le sous-développement et la modernisation.

Henrique RATTNER: Développement et emploi: la viabilité d'une technologie intermédiaire.

Jean Claude CHESNAIS: Aspects de la limitation des naissances en Chine.

Jean-Pierre BARBIER: Objectifs et résultats de l'aide économique au Laos: Une évaluation difficile.

Bernard ROUX: Expansion du capitalisme et développement du sous-développement: l'intégration de l'Amérique centrale au marché mondial de la viande bovine.

Guillermo Teutli OTERO: Les industries «maquiladoras» progrès ou régression dans le processus mexicain de développement.

Germain NDJIEUNDE: Différenciation des taux d'intérêt et zone monétaire: le cas de la Zone Franc.

CHRONIQUE INTERNATIONALE

— L'Education, investissement rentable? Colloque organisé par le C.R.I.P.E.S. — Mons, 12—13 novembre 1974.

— Le Club de Rome. — Fondation allemande pour le développement international. — Berlin, 14—17 octobre 1974.

— Assemblée européenne des instituts de formation et de recherche sur le développement. Université de Gand, 26—27 septembre 1974.

— Séminaire sur l'espace maghrébin. — Alger, 18—24 février 1974

BIBLIOGRAPHIE

Direction-Rédaction: Institut d'Etude du Développement Economique et Social — 58, Boulevard Arago — 75013-PARIS — (tel: 331.28.01)

Abonnements et vente: Presses Universitaires de France, 12, rue Jean de Beauvais — 75005-PARIS — (tel: 033.48.03) (CCP: PARIS n° 1302-69)

France: 88 F. Etranger: 98 F. le numéro: 25 F.

THE NEW HUNGARIAN QUARTERLY

A general cultural quarterly, written by Hungarians for English-language circulation abroad. Contains articles on various aspects of Hungarian life, history and culture.

Editor: IVÁN BOLDIZSÁR

From the contents of No. 57, Spring 1975

EUROPEAN SECURITY IN THE WORLD TODAY

Frigyes Puja

QUESTIONS OF SOCIAL EQUALITY

Sándor Lakatos

THIRTY YEARS OF HUNGARIAN ARCHITECTURE

Máté Major

FAMILY-CENTRED POPULATION POLICY IN HUNGARY

Egon Szabady

LETTERS TO LUKÁCS

Karl Mannheim

A TALK WITH ALBERT SZENT-GYÖRGYI

István Kardos

THE 150 YEARS OF THE HUNGARIAN ACADEMY OF SCIENCES

Sándor Szalai

THE BUSINESS OF WRITERS AND POETS

Tibor Déry, Gyula Illyés

SURVEYS — BOOK REVIEWS — THEATRE AND FILM — THE ARTS

Ask for a free sample copy: The New Hungarian Quarterly Editorial Offices H-1366 Budapest
P. O. Box 57

THE NEW HUNGARIAN QUARTERLY

*A general cultural quarterly, written for English-language circulation abroad.
Contains articles on various aspects of Hungarian life, history and culture.*

Editor: IVÁN BOLDIZSÁR

From the contents of No. 59, Autumn 1975

THIRTY YEARS OF HUNGARIAN FOREIGN POLICY

Frigyes Puja

HUNGARIAN PRICE POLICY

Béla Csikós-Nagy

EAST-WEST ECONOMIC RELATIONS: A REAPPRAISAL

János Fekete

COMPLEX SOCIAL EFFECTS OF NEW TECHNOLOGY

Sándor Szalai

WOMEN AND LEISURE

Katalin Sulyok

THOMAS MANN IN HUNGARY

Judit Győri

MY OWN DELIVERANCE

Tibor Déry

MY HYPERTONIA ESSENTIALIS

László Németh

BLOOD RELATIONS (a play)

István Örkény

THE KODÁLY METHOD IN AMERICA

Klára Kokas

SHORT STORIES — POEMS — BOOK REVIEWS — THEATRE AND FILM — ARTS

Ask for a free sample copy: The New Hungarian Quarterly. Editorial Offices, H-1366 Budapest
P.O.Box 57

MARKETING IN HUNGARY

is a quarterly informing you regularly about co-operation and trade with Hungary through studies contributed by leading personalities of the Hungarian economic life.

Editor-in-Chief: Dr. Gerd Biró

Articles in the 1975/1 issue include:

Dr. Béla Csikós-Nagy

THE RAW MATERIAL CRISIS OF THE CAPITALIST WORLD AND THE ECONOMIC POLICY OF HUNGARY

Dr. Ottó Gádó

TOPICAL PROBLEMS OF PLANNING AND REGULATING INVESTMENTS IN THE HUNGARIAN PEOPLE'S REPUBLIC

Dr. Iván Toldy-Ősz

PROBLEMS OF ESTABLISHING ECONOMIC ASSOCIATIONS WITH FOREIGN PARTICIPATION IN HUNGARY

István Gazda

MARKETING OF CAPITAL GOODS IN CO-OPERATION ON THIRD MARKETS

Dr. András Trom

HUNGARY'S FURNITURE IMPORTS: PATTERN AND EXPECTED CHANGES

Subscription: \$ 20. — (£ 8. —) per annum

Free sample copies on request from the Editorial Office: MARKETING IN HUNGARY H-1054 Budapest V., Lengyel Gyula u. 6. Hungary

MARKETING IN HUNGARY

is a quarterly informing you regularly about co-operation and trade with Hungary through studies contributed by leading personalities of the Hungarian economic life.

Editor-in-Chief: *Dr. Gerd Biró*

Articles in the 1975/2 issue include:

Dr. Béla Szalai

HUNGARY'S TRADE POLICY
TOWARDS ADVANCED CAPITALIST COUNTRIES

Dr. Egon Kemenes

TRANSFER OF HUNGARIAN TECHNOLOGY
TO DEVELOPING COUNTRIES
COOPERATION ON THIRD MARKETS
FOUR STATEMENTS BY FOUR DIRECTOR GENERALS

János Nyerges

IMPORT REGIME IN HUNGARY

Pál Bánki

WAGES IN HUNGARY

Dr. József Irányi

HUNGARIAN QUICK-FROZEN GOODS
IN THE 1974 EUROPEAN MARKET

Subscription:

\$20. — (£8. —) per annum

Free sample copies on request from the Editorial

Office:

MARKETING IN HUNGARY

H-1054 Budapest V.

Lengyel Gyula u. 6.

Hungary

MARKETING IN HUNGARY

is a quarterly informing you regularly about co-operation and trade with Hungary through studies contributed by leading personalities of the Hungarian economic life.

Editor-in-Chief: Dr. Gerd Biró

Articles in the 1975/3 issue include:

Dr. Gerd Biró

HUNGARY'S FOREIGN TRADE
IN THE PRESENT WORLD-ECONOMIC SITUATION

Dr. György Tallós

THE ROLE OF BANK CREDITS
IN THE MANAGEMENT OF INDUSTRIAL ENTERPRISES

Dr. György Csákány

A COMPREHENSIVE SYSTEM
OF HEALTH SERVICES IN HUNGARY

György Vágó

HUNGARIAN PHARMACEUTICAL PRODUCTS
IN THE WORLD MARKET

Dr. Kálmán Matolcsy

RESEARCH INSTITUTES
FOR THE CHEMICAL INDUSTRY

István Nyársik

LEATHER, FUR AND SHOE INDUSTRY

Subscription: \$20.— (£8.—) per annum

Free Sample copies on request from the Editorial Office:

MARKETING IN HUNGARY

H-1054 Budapest V.,

Lengyel Gyula u. 6.

Hungary

MARKETING IN HUNGARY

is a quarterly informing you regularly about co-operation and trade with Hungary through studies contributed by leading personalities of the Hungarian economic life.

Editor-in-Chief: Dr. Gerd Biró

Articles in the 1975/4 issue include:

Dr. József Bognár

A NEW ERA IN WORLD ECONOMY
AND THE HUNGARIAN ECONOMIC POLICY

Dr. Béla Csikós-Nagy

CHANGING FORMS
IN THE HUNGARIAN ECONOMIC MECHANISM

Dr. Sándor Ganczer

THE MAIN OBJECTIVES
OF THE FIFTH FIVE-YEAR PLAN

Dr. István Salusinszky

FINANCING INVESTMENTS
IN THE EAST-EUROPEAN COUNTRIES

László Zoltán

ACTIVITIES OF T E S C O
IN REPRESENTING HUNGARIAN DESIGN BUREAUS

Subscription: \$20.— (£8.—) per annum.

Free sample copies on request from the Editorial Office:

MARKETING IN HUNGARY

H-1054 Budapest V.,
Lengyel Gyula u. 6.
HUNGARY

OECONOMICA POLONA

Journal of the Economic Committee of the Polish Academy of Sciences and of the Polish Economic Society.

Offers a selection of the most interesting articles, papers and excerpts from books of Polish economists.

Vol. I

1975

No. 1

ARTICLES

Kazimierz Secomski: The Study on the Limits to Growth

Zdzisław Sadowski: Limits to Economic Growth

Zofia Morecka: The Social Consumption Fund and the Problem of Equality

Ludwik Biliński: The Role of Prices in Improving the Technological Structure of the National Economy

Wiesław Sadzikowski: The Public Sector in Capitalist Countries (Austria, Great Britain, France, Italy)

MISCELLANEA

Zbigniew Matkowski: "Ekonomista" on the 30th Anniversary of People's Poland

NOTES ON BOOKS

Oskar Lange: Oskar Lange's Works vol. I Capitalism — by Mieczysław Nasiłowski

Henryk Król: Technical Progress and Qualifications — by Irena Garwarska-Kowalik

Stanisław M. Zawadzki: The Foundation of Regional Planning — by Aleksander Łukaszewicz

Published quarterly. Annual subscription: \$ 26.00 plus mailing cost. Single copies: \$ 6.50. Subscription orders from socialist countries may be placed with the local foreign press distribution agencies, or with ARS POLONA-RUCH, Krakowskie Przedmieście 7, 00-068 Warszawa, Poland. Subscriptions from capitalist countries should be forwarded to Libreria Comissionaria Sansoni, LICOSA, via Lamarmora 45, 50121 FIRENZE, Italy

OECONOMICA POLONA

Journal of the Economic Committee of the Polish Academy of Sciences and of the Polish Economic Society.

Offers a selection of the most interesting articles, papers and excerpts from books of Polish economists.

Vol. II

1975

No. 2(4)

ARTICLES

Janusz Beksia, Urszula Libura, Stanisław Nowacki: The Management System of Socialist Production

Jerzy Lisikiewicz: Stages of Industrialization of Poland's Economy

Paweł Bożyk: Changes in the Foreign Trade Control System in Poland

Henryk Chołaj: Technological Advance and a Small-Scale Industrial Production

Józef Zajchowski: The Relations Between Imports, Exports and Production in Poland in 1966—1970

Zenobia Knakiewicz: On Currency Monopoly in the Polish Monetary System

NOTES ON BOOKS

Jan Szczepański: Changes in the Polish Society in the Process of Industrialization — by Wanda Łukaszewicz

Zbigniew Madej: Science and Economic Development — by Stanisław Kluszczyński

Władysław Baka: Development Programming for Branches of Industry — an Outline of Problems and Methods — by Jerzy Kisielnicki

List of Selected Economic Books in Poland in the First Half of 1974

Published quarterly. Annual subscription: \$26.00 plus mailing cost. Single copies: \$6.50. Subscription orders from socialist countries may be placed with the local foreign press distribution agencies, or with ARS POLONA-RUCH, Krakowskie Przedmieście 7, 00-068 Warszawa, Poland. Subscriptions from capitalist countries should be forwarded to Libreria Commissionaria Sansoni, LICOSA, via Lamarmora 45, 50121 FIRENZE, Italy

EL TRIMESTRE ECONOMICO

COMITE EDITORIAL HONORARIO: Emilio Alanís Patiño, Emigdio Martínez Adame, Raúl Ortiz Mena, Felipe Pazos, Raúl Prebisch y Raúl Salinas Lozano.

COMITE EDITORIAL: *México:* Gerardo Bueno, José A. de Oteyza, Leopoldo Solís M., Carlos Tello, Manuel Uribe Castañeda y Fernando Fajnzylber W. *Brasil:* Celso Furtado y Francisco Oliveira. *Colombia:* Constantine V. Vaitsos. *Chile:* Jacques Chonchol, Alejandro Foxley y Osvaldo Sunkel

Director: Oscar Soberón M.

Vol. XLII (1)

México, Enero – Marzo de 1975

Núm. 165

Sumario

Artículos:

- Eduardo Lizano y L. N. Willmore: *La integración económica de Centroamérica y el Informe Rosenthal*
- Donald R. Lessard: *En defensa de una unión latinoamericana de inversiones*
- Sergio Boisier: *Localización, tamaño urbano y productividad industrial. Un caso de estudio de Brasil*
- Joseph Ramos: *Una interpretación heterodoxa del problema del empleo en América Latina*
- Francisco A. Catalá Oliveras: *La empresa multinacional y la socialización de la producción: efectos sobre el estado y los sindicatos*
- Luis Escobar Cerda: *¿Control internacional de las inversiones?*
- Constantine V. Vaitsos: *Las relaciones económicas entre el norte y el sur: análisis de las inversiones y las técnicas productivas extranjeras*
- Ernest Feder: *Las perspectivas de los campesinos en el mundo en desarrollo*

**DOCUMENTOS — NOTAS BIBLIOGRAFICAS — REVISTA DE REVISTAS —
PUBLICACIONES RECIBIDAS**

FONDO DE CULTURA ECONÓMICA

Av. de la Universidad 975 Apartado Postal 44975

F. Fekete — E.O. Heady — B.R. Holdren

ECONOMICS OF COOPERATIVE FARMING-OBJECTIVES AND OPTIMA IN HUNGARY

The main endeavour of this volume is to describe the development of cooperative farming, to systematize its socio-economic regulators, and to offer optimal solutions corresponding to the objectives and possibilities of cooperatives. The authors examine the aims and interests of the members of the cooperatives and those of the cooperative farming economy itself, as well as the tasks of cooperative farms as units of economic organization (including the assemblage of the household farming, and households belonging to them).

In English · Approx. 160 pages · 17 × 25 cm · Cloth · ISBN 963 05 0746 3



Akadémiai Kiadó

Publishing House of the Hungarian Academy of Sciences

Budapest

M. Timár

Reflections on the Economic Development of Hungary 1967—1973

One of the principal experts and leaders in Hungarian economic life informs us, in this volume, about the world of thoughts and efforts of our economic-political leaders of the country within a specific period of development. The reform of economic control and management in Hungary — which aroused attention in both East and West — was set in train on January 1st, 1968. It has enabled a better development of all those creative energies that had not previously been given satisfactory scope in the old overcentralized system of control. The work which is based on an enormous quantity of data, representing values of both theory and practice, comprises the periods of preparation, introduction and completion of this reform in the economic mechanism. While surveying these periods, it affords a deep insight into the economic and social conditions of Hungary today. The parts analysing the structure of the economy, foreign trading connections, and objectives of development of economy are especially interesting. A large-scale picture unfolds on the social conditions of the country, on the stratification of the population income, on the specific problems of the latter, and on the system of wages, taxation, prices, and social policy measures, worthy of attention, with which the leadership of the country attempts at the realization of social equity.

In English · Approx. 230 pages · 17 × 25 cm · Cloth · ISBN 963 05 0674 2



Akadémiai Kiadó

Publishing House of the Hungarian Academy of Sciences
Budapest

ACTA OECONOMICA

Periodical of the Hungarian Academy of Sciences

Published in two volumes a year. Papers are published in English or in Russian, German and French.

Editorial Office: 1361 Budapest, P.O.B. 11

The rate of subscription is \$ 32.00 per volume.

Orders may be placed with *Kultúra* Trading Co. for Books and Newspapers (1389 Budapest, P.O.B. 149) or with its representatives abroad, listed on p. 4 of the cover.

ACTA OECONOMICA

Журнал Академии Наук Венгрии

Публикуется в двух томах в год.

Статьи публикуются на английском или на русском, немецком и французском языках.

Адрес редакции: 1361 Budapest, P.O.B. 11

Подписная цена — \$ 32.00 за том.

Заказы принимает предприятие по внешней торговле книгами и газетами *Kultúra* (1389 Budapest, P.O.B. 149.) или его заграничные агентства.

ACTA OECONOMICA

Zeitschrift der Ungarischen Akademie der Wissenschaften

Erscheint in zwei Bänden pro Jahr. Aufsätze erscheinen in englischer oder in russischer, deutscher und französischer Sprache.

Redaktion: 1361 Budapest, P.O.B. 11

Abonnementspreis pro Band: \$ 32.00

Bestellbar durch *Kultúra* Außenhandelsunternehmen für Bücher und Zeitungen (1389 Budapest, P.O.B. 149) oder bei den Vertretungen im Ausland.

ACTA OECONOMICA

Revue de l'Académie des Sciences de Hongrie

Publiée en deux volumes par an. Les essais sont publiés en anglais, ou en russe, français et allemand.

Rédaction: 1361 Budapest, P.O.B. 11

Le prix de l'abonnement est de \$ 32.00 par volume.

On s'abonne chez *Kultúra*, Société pour le Commerce de Livres et Journaux (1389 Budapest, P.O.B. 149) ou chez les représentants à l'étranger.

Reviews of the Hungarian Academy of Sciences are obtainable
at the following addresses:

AUSTRALIA

C. B. D. Library and Subscription
Service
Box 4886, G. P. O.
Sydney N. S. W. 2001
Cosmos Bookshop
145 Acland St.
St. Kilda 3182

AUSTRIA

Globus
Höchstädtplatz 3
A-1200 Wien XX

BELGIUM

Office International de Librairie
30 Avenue Marnix
1050-Bruxelles
Du Monde Entier
162 Rue du Midi
1000-Bruxelles

BULGARIA

Hemus
Bulvar Ruszki 6
Sofia

CANADA

Pannonia Books
P. O. Box 1017
Postal Station "B"
Toronto, Ont. M5T 2T8

CHINA

CNPICOR
Periodical Department
P. O. Box 50
Peking

CZECHOSLOVAKIA

Mad'arská Kultura
Národní třída 22
115 66 Praha
PNS Dovož tisku
Vinohradská 46
Praha 2
PNS Dovož tlače
Bratislava 2

DENMARK

Ejnar Munksgaard
Nørregade 6
DK-1165 Copenhagen K

FINLAND

Akateeminen Kirjakauppa
P. O. Box 128
SF-00101 Helsinki 10

FRANCE

Office International de
Documentation et Librairie
48, Rue Gay Lussac
Paris 5
Librairie Lavoisier
11 rue Lavoisier
Paris 8
Europériodiques S. A.
31 Avenue de Versailles
78170 La Celle St. Cloud

GERMAN DEMOCRATIC REPUBLIC

Haus der Ungarischen Kultur
Karl-Liebknecht-Strasse 9
DDR-102 Berlin
Deutsche Post
Zeitungsvertriebsamt
Strasse der Pariser Kommune 3-4
DDR-104 Berlin

GERMAN FEDERAL REPUBLIC

Kunst und Wissen
Erich Bieber
Postfach 46
7 Stuttgart 5

GREAT BRITAIN

Blackwell's Periodicals
P. O. Box 40
Hythe Bridge Street
Oxford OX1 2EU
Collet's Holdings Ltd.
Denington Estate
London Road
Wellingborough Northants NN8 2QT
Bumpus Haldane and Maxwell Ltd.
5 Fitzroy Square
London W1P 5AH
Dawson and Sons Ltd.
Cannon House
Park Farm Road
Folkestone, Kent

HOLLAND

Swets and Zeitlinger
Heereweg 347b
Lisse
Martinus Nijhoff
Lange Voorhout 9
The Hague

INDIA

Hind Book House
66 Babar Road
New Delhi 1
India Book House
Subscription Agency
249 Dr. D. N. Road
Bombay 1

ITALY

Santo Vanasia
Via M. Macchi 71
20124 Milano
Libreria Commissionaria Sansoni
Via Lamarmora 45
50121 Firenze

JAPAN

Kinokuniya Book-Store Co. Ltd.
826 Tsunohazu 1-chome
Shinjuku-ku
Tokyo 160-91
Maruzen and Co. Ltd.
P. O. Box 5050
Tokyo International 100-31
Nauka Ltd.-Export Department
2-2 Kanda
Jinbocho
Chiyoda-ku
Tokyo 101

KOREA

Chulpanmul
Phenjan

NORWAY

Tanum-Cammermeyer
Karl Johansgaten 41-43
Oslo 1

POLAND

Węgierski Instytut Kultury
Marzalkowska 80
Warszawa
BK WZ Ruch
ul. Wronia 23
00-840 Warszawa

ROUMANIA

D. E. P.
București
Romlibri
Str. Biserica Amz 7
București

SOVIET UNION

Sojuzpechatj - Import
Moscow
and the post offices in
each town
Mezhdunarodnaya Kniga
Moscow G-200

SWEDEN

Almqvist and Wiksell
Gamla Brogatan 26
S-101 20 Stockholm
A. B. Nordiska Bokhandeln
Kungsgatan 4
101 10 Stockholm 1 Fack

SWITZERLAND

Karger Libri AG.
Arnold-Böcklin-Str. 25
4000 Basel 11

USA

F. W. Faxon Co. Inc.
15 Southwest Park
Westwood, Mass. 02090
Stechert-Hafner Inc.
Serials Fulfillment
P. O. Box 900
Riverside N. J. 08075
Fam Book Service
69 Fifth Avenue
New York N. Y. 10003
Maxwell Scientific International Inc.
Fairview Park
Elmsford N. Y. 10523
Read More Publications Inc.
140 Cedar Street
New York N. Y. 10006

VIETNAM

Xunhasaba
32, Hai Ba Trung
Hanoi

YUGOSLAVIA

Jugoslovenska Kniga
Terazije 27
Beograd
Forum
Vojvode Mišića 1
21000 Novi Sad

ACTA

OECONOMICA

PERIODICAL OF THE
HUNGARIAN ACADEMY OF
SCIENCES

EDITORIAL BOARD

J. BOGNÁR (Chairman)
E. CSIZMADIA
P. ERDŐS
K. SZIKRA MRS. FALUS
F. FEKETE
J. FEKETE
I. GÖNCZI
I. HETÉNYI
R. HOCH
I. HUSZÁR
J. KORNAI
F. KOZMA
E. MEGYERI
A. NAGY
Z. ROMÁN
M. SIMAI
J. ZALA
EDITOR
T. FÖLDI



AKADÉMIAI KIADÓ, BUDAPEST

VOLUME 14
NUMBER 2-3
1975

ACTA OECONOMICA

A MAGYAR TUDOMÁNYOS AKADÉMIA
IDEGEN NYELVŰ KÖZGAZDASÁGTUDOMÁNYI FOLYÓIRATA

Felelős szerkesztő:

FÖLDI TAMÁS

Szerkesztőség: 1051 Budapest, Münnich Ferenc utca 7.

Megjelenik évi 2 kötetben. Megrendelhető az Akadémiai Kiadónál (1363 Bp. Pf. 24.), a külföld részére pedig a Kultúra Könyv és Hírlap Külkereskedelmi Vállalatnál (1389 Budapest, Postafiók 149).

CONTENTS

GY. LÁZÁR: The Present Hungarian Economic Situation and the Tasks of Economic Policy	131
L. FALUVÉGI: Economic Development; Economic Structure, New Phenomena in the World Economy	145
I. T. BEREND: Thirty Years of Hungarian Socialist Economic Policy	163
J. DRECIN: Industrial Policy in Hungary	187
K. SZIKRA MRS. FALUS: Some Aspects of Material Stimulation	207
J. LÁSZLÓ: National Plan for the Economy and the Enterprises	221
T. БАУЭР: Противоречивость в положении предприятий в венгерском хозяйственном механизме	235

COMMENTS AND CRITICISMS

M. LAKI: Competitive Situation and Product Pattern of Hungarian Enterprises on the Market of Consumer Goods	251
---	-----

REVIEWS

T. FRANK: The Society for Organization and Management Science	269
---	-----

BOOK REVIEWS

L. SZAMUELY: First Models of the Socialist Economic Systems. Principles and Theories. (T. FÖLDI)	273
T. FÖLDI (ed.): Economic Development and Planning. Selected Studies. (Zs. JOZSITS)	274
FALUSNÉ K. SZIKRA: Productivity and its Motive Powers (Mrs. L. TÜÜ)	276
L. DRECHSLER—J. KUX—F. NYITRAI: International Comparison of Productivity (E. PÓCS)	279
J. BERÉNYI: Lohnsystem und Lohnstruktur in Österreich und in Ungarn (É. RADNÓTI)	282
Г. ЛИСИЧКИН: Что человеку надо? (Л. САМУЭЛИ)	284
E. A. HEWETT: Foreign Trade Prices in the CMEA (I. MAJOR)	285

BOOKS RECEIVED

Gy. LÁZÁR

THE PRESENT HUNGARIAN ECONOMIC SITUATION AND THE TASKS OF ECONOMIC POLICY

In spite of fast and smooth growth the deterioration in the terms of trade has upset the external and internal equilibrium of the Hungarian economy. The restoration of equilibrium and the satisfaction of growing needs implies that quite a number of tasks in various fields of the economy must be carried out without delay.

The 11th Congress of the Hungarian Socialist Workers' Party held in March, 1975 weighed up the results achieved in, and the lessons of, socialist construction, assessed the needs of social progress, marked out the tasks of the nearer and the more distant future, at the same time it thoroughly explored the conditions for attaining designed objectives. The resolutions of the Congress, and the documents published clearly express that the tested principles and the new requirements of growth are welded into an organic unity in the economic policy of the Party. The recurring confrontation, as it were, of the principles of economic policy with socio-economic reality and their application to concrete circumstances are particularly important at the present stage of development. Important changes are taking place in the Hungarian economy, and in the world, some of which strengthen and consolidate but others modify, rendering more difficult, a number of important conditions of Hungarian economic growth.

A realistic assessment of the actual and expected development of internal and external factors affecting growth, and the disclosure and best possible meeting of requirements deriving from them, are equally important for national economic planning, control and enterprise management. Weighing up changing conditions, the resolution of the Congress formulated the highest requirements of planned progress as follows: "In the period to follow the main task of economic activity as a whole is to raise the efficiency of social production more forcefully than has hitherto been the case". This is the governing principle that provides orientation for correctly choosing the way for action.

Economic achievements and difficulties

Following the guidelines laid down in the fourth five-year plan for 1971-1975 considerable results have been achieved in recent years. In the last four years an annual 6.5 per cent growth of national income has been smoother and faster than the average for the preceding ten years. The intensive charac-

ter of economic development has been maintained and even strengthened. This is manifest in the following facts: the growth rate in the productivity of labour has accelerated in every branch of production, particularly in industry. Progress has been made in modernizing the pattern of industry, and the implementation of the central development programmes is proceeding apace. Hungary is participating in bilateral and multilateral socialist international division of labour in new and important fields. In agriculture, the introduction of modern technologies has accelerated and the use of industrial-type production systems has been further extended. In recent years almost the whole increment in national income has been contributed by improving efficiency.

Relying on the growth of national income, parallel with the regular expansion of productive fixed assets and the realization of investments serving the foundation of the future, considerable progress was made in developing the infrastructure, in improving living conditions particularly through housing construction and the expansion of the network of child-care facilities. Making up for the lag in the first two years, the rate of raising living standards was accelerated in 1973, and social policy measures provided for were implemented and even overfulfilled.

Simultaneously, the imbalance apparent in the first year of the five-year plan was done away with within two years, indeed, in the wake of measures taken for improving the balance a considerable export surplus was attained in 1972–73. Although not all the troubles have been eliminated, and progress has not been satisfactory in every field, the basic conditions have been created for continuing the implementation of the fourth five-year plan under more balanced conditions, provided that the efficiency of management is further increased.

In 1974 social production increased at a rate exceeding that of preceding years. Industrial output exceeded that of 1973 by 8 per cent, agricultural production by 3.7 per cent. National income increased at comparable prices by about 7 per cent. In spite of considerable achievements in production, the balance of the national economy changed for the worse, since domestic consumption was greater than the quantities available for distribution, thus causing a considerable deficit in the budget and in the balance of trade. Although factors such as overfulfilment of consumer and investment targets, an unhealthy increase in stocks and a moderate growth of exports, also contributed, the basic cause was nevertheless the large and unfavourable change in the terms of trade. The losses on this account perceptibly reduced the distributable national income, and modified the planned relation between resources and their use.

Relations with the capitalist market have an important, though not decisive, role in the Hungarian economy. The greater part of foreign trade

— about 60 per cent — is transacted with the socialist countries as part of planned cooperation. But in the procurement of raw materials, parts and equipment necessary for the expansion of production the country cannot do without economic relations with capitalist countries. Thus, the processes taking place in the capitalist economy also have their effect, and Hungary cannot influence them other than indirectly. Beginning with the autumn of 1973 the existing inflation in the capitalist world accelerated to a great extent. Since the prices of raw materials and fuel, the greater part of Hungarian imports, increased much faster and to a greater extent than the prices of the manufactured and semi-finished goods making up a considerable part of exports, the terms of trade greatly deteriorated — by 14–15 per cent in 1974 — causing a several thousand million forint deficit to the economy.

Due to the fact that the about 40 per cent increase in the total of the procurement prices of imports from capitalist countries was not, or only to minor extent, passed on to domestic consumers, the burden of the price rise and of the deterioration in the terms of trade was basically carried by the state budget. The advantage was that the consequences of the capitalist inflation did not infringe on the planned course of production and distribution, internal prices changed but slightly, and in a controlled manner, within predetermined limits. This had an important role in Hungary being able to implement and even overfulfil the planned rise in living standards, and the expansion of fixed assets in 1974. This large-scale neutralization of world-market price rises also causes difficulties and entails disadvantages from other aspects.

Since the budget had taken over the additional expenses deriving from the increase of import prices, the amount of production subsidies and price subsidies soared while, at the same time, about half of the additional export revenues went to increase the income of the enterprises. A situation developed where the direct income of the state from economic activities remained below the level of the preceding year, while the enterprises achieved a financial situation that was more favourable than justifiable. That is, practically nothing of the burden accompanying the deterioration in the terms of trade was shifted onto the enterprises, the total was borne by the budget. This causes problems not only because the budgetary deficit has considerably increased, but also because it disturbs the interest relations guiding enterprises in management and weakens stimulation for a quick and flexible adaptation to changing conditions. In the last resort it cancels out efforts at increasing efficiency. This is a circumstance that must not be neglected and should be changed.

The question may emerge whether there was any defence against the negative effects of the crisis in the capitalist economy. What role did weaknesses in the Hungarian economy play in these negative phenomena? It is

relatively easy to answer the first part of the question. The changes on the capitalist markets took place so quickly, and inflation took on such dimensions that they could not have been simultaneously and fully counterbalanced even with better foresight or more radical measures at home. It cannot be said, however, that the actual extent of the deterioration can be exclusively attributed to external factors.

The following factors had played a role: in 1974 a considerable part of national income — almost 5 per cent — was employed in exaggerated stockpiling (in 1973 this hardly amounted to 1 per cent), reducing the amounts available for consumption and for exports. In some industries material-intensive production increased at a rate exceeding the average, thus raising the demand for imports which was high in itself. Although more was spent on investments than planned, the putting into operation of some important capacities was delayed or could not take place; resources were not handled as economically as they should have been. Under the given world market conditions it was more painfully felt that modernization of the production pattern was proceeding at a slower rate than necessary, the share of profitable production, exportable to every market has not yet reached the desired proportion, industry is reacting rather slowly to world market requirements which change quickly. The endowments of agriculture and the food processing industry have not been utilized sufficiently to reduce imports and improve the efficiency of exports. These factors also contributed to the deterioration of equilibrium and to the much smaller growth of the volume of exports than of imports. Nor could we adapt the structure of trade to the modified relative prices in such a way as to considerably reduce the losses due to the deterioration in the terms of trade.

The important conclusion may be drawn that the problems must be tackled not by modifying the guideline of economic policy hitherto pursued, but by an even more consistent assertion of it. The facts reviewed even more gravely emphasize the earlier recognitions and efforts of Hungarian economic policy that economic performance must be increased by selective development, by a more active participation in the international division of labour, and by a more rational utilization of available resources. The need to satisfy these requirements has now become even more obvious and urgent. There is no other possibility to restore equilibrium and lay the foundations of further progress than to accelerate the raising of efficiency through an active development policy and a purposeful activity adapted to changing conditions.

There is no other way since the external conditions will not be easier in the years to come. The changes in the terms of trade within the capitalist market must be judged as lasting, if not in their extent, at any rate in their trend. One must also reckon with price changes in the trade transacted with the socialist countries. Although this takes place on the basis of mutuality

and in a regulated manner, considering the endowments of the Hungarian economy, and export-import patterns, the requirement to increase export performance is present there as well. Simultaneously, also the internal conditions of economic growth will become graver. Available additional labour resources are narrowing, the capital intensity of developing the economy is increasing, and — even with an enhanced use of domestic possibilities — the share of imported fuels and raw materials and of imports in general, will grow in the satisfaction of needs.

Analysis of our economic situation has also disclosed that — in addition to the factors hindering growth — there are still considerable reserves available for meeting modified and growing requirements, for improving the composition of production, for deepening international cooperation, raising productivity and improving the organization of production, for greater efficiency in the use of energy and materials as well as in investment activity. It is mostly up to ourselves how and to what extent these reserves are put to the service of objectives.

Disclosure of the reserves of growth and the exploration of new resources, and the foundation of further progress demand that, while maintaining a development policy based on the endowments of the country, we should flexibly adapt ourselves in practical work to the changing internal and external conditions, to the concrete requirements following from the political and economic situation prevailing at any given time.

Considering at the same time the concrete situation of the economy, the modifications in external and internal conditions that have already taken place and those to be anticipated, a double task has to be faced up to. Firstly, in 1975 and in the next one or two years a better harmonization of resources with their distribution and more economical management must ensure that disequilibrium should be considerably reduced. Secondly, preference must be given to developmental trends and structural changes that may help in accelerating the improvement in the efficiency of production, and in expanding exports that pay. The extent to which it is possible to meet these two requirements will at the same time have a considerable influence on the rate of growth and on the ratios of distribution. The responsibility of the planning and control agencies is underlined by the fact that there is a necessary minimum of growth — determined by social needs — which must be absolutely attained to maintain smooth development in the future.

The tasks

In order to secure a balanced and adequate rate of economic growth, to satisfy social needs continuously and regularly, the advantages of a socialist planned economy must be used to a greater extent and the intensive nature

of economic growth must be stressed even more. In concrete terms, this requires the following in the first place.

1. *Modernization of the structure of production must be accelerated*, since the rate and the extent to which we can make the pattern of production and exports more efficient and adapt both to world economic standards, are the key problem of both economic growth and counterbalancing the graver external market conditions. Selectivity must be better enforced in industrial policy. While continuing the central development programmes and reconstructions already started, greater resources must be used to build up as soon as possible the vertical structure of the aluminium and petrochemical industries — but also of other industries — which will allow to process the basic material available into more valuable products embodying more labour. It is an urgent task mainly in the metal-working industries to take more concrete and resolute steps in order to suppress inefficient production; to create better conditions also in this way for releasing labour and material means for increasing the production of goods demanded by and selling well in external markets. With the aid of government funds and other preferences those enterprises must be supported in the first place which are capable of implementing investment projects that pay quickly, with the aim of increasing the output of products competitive in respect of price, construction, and modernity. The resources of agriculture and food processing must also be better used. This could contribute to reducing imports and increasing foreign exchange earnings. A proper harmony between agricultural basic material production and the refrigerating and storing capacities must be created to accelerate above all the development of meat, milk and oil-seed processing capacities.

Beside correctly applied incentives the means used for modernizing the pattern of production should include a better use of research, the taking over and adaptation of licences and production technologies, typization and standardization promoting internal and external division of labour. All these tasks must be placed into the focus of enterprise management to a greater extent and with greater urgency in order to improve the technical standards and quality of the products.

2. *Participation in the international division of labour must be increased and its efficiency improved*. It is in the basic interest to utilize the possibilities inherent in the development of socialist integration to the possible fullest extent by expanding cooperation in production and through other more advanced forms of economic relations between enterprises. This has a determining importance from two respects. On the one hand, the already high ratio of external trade — amounting to nearly 50 per cent of national income — is going to increase further in the near future. It is thus a pivotal problem of development in what structure and how efficiently this will be realized. It can be achieved only by deepening international cooperation to develop

well-chosen lines of production on such a scale — for instance, in the production of vehicles, electronic computers, communication techniques, synthetic fibres, and pharmaceuticals — where modern technologies can be efficiently employed and permit an efficient concentration of intellectual and material resources. Therefore, one can say with justification that Hungarian development policy as a whole, the modernization of the production pattern, the raising of technological standards, and the improvement of efficiency are inseparably linked to economic cooperation amongst the CMEA member countries, and active participation in the implementation of the Comprehensive Programme.

A many-sided development and deepening of economic relations with the Soviet Union is of particularly outstanding importance. As Hungary's major foreign trade partner, the Soviet Union is responsible for about 40 per cent of fuel and basic raw material imports, a considerable part of modern technological equipment, agricultural machinery and vehicles. At the same time, the Soviet Union offers a planned and well-established absorptive market in the long run. Half of Hungarian machinery and light industry export articles and 75 per cent of pharmaceutical exports go to the Soviet Union. Beside the traditional forms of trade, an expanding field is occupied by specialization and cooperation agreements. By further developing them, efforts must be made to include new industries and enterprises into the system of production cooperation securing more advanced forms of cooperation.

Hungary cannot neglect the maintenance and expansion of trade and cooperation, based on mutual benefits, with capitalist economies. In the given situation, ways must be sought to ward off unfavourable effects, due to the deterioration in the terms of trade, partly through increasing exports and improving their pattern, partly through deliberately expanding long-term cooperation with the developing countries.

3. *The reserves inherent in modern plant and work organization must be brought to the surface and better utilized.* Not infrequently the real or apparent lack of labour is obstacle in the way of expanding production, and to the operation of valuable fixed assets in several shifts. It must, however, be recognized that with the high level of employment attained, obtaining additional labour meets with increasing obstacles, and can to a lessening degree serve as a basis for growth. Therefore, in production, primarily in industry and construction, a growth in productivity should be accelerated. Simultaneously with increasing technological equipment, the use of existing equipment and of the work-time fund available, must be made more rational. This is not a new fact. Setting out from the requirements of efficiency and from the fact that the degree of organization of work is a determining factor in actually using the possibilities accumulated in the forces of production, the Central Committee of the Hungarian Socialist Workers' Party passed in 1971 a

separate resolution marking out the tasks related to modernizing the organization of plant and work in the enterprises.

Some remarkable results have already ensued from resolutions taken by the Central Committee and the Government, but one cannot rest satisfied with the rate of progress. New surveys and experiences have shown that the use of labour has only slightly improved, the losses of working time are invariably great — at places attaining even 15–20 per cent of the total — in some production processes internal coordination is not secured, workers must frequently wait for materials or tools, the technological processes are not up-to-date, cooperation is badly organized etc. This is, among other things, a reason why there is a labour shortage in some fields and overstaffing in others. All that points to the fact that reserves have not been exhausted by a long shot. With the aid of tools available to plant and work organization sources for improving efficiency can be significantly expanded without considerable additional investment. Plant and work organization ought to become an important and lasting aspect of management activities. Organization of a high standard is a condition of efficient production just as much as modern technologies or a correctly applied system of incentives.

4. *The tasks related to a rational saving of materials must again be pushed to the fore.* There are two weighty reasons. The first is that although an increasing portion of investment resources will be spent on the exploitation of domestic primary energy and raw material deposits, the share of imports in the satisfaction of needs is still growing. Hungary will continue to cover the greater part of imports from the Soviet Union and the socialist countries, actively participating in joint efforts at expanding the raw material basis, such as in the building of the cellulose combine in Usty-Ilimsk, the Orenburg gas-pipeline, iron ore processing and the asbestos producing and enriching combine in Kiyembayev. Even so increasing imports from the capitalist countries cannot be avoided. The other important reason is that the prices of primary energy and raw materials will expectably remain at a high level even in the future, their procurement will involve increasing unit costs, therefore demanding much greater *export performance*. The growth rate and the equilibrium of the Hungarian economy will therefore be influenced also by the degree to which a more efficient use of the energy and raw materials available is ensured.

The principle of economy has general validity, but particular attention must be paid to a more rational use of fuels, mainly crude oil and its derivatives. The growth of demand for oil must be strongly mitigated partly by introducing stricter norms of use, modernizing heating equipments or by changing to other more easily procurable fuels and, partly, by increasing the use of economically produced coal. The emerging situation must also reflect the further structural changes necessary in manufacturing industries — above all in metallurgy, light industry and the chemical industry — in order to

take into account the modification in relative prices in an adequate manner. Simultaneously, the introduction of technological processes must be accelerated which allow a reduction in the quantity of raw materials needed for the output of a unit of finished product; that is, greater value must be produced with the energy and raw materials available.

Greater attention must be paid to creating the conditions for the secondary use of materials as is done in several countries which are richer than Hungary, such as the use made of by-products, the collection and industrial processing (recycling) of metal, paper, textile, agricultural etc. waste. Some traditional forms are already in use, but there are many unexplored possibilities in both industry and agriculture. An efficient management of stocks must be established and developed, above all by the wider use of more modern forms of storage and accounting.

5. The lag manifest in the controlling and organization of the investment process must be eliminated. It is well-known, and almost a commonplace, that the realization and putting into operation of investments generally takes twice or two-and-a-half-fold the justified time in Hungary. In addition to increasing costs and delaying returns on the means invested, this also leads to a fragmentation of capacities. Today already not only foreign experience but also experience gained at home proves that the gestation period can be essentially shortened, that the construction organization and the assembling industry are capable of much greater performance even with the technological equipment and the staff available. Better planned and quick work is no longer hindered today by the frequently quoted lack of financial incentives in the first place — although improvement is necessary also in this field and the government has recently taken relevant measures — but by unsatisfactory preparation, by obsolete forms of organization in view of the size and complexity of tasks, by a lack of discipline in deliveries and cooperation, — that is, not by a lack of objective conditions, but mostly by weaknesses in management, and subjective failures in controlling activities.

To shorten the investment cycle is such an obvious possibility of improving the equilibrium situation, and of increasing efficiency, which is available without any additional investment and involves such multiple advantages which must not be left unutilized. Realistically, one cannot expect to change the situation at a single stroke, with every investment project, and therefore one must concentrate as a first step, already in 1975, on the most important investment projects. Setting out from this consideration the government has obliged the competent ministers to work out — while ensuring the completion of investments planned for 1975 — concrete measures for accelerating the building and putting into operation of nine major investment projects to be completed in the near future which serve mainly the supply of energy and raw materials (amongst them the crude oil and natural gas project of Szeged,

the corrugated paperboard factory at Dunaújváros, the continuous steel-mill at Ózd, the meat-industry combine at Gyula). Gradually, but as early as possible, a situation must be created, that each investment project should be started and completed on the basis of a coordinated and concrete organization programme which will result in an optimally shortest completion time.

Beside improving the organization of investments the other task that must be paid greater attention is putting a brake on a further increase of unit costs, and, if possible, their reduction. It is almost general experience that the costs of both the productive investment projects and of those serving collective purposes of the society exceed the absolutely justified extent and also the possibilities corresponding to the level of economic development. With simpler solutions which, however, meet the requirements of the given function, many millions could be saved and regrouped to other fields where faster progress is hindered by the shortage of funds.

6. *Based on profitable management, the revenues of the state budget must be properly increased, and the economical use of financial resources must become a general practice.* The supports given to enterprise management and for maintaining the consumer price level were considerable items on the expenditure side of the budget even earlier. In the second half of 1973 and, particularly, in 1974 these outlays increased much faster than the revenues and this was the main reason for the budgetary deficit. The first and foremost task is, therefore, to increase the efficiency of management, to reduce costs, to eliminate uneconomical production, to increase the share of profitable products in output, since the increase of the sources of budgetary revenue and the suppression of unproductive expenditure can be achieved only in this way. It is necessary to put a brake on the growth of expenditure in other ways as well. One important and successful measure might be — as has been mentioned — to improve considerably the planned nature of the investment process and to implement the development objectives while observing the requirements of economic use. Considerable reserves are available in the rationalization of administration or, at least, in restricting the growth of related costs. All these possibilities and means must be utilized for gradually restoring the equilibrium of the budget and for securing solid financial foundations for progress.

*

The economic situation and the growing needs of Hungarian society present new and more difficult tasks. This is partly a consequence of the higher level of development achieved. The earlier, mainly extensive, sources of growth have been mostly exhausted, the increase of national income must be secured mostly by raising efficiency. On the other hand, requirements are growing, Hungary cannot make itself independent of world-economic processes. One must work, therefore, so as to meet the requirements of changing

conditions in the best possible manner, securing the attainment of socialist objectives. Great strength is given to the implementation of plans and to carrying out tasks by membership of the socialist world system, and participation in the joint efforts of the CMEA, sharing in its results. Great and advantageous perspectives are opened up by cooperation with the Soviet Union, always disclosing new possibilities providing a safe basis for Hungarian economic growth.

Satisfaction of growing requirements is not a transitory task. It cannot be adjourned either. A general and speedy growth in efficiency and the improving of equilibrium, though not new in themselves, face management and control with changing tasks, primarily because quantitative growth must be linked with a powerful structural and qualitative transformation. This underlines the importance of farsighted planning, and the responsibilities of central control. This also requires that, in harmony with the tested principles of the control system, its elements which link social and enterprise interests, and stimulate more efficient management, should be further developed and adapted to changing circumstances. Beside all that, we must become capable of more quickly and efficiently utilizing the achievements of science and technology in the development of productive forces, together with the huge creative forces inherent in the experience of the working class and the cooperative peasantry.

Frequently, enterprise management must ensure the attainment of goals and an increase in results under changing external and internal conditions. Finding one's way in complicated economic processes, a quick and flexible adaptation to changing conditions, rational risk-taking in decisions, continual renewal of goals and means — are requirements which can be met only by a high-standard management with adequate authority. Therefore, central control must be further developed and implemented so as not to hinder but further strengthen the initiative and responsible activity of enterprises.

The immediate tasks facing us in 1975 were summed up in the resolution taken by the Central Committee in December 1974. Setting out from its guidelines, the government has worked out detailed and concrete measures for implementation, whose realization is going on according to schedule. They must be realized remembering that not only the fulfilment of the Fourth Five-Year Plan depends on the success of our work, but also a good foundation of the objectives marked out by the resolutions of the 11th Congress for the next Five-Year Plan covering 1976—1980. If the guidelines of the Party are followed, control and direction are better organized and raised to a higher standard, directing stimulated socialist competition amongst workers to the most important targets, success cannot fail to be the result.

О ХОЗЯЙСТВЕННОМ ПОЛОЖЕНИИ И ЗАДАЧАХ ЭКОНОМИЧЕСКОЙ ПОЛИТИКИ В ВЕНГРИИ

Д. ЛАЗАР

В течение первых четырех лет (1971—74 гг.) четвертой пятилетки народное хозяйство Венгрии успешно развивалось. Среднегодовые темпы роста национального дохода свидетельствуют о более равномерном и быстром росте, чем в течение предыдущего десятилетия. Усилилась интенсификация экономического развития, повысились темпы роста производительности труда. В результате принятых мер в 1972—73 гг. был достигнут активный внешнеторговый баланс.

На фоне этого развития автор рассматривает те трудности, с которыми столкнулось венгерское народное хозяйство вследствие развернувшейся в капиталистическом мире инфляции, скачкообразного роста цен на сырье и энергоносители. В 1974 г. пропорции обмена («условия торговли») ухудшились для Венгрии на 14—15 процентов. Благодаря социалистическому методу хозяйствования внутренний потребитель почти совсем не ощущал отрицательного эффекта роста цен на мировом рынке. Плановые наметки как по росту жизненного уровня, так и по капиталовложениям в народное хозяйство были выполнены и перевыполнены. Это было достигнуто, однако, ценой значительного нарушения равновесия внешнеторгового баланса и государственного бюджета.

Автор детально рассматривает, какие задачи следует решить в области перестройки структуры отечественного производства, более эффективного включения в международное разделение труда, повышения уровня организации промышленного производства и капитального строительства, усиления экономии финансово-материальными ресурсами для восстановления внешнего и внутреннего равновесия народного хозяйства, для гибкого приспособления к изменчивым внешнеэкономическим условиям.

L. FALUVÉGI

ECONOMIC DEVELOPMENT; ECONOMIC STRUCTURE, NEW PHENOMENA IN THE WORLD ECONOMY

The paper is based on an address given to the 14th Itinerary Meeting of the Hungarian Economic Association held in Szolnok, June, 1975. The author reviews structural trends of development of the Hungarian economy. Attention is concentrated on the requirement to adapt to the changed raw material and energy situation.

Economists in Hungary and abroad have amply dealt with structural changes in the economy, and from a number of angles. Though the question is not new, it is timely, for two reasons. One is that new facts of the world economy which differently affect individual countries often modify also the value order connected with the structure of the economy, stressing the importance of certain activities and decreasing that of others. The other is that a long-range development plan covering 15 years is in the process of elaboration in Hungary, the Five-Year Plan is under preparation, and one of its key questions is the desirable economic structure and the determination of the way leading to it. Three questions appear particularly important:

- the interpretation of the notion of economic structure;
- the macro-structure of the Hungarian economy under changing international conditions and circumstances;
- the present possibilities and tasks in the modernization of the micro-structure.

This paper will concentrate first on the problems of economic structure and deal with economic development and foreign trade only in connection with the former.

Examining the structure

The structure of the economy can be examined from several points of view. Analyses deal with proportions and changes in them. What are the parts which make up the whole and how are they related to each other and to the whole? What changes occur over a period of time?

Structural change is not only a permanent aspect of *development*, but its *substance*. The economy changes precisely through shifts in structure. Technological development and changes in the consumption pattern change the importance of certain products and industries as well. New products appear, new industries develop, while old ones regress or even cease. Materials

previously unknown are used and old ones lose their importance. As a consequence the economic structure suffers continuous modification.

There is no norm or economic structure desirable at all times and in all places. The economic structure of particular countries is a result of potentialities (geographical situation, raw material deposits) and historical development that is far from accidental. These days the most intensive structure-transforming forces are scientific and technological progress, changes in needs and requirements, changes in world economic conditions and, last but not least, the given socio-political system.

The more *economic policy plans* influence individual decisions, the more consciously can the structure be changed. In socialist countries a planned economy creates favourable opportunities for such changes, since it allows for a coordinated allocation of resources which best corresponds to the most desirable structure.

Owing to the nature of economic processes the principles and methods of structural change can be best elaborated in *long-range plans*. Over a period of ten to fifteen years expected conditions of future development can be revealed and the main trends determined. The long-term plan offers a basis for economic decisions of great importance, providing guidelines for medium-term planning concerning the main problems of socio-economic process, as the training and management of the labour force, living conditions, ratios of development in the infrastructure and various fields, the main trends in the supply of energy and raw materials, agriculture, technological development, as well as international economic relations. Of course there are a number of possible alternatives and operative decisions and flexible measures are necessary to ensure a proper choice.

The economic growth rate of socialist countries — including Hungary — has been more rapid than that of most capitalist countries and this is due largely to the advantages inherent in planning. Still, one cannot argue that the economic structure of Hungary is perfect.

It ought to be added that a *structure cannot be called good or bad* in itself, but only in the context of circumstances and objectives. As such, the fact that many work in agriculture and few in various services is neither good or bad. However, being aware of the fact that in this country one of the obstacles to development is that service industries cannot meet the needs either of production or of the population, and that in other countries, where production is better mechanized, the same quantities are produced in agriculture by a smaller labour force, allows one to interpret the position, and say that there should be shifts in the labour force and that this can be produced only by modernizing agriculture. Many other examples could be quoted to show that the economic structure cannot be judged apart from objectives, and conditions at home and abroad. Changes in the economic

structure are *not an objective*, but a means; a means towards economic development.

How can the economic structure of a country be judged? Scholarship and practice have not and cannot give an unambiguous answer, though both allow one to approach the subject, offering much useful guidance.

First: Experience shows that an *objectively determined economic structure corresponds to a given economic development level*, speaking in general terms, referring to the relations to each other of the different main sectors of the economy. (The inner structure of industry or agriculture can differ considerably as well!) This does not mean the only possible combination of proportions, but only that the structure differs only within certain — not too narrow — bounds.

At a lower level of development agriculture is basic, and industry develops only much later, and the servicing industries later still, although they partly appear parallel with industry.

However fast economic growth and structural changes may be, no country can extricate itself completely from the determining effects of the given development level, and historical circumstances. It has been mentioned that, in most socialist countries, the rate of economic growth is much more rapid than in the majority of developed capitalist countries but, despite the higher rate of development, overtaking in performance those at the top will become *possible only in the long run*.

The efficiency of structural changes is influenced to a great extent by the degree of *coordination*. The process can be called coordinated where the degree of mechanization corresponds to the qualifications of the labour force, the structure of production is adapted to the absorbing capacity of the domestic market and possible sales abroad and the development rate of particular industries to the development level of those connected with them in the preceding and following stages of the production process.

In the last thirty years changes in the Hungarian economic structure sometimes isolated this requirement. The period of exaggerated industrialization is an example. A more recent one, though not so serious regarding the consequences, is the inability of the food processing industry to keep pace with progress in animal husbandry, meaning that livestock had to be exported in greater numbers. This is less profitable. Another example is the development and organization of the building industry which lags behind investment requirements, causing much tension in investment activity. However, harmony does not mean an identical growth rate throughout, i.e. the permanence of structures, on the contrary, another state of equilibrium can be obtained precisely by upsetting harmony!

Secondly: Changes in economic structure are determined by the conditions and policies of a given society. The economic structure of socialist

countries is determined by economic goals that serve the interests of the working people as formulated in national economic plans. In these latter social objectives and efficiency should be motivating forces complementing each other.

One of the most important social objectives in developed societies is *full employment*. An economic structure that does not ensure this cannot be considered good from the social point of view, even with a rapid growth rate. The economic structure of the developed capitalist countries cannot serve as an uncritically acceptable model for that very reason since, in a socialist economy, in contrast with a capitalist one, everybody has the right to work, and this right is guaranteed by the Constitution.

Nevertheless, there are some who argue that the productivity of labour could be basically increased in Hungary as well if labour reserves were available. There is probably some truth in this, looking at it exclusively from the point of view of labour discipline and regarding the principles of socialism — something that cannot be done. The reasons for poor labour discipline should be sought mainly in bad work organization, and the uneven supply of materials, certain component parts may be missing, plans were not prepared in time, enterprises did not coordinate their work, etc. Such problems can be solved without labour reserves, by a better coordination of demand and supply, more incentives and by resolutely using sanctions against the careless and negligent.

The principle of *remuneration according to work done* is reconcilable with the right to work. A proper use made of this principle helps to stimulate productivity and improves the economic structure. For a number of reasons the principle of pay according to work done is not properly applied yet. There are still theoretical problems, and adequate methods for measuring performance and differences in performance have not been worked out yet. Performance depends not only on the individual but on work organization, the supply of materials, and equipment, i.e. on working conditions, as well. If the right ones are not ensured then a worker cannot be blamed if his performance is poor. Nor on the other hand can equal wages for differing performances be called true equality.

The right to work as well, can be interpreted only in the context of the social interests. Differences in performance should be more consistently recognized financially, but in the context of a social policy aimed at the equalization of family incomes. Professional knowledge should be given increased recognition, and this would improve labour mobility as well. The transformation of the economic structure can be realized only very slowly and hazardously if this precondition is not met.

The realization of other important social objectives is also part of a sound economic structure. *Housing and the infrastructure* should be mentioned

as examples. In Hungary both were rather neglected in the first fifteen years of socialism, the priority of production being overstressed. It is obvious today that this was a mistake, and great efforts have to be made in order to remedy the situation.

The development level of a country cannot thus be judged on the basis of the production structure alone, but only in the wider context of socio-political objectives. Another question is, what can be regarded as norms corresponding to the socio-political requirements and what economic objectives should be deducted from them?

Social benefits i.e. retirement pensions and family allowances, expenditure on health and education, are such state burdens the measure of which can only be determined bearing two limiting factors in mind:

- the higher this expenditure the better will be the social and cultural services, and social welfare;
- the lower this expenditure the more can be directly spent on the development of the economy.

No methods are known for calculating, either using indices or models, exactly how social and economic requirements should be balanced against each other. And yet decisions must be made on how much of the available resources can be devoted to social objectives bearing in mind both social expectations and what is economically possible. In Hungary — just as in all socialist countries — political decisions must be taken on social norms and benefits. These are included, for the near future, in the guiding principles issued by the 11th Congress of the Hungarian Socialist Workers' Party, held in 1975, concerning the Fifth Five-Year Plan, and for the more distant one, in its Programme Declaration. These are based on the consideration of the interests of the whole of society and their influence is determinant for the economic processes, too.

Thirdly: The conditions for developing the economic structure and the connection with historical and geographic conditions as well as with the social requirements have already been mentioned. However, the economic structure should in the last resort be judged using the criteria of efficiency. I am inclined to argue that an effective economic structure is one that ensures an optimum allocation of economic resources in harmony with socio-political objectives. In such an economic structure the national income produced can be realized, it does not decrease in the course of international exchange, and thus economic growth will be most favourable.

There is no universally accepted scientific method for measuring economic growth. There are questions where a single indicator may convey an important message, *per capita* national income for example, or the social product per man — hour, or the growth rate of production. Selected sets of indicators either in physical or value terms — were experimented with

when comparing the development levels of various countries. Socalled "harmony requirements" were worked out, and attempts were made to judge levels of development by fitting them into the international economic flow. Others, again, used production functions or optimization models or other mathematical or statistical methods. These methods, complementing each other will probably help economists to analyze the relation of growth and structure for some time. Economic growth is expressed most frequently by the increase in national income or the gross national product. This can be accepted as a starting point.

Thus an economic structure can be deemed as efficient which durably ensures an optimum growth in national income, simultaneously meeting accepted social requirements. The economic structure should always change to allow national income to increase continuously and at the most favourable rate. This change can be based first of all on technological progress and the advantages of the international division of labour. In what follows the economic structure of Hungary will be examined from this point of view in the first place.

The structure of the economy

Macro- and micro-structure cannot be strictly separated. Macro-structure shows major relationships, providing a summary and general review of the economy by main branches or relatively homogeneous groups of branches. Micro-structure, to put it simply, means product pattern. Some phenomena cannot be noticed on a macro-structural level while others are not apparent in the micro-structure.

In Hungary, changes in macro-structure result mostly from direct central decisions. These measures usually become effective in the long run. Micro-structural changes occur, in their majority, as a result of enterprise decisions, though influenced by indirect central regulation. Here there are more possibilities for flexible and rapid changes effective in the short run. However, their interrelation and overlapping are also obvious and do not need special proof.

Let us first look at the *macro-structure*. In Hungary production increased dynamically, nearly fivefold in twenty-five years. Industrial production increased still faster, that is sevenfold, that of the building industry sixfold, transport and communications fivefold, retail trade turnover threefold, and agricultural production almost doubled. Consequently in this period the share and importance of industry and the building industry considerably increased; the role of the infrastructure increased as well, although more slowly, while that of agriculture relatively decreased.

This rapid growth could take place as a consequence of the increase in the forces of production. Nearly 800,000 more are employed in material production, total employment increased by one fourth and fixed assets more than threefold. Growth was therefore due to a lesser extent to that in numbers, and a larger proportion could be attributed to equipment and the increase of productivity resulting therefrom.

In the same period the efficiency of fixed assets somewhat diminished. Slightly more fixed assets were needed to produce a unit of national income and GNP. This was only natural in this phase of growth and the same process took place in the majority of countries like Hungary.

The distribution of the *labour force* significantly changed during the last twenty-five years. There was a considerable migration from agriculture to industry. Less than one fourth of all those employed worked in industry and the building-industry in 1950, nearly 50 per cent now. Almost the same change took place in agriculture in the opposite direction, where the proportion decreased from half of the total to nearly one fourth.

The distribution of *fixed assets* also changed, although to a smaller extent than that of those employed. The greater part of investments were used to create productive equipment. Their share increased from 50 per cent to about 60 in twenty-five years. The largest proportion of investments was in industry, where the increase was most rapid, from 12 per cent to nearly 30. There was some increase in agriculture as well, while transport and communication showed a relative drop.

The situation of individual branches thus showed considerable change during these twenty-five years.

— In *industry* the number of workers more than doubled and fixed assets increased sixfold. New industries were established. Huge programmes were implemented in metallurgy, electric energy, the aluminium and chemical industries. The country has done particularly well in the production of certain kinds of motor vehicles and rolling stocks, telecommunication equipments, pharmaceuticals and precision engineering. It must be said though that the efficiency of fixed assets has remained practically unchanged. This either implies that too much labour is employed in industry, or that technological progress and the scientific and technological revolution have not been properly exploited. *Productivity in Hungarian industry is low*, according to certain computations about half of the productivity of developed countries. In Hungary the increase in productivity amounted to a yearly 3–3.5 per cent in the last twenty-five years. It has been recently calculated that if the rise in productivity had amounted to 4.5 per cent, corresponding to the average rate of increase in West-European countries, then, for the total 1970 production, 300–320 000 fewer workers, or 80–85 per cent of the labour force would have sufficed. Naturally, no direct practical conclusion can be

drawn from this. On the basis of experience, an internal labour reserve of 5—8 per cent can be assumed. One could also put it in another way, that production, given the present labour force, would have been greater if industrial investment had been more efficient, machines better used and work better organized. More national income could have been produced in industry with the available productive forces. In the future this source must be exploited since *industry can hardly reckon with an increase in the labour force, and that despite the fact that investment in the next Five-Year Plan will create 50,000 new work-places*. Much remains to be done by industry that can only be effected by higher productivity. Major structural changes are therefore urgently needed.

— In the *building industry* fixed assets increased particularly fast, but since the building industry had almost no fixed assets in 1950 (five hundred million only) even a fortyfold increase in the last twenty-five years means fixed assets to a value of only 20,000 million, i.e. only 2 per cent of the total stock of fixed assets in production, while contributing 12 per cent of national income.

One of the obstacles to development is low standard equipment. *Besides, current practices in the organization, labour structure, work organization and building methods make too hasty an introduction of sophisticated equipment inadvisable*. Even available equipment of that sort is operated at no more than 20—25 per cent of its capacity. Increased mechanization depends not only on the availability of finances, but on organization and labour structure as well, and the degree to which the latter permit the application of modern methods. Skilled labour must therefore be urgently trained and work organization must be improved.

Large-scale *agriculture* became the rule in the course of twenty-five years. Nearly half of those employed sought work somewhere else. This was made possible first of all by the 3.5-fold increase in fixed assets, at the same time *per capita* income more than doubled in agriculture.

Yields increased spectacularly and reached a stable level, but not yet that of developed countries, as regards certain products. Machines and chemical fertilizers were more widely used; this process must be continued paying closer attention to costs and yields, as well as to profitability. At present agricultural products are largely sold unprocessed, as has been mentioned, the food processing industry did not keep pace with the increase in production. If agricultural production and food processing are coordinated sales are more profitable. Improvements must bear in mind a closer coordination between location and specialization.

There was relatively less investment in *infrastructure*, fixed assets there increased most slowly, and the increase in the labour force was the smallest, apart from agriculture. All the same, output increased more rapidly than

the national average. The backwardness of the infrastructure as regards technological equipment and labour led to the quality of services leaving much to be desired. This can be eliminated only if the number and also the percentage of those employed will increase both in productive and unproductive services, moreover, if the supply with equipment is improved.

The more developed an economy is, the greater the influence of foreign trade on the structure of production and distribution. The more labour can be efficiently exported embodied in commodities, the greater the likelihood that Hungary will find its proper place in the international division of labour enjoying its advantages with closer attention being given to differences in productivity. However, the structure of foreign trade has changed only slowly and not really in a desirable direction. The amount of labour embodied in exported goods has not increased. The proportion of raw materials and semi-finished goods as well as of livestock is high. One third of exports consists of machines, transport equipment and component parts, but this proportion was higher fifteen years ago. The proportion of consumer goods increased by roughly 1 per cent only.

The commodity pattern of imports has not substantially changed either. Nearly half are raw materials and semi-finished goods, though in a slightly diminishing proportion. The share of consumer goods and food products increased to some extent. The sectoral composition of exports and imports differs, though not basically. A comparison shows that in imports the proportion of raw materials, and in exports that of machines and foodstuffs is larger. It is characteristic that relatively many products are exported, mainly to capitalist countries, at little or no profit and not because of the advantages resting in the international division of labour, but in order to obtain foreign exchange, since the utilization of given capacities cannot be otherwise ensured.

A greater part of Hungarian foreign trade turnover is realized with CMEA-countries. Eighty per cent of energy imports, 60 per cent of raw material imports, and three quarters of imported investment goods derive from these countries, the Soviet Union in the first place. The socialist countries offer a steady market for exports as well. Ninety per cent of machine exports, two thirds of industrial consumer goods exports, and more than half of food exports go there. International agreements ensure planned specialization and efficient cooperation which is in the common interest, and will be even more so in the future.

Worsening terms of trade

During the last year or so changes took place in international prices which proved unfavourable for Hungary. On capitalist markets the prices of raw materials increased several times more rapidly than those of finished

goods. In the trade with socialist countries prices have been established, already since 1958, on the basis of average world market price trends. Changes in prices influenced trade also between the CMEA-countries, although not to the same extent as with capitalist countries. The prices of raw materials increased more than those of finished products there as well. Now we are changing over to the system of "shifting" prices based on five-year averages.

Since the proportion of raw materials in imports considerably exceeds that in exports, these price changes mean a considerable burden. Other factors as well had a part. Terms became stricter on the money-markets of capitalist countries fighting against inflation and unemployment. The number of applications for credit increased and those granting it became more cautious. On the commodity market competition became keener as regards quality, delivery terms and prices. Hungary must adjust itself to this changed situation in order to keep her markets, and to maintain the reputation which the country enjoys in financial matters.

The economy was not able to react to these changing circumstances with sufficient elasticity this past year. The shortage psychosis concomitant with the rise in prices stimulated enterprises to buy more. More was bought from capitalist countries, at high prices than actual requirements justified, and enterprises bought and held greater stocks of domestically produced goods as well, than provided for in the plan, thus decreasing quantities available for export. At the same time exports of products favourable from the viewpoint of foreign exchange returns could not be increased to the desired extent. This was due primarily not to a misjudgement of the situation but to the inflexibility of the Hungarian production and foreign trade structure. Naturally, there are objective obstacles as well, but it often appears that these are overcome more slowly than feasible. Price losses consumed a great part of the increment in national income in 1974. The reduction of price losses is a key issue of future development.

If nothing can be done about this and losses cannot be diminished, then an export surplus must be ensured at the expense of domestic consumption and accumulation. The terms of trade with capitalist countries must be improved *by at least 8-10 per cent in the next five years in order to achieve our objectives*. Losses can be decreased first of all by an increase in the profitable export of the manufacturing industry and improvements in the competitiveness of products. This can be achieved by increasing the proportion of modern products, reducing the cost of production, and by better and more flexible adaptation to the market.

In addition to increasing exports and changing its structural pattern, a reduction in imports should be employed as well, in the short run at least. Imports from capitalist countries should be reduced and the possibility of replacing them by home products or imports from socialist countries should

be examined. Import-restricting measures will have to be applied in some cases. However, one must be aware that a restriction of imports may cause troubles in production, and may even limit future exports. Instead of quotas, however, more flexible methods must be applied which stimulate enterprises to economize on imports rationally, especially raw materials from capitalist countries.

Enterprises pay less than real costs for imported materials and parts, and this lessens the incentive to economize. A rise in prices charged to them therefore became necessary already in 1975 and will be justified next year as well, since permanent increases proved higher than expected.

If enterprises obtain import products at reduced costs, they can make unjustified profits in exports. Such unjustified profits must be firmly taxed away in order to cover import losses. This makes enterprises less interested in increasing exports, slowing down improvements, since the enterprises are not sufficiently well-informed either about the prices of imports or those of exports. However, the fundamental idea of the system of control is in harmony between enterprise and national economic interests. An interest in profits provides stimulation that benefits national economic interests, and prices should therefore be used to help bring this about as well.

It ought to be mentioned, that *central decisions will also become dis-oriented if prices are completely out of joint.*

To sum up: significant changes have occurred in the economy. Some of them were advantageous, they ensured further development, in the first place the significant increase in the importance of industry, and the freeing of labour in agriculture, as well as improved equipment in the building industry and agriculture. However, some peculiarities of the economic structure cause *tensions* and bottlenecks in the economy which must be overcome in time.

Influencing changes to take a favourable direction is a permanent objective, which should be done first of all as part of national economic planning. The following should be given priority:

- because of the relatively high world market prices of raw materials and energy centrally decided investments should promote first of all a rapid growth in raw material and energy producing capacities in an adequate composition, additional to improving the supply with equipment in the infrastructure;

- in order to change the commodity pattern of exports in a favourable direction, the rapid and large-scale development of certain "carrier" products should be promoted, especially in those manufacturing industries where modern technologies are used in the context of high technical and intellectual skills. Ideas for technological development have to be worked out;

- even more international agreements should be concluded with socialist countries which allow for product specialization within the smallest

possible range and the largest possible scale of production, of products whose manufacturing is especially profitable for Hungary.

Naturally, a start was made towards these objectives. The guiding principles for working out of the Fifth Five-Year Plan for the period of 1976—1980 and of the related regulators are well-known. Enterprises prepare their five-year plans which they discuss with the controlling ministries. The modernization of the economic structure takes place in that context and under their effect in the economic branches and on lower levels as well.

Modernization of the production pattern

Only few data are available allowing a comprehensive analysis of the micro-structure. Statistical methods are not sufficiently developed as yet. *Transformation in the macro-structure appears to be fast but that of the micro-structure all the slower.* Marked changes in the macro-structure were not accompanied or followed by similar ones in the micro-structure. Technologies, business management and manufacturing structures were not modernized to a satisfactory extent, and obsolete and uneconomic ways are eliminated with difficulty only. This did not mean that nothing happened. Many machines in the majority of industrial enterprises were replaced in the course of twenty-five years. The use of synthetic materials and computers has become widespread. The production of many commodities ceased and new ones were introduced. With the present more flexible controlling system the transformation of the product pattern was speeded up. Still, changes in the micro-structure lagged behind requirements, since:

1. the international development of technological standards is followed only with delays; uneconomic or not so economic production is insufficiently replaced by economic new technologies, new products do not spread quickly enough;
2. a part of products — especially Hungarian machines and consumer goods — cannot be economically sold in developed capitalist countries, or developing countries that are able to pay in cash since they do not meet requirements;
3. the industries producing modern semi-finished goods are disproportionately underdeveloped. This includes the components and parts in machine building, and the production of semi-finished goods by the chemical industry.

According to available data products are more quickly replaced in the majority of developed countries than in Hungary. The proportion of new and discontinued lines is higher elsewhere. In Hungary one third of the machine industry products has been available for 9 years or more, another fourth for

4—8 years. Only a small number of lines has been discontinued. This highly influences the efficiency and profitability of production.

Recently questions have been put to the business and technical management of seventy enterprises, representing a large part of state industry with our major enterprises among them, concerning their views on uneconomic production. Remarkable answers were received.

The proportion of uneconomic production differs from enterprise to enterprise, there is a considerable dispersion. There is, it was said, no uneconomic production in one fifth. In another fifth, however, more than 40 per cent of a year's production can be regarded as uneconomic. About half of the enterprises are between these two extremes.

Why was a part of production uneconomic? The answer is varied. Some blamed prices, others looked to out-of-date technologies or machinery, etc. as an explanation.

Many executives mentioned an inadequate use made of facilities, problems of demand, and also a scale of production smaller than the optimum. Such sales problems, however, are also often due to obsolescence and non-competitiveness. The number of *enterprises with sales problems seems to be much greater than of those which show losses for price reasons.*

It is remarkable that more than 10 per cent of the enterprises, that is their managers and executives, could not say why their production was uneconomic. This indicates that some enterprises have not even started to analyze the problem, and therefore it is only too obvious that they cannot find a solution.

Fortunately, the majority of managers have some idea of how uneconomic production could be put an end to. Most of them plan to change the product pattern. Fortunately, only few of them ask for state support, while the greater part think they can rely on their own resources to do the job, in addition to development funds and credits. There are only few enterprises where economic production would be possible only with an almost complete replacement of the machine park, and this would need state subsidies.

However, not resources but *flexibility* are generally missing. This can be furthered by central intervention, but only rarely replaced by it. The enterprises notice earliest when a product is likely to become uneconomic, and they usually can find the solution as well. In most industries the time when a product will become uneconomic can be forecast in the knowledge of the fairly regular parameters of technological progress and the expected attitude of the market.

At present it applies to almost all fields that competitiveness can be maintained only if the further development of a product begins at the moment of its introduction. It is only natural that the replacement of units and parts, at an increasing rate is part of the making of computers. The pharmaceutical

industry is another example where product development and the replacement of products are not discrete actions but a continuous process, and an integral part of enterprise activity. This way of acting is practised in market operations as well. Such examples ought to be followed by other industries.

A proper judgement of the product pattern on the part of an enterprise is seldom easy, nor is knowing what to do in order to change it. It will be therefore, discussed now *what changes in the micro-structure should be carried out by enterprises* and what kind of product and production pattern is desirable.

There are many objections to the use of profits as an indicator. 1975 price changes improved the ability of profits as indicators of economic operation and the price measures planned for 1976 should mean further progress. The prices of the majority of imported raw materials and energy will be more realistic, and changes will take into consideration permanent changes in the world market prices, and in the prices valid for trade within the CMEA-countries as well. They will allow home production to be compared with the terms available on world markets. Not only prices, costs of production as well count when it comes to profitability. The better use of the labour force and equipment, and a more rational organization of work, decrease costs and increase profits. Still the exploration of reserves takes place only slowly. The new price relations justify more frequent cost analyses, and more attention to the results. Some enterprises already use value analysis, a new approach to cutting down costs. The controlling authorities should remember that economists doing such work, and engineers and technologists who prompt it, deserve more political support, and moral and financial appreciation for doing this often unpopular job.

When enterprise investment decisions are taken profit is an important, but not a sufficient, criterion. Investments are for the future, and profitability may change. The desirable product pattern must be found considering other aspects as well, particularly up-to-dateness. In general, this is the warranty which allows the present profit rate to be maintained in the future. What then does being up-to-date mean?

— It stands for equipment allowing more to be produced while using the same quantity of live labour, allowing the range to be extended to new products as well. Production is more up-to-date if it justifiably requires more highly qualified labour and what is manufactured in this way can be sold at higher prices.

— A product can, in general, be considered up-to-date if it contains less material than used earlier, or if cheaper substitute materials can be used in its production, or if its use-value is higher, i.e. it "can do more".

— An up-to-date product can be sold on all markets, its saleability is not confined to a single market or consumer.

The limits of change

There are well-known *obstacles* to the development of a *more economic and up-to-date* product pattern additional to the price problems I have mentioned. They include the following.

— There is nothing which forces and hardly anything which stimulates enterprises to carry out changes. At present there is hardly an enterprise which would not receive some *support*. The greatest subsidy — 25,000 million, double that of 1968, a round one third of the profit tax paid in — is accorded to normal production under the heading of grants and producer's price subsidies. Less than half this amount is granted as development support. The present system therefore largely contributes to the continuance of uneconomical production.

For exchange control reasons *competition by imports* does not force enterprises to modernize products either, since home products are usually preferred even if they are not as economical as imports.

Some elements of the *regulatory system* impede the change-over as well. The fact that the cost of live labour is relatively low hampers the replacement of live labour by machines. Another obstacle is that profits have to be divided up according to prescribed rules (into development and sharing funds). This hinders risk-taking and also a reduction in subsidies, since personal incomes are directly affected. Present credit practice, unjustifiedly deviating from the several principles, also means that uneconomical production and investment are not sufficiently restricted by financial methods.

— The change-over is rendered difficult by the often exaggerated and unjustified *insistence* on established conventions. It happens that uneconomical work places cannot be liquidated nor can the manufacture of uneconomical products be stopped. Some collectives use the same methods and turning out the same products for 10–20 years, and they cannot understand that their products and methods are no longer up-to-date; what was once useful, is now already selling at a loss, because it is obsolete.

Such a re-organization is not simple. It requires the regrouping of workers into other factories or industries and perhaps their retraining. Some years ago everyone was aware of the troubles produced when certain mining shafts and railway lines running at a loss were abandoned. However, if something cannot be carried out easily, or only with difficulty, because of a lack of experience, that is no reason for not doing it at all. On the contrary, this should be a stimulation for finding the proper way as quickly as possible.

— *The organization of enterprises* also often inhibits change for the better. Sometimes small enterprises are at a disadvantage; the vertical structure of some big enterprises is not satisfactory, the dispersion of the plants of some other enterprises does not allow modernization, the preconditions for

enterprise are not present. This is also the cause why in investment activity the system of "main contractor" is spreading so slowly.

The combination of economic autonomy of the enterprises with central control is not always at its best either. The operative intervention of the *controlling organs* sometimes too rapidly rescues enterprises from difficulties, but it also occurs that the calling to account occurs too late, when losses are already high.

Expected measures

A number of measures are planned within the regulatory system, which will increase economic compulsion and strengthen incentives for the development of a more economical and up-to-date product pattern.

There will be another partial *producers'* price adjustment which will affect though several fields in the terms of the principles mentioned. Price rises will have a multiplier effect, i.e. they will increase costs and thus diminish profits. This will be a real redistribution of income to be compensated financially only in special cases. The inflation evident on world markets cannot be allowed to become effective within the economy without cushioning, the rate of exchange will therefore also be changed from time to time and, at the same time, profitable exports will be stimulated.

An interest in profits stimulates efficiency. This will be strengthened and the compulsory division of profits into two parts will come to an end. Enterprises will decide themselves what part of their profits they spend on an increase of personal incomes, given progressive taxation, and what on development. Uneconomical production will be more effectively influenced by a withdrawal of subsidies, since this will no longer directly affect the personal interests and incomes of workers. If the level of total profits is lower, then the tax on profits can be reduced which will provide better and more differentiated possibilities for an increase in profitable production. The charges on live labour will be modified by increasing the wages tax so that the charges on equipment and live labour, respectively, come closer to each other.

The elasticity of *wages regulation* will increase, and its too close connection with profits will be relaxed. The peculiarities of the individual fields will be better taken into consideration when changing methods of wages regulation.

Development subsidies and credit will promote first of all the establishment of capacities with a rapid rate of return suitable for the production of up-to-date products which can be profitably sold on all markets. The obligation to reimburse state investment will become more general and state subsidies will also appear in an indirect form involving higher requirements towards enterprises. We shall make more courageous use of *subsidies and*

withdrawals better adjusted to specific purposes of economic policy in particular fields.

Higher standards and modified stimulation will create clearer and more unambiguous circumstances for enterprise decisions. We hope that these will stimulate enterprises to improve their ideas on investment, to carry out more intensive marketing activities, to show more foresight, and be more ready to undertake economic operations over a number of years, the burdens and risks of which can be distributed more evenly, and in keeping with the rate of realization of results.

Technological standards can be improved by international cooperation in production both with socialist and capitalist countries. Such forms of closer economic and technological collaboration promote advanced technologies. Cooperation requires technological discipline and this can be felt also in the whole activity and organization of the participating enterprises.

The rapid transformation of the macro-structure must be followed by powerful changes in the mezo- and micro-structures which can result in the first place from the decisions of enterprises. The right conditions are present, including an expert staff, which is able to help in dealing with new tasks as well.

References

1. AUGUSZTINOVICS, M.: *A hosszútávú növekedés néhány tényezője a magyar gazdaságban (1950–1990)*. (Some factors of long-term growth in the Hungarian economy. 1950–1990.) *Közgazdasági Szemle*, 1975. No. 1.
2. DARVAS, GY.: *Strukturapolitika és tervezés*. (Structural policy and planning.) *Ipargazdasági Szemle*, 1974. No. 2.
3. ERDŐS, T.: *A termelés korszerűsödése és a gazdasági növekedés*. (Modernization of production and economic growth.) Budapest, 1974. Kossuth Könyvkiadó, 287 p.
4. FRISS, I.: *Economic laws, planning, control*, Budapest, 1971. Akadémiai Kiadó.
5. HOÓS, J.: *A gazdasági struktúra megváltoztatásának néhány kérdése*. (Some problems concerning of changes in the economic structure.) *Közgazdasági Szemle*, 1975. No. 1.
6. JÁNOSSY, F.: *A gazdasági fejlettség mérhetősége és új mérési módszere*. (Measurability and new measurement methods of economic development.) Budapest, 1963. *Közgazdasági és Jogi Könyvkiadó*.
7. KISS, T.: *A nemzetközi munkamegosztás szerepe a strukturális fejlődésben*. (The role of the international division of labour in structural development.) *Közgazdasági Szemle*, 1975. No. 1.
8. KORNAI, J.: *Rush versus harmonic growth*. Amsterdam—London, 1972. North-Holland Publishing Company, 154 p.
9. LÁZÁR, GY.: *The present Hungarian economic situation and the tasks of economic policy*. *Acta Oeconomica*, Vol. 14, Nos 2–3.
10. ROMÁN, Z.: *Gazdasági növekedés és szektorális politika*. (Economic growth and sectoral policy.) *Gazdaság*, 1974. No. 3.
11. SIMÁN, M.: *Gazdasági hatékonyság és iparszerkezet*. (Economic efficiency and industrial structure.) *Közgazdasági Szemle*, 1971. No. 9.
12. TIMÁR, M.: *Gazdaságunk szerekezeete — fejlesztési politikánk*. (Structure of the Hungarian economy — Hungarian development policy.) *Közgazdasági Szemle*, 1973. No. 10.

13. TRETHON, F.: *Termelési szerkezet gazdaságosságának javítása és a fejlődési politika a nehéziparban.* (Improving of the profitability of the production pattern, and development policy in the heavy industry.) Lecture, delivered at the 11th Itinerary Meeting of the Hungarian Economic Association, 1972.

УРОВЕНЬ ЭКОНОМИЧЕСКОГО РАЗВИТИЯ, СТРУКТУРА ЭКОНОМИКИ И НОВЫЕ ЯВЛЕНИЯ В МИРОВОМ ХОЗЯЙСТВЕ

Л. ФАЛУВЕГИ

Актуальность вопросов экономической структуры в Венгрии объясняется двумя причинами. Первая причина заключается в том, что новые явления в мировой экономике по-разному затрагивают отдельные страны, и кроме того, их влияние модифицирует подход к оценке данной экономической структуры. Вторая причина состоит в том, что в настоящее время в Венгрии разрабатывается 15-летний перспективный план развития, а также V пятилетний план на 1976—1980 гг. Определение желательной экономической структуры и ведущего к ней пути являются при этом ключевыми вопросами.

В статье автор уделяет главное внимание трем вопросам. Он делает попытку определить понятие экономической структуры, анализирует макроструктуру венгерской экономики в условиях изменений на мировом рынке и очерчивает возможности и актуальные задачи модернизации ее микроструктуры.

I. T. BEREND

THIRTY YEARS OF HUNGARIAN SOCIALIST ECONOMIC POLICY

Adopted economic strategy was one of the most important factors in the transformation of the Hungarian economy that has taken place in the post-war period. Long-term goals have been achieved under changing conditions and circumstances and there were significant alternations at the various stages of the development of Hungarian economic policy. The paper shows the content of economic policy at these different stages and gives an interpretation of its strategic goals as well as the ways of their achievement and the systems of means used.

The period of the last three decades since World War II has been one of supreme importance in the development of the Hungarian economy and society. This period brought about a transition from the state of a backward country to the stage of the advanced economy — a step so difficult to make for the majority of peoples and countries. This progress is indicated by such facts as the overwhelming contribution of industry to the production of national income, the radical change of the occupational structure of the population, the rapid increase in labour employed in industry and commerce, parallel with the declining proportion of agricultural population; and last but not least, by the modification in the distribution of population among urban and rural settlements, by the preponderance of the urban population.

The basis of the historical changes in the period examined was provided by an outstanding growth rate yet unexperienced in the history of Hungarian economy and one rarely matched throughout the world. This brought about an approximately fourfold increase in *per capita* national income, helping the Hungarian economy to catch up with international development.

This happened under the simultaneous effect of a number of economic, social and political factors, both internal and international. However, within the intricate system of these factors, economic recognition and its realization, the setting of goals and selection of the system of institutions and means, suitable for realizing these goals, undoubtedly deserve special attention. Economic policy, thus, played an important part in growth. Not only did economic policy exercise an effect on the development of the economy; it underwent an essential development itself, last but not least, under the pressure of actual practical requirements, and because of the accumulation of experience, the recognition of achievements and shortcomings emerging in practice, in the wake of the emerging contradictions and the efforts at resolving them. This paper undertakes to make a survey of this development.

Based on the subsequent revolutionary changes, socialist economic policy unfolded in Hungary since the turn of the years 1947-1948. The

strategic objectives of the Hungarian economic development in the last decades were determined by such central elements as the foundation of socialist relations of production and the creation of a high level of production and productivity necessary for the former. These aims, in the given situation, could only be accomplished through the elimination of the relative backwardness of the time, through industrialization and the development of the necessary infrastructure, and, at the same time, by the steady raising of the living standards of the masses within the limits of the given possibilities, and the assertion of the principles of socialist distribution.

Although these basic strategic objectives were frequently reassessed and reinterpreted, the whole course of socialist transformation has been determined by them. In this sense, we may speak of a *unity of the basic economic strategy* since 1948. Still, the changes in the ways of approximating the objectives, the changes in the approaches and ideas, and, last but not least, the related characteristics of certain periods point out three stages within this unity, distinguishable also by the way one followed the another. The duration of these periods was approximately identical, including the present one. The *three periods* are roughly as follows:

1. from the late 1940s till the middle of the 1950s;
2. from the second half of the 1950s till the middle or the end of the 1960s; and
3. from the second half of the 1960s till our time.

The first stage

In the first period of the assertion of socialist economic policy the main, historically emerging strategic requirements we have treated above were interpreted and asserted according to a specially determined concept. Its substance may be defined as one regarding the fastest possible industrialization and the fastest possible spread of the socialist production relations as the main objectives. To achieve these goals, economic policy was willing to subordinate every other consideration, it was not deterred by the necessity of placing the greatest burdens on the masses requiring immense sacrifices from them; nor did it refrain from extremely disproportionate development.

From 1948 on, the economic leadership set out to realize this concept with the utmost consistency after the reconstruction called for by the devastation caused by the war, after having enacted large-scale nationalizations and introduced planned economy; this was the period during which the institutions and the system of planning were established in order to achieve the goals mentioned above. Elements of this system were the National Planning Office, the new banking system; a system for the control of the industries was also

set up in this period. While retaining its former role as bank issuing money, the National Bank of Hungary became the monopolist in transacting money transfers between enterprises as well as in their short-term crediting; its function was complemented by a newly established special banking network. The new institution for the control of the industry was the often modified system of industrial ministries set up according to the structure of the industrial branches, supervising the work of industrial centres and directorates which controlled the national enterprises as independent economic units.

The functioning of the economy was regulated by a plan enacted by the Parliament. The planning system, initiated in the summer of 1947, had been completed by the time the first five-year plan was issued for the period starting on January 1st, 1950. The plan regulated the functioning of the economy by compulsory directives, and, by distributing the plan targets among ministries, enterprises and determining yearly and quarterly targets, it realized a powerful centralization. This planning system was based upon a double price system isolating the changes in producer and consumer prices, and, thus, essentially eliminating the assertion of market effects. Producer prices gradually became largely fictitious prices independent from real expenditures and value relations, serving only as accounting units; this mainly served the administration of the deliveries from one state enterprise to another, the checking of the fulfilment of plans. In this sphere real sale and purchase ceased to exist, market operations were replaced by a distribution system based on national balances, compiled under the direction of the National Planning Office. In this system the material interest of the managers and workers of the enterprise was related to the fulfilment or overfulfilment of the targets prescribed in the plan.

The system of planning, which cannot be treated in detail at this place, followed from the given circumstances and served the realization of the objectives of central economic-policy and was organically related to the concept of economic development mentioned above.

In this period one of the basic theoretical theses and a method of approach of economic policy was to attain a *high level of accumulation and investment*, essential for the achievement of an economic breakthrough. This thesis, however, was overdone as it was assumed that under the conditions of socialism an almost automatic correlation existed between the acceleration of economic growth and the increase of the rate of accumulation. This thesis was enforced in investment policy during the years following 1948, illustrated by the fact that, in contrast with the earlier low rate of accumulation, the increase of the volume of accumulation was more than the double of the growth rate of national income in the period between 1949 and 1953. In the most strained years of this period, by accumulation about 35 per cent of national income, a rate of accumulation 6–7 times as high as that before

the war could be achieved. On this basis, investments were being corrected upwards for some time to adjust to the supposed upper limit of possibilities. Economic policy successfully helped to accomplish an investment activity yet unprecedented in Hungarian economic history.

On the basis of the outstanding investment activity the plan envisaged the highest possible growth rate. According to the targets of the first five-year plan, modified in 1951, during its five years a 130 per cent increase of the national income was envisaged, with 210 per cent growth in industry. Thus, for the period of the medium-term plan, an unprecedented annual industrial growth rate of 26 per cent was planned on the average. The excessive plans for growth were motivated partly by the fact that, although the production level of the last pre-war year had been attained, reconstruction factors still had an effect on the Hungarian economy. The economic leadership, however, regarding the reconstruction to have been fully completed, mistook these temporary effects for long-term growth opportunities and attempted to maintain the high, though transient, growth rate of the reconstruction period even after reconstruction factors had ceased to act.*

Accordingly, a deliberately extremely disproportionate investment policy was followed: in the most strained years of the first period, during the first five-year plan almost half of the investments was concentrated on industry and the investments into the agriculture were limited to a very low 13 per cent of the total investment. While the share of service and infrastructural investments was about 60 per cent of the total in the industrialized countries, this was only one third in Hungary.

This extremely fast industrialization was carried out due to a characteristic concept. Heavy industry was given an exceptional emphasis, with the main efforts made in the fields of *coal mining as well as in the development of ferrous metallurgy*. The program for the development of the economy became a slogan: "Hungary must be transformed into a country of iron and steel!" This caused that, during the years of the first five-year plan, 90 per cent of the outstandingly large industrial investments were concentrated into the heavy industry and two thirds of them were expended on the development of mining and metallurgy. This led to such a distribution of the investments where the investments into mining and metallurgy were about one and a half time as high as those made into the whole of the agriculture; the investments available to the manufacturing industries were, thus, relatively modest even in the case of heavy industrial manufacturing. To illustrate this, it can be quoted that investments into the high and low voltage electric industries and to precision engineering combined were only as much as one fifth of the investments into metallurgy. Thus, the emphasis on the primacy of heavy

* This factor was first revealed by Ferenc Jánossy [1].

industry was largely identified in the development concept with the primacy of mining and metallurgy. In this way, the fast industrialization, initiated in the middle of the twentieth century, was based on a concept reflecting the requisites of the turn of the century as regards the structure of the industry and the necessity of heavy industry. This was due to a considerable extent to objective circumstances determining development policy while the prevalence of an autarkic approach also played a significant role.

In this first stage of the economic policy we may regard the *absence of international cooperation in development and production* as an objective circumstance. The forced pace of industrialization created an almost unsatiable demand for fuels and raw materials in every socialist country and extremely stepped up the demand for capital goods. Every country strove to produce the required supply by itself as far as the possibilities allowed it, and even beyond that. The situation was rendered even more difficult by the strict embargo policy uniformly followed by the capitalist countries.

Defence preferences, together with, and closely related to, the autarkic efforts also had a great effect on the structure of the industry, especially from 1951 on. In the hardest years of the cold war the approach toward the development of the economy was determined by efforts to prepare fast for a very near and inevitable war. During the period of the first five-year plan the effective outlays of defence, including current expenditures, in Hungary were about half the amount of total investments made; but at the start of the plan they had even been roughly equal. It is only natural that defence considerations greatly imprinted the structural concept of the development and they largely explain the effort made at increasing the production of basic strategic materials by all means and the strong assertion of the autarkic policy.

All this overshadowed economic considerations. Development was characterized by a very strong *quantitative approach*. Development policy emphasized especially new projects, for employment and regional development reasons alike. During the years of the first five-year plan, four-fifths of the investments were expended on constructions and only the remaining one fifth went for the development of machinery. The extremity of this investment policy was also reflected by the fact that the depreciation allowance rate was fixed at a very low level, and even half of these low funds were collected for financing new projects, which finally led to the deterioration and accelerating dilapidation of the existing machinery.

The efficiency of the production and development process was very low. One unit increase in the national income demanded almost 3.6 units of investment.

The central control aiming at planning in utmost details finally had, in the given situation, a counter-productive effect; it led to *large-scale planlessness*. As was revealed by a quantitative survey based on the analysis of

the targets and fulfilment of the 10 most important economic indicators [2], the first five-year plan, in its modified version, turned out to be the most inaccurate plan of the Hungarian planned economy. (The standard deviation of the forecasts, 7.25, was two or three times as high as that of the subsequent plans.) This is well illustrated by the figures testifying that, as against the 18.1 per cent annual growth of the national income forecast in the plan, only 8.5 per cent was achieved; production in the construction industry increased, against the planned annual 34 per cent, by only 16 per cent; and housing construction turned out to decrease by a yearly 2 per cent, instead of a yearly increase of 6 per cent forecast in the plan. Plan and reality, thus, fell considerably far from each other.

At the same time, the securing of conditions necessary for fast development demanded excessive sacrifices, disproportionate expenditures; in general, it involved a highly wasteful management. This resulted in that at the beginning of the 1950s a very notable part, about one fifth, of the increment of the national income achieved by exceptional efforts, became tied up in the form of statistically proven unsaleable and unusable stocks and unfinished investments, and, in this way, excluded from the process of reproduction.

Serious losses were caused by the agricultural policy measures applied, involving compulsory delivery of products at extremely low prices while the prices of industrial products were kept high; this was combined with excessive taxation. This and the unrealistic pace of collectivization realized through administrative measures led to the disorganization of production. A part of the land was left uncultivated, frequent consolidations and reconsolidations of the land caused the deterioration of husbandry. These factors combined, resulted in the stagnation of agricultural production, in spite of the ambitious plans to increase it by 50 per cent; it even decreased in certain regions, and in the mid-1950s it was still below the pre-war production level. The consequences of the ensuring serious production disturbances were temporarily mitigated by the introduction of food rationing in January 1951, and later (in December of the same year) by a price policy restraining consumption.

This situation placed an *immense burden on the population*. In spite of an extremely rigid price system, consumer prices almost doubled suddenly, thus, instead of the 50 per cent rise in the living standards of the population, envisaged by the first five-year plan, the lowest ebb brought about a more than 20 per cent decrease in real wages per earner. This was partly counterbalanced by an increase in total family earnings as, with increased employment also the average number of earners in a family increased; later, the measures taken after 1953 achieved that real wages attained, and even slightly exceeded, the level of the year of reference.

The serious phenomena that have been treated so far were the results of the preference for the fastest possible development; they followed from

the principle, always asserted and openly quoted in conflict situations, that the present generation of the historically transitional period of industrialization must make sacrifices for the future, for the attainment of a higher development level, for greater industrialization. The guiding principle of the social-political objectives was, however, twofold: the tendency of eliminating the formerly characteristic extreme social differences was also present. The primary task to eliminate the former mass-poverty and mass-exigency, to abolish unemployment and the insecurity of existence that had traditionally affected millions in Hungary — once and for all. On the given development level, this could be achieved only through the redistribution of the national income, through a rapid restratification of society; while extreme efforts were made to develop the economy and the population had to carry the burdens of this development, full employment was achieved, exceeding a level which could have been realistically absorbed by the economy; social care was also extended to mass level. Both measures served to consolidate the security of existence. The great social changes were served by breaking the material, educational, and cultural monopolies of the privileged classes, by the widespread provision of social and cultural services and the levelling measures affecting every field of social life. The elimination of unemployment, formerly seriously afflicting society, together with the fast acceleration of mobility and the restratification of employment were, simultaneously, decisive factors in the rise of the masses.

The second stage

On the basis of the changes in international and domestic politics which we cannot deal with here, a correction of the economic policy could be initiated, at first in the summer of 1953, this could, however, only unfold from the end of 1956 on as a result of a successful two-front struggle. The reassessment started with the exploration and analysis of the contradictions and mistakes of the previous years. The political change having taken place allowed the new political and economic leadership to reject both dogmatic approaches and economic voluntarism — economic policy dictated by pure volition disregarding feasibility; the new leadership, not tied by the former mistakes, could overcome the former, erroneous practice, that is, from the aspect of subjective conditions it was in an advantageous position to search the ways for better solutions.

The factors impeding successful economic policy could not, of course, be eliminated at once. Even in the 1960s several factors acted toward the continuity of economic strategy. One of these was the continuing low level of the international division of labour. Although the May 1956 Berlin session

of the CMEA had brought about a definite change concerning integration endeavours, its practical assertion, progress of cooperation in the fields of production and development remained on a low level for a considerable time.

Although the economic policy recognitions were unambiguous, it was impossible to reject the former practice of autarky altogether. The slow progress of international cooperation also hindered the structural change in industry. (As long as by the middle of the 1960s, one third of investments into heavy industry had gone to coal-mining.)

A new phenomenon emerging in the 1960s, i.e., that the change in the concepts of economic policy conflicted with the planning and control conditions which had served the realization of the former economic-policy concepts, also turned out to be a factor conserving the continuity of economic policy. The December 1956 resolution of the Hungarian Socialist Workers' Party formulated the program for the elaboration of a new economic policy and new economic planning methods; on the basis of this program the Economic Committee, set up in early 1957, soon submitted its important suggestions. However, for political and economic reasons, the emerging contradictions were not intended to be solved by a comprehensive reform carried out at once, but by way of gradual, partial progress. Consequently, the period between 1957–1964 saw a number of measures taken in order to *correct the existing methods of the planning and control system based upon plan directives*. First of all, the system of compulsory delivery in agriculture was abolished, and the lifting of the uniform wage tariff opened way for wage management on the enterprise level and the number of plan instructions and indicators was substantially reduced. These steps served to correct over-centralization. In order to increase the interest of the enterprises in production and sales, the profit-sharing system was introduced. A technological development fund was created for the elimination of the earlier passivity in this field. An attempt to stimulate a more efficient utilization of capital goods was made by the introduction of charges on assets.

The successive measures aimed at the correction of the most prominent failures in the functioning of the economy. This method of correction attempted to eliminate the failures recognized in the mechanism of the economy by replacing its 'cog-wheels', one by one. These measures brought about considerable results in a number of fields. For example, the elimination of the compulsory delivery system immediately turned out to bear fruit and the procurement system proved to be appropriate. It was demonstrated that the abandonment of coercive measures does not work against the functioning of planning, but it positively encourages better supply. These methods opened the ways for substantial stimulating effects helping to boost agricultural production. However, the negative, contradictory effects could not be eliminated yet. The functioning of the whole economy was influenced by the lack of

complex control regulators and the management of the enterprises was still controlled by means of *central instructions*, and also the earlier price system remained unchanged. The persistence of basic relations, thus, rendered several good, though partial, measures ineffective.

After this problem had been identified, the first half of the 1960s saw a number of new reorganization measures, this time aiming at the *concentration of the industry*. In this period, economic policy generally pursued the concept of a high concentration of the means of production. The widespread fusion of industrial enterprises, occasionally involving the amalgamation of a whole branch of industry into a single enterprise coincided with the completion of collectivization in agriculture and with the realization of large-scale farming (occasionally promoted by the fusion of cooperative farms). This resulted in a higher concentration of the means of production in the Hungarian economy, thus promoting better organization and fostering large-scale production. Simultaneously, over-concentration occurred in certain fields, especially in consumer goods industries, hindering flexibility in satisfying consumer's needs.

Neither the partial corrections, nor the structural changes implemented were adequate for a complete elimination of the contradictions prevailing in the functioning of the economy, thus, in spite of the alteration of the economic goals, capital efficiency did not improve considerably. Although the period between 1955 and 1960 saw some progress in this field, in the first half of the 1960s 1 Ft increment of the national income absorbed 4.4 Fts of productive investment which was more than the ratio experienced in the first half of the 1950s. This was also influenced by the contradictions emerging in the development of the technological standards of the industry and in the increase of productivity. A substantial part of the necessary replacement investments was left undone invariably; as against the plans, the increase of employment persisted to be a factor matching productivity in importance. This circumstance, in turn, limited the means available to living standards policy. In the ten years after 1957 consumption increased by an annual 4.2 per cent, with the average annual growth rate of the consumption of commodities and services, after having attained a higher level in the period between 1955–1960, falling in the first half of the 1960s to the level of the early 1950s.

In spite of these problems, a great number of important new economic tendencies took root from the late 1950s on. The *sound recognition of realities* gained preference in economic policy with proportionate planning for balanced progress, replacing the earlier overstrained planning creating bottlenecks.

The second three-year plan, realized during the period between 1958–1960 and the second five-year plan in the first half of the 1960s envisaged an increase of 13 and 36 per cent in national income, respectively, while industrial growth was planned to grow by 22 and 50 per cent. Investments were also

considerably smaller: during the years between 1958—1967 they generally remained under one fifth or one quarter of the national income. These plans certainly helped to attain a more balanced, steadier growth: national income usually showed an annual increase of 5—6 per cent.

Substantial changes took place also in the policy of industrialization. Observance of the realities and conditions manifested itself not only in a slower pace of industrialization but also in a greater emphasis on the requirement of *proportional development*. While economic policy in the first stage had been characterized by sharp disproportionalities, in the second stage their mitigation became the focus. This was expressed, first of all, in that industrialization was not excessively favoured at the expense of agriculture, the service sector, and infrastructure, accompanied by diminishing real incomes, but a slower growth was aimed at, in harmony with the development of other economic branches, together with a gradual, steady increase of real incomes. Preference for the requirement of proportionality is shown by the fact that both planning and realization discontinued earlier excesses: between 1957 and 1960 industrial production grew by 39 per cent, while both agricultural production and real wages increased by 12 per cent. Between 1960 and 1965, the corresponding growth rates were 47, 10 and 9 per cent. Naturally, all this coincided with a similar change in the structure of investments. Agricultural investments, which had had a share of only 13 per cent of all investments under the first five-year plan, increased to a steady 18—20 per cent from the late 1950s on, while investments into the infrastructure increased from the former one third to over 40 per cent of all investments.

The assertion of the principle of proportionality became characteristic also in the *development of industry*, naturally, on the higher development level already attained. The share of investments into heavy industry diminished within total industrial investments — it took 34 per cent of them. It is even more important that the former primacy of the extracting industries within heavy industry was replaced by the development of the labour-intensive manufacturing industries. It is characteristic that, for example, while precision engineering, electronics, and chemical industries had increased their production 2—2.5 times during the seven years from 1950—1956, their development was fivefold during the nine years from 1957—1965. A radical change in the internal proportions of industrial development is shown by the fact that while in the 1950s investments into the chemical industry had been less than half of those into metallurgy, in the 1960s investments into the former were twice as high as those into the latter. These changes acted toward the assertion of the economic requirements of the modern age.

These tendencies could be felt clearly in the field of *agricultural policy* as well. Manifestation of these new tendencies was not limited to the fact that the methods of collectivization taken up again at the end of the 1950s

were radically different from former methods; nor were they restricted to the fact that, as indicated when treating the distribution of investments, the proportion of state investments in agriculture was increased. The recognition itself of the importance of the step-by-step approach towards cooperative forms, the acceptance of graduality in the establishment of large-scale farming and, in this context, the new approach toward the role of household farm plots and the practical fostering of its functions were of extreme importance in the development of agriculture and in the improvement of supply.

Still, in order to point out wider contexts of the tendencies in economic policy, let us regard the processes of the *modification of the price system* with a greater emphasis. For, from the late 1950s on, deliberate economic-policy measures followed one another, aiming at a steady and considerable increase of producer prices, while keeping the increase of consumer prices down to a moderate level. The agricultural producer prices increased by about 4 per cent during the years 1958—1961, by 7.5 per cent in 1961—65, by more than 10 per cent in 1965—66 and by 8 per cent again in 1966—1968. Although this did not eliminate the former gap between the agricultural and industrial price levels, did not close the price-scissors related to economic policy goals, yet it substantially mitigated the disparity and thus new, considerably better income conditions were created for the emergence of an independent agricultural enterprise management.

Thus, in the 1960s a peculiar transition took place from a situation in which, as is characteristic of a lower stage of development, agriculture provided the sources for industrialization, into one, in which industry no longer needs the accumulation resources of agriculture and plays a greater role in its development, thus indicating a higher stage of development.

Remarkable changes took place in the *living standards policy* as well. As a correction of earlier mistakes, living standards were dramatically raised in 1957. After this had been accomplished, the targets for the development of living standards were set at a level envisaging a relatively modest and slow, but realistic and steady growth; as against the preceding decade, these targets needed no modification later on. As against the one-sided preference for the fastest possible industrial growth, the premise of a steady, permanent improvement of living standards, together with the harmonization of industrial development goals with the development of living standards emerged and gained ground. However, it is undeniable that this period also saw years in which tensions and disturbances in economy caused a limitation, a slowing down of the improvement of living standards. Although real wages did not decrease in any one year, which was a substantial difference against the preceding period, real earnings stagnated in 1961 and 1965.

The difference between the two periods can be well demonstrated by the real wages per earner. After a serious decline in the early 1950s, an increase

of 17 per cent took place by 1956 on 1950. Between 1956—1965 real wages per earner increased by almost 50 per cent, although the relatively major wage increases in 1956/57 correcting earlier mistakes, had played an important role in this; thus, the percentage of development on 1957 was 25 per cent, indicating a somewhat moderate increase in real wages. The general image is similar in the case of the development of *per capita* disposable real incomes of the peasantry. In the first period, up to 1956, the increase was only 12 per cent on 1950, however, the period from 1956—1965 saw an increase of more than 50 per cent. The increase of the income in 1956/57 was substantial in this case as well, which is clearly reflected by the fact that the increase of real incomes of the peasants was about one-third on 1957 by the end of the second period.

In the same period, the increase of consumption was accompanied by a considerably greater development of the service sector. At the beginning of the 1950s, average annual growth in the services was 3.7 per cent, while between 1955—1960 this was 7 per cent, due to the rapid effect of politically motivated corrections; and also in the period between 1960—1966 it was still above 5 per cent. The changes in housing policy, the improvement of housing construction and a further extension of social insurance played a remarkable role in this progress.

Thus, in the period concerned, economic policy was gradually modified, in the spirit of a dialectical unity of necessary modifications and perseverance in following certain basic principles. At first sight, the corrections taken in a number of fields seem to be but quantitative modifications. As a result of the sound weighing of realities, the pace was decreased in one or two fields, while a faster progress was accomplished in fields lagging behind. Nevertheless, corrections accomplished through the combined effect of the quantitative changes surpassed the quantitative nature, and resulted in the emergence of new qualities. The importance of these changes was not lessened by the fact that the corrections were not yet based on a theoretically founded and practically elaborated new, long-term system of objectives. It is obvious that the lack of such a theoretical and practical reassessment also led to inconsistencies and contradictions. This could be counterbalanced only partially by the fact that economic leadership approached the economy in the practical realization of its economic policy not on the grounds of preconceived ideas, or doctrines, but on the grounds of reality, flexibility in responding to facts, sensibly perceiving the social effects of economic policy and seeking creative answers to the emerging practical problems. This practice of leadership explains why the correction phase underwent a continuous development and carried in itself the possibility of progress.

The third stage

In the last years of the 1960s a new economic-policy era was opened by a fuller unfolding of the development tendencies emerged in the preceding period. By these years the sources of the extensive development of the economy, or, at least, those found on the surface, had largely been exhausted and new ways for progress had to be opened under the conditions imposed by the higher development level. Otherwise, by this time the improvement of the economic strategy became the focus in the majority of the socialist countries, bringing about several new solutions and initiatives. This was also the period during which the practical realization of the objectives of new, modern pre-conditions of economic cooperation, industrial cooperation and integration gained a new impetus, concepts that had been formulated in earlier years. As a result of lasting shifts in the power relations in international politics, the period up to our days saw the unfolding of the policy of *détente*, and, together with it, a new era was opened in the history of East-West economic relations, that of breaking away from the constraints of cold war. In the last years of this period we have experienced radical changes in the world market prices and the emergence of new, lasting tendencies in the world economy may be observed, which may, through a substantial modification of the prevailing economic conditions, terminate the present era of economic policy.

Let us examine the main characteristics of the third stage of development of economic policy more thoroughly.

In the mid-1960s economic public opinion was permeated by the notion that the path of economic development followed in Hungary may soon come to an end because of the exhaustion of the extensive resources of development. Indeed, the formerly unlimited labour sources did seem to run out and the possibilities for providing replacement did seem to have been exhausted. This phenomenon was felt especially in industry. The diminution of labour replacement is especially conspicuous when we compare the 5–6 per cent average annual growth in industrial employment in the first period with the slightly more than one per cent growth in the third period. We may add that by the 1970s, for the first time in the history of Hungarian industry, the growth of employment has completely stopped and even a slight decrease occurred in the staff employed.

Thus, a situation has emerged in which growth, especially in industry, cannot be secured through the mere increase of employment and in which it has become exceedingly important to mobilize manpower reserves on the one hand, and to improve productivity on the other.

As regards *manpower reserves*, considerable possibilities can be reckoned with. However radical changes have occurred in the employment structure as regards the diminishing proportion of agricultural employment, migration

from agriculture has not come to an end at all. The simplest historico-statistical analysis of the situation in which one fifth of the economically active population is engaged in agriculture makes it obvious that, potentially, the proportion of agricultural earners is very likely to continue to diminish until it reaches 10–15 per cent. However, labour reserves may not be detected through an exclusive analysis of the present distribution of employment among the main economic branches. We may reckon with considerably greater, if hidden, reserves within industry itself, where, following from the principle of full employment, labour reserves are estimated to be not less than 15 per cent of employed workers, at least in several branches. The greatest labour reserves within industry, however, can be found in the field of material handling as the labour engaged in such activities accounts for about 40 per cent of total industrial employment.

In the mid-1960s the economic development of the socialist community, the higher development stage attained, put the requirements of the development of economic policy and, within it, of the planning and control methods, into the focus. During the ten years since then, most of the socialist countries have introduced different reforms in the fields of organization, control, planning and stimulation.

On the basis of the results and experiences gained by the introduction of the partial corrections implemented earlier, a substantial improvement of economic policy could be accomplished in Hungary. *The elaborated reform served, first of all, the improvement of planned economy.* Such solutions were sought as would allow to exploit the advantages of central planning in combination with the advantages of market effects — while eliminating the negative effects of the latter. Indirect economic motivation and a more flexible system of control and stimulation, better conforming to the higher stage of development necessitated, among others, the transformation of the price system. A price system was needed that would better reflect real expenditures and assert state preferences as well as those of the customers, while gradually eliminating the former complete and artificial gap that had existed between the changes of producer and consumer prices. The transformation of the price system aimed at the establishment of a direct contact between customer and seller as well as at the creation of prerequisites for a realistic economic costing necessary for arousing interests, for the success of stimulation. As an inherent element of the above outlined ideas, decentralization was carried through, allowing decision making on the level where the problems emerged. The sphere of central decisions has become, thus, limited to matters and development projects of national concern.

Instead of being based upon the breaking down of the central plan, upon the fulfilment of compulsory plan instructions, the activity of the enterprise was awarded by a greater self-reliance subject to indirect state control exer-

cised through economic regulators, in harmony with the national plan. Accordingly, the system of stimulation was completely transformed: it came to rely on global performance as reflected in the profits realized by the enterprise.

The second half of the 1960s, thus, brought about radical changes in planning and control methods, that is, in the systems of the means for realizing economic-policy objectives also in comparison with the partial corrections of the second stage. It is beyond doubt that these very latter changes also contributed to the emergence of a new era of economic policy. However, when establishing the characteristics of this era we cannot overlook the fact that economic leadership consciously built in a number of safety valves, simultaneously with the changes carried through. The central regulation of wages, the ways of average wage determination on enterprise level aimed at providing protection against the dismissal of redundant labour, may be regarded as such safety measures.

The above steps were taken in order to avoid an expectable situation, in which the enterprises, on the basis of purely economic considerations, would solve their tasks by employing less labour with a constant wage sum. Such a solution, while greatly improving productivity and efficiency, would have conflicted with basic socio-political principles. With the methods applied for the safeguarding of full employment, it had to be accepted that the economically unjustified portion of those employed would be absorbed only gradually, at a slower rate. This obviously involves transitory economic disadvantages, it is even one of the main economic strategy contradictions of the third stage. Some regard it as basically counteracting the realization of the objectives of the reform. These views are, however, fallacious, the more so, as economic policy and the system of instruments of its realization can only be regarded as a constant development process and the measures taken during the third period so far cannot be regarded as the full embodiment of the system of instruments. For, it is apparent that even remarkably substantial reform measures cannot be expected to jump over distant stages, historical periods, and, in this sense, the economic reform must also be regarded as part of a longer development process towards further progress. If current economic and social circumstances require us to stay on the level just attained, the contradictions following from the transitional character will naturally exacerbate, become more acute.

Another factor serving gradual transition was that, although the approximation of the producer and consumer price levels to each other was an objective of the reform, yet, social-policy considerations required that the realization of the reform of consumer prices should be only partial and gradual. The tendencies of the measures corresponded to the development concepts realized in economic-policy objectives, as on the higher level of development a faster development of the branches that had lagged behind during fast

industrialization, the realization of a new economic structure based upon a faster progress of agriculture and the services, became of primary importance. This structural concept required the raising of the price level of the agricultural and food products as well as the tariffs of services. This process has not been completed yet because of its very gradual nature, requiring a longer period for its realization, thus, it was not implemented by a single radical measure.

According to the concepts of structural development, the aim was to eliminate the relative difference between the price levels of agricultural products and the services on the one hand and of industrial products on the other. These concepts envisaged this elimination not only by raising the agricultural and service prices but also by reducing the consumer prices of industrial commodities. This, however, could not be accomplished, partly because of the structural rigidities of the industry, and of the monopolistic position of a considerable portion of the enterprises, and, especially, because of inflationary tendencies acting on the world market with new relative world prices becoming established since 1973, involving soaring raw material and fuel prices and the deterioration in the terms of trade. As a whole, in recent years of the third period there has been an increase of 14–16 per cent in consumer prices.

Finally, let us regard one of the most important safety measures, the system of financing. As an important element in the modernization of the instruments of planning and control, the former system, in which every investment was implemented by way of central government measures and was 'free of charge' for the enterprise, was changed by the reform and, while major national investments continued to be financed centrally from the state budget, greater opportunities were opened for investments on the level of the enterprises, partly serving the purpose of minor developments and partly to keep pace with technological progress. Enterprises may invest either the development fund accumulated from profits and depreciation allowances or the credits granted after the creditworthiness of the enterprise has been assessed by the National Bank of Hungary, or the two sources may be used in combination. When this system was introduced, the proportion of self-financing from enterprise funds and credit sources was envisaged to be half of total investments. This proportion has been kept down to this level and even certain limiting measures were taken, e.g. those in 1971 limiting the growth of the development funds of enterprises. By and large, about 40 per cent of all investments came from the funds of the enterprises and about a further 10 per cent were financed by credits in the whole period. Nevertheless, a considerable part of the investments financed from the development funds of the enterprises was related to central development targets; they were effected either on the suggestion of the supervising authorities or by way of cooperative ventures related to central development projects, and, last but not least, often as investments complementary to those effected from state

credits allocated on the basis of the central plan. According to some estimates, the investment decisions made on enterprise level account for about one sixth of the development funds of the enterprises.

All this caused self-reliance and interest to develop within certain *determined limits* only. Analyses have pointed out that sporadically emerging negative effects and irregularities were immediately countered by a multitude of central decrees and regulations hindering, at the same time, the unfolding of the commodity and money conditions aimed at in the plans, and desirable for the improvement of planned development.*

In spite of all these contradictions, the large-scale transformation of the system of the instruments of economic policy, the measures contributing to greater self-reliance, risk-taking and greater profit opportunities on the enterprise level, have all led to a more flexible practice of planned economy. In this system, central state plans need no more be broken down to the enterprise level and the activity of the enterprises is not restricted to the fulfilment of centrally prescribed plan instructions. Indirect regulators could vigorously and efficiently assert the objectives of central plans. The economic-policy practice of the third stage proves not only that the advantages of central planning are fully exploited but also that the *degree of "planfulness" has considerably increased*. The most accurately fulfilled and realized plans in the more than a quarter-of-a-century-old history of Hungarian planning have been the two latest five-year plans, ending in 1975.

The standard deviation of the third five-year plan (1966—1970) was 1.96, meaning that the departure of fulfilment from the targets was reduced by 50 per cent in comparison with the second five-year plan, or, much less than the deviation of fulfilment of the second three-year plan and only slightly more than a quarter of the deviation of the first five-year plan. As against the target of 6.0 per cent, annual growth rate of industrial production realized was 6.3 per cent, annual growth rate of agriculture was 2.8 per cent instead of the 2.7 per cent planned; housing construction increased by 2.1 per cent, instead of 1.4 per cent. A notable departure was experienced only in investments: 8.6 per cent increase p.a. instead of 4.9 per cent planned, and, in consequence of this, in construction (10.1 per cent growth rate, as against the planned 4.9 per cent) [2]. Preliminary figures about the realization of the fourth five-year plan indicate the assertion of an even higher degree of adherence to the plan.

After earlier initiatives, in the third period considerable changes took place in the conditions of *international economic relations*. We could mention

* For example, 372 rules relating to the regulation of enterprise incomes were issued up to the end of 1972, together with 144 others, in connection with the establishing of profits and their utilization [3]. Thus, decision-making in matters concerning the enterprises could not be consistently insisted upon.

first the new system of supply with fuel and energy established in this decade. After the first steps taken in the preceding period, the transport system of fuels and raw materials was extended more and more systematically and extensively, with the pipeline system for gas and chemicals following the construction of the oil pipeline system, serving as a basis for large-scale cooperation programs (the olefine program). In 1970, several agreements aiming at the most economic exploitation of certain raw materials by way of joint investments were concluded. Within this framework, Hungary takes part in the establishment of capacities for producing asbestos, phosphoric raw materials and fertilizers, and for wood pulp production as well; compensation will be made in kind. Thus, the wood pulp mill of *Ust-Ilim* and the asbestos-concentrating works of *Kiembayev* now under construction can be taken as symbols of the rejection of autarkic solutions and of a rationally integrated raw material supply.

The spread of new forms of cooperation agreement is illustrated by the *Zhiguli* program, concluded in 1968, within the framework of which Hungary delivers 18 different parts and modules to the time in a quantity of an annual 300—400 thousands to the Soviet Union in exchange for complete *Zhiguli* (known in the West as *Lada*) cars. On the basis of the wide market provided especially by CMEA countries, Hungary could successfully accomplish her *road vehicle program*, elevating her to one of the greatest autobus manufacturer countries (more than 60 per cent of the manufactured buses is purchased by the Soviet Union). We can add that this program of capacity extension was the first to be granted a credit by the International Investment Bank of the CMEA, set up in 1971 (the credit was a sum of 13 million transferable roubles).

A new phase is emerging in economic integration, especially since the adoption in 1971 of the CMEA Comprehensive Program.

Nevertheless, the progress of socialist integration is not satisfactory, even if we take new tendencies into account. Transition from a division of labour in end-products, aiming at specialization in the production of finished products to integration and specialization extending to the semi-finished products and modules has not gained impetus yet, although this only could help in attaining high-standard technology and international competitiveness. The historical path of the creation and development of the CMEA preserved such elements and solutions in the field of cooperation which, in the present stage of development, impede progress. This has been pointed out excellently by a recent study [4]. The third stage has, namely, not brought about changes in that cooperation continues to be based on mutual deliveries of basic commodities, intermingled with preferences which are survivals of forced industrialization, and even the aspects of the regional division of labour are insufficiently emphasized.

At the same time, the gradual elimination of cold-war obstacles and the new international economic ties established as a result of the policy of *détente* already show signs of yet unexperienced changes. This manifests itself, on the one hand, in the quantitative expansion of East-West economic relations. In the case of Hungary about 300 cooperation agreements mark the development of these relations. Another, apparently more important, aspect of more extensive contacts with the capitalist world market is that they throw a different light also on intra-CMEA activity in many respects. East-West trade also adds to the effect of internal development factors acting toward the gradual transformation of the market mentality of CMEA-countries, toward raising requirements in respect of quality. The CMEA-market had, for a long time, acted as a cushioned 'training ground' but it simultaneously insulated the economies from the important stimulators of competitiveness in respect of technology and quality.

Thus, in spite of contradictions and unsolved problems, the new trends and tendencies in international cooperation also contributed to the development of economic policy.

The above treated factors combined could provide the opportunity for the unfolding of new structural proportions and up-to-date development tendencies already identified as necessary before.

Transition was rendered easier by the fact that in the third phase of the development now under examination economic growth accelerated to reach an average annual 6.2 per cent, as against 5.3 per cent in the preceding period.

For the first time in the last three decades, the *improvement in productivity* became the leading factor of growth. Agriculture, where this has long been the case, was followed by industry in this respect, where growth was now achieved almost exclusively through the improvement of productivity, attaining an average annual rate of 6 per cent. Progress was also considerable in the construction industry, however, only half of the increment of output came from the improvement in productivity there. (This ratio had been one third in the preceding period.) As a whole, only the service sector showed a considerable increase in employment, an annual 2–2.5 per cent in the third period.

The generally accelerating economic growth increasingly relying on intensive sources has been a motor of *the resolute elimination of earlier one-sidedness and structural imbalances*, as one of the most apparent qualities of the economic policy of the third stage has been restoration of the sectoral proportions of the economy on the higher level of industrialization. This is expressed in the moderation of the industrial growth rate (limited to an annual average of about 6 per cent), and in the acceleration of the growth rate of agriculture (to over 5 per cent on annual average) and especially of

the service sector (achieving an over 8 per cent annual growth). The above relative development of the three sectors indicates, in itself, new trends in economic policy, the attainment of a higher development level, even in comparison with the development proportions of the 1960s (in 1961—1967, the average annual growth rates of the three sectors were 7.1, 3.9 and 5.7 per cent, respectively) or, especially, in comparison with the 1950s.

The historically emerging structural changes demanded by contemporary tendencies of economic development and the closing up of sectors formerly lagging behind are coupled with the *technological modernization* of the economy. Progress in industry is proven not only by large-scale reconstruction (modernization) projects affecting whole industrial branches, by rapidly growing imports of the most up-to-date machinery and by the substantial modernization of the equipment, but also by modernization of the structure of industry. The share of mining and metallurgy in total industrial production in the third period fell from one fifth to 15 per cent, while the share of the chemical industry increased from 9.6 per cent to 12 per cent. Modernization of the product pattern within industrial branches — especially in engineering, which represent a large proportion —, the establishment of homogeneous production ranges and the tendency toward the production of optimal batches are even more important. The production and technological standards have approached or reached the most up-to-date level in a number of light and heavy industrial plants. However, it has remained a factor hindering the attainment of higher efficiency in industry, especially in engineering, that, as a result of structural, organizational and technological inadequacies, the range of production has remained too wide, and the necessary selectivity is yet to be accomplished. This is related to a large extent to the insufficiency of 'background' industries and international cooperation, as this makes it impossible to purchase up-to-date modules and parts from cooperating enterprises producing them at the highest standards.

The large-scale technological renewal of the agriculture is even more striking, transforming this traditionally primary producing sector from a 'handicraft' into an industry. The third period will be one of completion of the mechanization of every main working process and the trebling of fertilizer consumption. Industrial production techniques are rapidly gaining ground (together with the revolution of plant organization in addition to new technology and with the related increase in the concentration of the means of production, more specifically, with the formation of larger production units); they embrace the production of grain and row crops as well as fruit and vegetable their production; yields trebled during a decade in most leading farms and in followers, if not nationally. Important branches of stock-breeding, such as pig and chicken breeding are also on the way to become 'industrialized'.

The above changes, especially the development of the service sector, coincided with the *accelerating improvement of the living standards of the population*. The extent of this is indicated by the fact that while in the period of the balanced increase of the real incomes, in the 1960s, *per capita* real incomes increased by an annual 4 per cent, in the third period this increase reached an annual average of 6 per cent. This acceleration was characteristic of the increase of wages and salaries, and of peasant incomes alike. Real incomes of wage and salary earners increased by only 3.7 per cent in the period between 1961–1967, in the following period this increase was already 5.8 per cent annually. The incomes of the peasants, however, continued to rise at the rate of the first half of the 1960s, and, consequently, closed up to the incomes of other strata: the incomes parity was restored in this period. This, however, does not imply the closing up of the working and living conditions of the peasantry, which may only be accomplished in the coming period.

The faster increase of earnings allowed, at the same time, a *greater differentiation of incomes*. As a matter of fact, correction of the incomes proportions that had been levelled in the first period also by coercive measures but which, nevertheless, contributed to the improvement of general living standards, could only take place in this third period of development on the basis of the considerably higher general living standards already attained. This step had to be taken in order to establish stimulation under the conditions of the commodity and money relations of socialism, in order to achieve faster progress and attain the very socialist egalitarianism that can be realized on a high material level. At the same time, while 8.5–9-fold differences opened between the earnings of the highest and lowest paid groups, a greater emphasis was put on social benefits, whose ratio gradually increased to reach one quarter of total incomes.

It is beyond doubt that the differentiation of incomes involved undesirable, negative effects as well, the realization of unjustifiably high incomes, not earned through more, better or more highly qualified work — which is contrary to the sense of social justice and to socialist principles. However, the necessity of doing away with such excesses cannot challenge the necessity of differentiation or its close relationship with the central objective of the third stage, the especially increased emphasis on higher-standard economic activity.

Thus, the period of economic-policy opened in the second half of the 1960s saw an industrialization strategy in a different sense, with a different way of realization conforming to the conditions of the time. It was based on decisions that had taken into account the altered conditions and had achieved their better understanding. In this period new tendencies have been initiated not only by the necessity of mitigating emerging excesses, by adaptation to

realities in setting the development rate and determining proportions, but on a higher level of development (and industrialization); the creation of new internal proportions has played an increasing role in the changes of proportions among, and within, economic sectors and among incomes as well.

*

The long-term socialist economic objective has, thus, been approached through stages of economic-policy which showed considerably different features and which changed themselves under the changing circumstances and conditions (while also the latter were recognized to a varying extent). To quote a military analogy from one of my earlier publications: the strategy applied on the economic front is unlike frontal advance; it is more similar to pushing forward drives, while certain parts of the front are lagging behind. The forward drives however, enable the closing up of other, lagging sections and, thus, the advance of the whole front. The following up of this path, not always planned in detail, sometimes leading through unexpected roundabouts and traps through efforts and their correction not completely free from dramatic turns, served, in the final analysis, the advance of the whole front. In the third period we can really perceive the emergence of closing-up tendencies of the lagging front sections. This process is still far from completion. New, substantial changes are foreshadowed in the economic conditions of this country participating in the international division of labour, by new development and transformation tendencies taking place in the world economy in our days. In the following period new questions, put by the new situation, will have to be adequately answered by economic policy whose development itself will, thus, be greatly affected; and even the emergence of a new era in economic policy may be anticipated.

The events in the last thirty years of Hungarian economy amount to no less than the transition of this country from an agrarian-industrial, relatively backward country, facing basic social problems, into a new, qualitatively more advanced period of development, and it involves the creation of distribution and consumption social supply relations, in accordance with socialist principles, at a level conforming to that of the economy.

References

1. JÁNOSSY, F.: *The end of the economic miracle. Appearance and reality in economic development.* Eastern European Economics. Vol. 10 (1971/72.) No. 1—2 New York. 269 p.
2. STARK, A.: *Development of economic foresight in Hungary.* Acta Oeconomica, Vol. 13 No. 2. 1974.
3. SZABÓ, B.: *Gazdaságirányítás, szabályozás, érdekek.* (Economic control, regulation and interests.) Valóság, 1974. No. 11
4. KOZMA, F.: *Gondolatok a szocialista integráció továbbfejlesztéséről.* (On the progress of socialist integration.) Gazdaság, 1974. No. 3

ТРИ ДЕСЯТИЛЕТИЯ ЭКОНОМИЧЕСКОЙ ПОЛИТИКИ СОЦИАЛИЗМА В ВЕНГРИИ

И. Т. БЕРЕНД

Одним из важнейших факторов исторического по своему значению преобразования венгерской экономики, произошедшего со времени освобождения страны, была применявшаяся стратегия экономического развития. Поставленные долгосрочные цели развития достигались в изменявшихся условиях и обстоятельствах, и экономическая политика немало отличалась на различных этапах этого пути. Первый этап начался в конце 40-х годов, когда полностью развернулась социалистическая экономическая политика, и продолжался до середины 50-х годов, второй этап длился со второй половины 50-х годов до середины 60-х годов, и третий — с середины 60-х годов до наших дней. В статье освещается содержание экономической политики на разных этапах и дается конкретная интерпретация стратегических целей и способов их достижения. Наряду со значительными изменениями прослеживаются и неизменные элементы этих взаимосвязей на протяжении указанных трех периодов.

J. DRECIN

INDUSTRIAL POLICY IN HUNGARY*

In Hungary industrial policy is considered to be an organic part of economic policy. It is the ensemble of specific target systems promoting and regulating industrial development as well as the control of industry, taking into account both short and long-term elements. Thus, similarly to economic policy, industrial policy usually comprises the general social aspects and the technico-economic features of individual industries. Experience has shown that there are periods when social aspects obtain special weight and these render industrial policy central to general economic policy. Although industrial policy in the strict sense can never be met, the substantial industrial facets of economic policy possess a sufficient number of features to be treated under the heading of industrial policy.

The importance of social background and economic structure for Hungarian industrial policy

The specific features of Hungarian economic policy, and within it of industrial policy, cannot be satisfactorily explained in terms of general characteristics. The question of whether a higher and continuously growing consumption of industrial articles can be attained solely through diversified industrial development (industrialization), or whether it can be acquired in some other way, perhaps from national income created in branches other than industry, can be answered only when the given circumstances of a country are understood. In Hungary the answer is reflected in an economic policy which is an expression of domestic industrialization in general, and the socialist solution to it in particular. The economic-geography and demographic circumstances of the country have precluded the country from attaining a higher level of industrialization by exploiting natural resources, without wide recourse to manufacturing. At the same time, the resulting social problems and the socialist system have excluded the "alternative" option of leaving a considerable part of the population unemployed while other sections are well off. In other words, more social living conditions as well as jobs in which adequate incomes could be earned had to be created for everyone, which in the case of Hungary was equivalent to an acceleration of industrial development and to the establishment of correct regional proportions.

The other branches playing a considerable role in the creation of national income, namely, agriculture and transport could not replace the personal and social income derived from industry. In the case of agriculture there were two reasons for this. On the one hand, agricultural "overpopulation" would have meant grave social problems without industrialization, while on the

* Lecture read at the 14th itinerant meeting of the Hungarian Economic Association, Szolnok, 17-19 June, 1975.

other hand, because of the limits to its capacity to create national income, it was incapable of producing alone the countervalue of the large outlays necessary for the import of industrial products. For geographical reasons, the income-creating effect of transport could not play a fundamental role in economic growth from the very outset.

Thus, on weighing up the considerations regarding economic growth industrial development had necessarily to be taken as the main path. The capacity of the country to accumulate, the size and cultural level of the labour force, the supply of industry with natural raw materials and primary energy all indicated that — in view of the country's expected international relations — industry could be successfully developed, even though it would face many difficulties. It was clear right from the outset that the road to be covered in the course of industrial development would not be easy, although the stakes in terms of the general advance of the whole of society were high.

The road of developing countries from the state of underdevelopment towards that of development is one of structural changes accompanying fast quantitative growth. Industrial development established the main tendencies and bases for structural change in the planned economy of Hungary and also predetermined the several steps of economic policy necessary to solve the objective contradictions of development under the given national and international relationships.

In the following four fundamental social objectives and five contradictions, which derive from the endowments of the country and promise to be lasting, will be stressed. These first became clear at the end of the 1940s and have influenced the economic and social situation through the industrial development of the last two and a half decades. We shall first discuss the four social objectives. Firstly, the rate of economic growth had to be accelerated, as this was a basic condition to raise the country from a state of economic and political backwardness. In view of the size of the task and the national circumstances, the decisive possibilities for accelerating economic growth were given by industry. In the interest of social development an annual rate of economic growth of 5—7 per cent, measured in terms of national income, had to be achieved.

Secondly, the objective envisaged for economic growth had to be harmonized with changing the distribution of national income and the low rate of investment characteristic of capitalist Hungary had to be raised above 20 per cent.

Thirdly, in order to stabilize economic growth, while observing Hungarian endowments, technical progress had to be maintained and the circumstances of economic competition accepted and adapted to. (In practice, the "requirement of competition" was later superseded by the quantitative approach and, unfortunately, looser growth standards were applied.)

Fourthly, with the possibilities of economic cooperation with socialist countries, conditions for expanding the international relationships of the economy of the country have fundamentally changed. Accordingly, this cooperation has considerably modified the economic structure, because one of the factors shaping the structure of production has been demand from the socialist countries, derived from their growth and structural development.

As regards the relatively long lasting internal economic and social contradictions, those which have affected the structure and development of the Hungarian economy most strongly should be stressed.

Firstly, it was apparent from the start of the planned economy that the contradiction between the better supply of unskilled than skilled and qualified labour and up-to-date productive equipment would be relatively long lasting. That is, the internal proportions of the forces of production could only be improved and optimally harmonized with each other over several decades — as is usual in underdeveloped countries.

Secondly, partly for natural reasons, but partly because of the backward state of industry, raw material and energy sources in the country are scarce, and the rapid growth of imports on this account can be maintained only provided stable sources are ensured. At the same time, the multiplication of imports necessitates the creation of a new product pattern and the acquisition of new markets, which have to be prepared through a conscious development policy. The main orientation is towards the socialist world economy, and the principal characteristic feature is an industrial product pattern which makes use of Hungarian value-creating labour to a maximum extent. The development of such a production structure, however, requires a long time perspective.

Thirdly, because of its size, Hungary has such small internal market, which does not provide the basis for an efficient production and production structure. International cooperation is thus a basic interest. At the same time, lasting and planned cooperation must be established with our partners if the continuity of development is to be maintained.

Fourthly, between the two world wars the country made virtually no progress whatsoever in eliminating the extreme differences in the level of development among individual regions and settlements, and these were inherited by post-war Hungary. A levelling-out of the regional disproportions, however, has necessarily increased the capital cost of economic development and has even entailed changes in the social pattern and the way of life which involve temporary contradictions.

Finally, relatively long-lasting contradictions were to be expected, because the inherited capitalist structure and the devastations of war had created extremely low living standards among the masses which carried social tensions and which had to be eliminated. Thus an economic basis for mass

consumption had to be brought about, partly by changing the system of distribution, i.e. by evening-out distributions and partly by gradually creating the necessary production background.

During the 25 years of socialist planned economy we have essentially solved the tasks inherited from the past. The economic pattern of society has lost its earlier rigidity and the bases for an industrially developed society have been established. These successes relate to three factors:

— The majority of the means of production were taken into social (state and cooperative) ownership within the first ten years, rising to 86 per cent of the total in 1968 and 98 per cent in 1971. Considering the large weight of agriculture in the country's economy, this was a great success.

— We succeeded in accelerating the rate of economic growth and over a period of twenty years national income increased at an annual rate of almost six per cent. This allowed an approximately 25 per cent rate of accumulation even with continuously rising consumption (with the exception of two or three years). True, owing to deficiencies in planning and control, accumulation was unjustifiably high or low in certain individual years.

— Structural policy supported the market background of economic growth by expanding the investment market serving industrialization and by developing the consumer market not only in quantitative but also in structural respects. Although the level of purchasing power always sets objective limits to structural change, the latter has been quite fundamental thanks to the fast rate of growth.

In order to stabilize the market background to growth, the pattern of international trade had also to be transformed. This occurred during in the 1950s and the nation's development is now guaranteed by the fact that about 60–65 per cent of its trade can be based on cooperation with other socialist countries.

Given this satisfactory social and political background the development of industry was quitespectacular (see Table 1), and its weight considerably increased in the economy.

Since development was differentiated, mostly under the influence of internal and external market effects, the structure of industrial production also underwent a considerable transformation. By 1972 the country already possessed a modern industrial structure, which, though caring for industrial traditions, had considerably expanded and organized new bases for productive capacity, adjusting them to the long-term goals of full employment and industrial exports.

In addition, foreign trade was involved in spreading the use of industrial articles in the country. Considering the geographical situation and size of the economy, this was basically a natural consequence of dynamic economic growth.

Table 1

*Annual average rates of growth and distribution
of gross output between 1950–1972 (in per cent)*

	Average annual growth rate	Distribution	
		1950	1972
Mining	5.3	8.1	4.4
from which:			
Coal	3.1	6.0	2.1
Natural gas and crude oil	10.0	1.1	1.6
Electric energy	9.4	2.7	3.5
Metallurgy	7.6	11.6	10.4
Chemicals	14.3	3.4	11.4
Metal-working industries, total	10.5	16.3	26.4
Building materials	8.2	3.3	3.3
Light industry	7.4	19.5	16.9
Food industry	7.0	25.9	20.5
Other industries	22.4	0.0	2.3
Artisans	—	9.2	0.9
Industry, total	8.4	100.0	100.0

Source: TIMÁR Mátyás: *Gazdaságunk szerkezete — fejlesztési politikánk* (Structure of the Hungarian economy — Hungarian development policy). *Közgazdasági Szemle*, October 1973

Table 2

*Weight of industry in the economy of Hungary,
average for 1959–1973 (in per cent)*

Share of industry	
in gross output	49
in net output	43
in consumer goods	22
in investment goods	91
in exports	72
in the resources used:	
in the employment of labour	36
in wages paid	36
in investments	40
in fixed assets	22
in mechanical equipment and vehicles	52

Source: SIMÁN, Miklós: *Az ipar szerepe az ország gazdaságában* (The role of industry in Hungary's economy). *Statistikai Szemle*, 1973. Nos 8–9

However, already during the early stage of development, there were questions related to the industrialization of Hungary's small-sized open economy which were waiting for an answer — and which have been discussed from several aspects ever since. The main problem was how to avoid autarky hindering efficient development while simultaneously satisfying the requirement that the growing use of industrial articles accompanying the progress of society should be mainly brought about by domestic industrial development while large-scale foreign trade conversion was taking place. The question was not so much a theoretical as a practical one, i.e. one of industrial development policy, since from the theoretical aspect industrial specialization and, in consequence, conversion of output through foreign trade, is a well known model offering a solution. In practice, however, expanding the exports of a developing — but backward — country is far from being automatically solved when the model has been theoretically recognized. In fact, the problem is almost impossible to solve with traditional methods of foreign trade, particularly if such a country is left to its own devices.

This dilemma has been solved in an essentially satisfactory way in Hungary, though not without initial troubles, in that exportable surpluses emerging from industrial specialization are absorbed by the markets of other socialist countries — on the basis of the harmonized medium-term plans and economic policies of CMEA members. Thus, industrial trade is not a simple exchange of commodities, but a realistic consequence of the plans setting down the development directions of productive capacities. Nevertheless, not every question could be solved in such an "ideal" way, nor could some of the disadvantageous features of autarky in industrialization be avoided either. Investigations regarding the general expansion of industry, and its weight in the economy do not indicate excessive industrial production or "over-industrialization". In fact, the total value of industrial goods used by the economy exceeds the value of domestic industrial output. That is, the economy is characterized by a net import of industrial goods, which is borne out by the balance between the sources and utilization of industrial articles (see Table 3).

Table 3
*Balance of the sources and utilization
of industrial products (in per cent)*

Total sources	100	Total utilization	100
production	82	for productive purposes	54
imports	18	for consumption	11
		for investments put into operation	17
		for export	15
		for stockbuilding	3

Source: SIMÁN, Miklós op. cit.

The fact that the volume of Hungarian industrial exports lags behind that of industrial imports is a measure of the degree of industrialization, although it cannot serve as an exclusive standard for judging development policy. In this context, the 1971 Yearbook of International Trade has published some interesting data: in 1969 most European countries had an industrial trade deficit, with only Belgium, Czechoslovakia, Sweden and Finland showing a surplus. Hungary, with an index of industrial exports relative to imports of 97, occupied seventh place among the sixteen countries examined.

In themselves, these data are not decisive in a discussion as to whether the value of industrial exports should equal or somewhat exceeded the value of industrial goods imported, although one believes this would indeed be advantageous and, considering national endowments (the negligible role of revenue from transit trade and tourism) such a target should be set. But this can only be a perspective, while the conditions for implementing the target seem rather complicated.

The problem is to be found not in justifying the objective, but in the fact that, given the size of the country, it can be attained only by highly specialized industrial production. This, however, would sharpen the problem of external markets and thus progress can be made only gradually and with circumspection. The special features of the situation are derived above all from the size of the economy and the lack of raw materials, as well as from the fact that as regards the latter the majority of our main partners and, indeed, the whole of Europe, are facing increasing problems.

Since the greater part of basic — for the time being non-substitutable — materials and energy must be imported, a foreign trade surplus in manufactured industrial goods would be expedient. It should be recognized, however, that there are still obstacles to attaining such a surplus. Therefore, assuming that we do not wish to lose the momentum of industrial development, commodity exchange based on specialization must also be examined in certain branches producing basic materials as well as in manufacturing. In other words, imports must be balanced by exporting the products of these branches.

In addition, there is a possibility of satisfying the demand for some basic materials through our own development of competitive basic material producing branches. Particularly good opportunities exist in this regard in the chemical industry and partly in metallurgy. The present development level and the perspective of growing demand for their products offer considerable domestic development possibilities based on international cooperation. For example, the import of chemicals averaged 40 per cent of domestic production between 1959 and 1973, while exports were only 26 per cent. As regards the development of metallurgy, additional problems must be faced, mainly from the viewpoint of efficiency. Three decisive circumstances, however, must be

Table 4

Share of the most important groups of products in foreign trade, averages for 1959–1973, per cent

Product group	
Products of the metal-working industries	
in the import of industrial articles	40
in the export of industrial articles	46
ratio of imports to output for the branch	32
ratio of exports to output for the branch	31
Products of the light industry	
in the import of industrial articles	14
in the export of industrial articles	25
ratio of imports to output for the branch	14
ratio of exports to output for the branch	20
Products of the chemical industry	
in the import of industrial articles	18
in the export of industrial articles	12
ratio of imports to output for the branch	40
ratio of exports to output for the branch	26
Mining products and electric energy	
in the import of industrial articles	12
in the export of industrial articles	2
ratio of imports to output for the branch	28
ratio of exports to output for the branch	5
Metallurgical products	
in the import of industrial articles	14
in the export of industrial articles	12
ratio of imports to output for the branch	26
ratio of exports to output for the branch	21

Source: SIMÁN, op. cit.

taken into account. Firstly, the existing capacities as well as the technical possibilities of their development must be considered as given. On the other hand, the changes taking place in metallurgical technology and in user-demand cast the scale of production in a different light than 20 years ago. This allows us efficient development in a definite product pattern, by modernizing existing bases, up to a production capacity of 5 million tons of steel. Finally, the pressing circumstance must be considered that "renouncing" domestic metallurgy would lead to an extremely high value of imports, the balancing of

Table 5
Number of industrial plants by size of employment and branch of industry in 1970

Groups of industry	Plants presently not operating	Industrial plants employing									Number of plants
		up to 10	11—20	21—50	51—100	101—300	301—500	501—1000	1001—2000	more than 2000	
		workers									
Mining	3	63	29	41	21	38	26	51	30	4	306
Electric energy	—	33	7	9	9	29	16	11	—	1	115
Metallurgy	1	6	9	8	5	10	10	13	6	9	77
Production of machinery and equipment (other than electrical)	2	25	9	22	33	155	39	27	11	3	326
Production of vehicles	—	5	6	23	33	25	11	18	9	13	143
Production of electrical machinery and equipment	—	9	3	8	11	15	6	16	4	4	76
Production of telecommunication equipment and vacuum-technical products	—	56	40	34	4	14	6	11	6	9	180
Precision engineering	—	39	33	37	17	19	8	7	4	3	167
Mass metal products industry	—	16	11	25	23	43	13	17	7	6	161
Total for metal-working industries	2	150	102	149	121	271	83	96	41	38	1053
Building materials	—	26	26	110	100	77	22	16	10	2	389
Chemicals	—	29	21	37	36	41	15	14	14	8	215
Total for heavy industry	6	307	194	354	292	466	172	201	101	62	2155
Wood processing	—	5	10	11	33	67	23	12	1	—	162
Paper industry	—	—	—	2	—	6	5	6	1	1	21
Printing	1	9	18	24	22	20	9	6	1	—	109
Textiles	—	4	2	9	21	47	21	47	26	10	188
Leather, fur and shoe industry	—	33	5	12	6	25	9	16	4	3	113
Textile garment industry	1	132	39	22	15	31	21	12	7	—	280
Handicrafts and home industry	4	69	46	47	29	15	1	1	—	—	212
Total for light industry	6	252	120	127	126	211	89	100	40	14	1085
Other industries	1	108	47	64	43	36	8	1	—	1	309
Food industry	78	996	382	380	130	90	29	30	15	2	2132
Total for state-owned industry	91	1633	743	925	591	803	298	332	156	79	5681

Source: *Ipari adattár 1972*. (Collection of industrial data.) Central Statistical Office, Budapest 1972. Vol. II. p. 83

Table 6

Distribution of employment in industrial plants, by size groups and branch of industry

Groups of industry	Employment in plants with									Total of workers
	up to 10	11—20	21—50	51—100	101—300	301—500	501—1000	1001—2000	more than 2000	
	workers									
Mining	348	428	1 312	1 550	6 496	10 432	34 727	40 322	13 555	109 170
Electric energy	42	107	277	645	5 725	6 105	8 182	—	2 094	23 177
Metallurgy	26	137	259	339	1 726	3 769	8 712	8 545	51 875	75 388
Production of machinery and equipment (other than electrical)	120	145	678	2 516	27 909	15 073	19 301	15 529	11 165	92 436
Production of vehicles	32	107	830	2 216	4 733	4 073	12 133	13 725	49 737	87 586
Production of electrical machinery and equipment	46	46	242	852	3 027	2 218	11 931	4 887	10 613	33 862
Production of telecommunication equipment and vacuum-technical products	354	554	1 013	267	2 729	2 231	8 162	7 190	37 033	59 533
Precision engineering	249	488	1 196	1 261	3 389	3 128	4 895	5 514	7 939	28 059
Mass metal products industry	58	164	891	1 661	7 359	5 096	12 174	8 917	15 621	53 417
Total for metal-working industries	859	1 504	4 850	8 773	49 146	31 819	68 596	55 762	132 108	362 07
Building materials	154	412	4 150	6 801	12 791	8 532	12 471	12 520	4 240	53941
Chemicals	125	343	1 240	2 677	7 492	5 784	10 806	18 788	22 486	69 741
Total for heavy industry	1554	2 931	12 088	20 785	83 376	66 441	143 494	135 937	226358	692 964
Wood processing	35	165	358	2 433	12 475	9 060	7 857	1 131	—	33 51
Paper industry	—	—	95	—	826	1 877	4 472	1 095	2 474	10 83
Printing	47	290	803	1 682	3 111	3 519	3 998	1 455	—	15 005
Textiles	29	31	331	1 476	8 428	8 121	34 809	35 959	23 660	112 844
Leather, fur and shoe industry	121	79	387	404	4 533	3 382	10 750	6 003	9 504	35 163
Textile garment industry	580	555	699	1 178	5 056	7 729	8 745	10 336	—	34 878
Handicrafts and home industry	314	689	1 503	2 008	2 195	336	523	—	—	7 568
Total for light industry	1126	1 809	4 176	9 181	36 624	34 124	71 154	55 979	35 638	249 811
Other industries	537	711	2 061	3 041	5 840	3 143	956	—	2 606	18 895
Food industry	4249	5 717	12 022	9 155	15 821	10 710	20 965	21 883	4 210	104 777
Total for state-owned industry	7466	11 168	30 347	42 162	141 661	114 418	236 569	213 799	268 812	1 066 447

Source: as Table 5 p. 89

Table 7

Value of machinery and equipment per worker
by groups of industry, thousand Forints*

Branch of industry	1969	1970
Mining	90	96
Electric energy	763	866
Metallurgy	248	266
Production of machinery and equipment (other than electrical)	73	76
Production of vehicles	104	114
Production of electrical machinery and equipment	83	88
Production of telecommunication equipment and vacuum-technical products	51	55
Precision engineering	47	51
Mass metal products industry	67	69
Total for metal-working industries	75	80
Building materials	109	117
Chemicals	259	288
Total for heavy industry	140	153
Wood processing	41	45
Paper industry	273	268
Printing	97	106
Textiles	98	106
Leather, fur and shoe industry	37	39
Textile garment industry	10	10
Handicrafts and home industry	15	15
Total for light industry	75	79
Other industries	44	46
State industry excluding food	121	132
Food industry	117	122
Total for state-owned industry	121	131

* Without employees working at home.

Source: as Table 5. p. 114.

which would be an unrealistic venture for the economy of the country during the next decade, in view of the export markets for other products and the economic situations of the countries which might be considered as partners.

As a matter of fact, the development of Hungarian industry up to now proves that the problems of industrialization interweave with those of foreign trade, and every factor to be taken into account only underlines the efforts that must be made in industrial policy to link development to rational international cooperation in the future. In the present situation, the data on the major aggregates of the most important groups of products provide a picture of the role of international relations in our industry (see Table 4).

As can be seen, the expansive and structural objectives of Hungarian industrial policy have been supported by the solution of the "market problem", and by the expansion of the domestic market, and, particularly, of socialist international cooperation. All this has involved not only a gradual trans-

formation of the economic, and within it the industrial structure of production, but also a concentration of industrial capacity. Tables 5, 6 and 7 demonstrate the concentration of employment and assets in 1970.

The development level of industry

In recent years working panels of the National Technological Development Board have prepared comprehensive evaluations of the structure and technico-economic standards of industry. The general conclusion is that Hungarian industry is at a medium stage of development and this applies to labour productivity, goods produced, and technology as well as to the standards of organization but in this instance less dogmatically so. Although true in general and rather abstract terms, however, the situation varies sharply according to industrial branch and criteria applied. For instance, in the wood processing industry several plants meet modern competitive requirements, although in terms of the above criteria, most of the plants found in this branch are of medium and low standard.

Structural international comparisons can be evaluated much more favourably and unequivocally. The pattern by branches of industrial production and exports is very near that of the most advanced industrial countries, owing to cooperation within the CMEA. The share of the metal-working industries in industrial output is similar to that of the advanced countries, although the weight of the chemical industry is still smaller because of its relatively late development. However, in view of the rate of expansion, in about ten years time the importance of the chemical industry will approach or even attain the ratios characteristic of West-European industry today.

It should be stressed that the structure by branches of Hungarian industry is much more advanced than the product pattern and this is one of the most marked contradictions of the present situation. The product pattern causes concern for two reasons. On the one hand, the proportion of modern products is unsatisfactory, while on the other, industry is characterized by too wide a spectrum of products, in contrast to developed countries of a comparable size where a more limited range of goods is produced which influences advantageously their international competitive position.

Thus, according to a survey made in 1967, product groups representing more than three per cent of metal-working output made up only 24 per cent of total output in these industries in Hungary, while the corresponding proportions were 29 per cent in Austria, 33 in Belgium, 43 in Denmark, and 59 per cent in Norway. All this calls the attention of industrial policy to greater industrial specialization and, consequently, to a more limited range of products. There are good reasons to assume that this is also an important prerequisite for faster technical progress, since, with a greater concentration

of production materials and skills can also be more rapidly and better utilized.

In the final analysis we may say that during the last twenty-five years the share of industrial activity has become predominant both in employment and in the creation of national income. But the concentration of material and human resources has not been sufficient for every part of industrial capacity created during this period to be satisfactorily competitive, nor for the technico-economic culture of production to catch up with the advanced European countries.

Crucial problems of development in the near future

Considering the established tendencies and those now emerging, the second half of the seventies should prove even more convincingly that industry can only fulfil its role in the growth of the Hungarian economy provided a considerable part of its products are exchanged through foreign trade. This trade takes place to a great extent with the CMEA countries, but increasingly with capitalist countries also. Therefore, the conditions of growth for Hungarian industry are also related to specific marketing problems; that is, to the economic policies and development of partner countries and the world economy during the next decade, and to how these will react on the growth of Hungarian industry.

The following main tendencies can be expected with a high degree of probability.

a) Each socialist country having important relations with Hungary will attempt to export at least as many industrial goods as it imports. The socialist countries which are net importers of food, i.e. the GDR and Czechoslovakia, will, understandably, aim at an active trade balance in industrial articles. Thus, the global market for Hungarian industrial output will grow approximately proportionately to industrial imports (a somewhat smaller level of industrial exports is conceivable, since net food exports will be maintained for a considerable time).

A balanced state of global industrial trade could, in principle, take on several patterns by branches, and groups of products. In practical terms, however, it is probable that in raw materials and energy — and partly also in basic materials — most socialist countries will aim at a balanced turnover. A similar and understandable effort may be expected in the turnover of engineering products between the socialist countries, founded on the fact that each CMEA member country is seriously developing and specializing in this branch.

b) Since for natural reasons Hungary cannot achieve balanced foreign trade relations with regard to raw and basic materials and energy, active

balances must be attained in manufacturing and in agricultural products and food, and agreements should be made accordingly. Because of the differences in interests and the tendencies mentioned, this can be realized only if the supply of Hungarian manufacturing industries is better than average as regards technology, quality and adaptability to needs. The maintenance of an active trade balance in engineering products and the utilization of the possibilities inherent in it, may be favourably influenced by the major redistribution of capital expected in the non-socialist world economy in favour of the developing nations. In these countries investment and development programmes may expand as may the market for capital goods. A country like Hungary with an industrial base may join the advanced socialist and capitalist states in delivering capital goods, while in some product groups it may even hold its own independently.

c) An essential part of industrial development policy is to judge the future of export-oriented industries as well as the light manufacturing and food industries. The possibilities and economic situation of these industries differ greatly. The food industry is characterized by a domestic raw material base and exports mostly to capitalist countries. Expansion of the processing branches of light industry, on the other hand, is based to a great extent on imports from capitalist countries while exports are oriented towards the socialist nations. Accordingly, different limits must be considered in the development of each branch.

Since the efficient development of these industries has not depended on domestic demand even before, both are characterized by considerable export-market flexibility and, depending on the balance of trade, their further development may be export-oriented towards non-socialist countries to greater or smaller extent. It would at any rate best suit the endowments and objective foreign trade situation of the country if the products of the light and food industries could be exported to capitalist countries in greater proportions than hitherto. We are also forced to adopt this course because the difficult task of maintaining a balance-of-payments equilibrium is further aggravated by the changes in relative world market prices in the present decade.

d) The two principal basic material producing branches of industry, metallurgy (including aluminium) and the chemical industry, are affected by other internal and external economic factors.

The future of metallurgy can be secured first of all by "qualitative" development; that is, while increasing the metal base relatively slowly and to a minor extent, we must aim at developments which add to the value of output. In the longer perspective a net exporting role can be foreseen only in the case of the alumina-aluminium industry, but in choosing export markets, the imported raw material requirements of general economic development and the resulting country by country balance-of-payments situation must be

taken into account. Otherwise development policy must aim at increasing the processing capacity of the aluminium industry.

The chemical industry can also be divided into two major blocks. In its "basic material" branches the extensive character of development policy will necessarily remain strong, partly justified by quantitative lags in production, since, as can be seen also from the above quoted data, with proper specialization it can help supply the domestic market with new and large quantities of products. Therefore, the development of the chemical industry must be followed by a dynamic increase not only in terms of value but also as regards the physical volume of output. But the basic materials' sector cannot be a net exporter under present conditions and, indeed, large quantities of such chemicals will be imported even in the 1970s. A realistic aim is therefore to replace these imports gradually with home production.

Expansion of the "processing" chemical sector, comprising mainly household chemicals, cosmetics and pharmaceuticals, is generally expected to remain oriented towards the CMEA-countries, although we shall be faced with the efforts of every socialist country to be self-sufficient in these. This may influence the rate of growth of Hungarian exports and consequently also the growth of production. In this branch it would be expedient to increase exports to non-socialist countries and the degree of specialization among CMEA member countries. Such an effort is likely to meet with success, since we have relatively advanced capacities capable of satisfying diversified needs. Rapid growth in these industries is only conceivable, however, if they retain their net-exporting roles.

e) As regards external effects, Hungarian industrial policy is undoubtedly most sensitive to changes in the world's energy situation. But, interestingly, the effect of the energy crisis has not been felt since primary energy imports have been available throughout the whole period of the Five-Year Plan, thanks to the fixed price agreement made with the Soviet Union.

The concern of Hungarian industrial policy with energy is much more related to future developments and orientation, during the second half of the 1970s.

An answer must be found to two particularly important questions: concerning a) the structure and the countries from which the growing energy needs can be satisfied and b) the expected costs and how they can be bridged.

These questions must be considered now, since the securing of primary energy and the development of the energy economy require foresight and preparation. Since Hungary cannot attain self-sufficiency in energy, the answer to the first question is the more important. The present situation and prognoses for the future are best illustrated by the following data:

Although plans will vary and there will be minor changes between prognoses and reality, two statements can be safely made, which form good

Table 8
Development and pattern of fuel consumption

	1960	1970	1980	1990
<i>Total energy consumption, million tons, in coal equivalent of 7000 calories</i>				
	20.6	30.5	45.8—46.0	69—70
<i>Pattern of fuel consumption as percentage of total utilization</i>				
Solid fuels	73	50	24	16
Oil and gas	21	43	68	62
Fossile materials	—	—	1	15
Other	6	7	7	7
<i>Sources of fuels, per cent</i>				
Domestic production	74	63	44	32
Imports	26	37	56	68

Source: Planning computations

starting points for economic policy. On the one hand, it is clear that the growth in energy consumption will not be less than 4 per cent *per annum* during the next fifteen or twenty years, and within this the consumption of electric energy not less than 6.5—7 per cent *per annum*. On the other hand, it can be taken for granted that the share of imported energy will rise within six years from the present approximately 50 per cent to at least 55 per cent of the total, and in 15—16 years will closely approach 70 per cent. Considering the present development level of Hungary and the rate of expansion, the most dynamic growth may be expected in the consumption of petrol, and diesel oil, which will grow at a rate two and a half times faster than the growth of total energy consumption.

Weighing up our purchasing possibilities and our needs, it can be concluded that the future energy situation is bound to entail certain changes in the industrial policies of CMEA countries to the extent that foreign trade will change and turn into integrated production cooperation. Considering the geographical distribution of resources and the social relationships, this means that user countries will be expected to pool their resources in the planned exploitation of primary energy and in establishing the necessary infrastructure in the Soviet Union which possesses the largest energy reserves (and partly also in Poland). This is necessary for the further development of the already extensive system of joint energy supply.

Since CMEA member countries must participate in the integration of resources with capital goods, it is understandable that development of capital

goods production should come increasingly to the fore in industrial policy. Thus, a new and marked effect is that attention is directed not so much to the distribution and utilization of energy resources, but to the implications for the whole of industrial policy.

At the same time, the changes in energy economy will produce new reactions because CMEA member countries, including Hungary, will surely make efforts to develop cooperation under mutually advantageous conditions with the energy exporters among developing countries. In 1973 the CMEA countries bought almost 30 million tons of crude oil from the Middle East and North Africa, which under advantageous conditions could double within five to six years, i.e. by 1980.

The second question concerning energy economy is the reaction to the unfavourable changes in costs. It is considered that this, too, will have lasting implications for industrial policy. It is essentially in development orientation and in the modification of orders of value that we must conform to the expectable energy situation. Thus, as regards the development orientation of the energy economy, the possibility of modifying our structure of energy utilization in favour of solid fuels cannot be excluded — mainly as regards the generation of electricity. The new prices for oil products place the profitability of Hungarian coal mining in a new light, but owing to the limited reserves of efficiently exploitable coal deposits and to the manpower situation, coal cannot be expected to increase its weight in the energy system. Lignite and deep mined coal can support, although only the former will grow in the long run, at most the construction of four or five thousand MW generating capacity. At any rate, in the development of electric power plants long-term energy policy must rely henceforth mainly on atomic energy and coal. This does not mean that the weight of coal can grow within the system. Atomic energy, which will certainly take on a leading role in the long-term planning of energy structure, cannot provide a fully satisfactory solution in the next decades, mainly because of technological difficulties. Therefore, in the short run coal will have to be used to a greater extent than was intended only a few years ago.

But the new world market price of oil affects not only the value of domestic energy sources, but — to varying extent — also the production costs of industry. Since in today's industrial production costs we have some technological reserves as regards the use of energy, part of the cost-raising effects must be counterbalanced by accelerating technical progress. The technological lines that industrial policy should follow in the interest of saving energy will be decided later.

Another answer (probably the principal one) to the effects of cost-increases, is to raise industrial producer and service prices. This generates two further questions. Firstly, do world market prices partly compensate for

this through exports developing under international competition, and if so, to what extent? Secondly, should the costs of energy be subsidized centrally in national price formation and to what extent, thereby softening the negative cost effects on production policy, or should the full effects be left to prevail? Industrial policy will thus be forced to rearrange and revalue the pattern of industrial production, (particularly the product pattern) to an extent which cannot yet be foreseen.

All in all, industrial policy must react to the changes occurring in the energy situation first of all by a rearrangement of resources, and by technological development, while in the second place the production pattern must be somewhat modified in conformity with the given situation.

*

The tendencies and evaluations given in the foregoing allow us to outline the possibilities and the limitations of the long-term development guidelines of Hungarian industrial policy during the next ten years or so. Weighing-up the role of the international division of labour as well, we may summarize our conclusions as follows.

1. Industrial expansion can be continued only by reliance on better international relations capable of counterbalancing the disadvantages of internal markets and of resolving the lack of raw materials and energy derived from the geological endowments of the country.

2. For several years to come we shall continue to be unable to cover our total industrial consumption from domestic production and the net import of industrial goods will thus continue. It also follows that in our foreign economic relations the international exchange of industrial goods will not be the exclusive basis of future cooperation as our performance in non-industrial exports, food, tourism, and the transit trade will also be decisive.

The various non-industrial foreign exchange receipts (inclusive of credits raised) cover the import of the difference between domestic industrial output and consumption entailed by economic growth. Regarding, however, long-term objectives, it is expedient to aim at a balance between industrial output and utilization. This balanced state must not be based on autarky, however, since this would impair economic efficiency.

3. Realities also warn us that the path leading to such an industrial balance cannot be simplified to an export-oriented development of manufacturing only. Neither manufacturing, nor its export-oriented development provide in themselves sufficient possibilities for this (although the latter continues to represent an important line of development). In addition to import substitution the export performance of the basic materials industries must also be increased and efficiently utilized, in every field where this is possible. This applies to both the chemical industry and metallurgy.

4. Beside the global equilibrium problems, i.e. those examined on a value basis, attention must also be paid to the product pattern. In view of the fact that a narrowing of the range of industrial products will involve permanent and growing imports, foreign trade must be based mainly on long-term international specialization and production agreements. Therefore, development must necessarily be orientated towards those countries whose economies allow such industrial cooperation. The main trends in the economic and political development of the world suggest that such integration is possible not only with socialist but — to a lesser extent — also with non-socialist countries.

5. Considering the above conclusions, industrial development in Hungary can take place only with greater specialization and modernization of products, that is, with a more rapid change in the production pattern. This process will not occur independently of structural development by branches, but it should be clear that, as distinct from the 1950s, the objective is no longer the introduction of new branches of production or the establishment of new patterns. Within the existing industrial framework the selection of products and modernization must be fitted into the main line of development policy. Considering concrete market requirements, the effect of the latter will be greater on the development of individual industries than it was in earlier periods. It also follows that the basic problem of industrial policy in the next ten years will be to improve technology. In this process a new feature will be the requirement to increase the role of domestic technological performance as against "purchased" performance (in the form of autonomous technological achievements or developments exceeding mere adaptation). This task can be carried out with higher standards of technological control, a powerful and consistent development of the intellectual background and more advanced international integration than at present. These will be the guarantee of rapid industrial development during the next ten years.

ИНДУСТРИАЛЬНАЯ ПОЛИТИКА В ВЕНГРИИ

Й. ДРЕЦИН

В статье рассматриваются общественные и экономические факторы индустриализации страны, действовавшие в конце сороковых годов, предопределившие курс на социалистическую индустриализацию; анализируются объективно существовавшие противоречия и цели экономической политики, стремящейся к их преодолению.

Автор показывает результаты развития венгерской промышленности в период 1950—1972 гг., прослеживает изменение удельного веса промышленности в народном хозяйстве в 1953—1972 гг. Динамика индустриального развития усилила зависимость венгерской промышленности от внешних рынков, и, согласно выводу автора, этот процесс продолжится и в последующем десятилетии. В заключение рассматриваются некоторые народнохозяйственные и внешнеэкономические аспекты нынешнего уровня индустриализации страны и его перспективного роста.

K. SZIKRA MRS. FALUS

SOME ASPECTS OF MATERIAL STIMULATION

Problems concerning income inequalities have lately become more acute in Hungary. What causes this, what the limits to the differentiation of the wages in socialism are, when there are income differences, what the point of view of the socialist state should be in connection with these, whether the differences in wealth are permissible and if so, to what degree — these are the questions which the author tries to answer. Furthermore, she examines certain problems of stimulation of the rise in the productivity of labour, those of the terms for changing the norms and the necessity of the central regulation of wages.

Differences in incomes and wealth in a socialist society

Stimulation to work can be best achieved above all by a system in which the satisfaction of the individual's needs is related to the work performed, in which, through the remuneration paid, more work and more sophisticated performances are rewarded by a greater quantity of, and better quality goods and services. The more differentiated the wages and the greater the differences depending on performance are, the more efficient the stimulation will be.

Differentiation of wages, however, cannot be unlimited, this is prevented by powerful brakes under socialism. It is obvious that even the strata performing the most simple work must be paid wages allowing, together with social benefits, the satisfaction of their needs on a level corresponding to the given stage of socio-economic development. Conversely, remuneration for the most complicated and highly qualified work must be enough for the high-level satisfaction of the performers of this kind of work, enabling the earners to unfold their gifts independently from pecuniary impediments, but the emergence of social conflicts must be avoided. Extremely high differences in earnings are intorelable under socialism even if 'big money' is earned by truly excellent, special work performance. This follows from the principle that personal incomes can serve a single basic purpose in socialism: the satisfaction of direct, personal needs, personal consumption. Lasting extreme differences in incomes which result in substantial differences in wealth do not correspond to our socialist social structure.

This adds up to an answer, though to a very abstract one, to the question as to *when income differences can be regarded as excessive, when incomes might be deemed to be too high*: incomes are excessive when they may become a source of substantial wealth, when they substantially exceed the amount that can be expended on consumption* under the prevalent circumstances,

* By consumption we mean here a socially acceptable, reasonable consumption excluding luxury and senseless waste.

on making life more comfortable, more pleasant, and on personal, family investments serving similar purposes.

The question of income differences has always been the focus of interest, especially in recent times in Hungary, often stirring up passions. This calls for special circumspection, careful consideration and for the avoidance of extreme approaches in the analysis.

In state enterprises the earnings of higher executives is three and half times as much as that of the workers, or three times as much as those of workers and other employees combined. Generally there is an eight-and-a-half or ninefold difference between the highest and lowest earnings. These differences in incomes are justified by the extremely high differences between the general manager and higher executives on the one hand, and the skilled workers, doing the most simple work, on the other, with regard to the complexity of their work and the extent of their responsibilities. This has gained a rather widespread acceptance. However, this is not the case with the differences in the way of life, the real differences in living standards. The notion that the earnings of those performing the most complex and most responsible work should be different is accepted, however, the deriving differences in their ways of life are not infrequently objected to. This is not a consistent behaviour. (Here, of course, reference is made to incomes earned through honest work, the former being proportionate to the latter.) If we award a person a high income, we must also award a corresponding consumption; we must accept the consequences manifesting themselves in his consumption pattern, in his way of life; else the whole differentiation of earnings would be but a delusion. The person who, by socially necessary and efficient work, earns ten thousand forints per month should be entitled to live a corresponding life, and not only legally but morally as well.

Why have these problems exacerbated in recent times? First of all, it has been the improvement of the general living standards that has put these problems into the focus. The material differences concerned manifest themselves much more conspicuously (in cars, summer residences etc.) than earlier, when higher incomes were absorbed in mere differences in eating and clothing and took other, less visible forms. With the general improvement in living standards, the ratio of the incomes disposable after the primary needs have been satisfied greatly increases, and that, in turn, can be spent on goods or services that may be regarded as luxuries. The increase of this ratio is considerably higher in the case of higher incomes than in that of lower ones. This, however, *calls for a gradual reduction of the percentual differences between the extremes, mainly through a faster than average increase in lower incomes*, parallelly with economic development and a corresponding improvement of general living standards. International experience also seems to support this tendency. In the long run and on an international scale we can observe a

relative (percentual) decrease in the differences among earnings, simultaneously with their absolute increase.

The existing differences in incomes also result in certain differences in wealth among the members of the society, embodied in movables and immovables of different value. Can this be allowed in socialism, does this correspond to the structure of socialist society? The statement that "If we want to apply consistently the principle that differentiation in distribution must be according to the work performed, then we have to accept its consequences manifesting themselves in differences in personal property" can well be approved of.

If we accept the existence of personal property, — and its existence is an organic, immanent part of the incentive system of socialism — we must also accept, within certain limits, the differences in personal property, the differences in wealth. The notion of personal property implies the possibility that a part of the incomes is saved and invested into more valuable consumer durables; and this possibility increases together with the improvement of the general living standards. This cannot, and must not, be prevented. However, the dimensions of personal wealth must be guarded, as large differences in wealth must not be tolerated. Our socialist relations are incompatible with the existence of such fortunes as render their owners or their descendants considerably independent from their participation in the social working process. This theoretical line, however, is very difficult to draw in practice, just as in the case of income differences. It is only possible through a thorough analysis of the given situation — also paying attention to political implications. Excessive accumulation of wealth must be prevented so that the striving after the acquisition of material goods through honest work should remain unaffected or be limited only to an inevitably necessary extent.

Several means are available and several are exploited for controlling the accumulation of wealth (limitation of the number of immovables that can be possessed by a family, progressive taxation of highly valuable immovables, progressive inheritance taxes etc.). However, it must be reckoned with that while some forms of acquiring wealth are limited, other, less controlled and less controllable ways of accumulation may survive, and be even reinforced, overtaking the function of the channels limited. (For instance, after the acquisition of immovables had been limited, the demand for arts pieces sharply increased.) Thus, such limitation can be effective only if it is combined with a consistent incomes policy and the limitation of excessive incomes.

The circumstances that the socialist system must limit the excessive differences in incomes and the accumulation of wealth for social-policy reasons, certainly works against the intensity of the stimulative effect. The motivating force of the possibility or hope of acquiring wealth and accumulating capital, that works under capitalism, may not work under socialism. Socialism, con-

sequently, cannot compete with capitalism merely on the grounds of the intensity of material stimulation. This is but one of the reasons why socialist stimulation must rely on other, especially moral, elements as well.

The main problem of the differences in earnings is not that they are too great between the extremities (though, as has been indicated, their relative decrease should be a desirable tendency), but that the correlation between excellent performance and high earnings is far from being unambiguous in every case; the highest, excessive incomes are not always achieved by those who deserve them the most according to their work.

The serious disproportionalities exist not among the official, mainly centrally controlled incomes but derive partly from remunerations awarded for services performed for the state (outside employment), and partly from the 'invisible' redistribution of the incomes of the population. Here we refer especially to the disproportionately large incomes of certain private craftsmen and private retailers and of the self-employed, and to the fact that certain groups employed in the socialist sector carry on, in addition to their state jobs, systematic private activities and realize an extra income in this way. Further, these and other groups receive, for their normal activities paid by the state or the cooperative, extra benefits as well, tips from the population (this often adds up to a sum several times their income drawn from the state or cooperative). This situation is somewhat similar to that of the fixed and free market prices. The enterprise which can sell its output at the free market price is in a much better position than the one which is required to sell at a fixed price; similarly, those, who are more or less free in selling their services or part of them, are in a much more advantageous position than the vast majority, who must support themselves and their families on the fixed amount they earn in their only job. The factor that makes possible an exploitation of the advantages of more or less unrestricted earning possibilities is somewhat similar to the one that works in respect of enterprises; a certain kind of monopoly, or demand in excess of supply — this is apparent in the case of the private producer or retailer; in other cases it is more concealed but also related to unsatisfied needs and demand (for example, in health care).

Two solutions are available for the limitation of disproportionately high incomes: economic and administrative (coercive) measures. Both are necessary. The *economic solution* is elimination of excess demand, by eliminating the shortage of the good or service concerned, i.e. by a better social satisfaction of needs — in certain cases, through the encouragement of competition; accompanied by adequate taxation. In some cases *administrative* interference is unavoidable. A part of the excessive incomes is realized through an activity violating the law or rules or at least bordering on their infringement. It would be naïve to think that mere economic measures can successfully counter this tendency. No one can be paid so well that honesty should be more rewarding

than the acceptance of bribes (provided this remains undetected). Corruption cannot be competed with by pay; it must be stopped by the force of law.

Excessive incomes and the corresponding way of life of certain individuals evokes exaggerated and, under the given circumstances, unrealistic demands in others as well. A constant increase of needs is an indispensable motivator of efforts expended in work, but exaggerated, unrealistic demands have the reverse effect: they suggest the feeling that efforts are in vain, they enfeeble and discourage the individual, or prompt him to achieve in a socially undesirable or illegal way what he could not achieve through better work in his basic job. (Running after extra part-time work, extra incomes, trickery at the expense of the community, corruption, defrauding of common property etc.)

Material stimulation must be related to the basic working activity in the first place. Everyday practice must prove that the main way to material and social success leads through a better, higher-standard performance in the basic job, that astuteness does not pay. Beyond this, it should not be overlooked that stimulation asserts itself through the value-judgement of the workers, and can be successful only if it meets with their sense of justice. If possible, the realization of excessive incomes, disproportionate to the work performed, must be prevented, but efforts must also be made to limit the conversion of even deserved, justifiably high incomes into wealth.

The most evident way to achieve this is to expand the supply of available goods and services to an extent that allows, and, at the same time, encourages, the spending of the largest possible portion of these excessively high incomes. However, this is not enough. Other solutions must also be sought. There are past as well as recent examples that individuals with such high incomes offer a part or the whole of their accumulated wealth for all-society purposes, for example, for the establishment of foundations with a social, cultural purpose, for founding scholarships; private arts collections have been offered to the public, etc. This should by no means be forced, but it may be encouraged and given publicity. This is not some kind of charity which would be alien to our society — there are many people who would like to help the cause, which they consider noble, in this way as well, if only to perpetuate their names. Here certain honorable personal ambitions coincide with the interest of society in a way acceptable to the socialist system; consequently, such initiatives should be given greater scope to assert themselves.

Factors in stimulating work

It is a law of development that the productivity of labour must increase continually. Obviously, this is the source of the notion that the individual labour performance of the worker must also increase continually. This is a

mistake. It is not the individual labour performance that has to increase continually but the production results achieved by the collective labour power through the utilization of technology, organization etc. Thus, the worker should not be stimulated to achieve an ever increasing individual performance — this does not make sense in the era of modern technology. *He should strive at perfection in fulfilling the requirements of his job, and be stimulated to adapt himself continually to the changing requirements. The worker must not feel that he is being squeezed to produce an ever greater output.* When the source of the improvement in the productivity of labour is basically new technology, the worker should also benefit from the result, if only for the fact that adaptation to new circumstance always involves certain difficulties for him.

Naturally, when the intensity of work is unsatisfactory, this must also be increased and stimulation can also help here. It must not be overlooked, however, that the possibility of higher pay does not always stimulate higher individual performance. We witness this in everyday practice. Stimulation can only be successful if the increase in performance is in the long-term as well as in the short-term interest of the worker; if he is interested not only as an individual but as a member of the smaller collective as well. If the readjustment of norms is a constant threat for the workers, this will urge them to restrict their performance, in an organized or spontaneous way. *Norms should be readjusted only if major changes occur in the conditions of work and only proportionately to these changes;* in this case, however, it should not be waived.

To achieve a sufficiently stimulating effect, additional earnings must be sizable enough. A small increment in earnings does not stimulate, especially if a disproportionately high additional performance is required for it. The amount of additional earning that has a considerably stimulating effect depends not only on the wage and labour conditions prevailing in the enterprise. If the worker can make more money by 'private entrepreneurship' in his spare time in comparison with his pay in his 'main job', even a pay increase substantial in proportion to his basic pay will fail to motivate him to considerable additional performance, as it is more profitable for him to reserve his labour power for the extra-employment work. The construction worker, who can earn as much as a third or even half of his monthly pay on a 'private' site during one week-end, goes to his orderly workplace only to take a rest. *The low intensity of work and the low morale that can be experienced in several places, the low stimulation accomplished through the wages paid by the state enterprise or the cooperative are mostly explained by the huge difference between the official and free market wages.* (In the case of 'privateering' the intensity of work can be so much higher in comparison with the state or cooperative sector that the wage for a unit of work performed may not be higher than the official rate. This, however, does not change the general pattern.)

Ambition and propensity to work are, naturally, influenced by earning proportions outside the job or profession. Disproportionateness often prevails among the earnings of working strata with different qualifications. In 1970, for every 100 Forints earned by an average unqualified worker or employee, 122 Fts were earned by the average skilled worker, 140 Fts by those having completed a secondary or similar school and 170 Fts by those with higher qualifications. In the analysis of these figures we have to take into account a great number of circumstances. Firstly, the highly qualified employees had continued their studies for a longer time and began to earn later, thus the difference between the totals earned during the whole life is smaller. (A somewhat contrary tendency is that intellectuals generally retain their working ability for a longer period, and abandon their original earning activity later.) Secondly, if we disregard higher executives among those with a secondary or university education, the image considerably changes: the differences between the educational categories are substantially reduced. A staff engineer earns not much more than an employee with or even without secondary education, although the former does the largest part of actual engineering work.

The fact that a great ambition for higher studies can be witnessed in this country, that there is a great surplus of applicants wishing to enter the universities, leads many to think that employees holding such degrees are adequately remunerated, that the differences among the earnings according to qualification are satisfactory. This conclusion is unfounded. Wages must stimulate not only the sufficient replacement and perseverance in certain professions, they must also help those already in the trade to fill their positions as contented individuals, working up to their abilities. *Discontent with wages in a given profession (occupation) manifests itself not necessarily in poor replacement, in the young trainees' desertion of, or in a mass flight from, the profession (occupation); it may show itself in the counter-selection of those electing the particular profession, in the emergence of individuals unfit for the profession, in the indulgence in part-time work at the expense of the work to be done in the main employment, or simply in a routine-like, mechanical performance of the work at a post where, perhaps, the most initiative and personal involvement would be needed.*

This, of course, applies to other groups of intellectuals (for example, teachers) at least as well as to subordinated engineers. In this country the whole incentive system is too much hierarchical: it is oriented too much toward executives. Apart from a few exceptions, more qualified work requiring better abilities is valued mostly only if it is coupled with an executive function. Recent times saw some efforts to mitigate this problem, one element was the creation of a network of specially paid technological and economic advisers at the enterprises and institutions. However, this measure has not yet yielded appropriate results everywhere.

The stimulating effect of wages is largely a function of what can be exchanged on the market for the extra wage received for extra work, that is, what can be bought on extra earnings. If the additional wages cannot be rationally spent, their stimulating effect diminishes, or, in an extreme case, disappears altogether. Conversely, an ample, rich choice of goods is a greater motivator. The worker sees that there is something worth better working for. The line of lavish shop-windows is a fundamental part of the capitalist incentive system as well as the continual appearance of new products in the market, and the abundant prestige-consumption; hire-purchase possibilities and installment buying also pertain here. Without these, the motivating force urging the workers of the capitalist countries to increase their performance, or more exactly, to accept the extremely hard conditions of work, would greatly diminish.

In this country it has been achieved that the vast majority of families can satisfy their needs out of their incomes, bread-and-butter worries, fortunately, no more act as an urge to perform better. An artificially boosted prestige-consumption is not aimed at, but the desire to satisfy further needs is an important motivating force in this country as well. Hire-purchase facilities also play an important role in the stimulating effect of wages, and their extension would certainly improve this effect. Conditions have perhaps been achieved for this in certain fields. In other fields, an expansion of the supply of appropriate consumer goods or an increase in the construction capacities as well as an improvement of real wages would be necessary. (This latter is important as an over-indebtedness of the workers on account of hire-purchase on a scale similar to that in certain developed capitalist countries cannot be allowed under our conditions.)

Development of productivity and regulation of relative earnings

In the final analysis, stimulation through wages must serve the raising of productivity. From this evidently follows the idea that by linking wages to the increase in productivity we would solve the key problem of material stimulation. The problem, however, is not that simple. *On the level of the national economy there is a necessary, determined relation between the increase of wages and productivity.* The possibility of increasing wages — the level of real wages — is determined by the rise in productivity. However, no such relation may be established on a lower level — on the level of the industrial branch, the enterprise or the individual.

The changes in the wages on the level of industrial branches, enterprises, plants or individuals cannot follow the changes in the productivity of their own level. This follows from the fact that the possibilities for increasing productivity are greatly varied in different fields, and they depend, to a con-

siderable extent, on circumstances independent from the workers. (Natural conditions, techniques, technology etc.) The same effort may bring about a considerably greater result in one field than in another. Thus, a direct link between the changes in the productivity and wages, their parallel movement would lead to serious disproportions in earnings to become sooner or later intolerable. The social sense of justice would call for the increase of wages in such fields where productivity has not increased, or has hardly increased. Thus, wage increases would be effected without any material basis, resulting in the well known consequences.*

In the developed capitalist countries, in general, wages are increased first in those industrial branches where the improvement of the productivity has been the highest; the trade unions can win a wage increase in these industries the most easily. However, this faster wage increase is only temporary, soon other branches follow suit. This is why relative wages, the wage structure show a striking uniformity among industries as against the variations in productivity. *It cannot be expected under socialist conditions, either, that every industrial branch produce the material means for its wage increases.*

In this country as well as in other socialist countries the idea was put forward that, even if wage increases cannot be related to the productivity in every industrial branch and at every enterprise because of the different objective conditions, yet, they could be related to the component of productivity in close relation to the labour power — to qualification, intensity, etc. However, this cannot be realized, on the one hand, because the effects of the personal and technological factors influencing productivity cannot be distinguished; and, on the other hand, this method could also be challenged from a theoretical standpoint. For, the development of the forces of production belongs to the whole society; those working in a field where the productivity of labour increases at a rate slower than the average must also benefit from the achievements in increasing productivity as well as the workers in a field where the improvement of productivity does not require a higher qualification or a higher intensity of work.

The individual worker is entitled to a higher wage also when his individual performance has remained on the former level but the productivity of his work has increased in a social context. This follows from the fact that the increase in productivity is not an accomplishment of an individual worker but of the whole working collective, and the worker performs his work not

* Of course, this is not the only factor that can initiate an inflationary cycle; the repercussions of an inflation on world market scale, or investments demanding greater efforts than the national economy can afford, a large increase in budgetary expenditure etc. can be more important in this respect. Yet, the relative stability of the price level must be safeguarded from this side as well. A fast increase of the price level substantially diminishes the stimulating effect of wages, the pressure on the lower limit of personal incomes calls for a levelling of the wages; at the same time, it also encourages speculation as an alternative to honest work.

as an individual but as a member of this collective. *Of course, in the case when greater individual efforts are made or required, greater wage increases must be awarded than in case when such an increase in personal performance or in the requirements toward personal performance does not take place.* This, in turn, follows from the necessity of stimulation, from the principle that relative earnings must be basically determined by the work performed. (While the magnitude of the wages payable for a unit of work, the value of the social "work unit", depends on the changes in productivity on a social scale.)

One of the basic dilemmas of stimulating the raising of productivity, and, through this, of the whole material incentive system roots in the fact that the possibility to increase productivity widely varies in different fields and at different workplaces, and that, consequently, a raising of wages in proportion to the increase of productivity results in disproportionate earnings. If the raising of productivity is intensively stimulated, — and this can be best accomplished by linking the wage increase to that of productivity — disproportions in relative incomes will come about; conversely, if the development of disproportionate earnings is prevented, the stimulation to increase productivity will not be achieved at all or only to a limited extent. The various wage-regulation systems are different, in the first place, from the aspect which of the opposite tendencies they allow to assert. The regulations aimed at the wage level restrict the emergence of disproportionate earnings, or, to put it more exactly, they prevent earnings from increasing considerably faster in one field than in another; however, they also limit thereby the possibility to stimulate the improvement of productivity. The control of the wage-sum, the wage-bill payable by enterprises, in turn, allows a powerful stimulation of increasing productivity, but it also involves the danger of the emergence of disproportionate earnings and the possibility that the rate of increase in earnings will vary widely.

The wage-level control is based upon the consideration that nowhere can a major increase of labour performance be realistically achieved. Consequently, the necessary material stimulation can be attained also when the wage level of the different enterprises grows at a largely uniform, centrally determined rate. The wage-bill control focuses upon the stimulation to save labour. The most evident way to do this is to distribute the wages saved among the smaller number of workers. This is the basic form which may vary in many ways. (E.g. only a part of the wages saved is distributed, and even this according to certain performance indicators etc.) Such stimulation may bring dramatic results, an increase in the productivity of several hundred per cents, if computed for a brigade or working group. Its main problem is, however, that economies in the relative or absolute number of employees can be achieved mostly where the existing standards of the organization, moral, and intensity of work are low, where such reserves are considerable. Conse-

quently, this system prefers such working collectives and not those where work has already been performed on a high standard before.

Under such circumstances the effort is understandable that a certain combination of the two kinds of wage control systems is sought; in this country, relevant attempts are referred to as "relative wage-bill control with average-wage brakes". Naturally, it must be reckoned with that the mitigation of negative effects involves, at the same time, the diminution of positive ones. This follows from the above treated dilemma.

The question may arise whether it is indispensable to control relative wages centrally, whether this could not be left to the demand and supply of labour. In reality, such a solution does not exist even in capitalist countries, and we can rely on it to an even lesser extent.

It is beyond doubt that relative wages must be affected by the supply of, and the demand for, labour. This is inevitable for the socially desirable distribution of labour among industrial branches, professions, and jobs. Determination of the wage proportions largely by the supply of, and the demand for, labour would require the following conditions: 1. labour should be able to flow unrestrictedly, between different employers as well as different professions; and 2. wages should be able to move upwards and downwards also completely unrestrictedly.

A wage-controlling effect of the supply of, and demand for, labour can assert itself only if labour is free to flow into industries where wages are high in comparison to the work performed, and out of industries where wages are relatively low. However, this is possible only to a very limited extent in the case of a flow of labour from one profession into another, especially because different professions require special training. However much money physicians, lawyers or architects may make, such a position can be filled only by someone who has the appropriate qualification. The socialist state, in turn, is only right to educate only as many professionals for the different fields of activity as are deemed to be needed in the future. (Education without plans, based on the mere ambitions of those who choose their vocations, is certain to have very serious, not only economic but also social and political consequences, because of the emerging difficulties of the trainees in getting jobs.) The flow of labour may be much more unrestricted between jobs that do not require any special qualification (unskilled and semi-skilled work, unqualified clerical positions etc.); thus, the effect of supply and demand may assert itself more clearly in respect of these jobs; still, it is restricted here as well. Completely unrestricted variations of wages, a 'wages competition' must not be tolerated in any field. This latter would imply, of course, an unrestricted fall of wages as well as their rise.*

* We do not deal here with the possible inflationary effects and the serious consequences of a "wages competition".

Without this, the controlling mechanism would not work in relation to labour. The socialist state, however, cannot allow the fall of wages even in industries where there is a marked temporary redundancy of labour.

Realization of the correct means of stimulation is one of, or perhaps the most complex problem of socialist society. We all know the principle of distribution according to the work performed. This is, however, little for practical utilization as, in this form, it does not provide quantifiable measures [2]. There is no recipe for the exact proportions. They must be derived from the analysis of the given situation, of the given circumstances and of the goals put forward often in spite of the emerging considerable conflicts of interest. It is one reason why we have to counter so many difficulties, often learning from our own shortcomings and failures.

References

1. LAKOS, S.: *A társadalmi egyenlőség kérdéseiről*. (On the questions of social equality.) Lecture given at the Political Academy of the Central Committee of the Hungarian Socialist Worker's Party; *Népszabadság*, 21. July, 1974.
2. FRISS, I.: *Economic laws, planning, control*. Budapest, 1971. Akadémiai Kiadó, pp. 28—29.

О НЕКОТОРЫХ ВОПРОСАХ МАТЕРИАЛЬНОГО СТИМУЛИРОВАНИЯ

К. СИКРА ФАЛУШНЕ

При социализме существуют преграды дифференциации заработной платы. Слишком большие различия в её размере недопустимы даже в том случае, если «астрономические» заработки получают действительно за выдающиеся трудовые достижения. Это следует из того, что при социализме личные доходы могут в основном служить одной цели — удовлетворению непосредственных личных потребностей, личному потреблению. Если различия в доходах в продолжении длительного времени столь велики, что в итоге приводят к существенным имущественным различиям, то это не соответствует социалистическому общественному укладу.

Проблемы, связанные с различиями в доходах, в последнее время в Венгрии обострились. Это — следствие, в первую очередь, всеобщего роста жизненного уровня. В настоящее время различия в материальном благосостоянии, высокие доходы проявляются гораздо более зримо (в форме автомашины, дачи и т. п.), чем раньше. С общим ростом жизненного уровня сильно возросла — у получающих более высокие доходы гораздо сильнее, чем у низкооплачиваемых — та часть доходов, которая остается после покрытия основных нужд и которая может быть обращена на блага или услуги, считающиеся роскошью. Существующие различия в доходах приводят и к имущественным различиям между членами общества. Это неизбежно, — если признается существование личной собственности, — а это составляет органическую, имманентную часть нашей системы материального стимулирования. Поэтому вопрос должен стоять о мере и степени этих различий в личном достоянии. Существование такой величины, которая делает независимым материальное положение его владельца от его участия в процессе общественного труда или оказывает подобное же влияние на положение потомков, несовместимо с социалистическими условиями. Возникновению чрезмерных личных достояний следует препятствовать таким образом, чтобы это не слишком усмеляло стремление к приобретению материальных благ за счет честного труда.

Следует стимулировать не все большую и большую личную выработку рабочего, а соответствующее выполнение им его трудового задания, его непрерывное приспособление к меняющимся условиям. Нормы выработки следует изменять только в случае, когда действительно происходят значительные изменения в условиях выполнения работы и только

пропорционально этому. Основная дилемма нашей системы материального стимулирования заключается в том, что если сильно стимулировать рост производительности труда, то возникают диспропорции в заработках; а если исключить возможность возникновения диспропорций в заработках, то ослабнет или совсем нет стимулирования. К системе регулирования заработной платы поэтому предъявляется требование, чтобы она, по возможности, сгладила, притупила это противоречие.

J. LÁSZLÓ

NATIONAL PLAN FOR THE ECONOMY AND THE ENTERPRISES

The author seeks answers to the questions as what the interrelations of national economic and enterprise planning are in the present system of planned control in Hungary; what relations are established between the plan targets and the economic regulators applied in order to achieve them; what contradictions can be observed in the practice of this field. Besides these questions the author also deals with the requirements made against the planning of the main economic regulators (prices, financial rules), also on the basis of practical experiences.

The new economic mechanism, introduced in 1968, raised new requirements towards both planned control and the planning activity that provides the basis for economic control. Apart from a few exceptions, since 1968 the plans for the national economy containing the economic-policy objectives are not broken down to the level of economic units any more. The relations between the plans of the national economy and those of the economic units have largely been replaced by control through economic regulators, acting toward the realization of the objectives laid down in the national plan. (Since 1968, plans are compiled on the national, council and enterprise levels. No independent general plans are compiled by the various Ministries.) Notwithstanding, the national plan has not ceased to be the basis of central control and it is compulsory for the organs of central control. The responsibility of the National Planning Office has remained unchanged; it embraces the economic-policy contents as well as the means by which the economic-policy objectives can be achieved. Accordingly, the national economic plan comprises the objectives set and the means serving their implementation. The means can be direct (compulsory tasks, centrally decided investments, financing etc.) and indirect.

Since 1968 the fact that economic processes are basically determined by the producing, trading and service activities of the enterprises must be taken into account to a greater extent when national plan targets are formulated. Thus, the central planning organs (the National Planning Office, the Ministries, etc.) must strive at elaborating the national plan targets in close cooperation with the enterprises.

The national economic plan is the numerical and verbal expression of the economic policy of the party and the state. Economic policy specifies longer and shorter-term tasks. It is, thus, indispensable that planning should assess the main development tendencies of socio-economic processes over a longer time-horizon (usually 5-10 years); planning is required to provide a basis for the determination of the extent and the main proportions of economic development in the coming period (generally for five years). Such re-

quirements can be met only by a unified system of long-term, medium, and short-term plans, each covering a different period but designed to complement one another.

Since the reform, the five-year plan has played a central role in the system of plans. It is elaborated in two stages: firstly the plan conception, secondly, the plan proposal is compiled. The plan conception is based directly upon economic-policy considerations, upon particular conceptions regarding prices, income, and financial aspects, upon technico-economic conceptions for the period, upon surveys, other computations, and analyses. In this stage of work important auxiliary materials are submitted by some enterprises, containing their development goals, plan conceptions. These are enterprises which have a determining effect on the development of their industries. Consequently, several large enterprises are integrated into the process of elaborating the plan conception.

In order to found the plan conception, the National Planning Office does a wide range of computations concerning the growth envisaged in the fields of production, consumption, and accumulation, the changes in their structure, and also analyses foreign economic relations, as well as the interrelations between, and the harmony of, material and income processes etc. The preparation of the plan conception may lead to several versions, based on economic-policy considerations, on partial economic-policy conceptions, and on technico-economic conceptions.

When elaborating the plan conception, the central planning organs take into account the achievements of the long-term planning activity, the conclusions which can, and should, be drawn from it; they also take into account the results of international plan-coordination (or of CMEA-joint plans). This increases the security of the development activities, but, at the same time, it involves obligations as well.

The stage of elaborating the plan conception, is, as can be seen, a preliminary to the second stage and serves as a basis for the preparation of the plan proposal for the national economy, by the National Planning Office, which, after approval by the party and state organs, becomes officially the conception of the five-year plan of the national economy. Enterprises may finalize their plans only after this second stage has been completed.

Main conceptual and methodological requirements of linking planning on national economic and enterprise levels

We shall treat the questions of connection between planning on the national economic and on enterprise (or, in certain cases, on industrial branch) level especially in the context of medium-range planning.

Both the enterprise and the national economy benefit from a connection between enterprise-level and national planning, as this opens the way for the expression of enterprise aims, intentions and for their recognition in national planning; confronts and reconciles the purposes of the enterprises and of the national economy in the first stage of planning; through the response of the national economy to its own plans, the enterprise may measure the adequacy of its plans against judgement on national level.

The way in which the planning of an enterprise is connected to that on national level is determined, on the one hand, by its own position and conditions, and on the other, by the principles and aims of economic policy. Economic policy announces the expectable changes in needs. This is a basic information for the enterprises in two respects: about selling possibilities (needs) and about the expected conditions necessary for the satisfaction of these needs.

In most cases, however, a single enterprise is capable of satisfying only a part of relevant needs. Competitiveness of the enterprise becomes highly important here as the exploitation of marketing possibilities (under the circumstances of competition) requires the enterprise to increase efficiency and productivity in order to achieve profitability. At the same time, enterprise planning must observe national development targets relating to its field of operation (normative expectations towards technological development and other factors, mainly determined at a superior level) as well as the development goals and means that follow from its own special circumstances.

The above principles are, of course, rather general, they are also too summary to extend beyond the initial period of the planning work. The specialities at the enterprise level gradually gain importance in the following stage of the planning work, causing considerable departures from the aggregated figures. As a matter of fact, the resources available for investment, the situation on the labour market, the life span and composition of the fixed assets and the distance from the market may vary considerably. With a view to these points, the enterprises may have to revise their original aims and conceptions accordingly. The plans of the enterprises prepared in this way result in a new "aggregate" for the given industrial branch, in a new average. In the end, this has to be compared with the original aggregate and possible departures have to be analyzed.

A difference may be caused by the fact that the enterprise does not possess the necessary resources for the realization of the original conception, or, that it is not in the interest of the enterprise to realize that conception. In such a case appropriate decisions are necessary on national economic level to make the enterprise interested in, and to provide the adequate means for, the realization of the conception. This points to the importance of reserves on both levels. Elimination of the differences necessitates reserves of capacities

and materials alike. This is an important requirement also from the viewpoint of the "degree of freedom" of enterprise and the national economic decisions alike.

The main economic-policy goals set down requirements, or, "determined" decisions, as it were, for the national economy. Socio-political progress determines economic goals, and these, in turn, determine the means, taking into account in what ways the enterprises can be successfully integrated into the process of realizing these goals. This latter one is also a kind of determination, or, in somewhat looser terms, a "datum". It should not be overlooked that the degree of freedom of decision gradually decreases if we follow the hierarchy of goals from the top downwards.

The above may result in a complicated and controversial situation in which, because of a wrong decision made at a superior level, the scope of decision of certain enterprises becomes formal and they have to follow a forced path in their decisions. If targets determined on national economic level are extreme and involve an overstrain on the available means, this is certain to cause a serious situation in the enterprise sphere through a conflict between targets and means (disturbances in the development activity and in the procurement of materials).

In the recent years the enterprises have also put forward excessive development demands. As against the excessive aspirations on the national economic level, the ambitions of the enterprises are difficult to restrict to the appropriate level. The individual enterprise starts, namely, from the assumption that its investment goal is the most justifiable of all, so it expects that the necessary resources beyond its own means, i.e. the part not covered by its means, will be provided from a central source, even at the expense of other fields.

In order to get an authorization for their investment plans, the enterprises often deliberately underestimate costs. This is another way in which partial interests are asserted, and it implies, at the same time, that the enterprise makes an attempt to extend its decision power beyond the limits of its own resources. This deserves attention all the more as the means available for development to the enterprises have become rather limited. Since 1971, a growing part of the development costs is covered by credits and the own enterprise resources have become considerably reduced; thus, a large part of the development funds will have to be spent on repaying credits in the period of the coming five-year plan.

It is not uncommon that insufficiently founded investment programs, submitted by enterprises and lacking adequate information about the national economic possibilities, get integrated into wider (branch level) conceptions by the superior organs, thus limiting the scope of future planning for themselves and for enterprises alike.

Similarly to the planning of the national economy, enterprises tend to plan a steady growth. Beside the continuous efforts to improve the living standards in our socialist economy, this follows from the human striving to achieve more and better. Owing to the control mechanism in force, this can be best achieved by the enterprises through increasing profits, which necessitates the increase of production and sales, improvement of the market position, etc. This very striving of the enterprises after higher profits may conflict with the interests of the national economy. For this reason, national economic and enterprise planning must be closely related to each other. Particular attention must be paid that material resources for the purposes of justified development should be available on both levels, and that enterprises be adequately interested in development.

Development programs affecting the main interrelations of the national economy may occasionally be initiated by enterprises. Central development organs must judge these programs by their merits, they should not insist on the 'aggregate' approach and belittle the initiative, nor should they dismiss the initiative in advance as one obviously exaggerated.

The planning on national economic branch and enterprise levels must be linked in terms of both physical and value indicators. Production, sales, production capacities, productivity, profitability, development etc. must be planned from quantitative and qualitative aspects as well. On the enterprise level these indicators are strictly correlated, a change in any of them affects all the others. This relation is more latent on the level of the national economy and the industrial branches, the main reason being that an individual enterprise represents but a part of the production of an industrial branch. Thus, an enterprise should not be expected to plan exactly as the national targets would predict; its planning should reflect goals and tendencies in accordance with the central ones. In practice, enterprises are sometimes required to plan according to the concrete targets of the national plan, they are expected to comply in their plans with the quantities and structure prescribed by the relevant part of the national plan. This leads to inconsistencies.

Inconsistencies may also follow if the requirement is raised toward the enterprises that they should plan the general indicators (rate of the growth of production, increase of productivity, rate of foreign and domestic sales etc.) set forth by the plan for the national economy. These indicators may widely differ among the industrial branches. Enterprises should be required to "adjust" to the targets set forth for their own industries. As a matter of fact, if there is a harmony between the economic regulators and the plan targets, the enterprise cannot be interested in a direct compliance with the general quantitative and qualitative targets of the national plan, as the economic regulators themselves are indirectly related to these, through the differentiated targets of the industrial branch. The relation may become

direct if, following from a central decision, an enterprise is provided with additional means or, conversely, a part of its material resources is withdrawn. The realization of a major development project involving the creation of important new complexes or a large-scale reconstruction, *does* usually require a direct link between the superior and the inferior levels. However, when a development project is subject to enterprise decision and this is expected by national planning the superior-level planning cannot, and must not, depart from the aggregate approach, the justified development must be supported, and its effect judged, from a global aspect.

In the new control mechanism one of the most important questions of enterprise planning — and, at the same time, of the national economy — is the expectable realization of profits, and of the funds built up from profits, and consequently, the assessment of the future development of investment and incomes. For this reason, national planning would like to know profits for the farthest possible future, thus, it expects enterprises to make exact plans for their future profits, for their profit-linked funds, and for the development activity and personal incomes financed from these funds. Experience has shown, however, that these factors cannot be exactly planned for a longer period (factors influencing profits that permit planning for a longer period are restricted to technological development, and vocational training; i.e. efficiency at best). In spite of this, enterprises are frequently required to submit profit-plans for 8—10 years. Enterprises are, naturally, pushed toward making an optimistic plan, “proving” an increase in the efficiency of their activities, especially if they wish to raise long-term credits for the realization of their development plans. This practice should be changed in the future and enterprises should be required to plan their profits only for a period which they can possibly foresee. It should also be revised how detailed the plans of the enterprises should be.

In Hungary it is an important feature of national planning in general and of the plans covering different periods that they focus the interest on the main tasks of development, on the general proportions of extended reproduction, on the equilibrium conditions of the national economy, on the questions of harmony between economic regulators and plan targets. It is often a source of inconsistencies, however, that the methodology of planning is not differentiated enough for the purposes of annual and five-year planning. The planning methodology often requires detailed information for five years about factors that cannot be forecast for certain even for one or two years ahead; this leads then to a continual revision of plans.

Beyond the difference in the detailedness and in the forms of the annual and five-year plans, there is a difference also in their content. The plan for the medium-term must contain, in the first place, development variants, while the annual plan mainly contains the already authorized investments.

their financial and other aspects in detail (including the increase of working assets). The five-year plan must contain only conceptions regarding profits and profitability: the annual plans, in turn, must contain computations concerning the investment and the sharing-fund in detail. The medium-term plan sets down the plans of the higher management of the enterprise, the 'strategy', as it were, while the short-term plan provides the operational framework of management, it is, thus, a more detailed guideline for the executive units as well as for higher management. The guidelines for the management of production and sales are laid down, thus, mostly in the annual plan, while the expansion of assets, technological development, and the restructuring of production is regulated by the five-year plans. Naturally, certain overlapping and coincidences may occur. Planning methodology must, naturally, take into account both the overlapping and the differences in several cases, among other things, in order to assess and plan risks.

The Hungarian economic control mechanism relegates the responsibility for, and the risks of, current activity to the enterprises, while those associated with development are shared between the enterprises and the control organs. The integration of risks is necessary both into the short and medium-term plans, even if their extent can be reduced by more cautious planning. No serious and soundly based planning at enterprise level is possible without taking into account the risks involved in the decisions.

Interrelations among the goals of the national economy, the industrial branches and the enterprises and the requirements of their coordination

The goals of the medium-term economy-wide planning focus on the improvement of living standards. This, however, requires a certain rate of economic growth. Planning must, thus, reveal the possibilities that can be exploited in order to achieve economic growth, and this largely depends on the improvement of the efficiency of economic activity. (The possibility of an extensive development of production through the employment of additional labour is very limited in this country.) Improvement of efficiency requires, on the one hand, modernization of production and technological development, and, on the other, changes in the production structure, also involving changes in the relative proportions of industrial branches and in the product pattern. These requirements constitute guidelines for development and investment policies, and, necessarily, for the formulation and application of the economic regulators.

National planning may reckon with the aspiration of the enterprises to successful activity, with the fact that they want to expand their activities and to attain growth in the most efficient way. The efforts of the national economy at a steady growth and at the increase of efficiency are, thus,

identical with the aspirations of the enterprises and there is no controversy, in principle, on the point that structural change is an important requisite of improving efficiency. However, in practice, a change in structure is subject to certain definite conditions. The decisions on enterprise level are motivated, in the first place, by profitability, — they are, thus, profit centered. Profitability is, of course, an important factor in decisions on growth, on the extension of activities as well. However, an important distinction must be made between growth attainable through restructuring and that attainable through increasing production with its structure unchanged. In the final analysis it is indifferent for the enterprise whether it attains a certain increase in profits with a renewed or an unchanged products pattern. Consequently, if national economic interest attaches to a given change in structure, this must be transmitted to the enterprises through the means of control, specifically, through the relative profitabilities of the industrial branches.

Reconciliation of the interests related to structural changes is one of the most complex fields of planning and plan-coordination on the level of the nationaleconomy, industrial branches and enterprises. A modification of the structure often makes a major investment necessary.

Structural changes necessarily involve that the production of certain branches or product groups and products will grow at a rate exceeding the average, while that of others will grow at an average or below-average rate and some will even stagnate or decline. In the final analysis, the growth of an enterprise may depend on the extent of its participation in the structural change.

Since the introduction of the new control mechanism of the economy central planning has ceased to judge the technological development of the economy in the strict terms of aggregates and industrial branches; instead, it rather takes into account the complex processes of the activities improving economic efficiency. In order to found the national plan-proposal, the central planning authority requires the Ministries to prepare and submit special development conceptions. These development conceptions also play an important part in realizing the connection and coordination between planning on national and enterprise levels, since the Ministries of the industrial branches must simultaneously take into account the goals of the national economy and the motives of the enterprises as well. Thus, their function is more or less that of an arbitrator. It seems to be expedient to develop this function of the branch Ministries, all the more as the National Planning Office maintains only loose connections even with the selected large enterprises, often elementary information is lacking, and the available information is yet to be improved. It must also be taken into account that different industrial branches and sub-branches also have different characteristics. These specialities are best known by the controlling organs of the given industries.

**Relations between the national economic objectives
and the economic regulators. Main requirements of planning the regulators**

Economic regulators are expected to stimulate enterprises to realize the economic-policy goals contained by the plan of the national economy. This requires the simultaneous planning of regulators in full accordance with the targets.

The close relationship between the plan targets and the regulators is even more unambiguous from the aspect of the enterprises. Economic regulators are determinative in this context and they appear not only as transmitters of the goals of economic policy, as means of reconciling interests, but as those basically guiding, or even determining, the formulation of the plan targets of the enterprise. Although they remain but means of influence in form and character, still, as regards their content, they constitute a set of conditions for the enterprise in whose context the interest of the enterprise requires the compilation of a plan that acts towards compliance with the interests of the national economy — provided that the targets of the national economy are sound and the regulators were determined in harmony with these targets. This follows from the interests of the enterprises. In the control system presently in force the basic purpose of the enterprises is realization of the highest possible profit. The use value of the different products is taken into account only as a condition of realizing profit. Thus, if we disregard technological and production limits, no direct interest of the enterprise is attached to the production of any kind of product. Provided the economic regulators adequately reflect the goals of the national economy, their realization can be realistically expected. In this situation the set of conditions constituted by the economic regulators allows the realization or raising of profits only if such products are produced that are needed by society. Consequently, it is in the interest of the enterprises to adjust their plans to the economic regulators expressing the goals of the national economy.

Thus, there must be a close connection and harmony between the tasks set forth by the national plan and the regulators. However, it would be one-sided to approach the creation of this connection and harmony exclusively from the side of the plan targets. The process of their realization cannot be restricted to the planning of the desired targets, and to a consequent assignment of the appropriate regulators to the former. As the regulators must act toward the realization of already approved plan targets, the adjustment of regulators is an integrated part of the whole planning process, in which the goals as well as the appropriate regulators are simultaneously determined.

Setting the goals for a given period necessitates a manysided analysis of the proceeding plan period as well. As the economic processes of the past plan period were essentially determined by the economic regulators then in

force, it must be analyzed where and to what extent they met the requirements made against them; what the cause of their occasional failure in serving the planned goals was, or of their working against the planned targets — that is, why they failed in certain cases to stimulate economic units to realize the goals of the national economy. The analysis must answer the question whether the inconsistency was a result of a conflict between economic regulators and targets, or of the overstrained targets, or of the lack of cooperation, or of a mistaken adjustment and application of the regulators against the goals of the plan. All this underlines that economic regulators must not be considered as mere instruments in realizing the targets, but they positively help in the foundation of the goals.

The above said are easy to understand in principle, and, in my view, they can hardly be challenged. However, it is not thus simple in practice. The problems of connection between planning on national and enterprise levels are of considerable importance, they are motivated both by objective and subjective causes. Although responsibility for the realization of planned economy lies primarily with the central control organs (political as well as economic), the responsibility of the enterprises cannot be ruled out altogether.

In order to connect successfully the planning on national and enterprise levels, identical valuation and judgement is needed in regard to the harmony of planned targets and the means (from the viewpoint of the enterprises, resources) necessary for their realization. This principle has not been followed consistently so far.

As has been mentioned above, achievement of the fastest possible development is a common 'subjective' feature of both planning levels. This is justified and expedient and it should be encouraged on both the national and the enterprise planning levels alike, as long as the targets remain within the boundaries of reality. Economic growth, however, requires the provision of certain conditions and the two planning levels should judge these conditions in the same manner, both in general and in specific terms. This, of course, does not mean that up to the decision phase no substantial differences might emerge between the two levels as regards the assessment of conditions necessary for the realization of the goals. The 'plan-bargaining' is a long-standing tradition of our planned economy, it roots in the principle of overstrained plans dating back to the early fifties. In this period the enterprises tended to underestimate their production capacities so as to counter the often exaggerated targets imposed by the central planning organs, to obtain more easily fulfillable plans. In this period mutual lack of confidence was almost general. Although the introduction of the new control mechanism of the economy brought about changes in this field as well, bargaining is still used as a 'tactical weapon' and the method of reconciling interests is only gradually gaining ground.

In most cases the production and sales targets of the enterprises were taken into account in detail by the planners of the national economy as well, thus, their necessity in the context of the whole society was acknowledged. However, the means (resources, material conditions) necessary for the realization of the goals of the enterprises were contained in the high-level plan only by broad aggregates, and in several cases the global resources of the national economy (credit quotas) were later distributed according to other viewpoints. It often occurred that, although the enterprise was not provided with the necessary means, fulfilment of its plan was invariably claimed. This inconsistency was 'solved' by economy-wide planning by assuming an unrealistically high efficiency of the existing resources. Such a 'solution' necessarily involves a great risk not only for the enterprises but also from the aspect of the national economy. If the envisaged profits cannot be realized, the enterprise must, for lack of own resources, either ask for central help and preferences or revise its plan.

The conflict between targets and resources may cause problems not only for the enterprise but also in a wider context, especially in the case of larger enterprises, as it may result in forced paths, particularly in the case of major enterprises, influencing the fulfilment of the whole of the national plan, partly by launching unexpected demand and partly because failure to fulfil an individual plan has an adverse effect on the activities of other enterprises. For instance, when an enterprise has to resort to borrowing because the planned subsidy was not awarded although profitability conditions would have justified it, then it must be taken into account that the credit has no cover and its repayment cannot be reasonably expected. In such a case a modification of the plan is inescapable. Inconsistencies may occur of course, also on the side of the enterprises, namely, when the enterprise had been over-optimistic in planning its future profits. This often happens as the enterprises want to increase personal incomes and funds year after year, which requires a dynamic growth of profits.

The practice of the past years has often witnessed differences between the central and enterprise levels because of a lack of harmony between the national economic targets, and the main economic regulators, the main concern being especially the conflict between financial means and the development targets. Financial means greatly exceeded the material possibilities of development (building capacities, capital goods etc.), this resulted in investment tensions. Planning, especially in industry, made very incorrect assessments regarding the volume of profits realized by the enterprises and their distribution among different enterprises and industrial branches. The enterprises generally realized profits exceeding the plans and their distribution also departed from the justified structure. It often occurred that large profits were realized by enterprises where this was not justified by the interests of

the national economy, and, conversely, insufficient profits were attained by enterprises where larger profits would have been justified. This necessitated the application of discriminatory measures on a wide scale.

As treated above, structural changes in different branches, product groups and products necessitate different rates of growth, and this, in turn, requires that the profit contents of the prices support the structural changes aimed at. The present price structure of the Hungarian economy meets this requirement only partially, and, in several cases, it positively works against it, since prices are mainly determined by production costs, and profits are largely proportionate to them.

In recent years the price structure has improved but only initial steps have been taken. This is closely related to the imposition of a normative charge on assets tied up in production which is integrated into the price similarly to other cost factors. This is a great inconsistency in the Hungarian control system. The valuation of resources (live labour—embodied labour) is an important factor influencing the changes in relative costs and incomes, and is thus in strict relationship with the management of resources. Because of the disproportionateness of the levies on assets and wages, profitability is above the average in the fields where the labour intensity of production is higher than the average; while it is lower in industries with a higher capital-intensity.

The disproportionate valuation of resources in current productive inputs as well as in development decisions gave rise to tendencies contrary to the requirements of efficiency. Enterprises weigh decisions regarding production and development as to whether they are productive in terms of expectable profits, consequently, prices should be determined (or regulated) so that the realization of profits be in accordance with the requirements of efficiency.

Another important inconsistency of prices in this country is their extensive departure from world market prices. This problem has been exacerbated by the rapid rise in world market prices. The contradiction following from these developments has been largely shouldered by the budget so far. It must be realized, however, that especially in the case of the open economy of Hungary, the prevention of the assertion of steady and considerable tendencies in world market prices leads to a disorientation of the economic units and impedes the development of a more efficient production and consumption structure. Change is, thus, a basic necessity in this field as well.

The appropriate profit contents of the prices is only the first momentum towards stimulating the increase of efficiency. The question whether the present system of formation of the development funds is correct is also important. Besides profits, an important proportion of the development fund comes from depreciation allowances. In the control system presently in force the decision power of the enterprises embraces the whole of the development

fund, and there is no special rule concerning the utilization of depreciation allowances, either. However, the volume of this portion of the development fund does not depend on profits (in a given period); its volume and growth rate is determined by the stock of assets, consequently, it may act as a buffer against the differentiating effect of the changes in profit.

In order to eliminate these inconsistencies the devising of such economic regulators should be attempted as will not allow development in a field where the production capacities are sufficient to satisfy needs, while, in other fields, where there is an increase in demand, the resources necessary for the development should be provided through economic regulators. It must also be realized that, in the final analysis, developments on macro-economic and on micro-economic levels cannot be separated from each other. Centrally determined investments provide the basis for development of enterprises in terms of raw materials, energy, machinery and equipment; the developments implemented by the enterprises, in turn, greatly contribute to the realization of central investments. If planning fails to concert the efforts of the two spheres and basic economic regulators fail to link enterprises to the central development targets, a widespread resort to financial, often individual discrimination, and excessive selectivity in credit policy will be unavoidable.

The experiences gained since the introduction of the new control system also indicate that frequent modifications of general regulators have caused great problems for enterprise planning. When preparing their plans, enterprises may take into account essentially the current economic regulators. If regulators change, this necessitates continual modifications of the plans (as the changes usually affect profits and the formation of funds); this also involves changes in development and production plans and the interests attached to their fulfilment; it renders long-term planning uncertain for the enterprise (frequent changes encourage thinking in annual terms).

It is a special problem that a modification of the comprehensive regulators usually affects every single economic unit. (The principle of uniformity had been accepted already in the period of elaborating the basic regulators.) From this follows that, for counterbalancing their effects, a certain kind of exceptional treatment is often justified in the case of the worst hit enterprises. This, in turn, swells the work of the controlling organs as well as that of the managers of the enterprises, who spend their time with "appealing" for the solution of their problems to superior organs. This may also lead, in the final analysis, to a challenging of the justification of central decisions. Naturally, mistakes can be made in the formulation of regulators, either because the effects are insufficiently explored, or, because the environment in which the regulators are to act is not satisfactorily assessed. It must also be taken into account that change is continuous in economic life, which, after some time, requires the changing of the regulators in the common interest.

НАРОДНОХОЗЯЙСТВЕННЫЙ ПЛАН И ПРЕДПРИЯТИЕ

Я. ЛАСЛО

Начиная с 1968 года в Венгрии связь между народнохозяйственными планами и планами хозяйственных единиц обеспечивается в основном экономическими регуляторами, скоординированными с целями плана. Это обстоятельство предъявило новые требования к планированию, как на уровне народного хозяйства, так и на уровне предприятий. В ходе разработки народнохозяйственного плана прежде всего следует учитывать тот факт, что динамика экономических процессов определяется в конечном итоге деятельностью предприятий. Центральные плановые органы поэтому должны стремиться к разработке целей народнохозяйственного плана и условий их осуществления в тесном сотрудничестве с предприятиями, уделяя особое внимание экономическим регуляторам.

Условием успешной увязки народнохозяйственного планирования и планирования на уровне предприятий является соблюдение ряда принципиальных и методологических требований. Автор сопоставляет эти требования с практикой и показывает, какие противоречия возникают при нарушении этих требований. Наиболее подробно рассматривается соотношение между целями народнохозяйственного плана и экономическими регуляторами. Это необходимо потому, что столкновения между народнохозяйственным уровнем и уровнем предприятий чаще всего возникают на почве противоречий между плановыми целями и экономическими регуляторами, из-за неувязки целей и регуляторов.

К экономическим регуляторам предъявляется требование, чтобы они стимулировали предприятия к осуществлению целей народнохозяйственного плана. Это предполагает согласованное и одновременное планирование как регуляторов, так и целей. С точки зрения предприятий регуляторы выступают не только в роли трансмиссий народнохозяйственного плана, но также и как инструменты, оказывающие определяющее воздействие на их планы. Если регуляторы верно отражают цели народнохозяйственного плана, тогда их выполнение является реальной перспективой, и наоборот: нереально ожидать от предприятий деятельности, совпадающей с народнохозяйственными целями, в том случае, если регуляторы действуют в противоположном этому направлении.

В истекшие годы, главным образом в промышленности, распределение прибыли отклонялось от обоснованного направления, в ряде случаев высокая прибыль возникала там, где этого не требовали интересы народного хозяйства, и не формировалась там, где в этом имелаась необходимость. В этом сыграли свою роль главным образом противоречия в ценах и соотношениях цен. Содержание и доля прибыли в ценах не всегда находились в соответствии с целями развития структуры народного хозяйства. Поэтому как система цен, так и другие экономические регуляторы нуждаются в дальнейшем совершенствовании.

ПРОТИВОРЕЧИВОСТЬ В ПОЛОЖЕНИИ ПРЕДПРИЯТИЙ В ВЕНГЕРСКОМ ХОЗЯЙСТВЕННОМ МЕХАНИЗМЕ

Т. БАУЭР

Анализируя опыт венгерской хозяйственной реформы, автор отмечает своеобразную двойственность, нередко противоречивость в положении предприятий. С одной стороны, их положение характеризуется упразднением системы разбивки плана, заинтересованностью в прибыли и наличием единообразной системы экономических регуляторов, с другой стороны, сохранилась прямая зависимость предприятий от государственных органов управления, их подчиненное положение как низшего звена в иерархии народнохозяйственного управления.

В первые годы перехода к новому хозяйственному механизму мне довелось участвовать в различных коллективных эмпирических исследованиях предприятий, в основном, средних по величине предприятий машиностроительной промышленности.* В ходе этих исследований у нас создалось впечатление, что на этих — и, возможно, на других — предприятиях на передний план выдвигается особый тип хозяйственного руководителя. Этими предприятиями раньше руководили люди, которые были как бы хорошими диспетчерами — они умели дисциплинированно исполнять директивы, получаемые сверху, но самостоятельной инициативы не проявляли. Их основным достоинством и силой было отличное знание особенностей данного завода, данного предприятия. На некоторых предприятиях мы встречали и руководителей, которые как инженеры, конструкторы были энтузиастами своей специальности, и которые желали превратить предприятие в поле и средство осуществления своих профессиональных устремлений. Хозяйственные руководители того типа, который как будто все более и более выдвигается на передний план за годы реформы на этих предприятиях, хотя и обладают широкой технической культурой, но не привязаны к какой-нибудь отдельной узкой области инженерно-технических знаний. Эти хозяйственники уже работали в министерстве или в главке, или на другом предприятии, и сегодня тоже готовы при случае снова сменить места работы. Технические достижения или развитие данного предприятия, его рентабельность — это для них не самоцель, а средство накопления успехов в руководящей работе, служащих развитию народного хозяйства.

Где, в каком направлении ищут эти хозяйственники успеха в руководящей деятельности? Они совершенствуют ассортимент продукции своего производства, стараются повысить экономическую эффективность производства. Обычно они стремятся сузить номенклатуру продукции путем соглашений о специализации или передачах производства: с коммерческой же точки зрения, однако, они часто расширяют профиль предприятия: пред-

* Некоторые итоги наших исследований были опубликованы в печати. См. [1].

приятия, выпускающие продукцию на внутренний рынок, ищут возможности для экспорта; традиционные поставщики товаров широкого потребления пытаются производить и инвестиционные блага и наоборот; цель — это сделать положение предприятия более устойчивым. В связи с этим эти руководители нередко решительно выступают против традиций предприятия и против лиц, в которых они воплощаются. По нашим наблюдениям, эти руководители предприятий с радостью пользуются предоставленной хозяйственной реформой возможностью самим ломать голову над тем, как более эффективно, более совершенно хозяйствовать.

Бросается в глаза, однако, и следующая тенденция. Обычно предприятия такого рода не участвуют в централизованных программах развития, они не получают государственных капиталовложений, редко бывают у них и работники министерств, не чаще, чем раз в два-три года приходит их черед отчитываться на совещаниях у министра. И все же и у руководителей этих предприятий четко проявляется стремление ко включению их планов в какую-нибудь централизованную программу развития, чтобы их замыслы были возведены в ранг «общегосударственного интереса». Чтобы понять данную тенденцию, следует рассмотреть своеобразное изменение в положении венгерских предприятий при новом хозяйственном механизме.

Заинтересованность в прибыли и ее условия

Если сходить из проявляющихся на поверхности явлений отношений по материальной заинтересованности, то положение предприятий можно характеризовать как осуществление общей заинтересованности в прибыли, в доходах предприятия. Введенное 1 января 1968 года общее финансовое регулирование (измененное с тех пор лишь в некоторых деталях) основано на сформулированной при разработке реформы концепции, согласно которой для действительной интенсификации развития, ускорения технического прогресса, повышения экономической эффективности требуется не просто расширение самостоятельности предприятий и их заинтересованности в выполнении отдельных конкретных плановых заданий, разработанных в централизованном порядке, а развертывание своего рода активного «социалистического предпринимательства», служащего вышеуказанным целям.* В основе такого «социалистического предпринимательства» лежит заинтересованность предприятий в чистом доходе, прибыли и зависимость роста личных доходов трудящихся от прибыли предприятий. Заинтересованность такого рода

* «Лишь эти две стороны, вместе взятые, — свобода и самостоятельная инициатива в методах хозяйствования, строжайшая требовательность в отношении результатов хозяйствования — могут обеспечить, чтобы экономическая эффективность стала рычагом развития народного хозяйства» — писал в свое время Д. Петер [2].

может, однако, действовать только при стабильности (во времени) и относительной единообразности экономических рычагов.*

В соответствии с этим в системе регулирования финансовая заинтересованность предприятий связана не с разбиваемыми сверху годовыми плановыми показателями, а с рентабельностью, прибылью. (Соответствие между заинтересованностью предприятий и целями экономической политики обеспечивается государственными органами в принципе на пятилетний период, в порядке пересмотра системы экономического регулирования). Прибыль является основным показателем хозяйственных успехов предприятия — в массе и динамике прибыли должна отражаться экономия в использовании ресурсов, уровень хозяйствования, внедрение новой техники, рациональная политика снабжения и сбыта и т. д.** Осуществление предприятием централизованных намерений стимулируется через прибыль, а не в обход нее. С другой стороны, с прибылью связана материальная заинтересованность предприятия и его работников — возможности повышения заработной платы работникам, расширение основных и оборотных фондов предприятия в определенной степени и в определенной форме непосредственно зависят от объема прибыли.

«Чиновниками нельзя заменить руководителей с такими способностями, которыми обладают предприниматели или менеджеры при капитализме. Хозяйственный руководитель и при социализме должен обладать творческими и комбинационными способностями, должен быстро принимать решения, должен смело и осмотрительно идти на риск, и принимать на себя ответственность за решения. Даже самым прилежным трудом рабочих предприятия нельзя заменить ответственных решений, принятых в нужное время! ... Можно надеяться, что новый хозяйственный механизм, открывая возможности для развертывания творческих способностей, одновременно воспитывает и заставляет хозяйственных руководителей идти на риск и брать на себя ответственность, то есть приведет к решительным сдвигам в этой области». И. Богнар [3].

«Мы должны создать такой механизм функционирования социалистической экономики, который способствует... самостоятельности, инициативе и ответственности предприятий, т. е. духу предпринимательства и гибкости, согласованию интересов предприятия с интересами общества, отводя в формировании последних соответствующую роль также и столкновениям интересов предприятий...» Директивы майского (1966 г.) пленума ЦК ВСРП о реформе хозяйственного механизма [4].

* «... в относительном положении предприятий должен проявляться принцип, по которому предприятие, реализующее большую прибыль должно отчислять относительно больше средств как в фонд распределения, так и в фонд развития. В общем нельзя дифференцировать между предприятиями, между отраслями... Это можно назвать требованием единообразия регулирования прибыли». — писал Г. Ревес [5].

** «Основной мерой и показателем общего результата деятельности предприятия должна стать динамика прибыли в течение длительного периода времени. В будущем (в условиях нового механизма и новой системы цен) прибыль социалистических предприятий будет отвечать этой функции, так как это — синтетический показатель, приближенно отражающий экономическую эффективность производства и степень удовлетворения запросов заказчиков (покупателей)». Исходные директивы ЦК ВСРП о реформе системы управления народным хозяйством. (Ноябрь 1965 г.) [6].

«В динамике прибыли суммарно отражаются все стороны хозяйственной деятельности предприятий, включая и степень соответствия их деятельности появляющимся на рынке запросам, платежеспособным потребностям. Прибыль растет тогда, если снижаются материальные затраты, улучшается использование рабочей силы, повышается эффективность использования основных и оборотных фондов, если предприятием производится больше ходовой продукции, реализуемой по более выгодным ценам». Директивы майского (1966 г.) пленума ЦК ВСРП о реформе хозяйственного механизма [7].

Прибыль предприятия — это разница между выручкой и себестоимостью продукции. Себестоимость включает также плату за фонды и начисления на зарплату. Эти «издержки» — отчисления в госбюджет, а их норма в основном одина. До 1976 г. полученная таким образом прибыль делилась в Венгрии на две части («развитие» и «распределение») по всеобщему правилу, а потом обе части облагались налогами по единым нормам. (Налог на часть «развитие» был линейным, а на часть «распределение» — прогрессивным). Определенная доля остатков частей «развитие» и «распределение» еще отчислялась в резервный фонд предприятия и в итоге остались фонд развития и фонд распределения. Первый служил источником капитальных вложений и прироста оборотных средств, а второй — основой повышения заработной платы и источником выплаты ежегодного участия в прибылях.

Оба фонда сохраняются и в дальнейшем, но начиная с 1976 года прибыль облагается налогом в целом, предприятия сами разделяют остающуюся у них прибыль между фондами (кроме резервного фонда), а часть прибыли, использованная на личные доходы, дополнительно облагается прогрессивным налогом.

Тезис о прибыли как основном показателе успешной хозяйственной деятельности предприятия можно уточнить теперь следующим образом: размер участия в прибылях, выплачиваемого за итоги годовой деятельности, является показателем успешности как в положительном, так и в отрицательном смысле. Способность предприятий финансировать свои капитальные вложения и прирост оборотных средств, включая своевременное погашение кредитов, является показателем успеха в отрицательном смысле. Плохим у нас считаются в основном предприятия убыточные, которые поэтому не в состоянии выплачивать своим работникам участия в прибыли или платят лишь сумму, равную размеру зарплаты за несколько дней; которые из-за недостаточной рентабельности не могут финансировать свои капитальные вложения или погашать свои кредиты.

Функционирование такой системы заинтересованности, однако, предполагает более совершенное централизованное планирование, основанное на знании положения предприятий, отраслей и на изучении возможностей в области внешнеэкономических связей, концентрирующее внимание на осуществлении основных задач экономической политики государства. А само планирование может эффективно осуществляться как раз при наличии указанных условий, что уже в определенной мере доказано венгерским опытом. Кроме этого, по своей внутренней логике, последовательное функционирование такой системы предполагает наличие некоторых дальнейших важных условий. Перечислим их бегло, не вдаваясь в детали. (Следует отметить, что речь идет о логических предположениях, которые вряд ли осуществимы в чистой форме, но мероприятия венгерской реформы и не стремились к этому.)

Во-первых, такая система предполагает активную роль и надежность системы цен — выражения в ценах общественной оценки отдельных продуктов и услуг, отдельных видов хозяйственной деятельности, включая влияние как внутреннего, так и внешнего (мирового) рынка. Успешность хозяйственной деятельности предприятий может оцениваться по прибыли, по их рентабельности, если цены на реализуемую продукцию и услуги, на покупаемые средства производства и используемые факторы производства отвечают этому требованию.

Во-вторых, предполагается, что работники и руководители предприятия, заинтересованные в его прибыли, способны влиять на формирование прибыли, работая прилежно, добросовестно и самоотверженно, применяя передовые методы эффективной организации труда и производства, наилучшим образом избирая направления развития предприятия, стремясь к самому эффективному использованию трудовых способностей коллектива. Правда, на прибыль влияют и факторы, независимые от предприятия (цены, положение на товарных рынках, конъюнктура); но руководство предприятия может своей хозяйственной политикой воздействовать на позицию своего предприятия в «игре» этих независимых факторов.

В-третьих, предполагается самостоятельность предприятий в выборе ассортимента продукции, в выборе источников снабжения и рынков сбыта на основе взаимоотношений спроса, предложения и цен. Предполагается активная роль рыночной конкуренции между предприятиями в повышении народнохозяйственной эффективности, в удовлетворении потребностей потребителей.

В-четвертых, предполагается распределение значительной (не слишком малой) части средств на расширенное воспроизводство в зависимости от рентабельности отдельных предприятий посредством механизма самофинансирования и конкурсного метода предоставления кредитов.

Сущность вышесказанного сводится к тому, что система заинтересованности в доходах, в прибыли — как одна сторона хозяйственного механизма — не только способствует самостоятельности и ответственности предприятий в хозяйственных решениях, касающихся производства и обращения, зарплаты, технического развития и частично цен, но и предполагает их. Вместе с тем, однако, — и здесь мы подошли к противоречию, указанному в заголовке данной статьи, — другая сторона хозяйственного механизма, определяющая положение предприятий — институциональная структура экономики, фактические (неформальные) механизмы принятия решений, иерархия управления часто не соответствует вышеуказанным предположениям. Чем же характеризуется положение наших предприятий в этом отношении?

Институциональная структура экономики

В Венгрии в основном сохранилось возникшее при системе директивного планирования отраслевое-территориальное членение хозяйственных единиц по строго определенному назначению, функциям.* Слишком много предприятий работает в организационных рамках, отвечающих условиям некоторых отраслей тяжелой промышленности; все еще довольно жестко отделены организационно функции производства, оптовой, розничной и внешней торговли и сферы услуг, разграничена территориально деятельность отдельных предприятий торговли (особенно розничной) и сферы услуг. Правда, на некоторых участках хозяйственной деятельности имеются и конкурирующие друг с другом предприятия. Некоторые предприятия начали заниматься побочным, смежным производством вне своей отрасли, подотрасли. Широко распространилось это явление в сельском хозяйстве, но не менее важна инициатива и некоторых промышленных и торговых предприятий в этом направлении. Немало предприятий получило право самостоятельной внешнеторговой деятельности. На рынках некоторых товаров (например, кофе, лакокрасочных товаров, предметов бытовой химии и косметики, авторадиио, холодильников для торговли, бетонных труб и т. д.) возникла конкуренция, выгодная для потребителя.

Эти факты свидетельствуют о том, что открылись некоторые возможности для расширения производственных профилей предприятий. Сохранившееся отраслевое-территориальное членение затрудняет, однако, сужение профилей, ограничение нерентабельных производств.**

Далее осталось без изменения и внутреннее членение организации государственного управления народным хозяйством: сохранились отраслевые министерства и внутреннее членение таких функциональных органов, как Госплан, министерство финансов или Национальный банк тоже соответствует отраслевому принципу. Значит, *по существу осталась без изменений старая организационная структура планового хозяйства*. Это сохраняет возмож-

* «На данном этапе работы не следует выдвигать на передний план организационные вопросы. Реформу надо осуществить на базе существующей организации промышленных и сельскохозяйственных предприятий (кооперативов). Решение организационных проблем, возникающих у органов управления, не является условием реформы, а будет, скорее, ее вероятным последствием». Исходные директивы ЦК ВСРП [8].

** «Полную, неограниченную самостоятельность в выборе производственной номенклатуры можно было бы, пожалуй, допустить, если бы у нас образовался рынок покупателя, а не рынок продавца; если бы производственные профили наших предприятий не были порождением прежних мероприятий по профилированию и централизации производства и не носили бы на себе отпечаток этого; а также если бы можно было, имея свободные капиталы, создавать новые производства, новые профили безо всяких ограничений. Но это не так. Пока не обеспечиваются экономические предпосылки для «другой стороны», т.е. для автоматического замещения прекращаемого по какой-нибудь причине производства нужного и имеющего спрос товара налаживанием нового производства или путем импорта данного товара, ... то до тех пор ... нельзя отказаться от общественной ответственности за снабжение» — отмечалось в одной дискуссионной заметке [9].

ность проявления в централизованных решениях ведомственных интересов и стремлений, а через них — интересов и стремлений предприятий* и наоборот: сохранения — хотя и в новых формах — и усиления мелочного вмешательства центральных органов управления в хозяйственную деятельность предприятий.**

Это связано прежде всего с практикой планирования. Например, в плановых решениях о внешнеторговом товарообороте преобладает натуральный подход. В охватывающей большую часть нашего внешнеторгового товарооборота торговле со странами-членами СЭВ решения принимаются на уровне правительств, торговля ведется на двухсторонней основе и в большинстве случаев на базе утвержденных товарных контингентов. Цена товара определяется обычно только после заключения соглашения о поставках, а не в связи с ним. Здесь не движение товаров приспосабливается к стоимостным отношениям, не при принятии решений о поставках берется в расчет существующая система регулирования, а наоборот: стоимостные категории, «регуляторы» подгоняются к движению товаров, решения о котором принимаются независимо от «регуляторов».

Такие намерения внешнеторговой политики и стремления решить проблему дефицита, «расшить» узкие места за счет отечественного производства (из-за неразвитости интеграции стран-членов СЭВ) сильно влияют и на цели государственной инвестиционной политики. Централизованные решения о развитии производства отдельных изделий принимаются по инициативе самих производителей данной продукции — предприятий и министерств. Централизованные и отраслевые программы развития охватывают не только государственные, но и большую часть капиталовложений предприятий, устанавливая количественные задания по производству отдельных видов продукции.***

Межгосударственные соглашения и решения о крупных капиталовложениях в высокой степени определяют и выбор номенклатуры продукции у

* «Аппараты управления отраслей, подотраслей отождествляются с подчиненными им хозяйственными организациями, Любопытно, что в поведении руководящих отраслевых работников прослеживаются признаки своеобразного менеджерского подхода. Они считают своей естественной целью развитие предприятий подчиненных им участков и заинтересованы в получении необходимых для развития фондов. Они поддерживают выдвигаемые предприятиями проекты капиталовложений экстенсивного характера и сами вносят предложения такого рода» — пишет М. Мандель [10].

** «Мне не кажется характерным для настоящего времени утверждение, будто мы предоставляем предприятия самым себе. Наоборот, в последнее время все больше и больше вмешиваемся в жизнь предприятий. Я не хочу сейчас останавливаться на том, в какой мере можно это считать положительным или отрицательным явлением. Такого рода «вмешательство» оказалось просто неизбежным. Эта деятельность выражалась, в частности, в согласовании государственного плана и планов предприятий, в преодолении имеющихся между ними противоречий, в изменениях экономических рычагов». Интервью министра легкой промышленности Я. Кешерю [11].

*** Подробный анализ этого вопроса см. в статьях Й. Хусара—М. Манделя [12] и Л. Букты [13].

многих предприятий. Кроме того, в хозяйственной жизни чувствуется сильное давление ведомств, политических органов, печати и т. д., чтобы руководители предприятий ограничили роль рентабельности, хозяйственных выгод при определении структуры производства, ассортимента продукции.*

Нередко встречается назначение промышленных и торговых предприятий «ответственными за снабжение» в старом смысле этого слова, что основано на отраслевом-территориальном членении, о котором говорилось выше.** (В этом почти нет действительной выгоды.)

В практике определения личных доходов, доступных на разных предприятиях, проявляется тенденция к уравниловке: считается недопустимым, чтобы на каждом нормальном промышленном предприятии не росла из года в год средняя зарплата и не выплачивалось участие в прибылях в размере 4—5-дневной заработной платы.***

Поскольку на практике не только рядовые, но и руководящие работники способны влиять на хозяйственное положение и на рентабельность предприятия в несравненно меньшей мере, чем это предполагалось при подготовке реформы, то руководителям предприятий и профсоюзным органам нетрудно

* «Опыт чулочной фабрики наглядно свидетельствует о том, что с точки зрения прибыли предприятие безусловно заинтересовано в росте выпуска чулок, в лучшем использовании мощностей, в формировании ассортимента продукции и направлений реализации (соотношением между внутренним и внешним рынком). Центральные органы, однако, пока не совсем довольны такой самостоятельностью предприятия, ориентирующегося на прибыль. У них есть свои представления об ассортименте поставок чулок на внутренний рынок, о поставке дешевых чулок, о расширении ассортимента, об объеме экспорта в социалистические и в капиталистические страны» — пишут Ж. Хегедюш и М. Тардош [14].

** » «Будапринт» не является общегосударственным предприятием, и поэтому его ответственность за снабжение не распространяется на все хлопчатобумажные изделия. Все-таки бывает, что «Будапринт» вынужден производить некоторые дешевые товары широкого потребления, отсутствующие на рынке... Если дополнительные расходы, связанные с удовлетворением таких требований со стороны государства можно учесть в цене, то никакого противоречия не возникает. Если нельзя, то из-за требований потребителей, из-за требований общества ущемляются интересы коллектива предприятия» — писал генеральный директор предприятия «Будапринт» [15].

«Случается, хотя и редко, — что мы обязываем какое-либо предприятие выпускать важную для населения продукцию в ущерб его материальной заинтересованности. Мы поступали таким образом особенно с целью улучшения снабжения детской одеждой, хотя мы осознавали, что предприятие, например, трикотажная фабрика может использовать свои мощности и более рентабельным образом». Из интервью министра легкой промышленности Я. Кешерю [16].

*** » «Мы выступаем за преодоление известных напряженных моментов путем индивидуальных мер. Так, например, в 1971 г. так называемый базисный уровень зарплаты был пересмотрен у 55 предприятий. Кроме этого еще 25 предприятий получили субсидию, которая повысила фонд заработной платы на 54 млн форинтов. На шести предприятиях был восполнен дефицит фонда распределения в сумме 31 млн форинтов, а на десяти предприятиях ежегодное участие в прибылях было пополнено на сумму 29 млн форинтов. ... Мы согласны и с тем, что трудности некоторых крупных предприятий в области выплаты заработной платы в 1972 г. должны быть решены на основе индивидуального подхода. Достигнуто принципиальное согласие и по многим другим вопросам. Так, например, нужно проверить, как влияет снижение экспортных цен на изделия металлургии на фонд распределения этих предприятий. Если это обосновано, следует возместить снижение прибыли. «Из заявления генерального секретаря профсоюза металлистов Л. Мехеша [17].

доказать, что низкая рентабельность или убыточность мотивируется «независимыми от деятельности предприятия» факторами.*

*

Во избежание недоразумений здесь следует сделать небольшое отклонение. Излагая в общих чертах институциональную структуру народного хозяйства, я хотел выделить условия, при которых данная система заинтересованности функционирует, отнюдь не вина кого-нибудь и чего-нибудь. Я полностью осознаю, что причиной вышесказанного является не просто нежелание или неспособность работников Госплана и министерств, руководителей предприятий работать по-новому, освободиться от привычного и рутинного. Следует иметь в виду и дальнейшие взаимосвязи.

Нынешняя система цен, например, не служит им должным ориентиром. Хотя в ходе реформы система цен стала более рациональной и гибкой, из-за интересов сохранения стабильности уровня цен и других требований (защита отечественного производства, некоторые проблемы внешнеэкономических связей) еще во многих областях не сложились правильно ориентирующие и стимулирующие пропорции цен, а при данных ценах различия в рентабельности далеко не всегда отражают различия в экономической эффективности, в реальной общественной оценке отдельных хозяйственных деятельностей. Поэтому часто бывает, что общественно необходимые виды деятельности становятся невыгодными для предприятий, и что при соблюдении всеобщих правил появляются экономически необоснованные различия между предприятиями в образовании фонда развития и фонда распределения (т. е. и в личных доходах).

Ряд дальнейших структурных проблем экономики, проблемы международных экономических отношений и немало таких экономических условий, которые в странах с аналогичным уровнем экономического развития обычно требуют вмешательства государства, приводят к тому, что взаимоотношения между государственными органами и предприятиями в системе принятия решений строятся согласно вышесказанному; с точки зрения рассматриваемого вопроса важен, однако, «конечный итог».

* «Можно согласиться с позицией XXVI съезда профсоюзов металлистов: не хорошо, что из-за различия условий и возможностей предприятия, *прилагая равные усилия, достигают различную рентабельность*. ... регулирование заработной платы практически спущено на уровень предприятий, причем таким образом, что возможности определяются прибылью. Поэтому можно ожидать, что в будущем рассеяние заработной платы еще более усилится. Такая тенденция грозит причинить почти неизмеримый экономический и политический ущерб.

Прибыли предприятия и в связи с ней доходы трудящихся продолжают незаслуженно дифференцироваться из-за различий в исходных условиях на 1-ое января 1968 г., из-за различного содержания прибыли в оптовых ценах и изменений в стоимости фондов. *На некоторых крупных предприятиях, определяющих развитие народного хозяйства, фонды развития и распределения не могут достичь желательной величины.* Отсюда вывод: «... индивидуальные доходы должны зависеть в первую очередь от индивидуальной работы.» [18]

А «конечный итог», это — своеобразная двойственность, противоречивость в положении предприятий. Если с одной стороны, с точки зрения формальной заинтересованности, всеобщего финансового регулирования положение предприятий характеризуется упразднением системы разбивки плана, заинтересованностью в прибыли и единообразной системой регулирования, то, с другой стороны, в неформальном механизме принятия хозяйственных решений, по-видимому, в основном сохранилась прямая зависимость между государственным аппаратом и предприятиями, являющимися частями всеохватывающей отраслевой-территориальной иерархии управления народным хозяйством.* Во многих случаях продолжает преобладать персональный характер зависимости между вышестоящими и подчиненными звеньями этой иерархии. В соответствии с формальным положением предприятий, с их заинтересованностью в прибыли микроэкономические акции должны совпадать с намерениями централизованной экономической политики только в своей совокупности, в основных направлениях, а не в каждом отдельном случае, и поэтому органы управления должны допускать отклонение отдельных явлений от желательной основной тенденции. На практике, однако, осуществляется прямое увязывание централизованных всеобщих и отдельных конкретных хозяйственных решений, не допуская таких отклонений.**

«Формы движения» противоречия

В венгерском хозяйственном механизме сложились определенные «формы движения» для преодоления этой двойственности. Одним из таких методов является система финансовых льгот и исключений. К их числу относятся различные дотации (включая дотации к цене импортируемого сырья), льготы, предоставляемые некоторым предприятиям при повышении заработной платы, экспортные субсидии, скидки или освобождения от налогов, освобождение от платы за фонды или начислений на зарплату, так называемый

* «Первое ограничение независимости венгерских предприятий состоит в том, что они являются составной частью единой иерархически организованной системы управления народным хозяйством, располагаясь на ее низшем уровне», — писал М. Гардош [19].

** «Несмотря из хозяйственные успехи, на заверения и принципиально-политическую защиту самостоятельности предприятий, нам все же кажется, что в последние годы — именно в связи с возникающими местами отрицательными явлениями, быть может, испугавшись их — на предприятия, промышленные и сельскохозяйственные кооперативы, на различные хозяйственные организации обрушилась лавина центральных мероприятий, указов, постановлений и регламентаций. Казалось, что каждое отдельное отрицательное явление сразу же желали покорять или предотвратить особым постановлением, новым регламентированием», — отмечает Б. Сабо [26].

Такая практика сопровождается идеологией, ссылающейся на «общегосударственные интересы»: «Первичным является интерес социалистического общества в целом, т. е. общегосударственный интерес. Групповые интересы всегда следует подчинять интересам общества. Правда, это легче объяснить, чем осуществить. Трудности начинаются уже с того, что в каждом отдельном случае надо установить и конкретно доказать, в чем состоит интерес общества в целом» — писалось недавно в газетной статье [21].

производственный налог, кредитные контингенты, дотации на капитальные вложения, разные другие льготы и т. п.*

Эти методы позволяют смягчить противоречия между единой системой общей заинтересованности в прибыли и финансовыми последствиями независимых от нее решений о производстве, о капиталовложениях, о внешней торговле и т. д. В то же время разрастающиеся финансовые исключения и льготы чрезвычайно усложняют стоимостные отношения, затрудняют расчеты экономической эффективности, ослабляют стимулы к повышению эффективности хозяйствования предприятий.

Эти исключения и льготы, однако, сами по себе не способны преодолеть отмеченное противоречие. Для этого требуется и воздействие через некоторые политические и общественные органы, через печать, требуются всеобщие «указания», кампании и т. д., когда от предприятий требуют, чтобы они в своей деятельности соблюдали действительный или мнимый общественный интерес часто в ущерб рентабельности, в ущерб собственной хозяйственной выгоде.** Например, недостатки в снабжении населения нередко хотят преодолеть не путем пробуждения инициативы и конкуренции, обеспечением соответствующего уровня рентабельности, а провозглашением уже упомянутой «ответственности за снабжение». Ссылаясь на стабильность уровня розничных цен, от предприятий требуют такого «поведения в сфере цен», которое часто препятствует экономически обоснованной политике цен предприятия и излишне связывает ценообразование.*** При возникновении неурядиц в области производственного кооперирования из-за слабой материальной заинтересованности или узких мест министерства и местные политические органы (например, местные советы) склонны к индивидуальному вмешательству.**

* О системе финансовых льгот и исключений см. [22].

** «Профсоюзы считают своей обязанностью содействовать своими предложениями разработке принципов и мероприятий в области политики цен и потребления, участвовать в общественном контроле над ценами, товарным снабжением и качеством» [23]. «У деятельности, наказуемой штрафом, всегда имеется две стороны. Первая является общей... Хозяйственная деятельность порицаема, если она нарушает закон, ведомственные предписания или противоречит социалистическим принципам хозяйствования... Когда можно сказать, что деятельность предприятия противоречит социалистическим принципам хозяйствования? ... Следует подчеркнуть, что в отношении важнейших участков хозяйственной жизни указанные принципы хозяйствования изложены в письменных документах, в основополагающих решениях. Позиция высших органов народнохозяйственного управления и общественного мнения является, однако, ясной и вполне совпадающей и там, где таких документов не имеется в отношении того, какого рода поведение нельзя допускать, а следует пресекать правовыми санкциями. Стало быть, судебная практика опирается на вполне оформленную систему требований и в указанных областях...» [24]. «Повышение уровня торговой деятельности часто не совпадает с заинтересованностью предприятий в прибыли. В таких случаях министерство дает руководящие указания. Принципы коммерческой политики, которым предприятия — хотя и не в обязательном порядке — должны следовать, определяются не только на пятилетку, а ежегодно. Среди методов министерского управления предприятиями возрастает роль устной информации. Это понятно, так как условия быстро меняются, и часто нет времени для разработки подробных указаний» [25].

Многообразие действительного положения предприятий

При анализе изложенных проблем, связанных с противоречивостью в положении предприятий, не следует упускать из вида тот весьма важный факт, что в положении предприятий при новом хозяйственном механизме произошли крупные изменения по сравнению со старой системой. И при всех упомянутых ограничениях и вмешательствах остается много таких вопросов производства, обращения, технического развития и даже капитальных вложений и внешней торговли, по которым предприятия самостоятельно принимают решения на основе собственной заинтересованности. Эта заинтересованность, как известно, в действительности сложнее, чем простая заинтересованность в прибыли, но не будем сейчас вдаваться в анализ этой проблемы. С другой стороны, значительно возросла ответственность руководства предприятий. Ведь преимущественно сами предприятия принимают решения о выполнении заказов, часто и о ценах. По сравнению с дореформенным периодом, уменьшились возможности для перекладывания ответственности за недостатки.

Как? Значит, предприятия самостоятельны и в то же время несамостоятельны? Они и не они принимают решения?

Положение предприятий не одинаково, оно зависит от их величины, профиля, географического местоположения и т. д. Рассмотренные выше факторы по-разному влияют на предприятия в коммунальном хозяйстве и в

*** «Регулирование заработной платы и доходов предприятий делает их чрезвычайно заинтересованными в повышении прибыли *любой ценой*. ... Различия в формах цен тоже значительно влияют на ценообразование. Влияние рынка также усиливает прежде всего тенденцию к повышению цен. Эти факторы, а также опыт последних лет служат доказательством того, что надо усилить контроль над ценообразованием. ... Требуется общественный контроль над ценообразованием и политикой цен предприятий. ... Методом ограничения и устранения усиливающихся тенденций к росту цен, однако, может быть только усиление государственного контроля» [26].

«Учет рыночных условий не может быть поводом злоупотреблений и экономически необоснованного ценообразования» [27].

«Контроль над ценообразованием был усилен. Были изданы калькуляционные методики для каждой подотрасли с целью эффективного контроля над деятельностью предприятий в области цен, и одновременно обязали предприятия делать калькуляции на этой основе. Тем самым была создана объективная основа для установления недобросовестной выгоды» [28].

**** «Как с экономической, так и с технической точки зрения легко понять, что эти предприятия дополняют друг друга, поэтому и их взаимоотношения отличаются от отношений между предприятиями вообще. Так как действующая система экономических регуляторов не всегда обеспечивает таких возможностей, координация программы (производства автобусов — Т. Б.) решается своеобразно. Это и является задачей Координационного бюро автомобильной промышленности, которое анализирует, согласует и координирует работу предприятий в четырех областях: производственное сотрудничество, технический прогресс, капитальные вложения и международное сотрудничество. ... Оно подчиняется управлению министерства по производству средств транспорта ... Мы стремимся узнать производственные планы предприятий и хозяйственные договоры между ними еще в период разработки плана, чтобы мы могли проверить их увязку и устранить помехи. Если мы не можем решить проблему в своей компетенции, то просим распоряжения замминистра» [29].

машиностроении, а внутри последнего — на крупные комбинаты, вроде комбината Ганц-Маваг или Венгерских судостроительных заводов, и на малые предприятия (например, подчиненных местным советам).

Если относительно таких крупных предприятий, как Ганц-Маваг или Венгерские судостроительные заводы, или таких объединений, как тресты в пищевой промышленности или в промышленности стройматериалов, взаимоотношения между предприятиями и центральными органами управления во многом напоминают старую систему, то на малых и средних предприятиях некоторых отраслей промышленности (в машиностроении, в химической промышленности, выпускающей товары бытовой химии, в фармацевтической промышленности, в швейной и обувной промышленности) самостоятельность и ответственность предприятий существенно возросла. В этих отраслях централизация управления в начале 60-х годов осуществлялась менее последовательно, удельный вес продукции, идущей на экспорт, относительно высок, и они более свободны при установлении цен. Кроме того, лишь часть этих предприятий участвует в централизованных программах развития, и у остальных план предприятий относительно слабо связан с народнохозяйственным планом, а народнохозяйственный план на практике определяет только основные направления деятельности предприятий. Финансовые льготы и исключения реже касаются таких малых и средних предприятий, и здесь меньше индивидуального вмешательства со стороны государственных и политических органов.

Все-таки часть таких предприятий — например, в машиностроении — включается в централизованные программы развития, старается включить свою продукцию в межгосударственные соглашения, хотя при этом и ограничивается самостоятельность предприятия, усиливается зависимость от министерства, усложняются финансовые отношения. Расширяются, однако, возможности получения финансовых льгот, получения добавочных средств и возможности индивидуального государственного вмешательства в их пользу, растут шансы получения различных привилегий. В сегодняшних условиях такой путь повышения рентабельности, расширения сферы деятельности предприятия, накопления успехов в руководящей работе нередко оказывается более легким, чем добиваться более эффективного хозяйствования, проводить успешную хозяйственную политику на общих основаниях.

Таким образом, своеобразная двойственность хозяйственного механизма порождает то стремление руководителей предприятий, о котором говорилось в начале статьи.

Литература

1. BAUER, T.—LAKI, M.: Vállalatvezetés, profilváltozás. (Управление предприятием и изменение производственного профиля.) *Valóság*, 1972/10.
2. RÉTEK, Gy.: A gazdaságosság jelentőségéről és szerepéről a népgazdaság tervszerű irányításában. (О значении и роли экономической эффективности в планомерном управлении народным хозяйством.) *Közgazdasági Szemle*, 1954/4. стр. 315.

3. BOGNÁR, J.: A szocialista gazdaság irányítása és működése. (Управление социалистической экономикой, ее функционирование.) В сборнике: *Vita a magyar gazdasági mechanizmus reformjáról* (Дискуссия о реформе венгерского хозяйственного механизма.) Budapest, 1966. Közgazdasági és Jogi Könyvkiadó. стр. 66.
4. *A Magyar Szocialista Munkáspárt határozatai és dokumentumai 1963—1966* (Резолюции и документы Венгерской социалистической рабочей партии.) Budapest, 1968. Kossuth Könyvkiadó. стр. 305.
5. RÉVÉSZ, G.: Regulation of enterprise profits under the new system of economic control and management. (Регулирование прибыли предприятий при новой системе хозяйственного управления.) *Acta Oeconomica*, Vol. 3 (1968). No. 1. стр. 27—28.
6. *A Magyar Szocialista Munkáspárt határozatai és dokumentumai 1963—1966*. стр. 254.
7. Там же, стр. 347.
8. Там же, стр. 263.
9. BÓC, I.: Középtávú tervek rövidlátó bírálói. (Близорукие критики среднесрочных планов.) *Figyelő*, 1 сентября 1971 г.
10. MANDEL, M.: A fejlesztési célok meghatározásának érdekeltiségi vonatkozásai. (Интересы, связанные с определением целей развития.) *Közgazdasági Szemle*, 1974/78. стр. 885.
11. A minisztériumok ágazati irányító tevékenységéről. (О деятельности министерств по управлению отраслями.) Interjú Keszérű Jánosné könnyűipari miniszterrel. *Társadalmi Szemle*, 1974/11. стр. 31.
12. HUSZÁR, J.—MANDEL, M.: A beruházási döntések rendszeréről. (О системе принятия решений о капитальных вложениях.) *Közgazdasági Szemle*, 1972/6.
13. БУКТА, L.: A decentralizált szféra beruházási döntései. (Решения о капитальных вложениях в децентрализованной сфере.) *Közgazdasági Szemle*, 1974/1.
14. HEGEDŰS, Zs.—TARDOS, M.: A vállalati vezetők helyzetének és motivációjának néhány problémája. (Некоторые вопросы о положении и мотивации поведения руководителей предприятий.) *Közgazdasági Szemle*, 1974/2. стр. 163—164.
15. VÉGN, L.: Vállalati érdekek — népgazdasági érdekek. (Интересы предприятия и интересы общества.) *Közgazdasági Szemle*, 1972/4. стр. 477.
16. *Társadalmi Szemle*, 1974/11. стр. 32.
17. *Népszava*, 9 марта 1972 г.
18. MACSÁRI, K.: Egyenlő munkáért — mekkora bért? (За равный труд — какую плату?) *Népszava*, 29 июля 1972 г.
19. TARDOS, M.: A gazdasági verseny problémái hazánkban. (Проблемы экономической конкуренции в Венгрии.) *Közgazdasági Szemle*, 1972/7—8. стр. 917.
20. SZABÓ, B.: Gazdaságirányítás, szabályozás, érdekek. (Управление экономикой, регулирование, интересы.) *Valóság*, 1974/11. стр. 4—5.
21. SZAMOSI, K.: Az érdekek összhangjéért. (За соответствие интересов.) *Népszabadság*, 19 августа 1974 г.
22. VARGA, Gy.: On the system of preferences. (О системе предпочтений.) *Acta Oeconomica*, Vol. 10 (1973) No. 1.
23. Hathatós szakszervezeti részvétel a dolgozók érdekvédelmében. (Действительное участие профсоюзов в защите интересов трудящихся.) *Népszava*, 10 марта 1973 г.
24. SZÉR, Gy.: A gazdasági bírság új szabályozása. (Новое регулирование хозяйственного штрафования.) *Figyelő*, 25 августа 1973 г. стр. 1 и 6.
25. A Belkereskedelmi Minisztérium irányítási módszerei. Lukács Ottó főosztályvezető nyilatkozata. (Методы управления, применяемые Министерством внутренней торговли. Заявление начальника управления О. Лукача.) *Magyar Hírlap*, 29 апреля 1973 г.
26. KRIZSANITS, J.: A nyereségérdekelttség és az áralakulás összefüggése. (Связь между заинтересованностью в прибыли и ценообразованием.) *Közgazdasági Szemle*, 1972/3. стр. 348.
27. БОУТНА, Gy.: A szabadáras ipari termékek árképzése. (Образование свободных цен на промышленные изделия.) *Figyelő*, 15 августа 1973 г.
28. CSIKÓS-NAGY, B.: Öt évvel a gazdaságirányítási reform után. (Пять лет спустя после хозяйственной реформы.) *Gazdaság*, 1973/2. стр. 17.
29. Betlej Sándor miniszterhelyettes, Kádár István KGM-főosztályvezető és Kiss Jenő, az Autóipari Koordinációs Iroda vezetőjének nyilatkozata. (Беседа с заместителем министра черной металлургии и машиностроения Ш. Бетлеем, нач. управления Министерства И. Кадаром и начальником Координационного бюро автомобильной промышленности Е. Кишшем.) *Magyar Hírlap*, 15 апреля 1973 г.

THE CONTRADICTIONARY POSITION OF THE FIRM
IN THE NEW ECONOMIC MECHANISM IN HUNGARY

T. BAUER

Starting from the results of empirical investigations into the behaviour of enterprise managers, the author analyses the experience of the economic reform in Hungary. He sums up the basic features of the economic system and the main trends in the activity of enterprise managers, determined by these features. The author concludes, that the firm under the circumstances of the NEM is in a dual, contradictory position.

On the one hand, as far as the formal incentive and sanction system and the overall financial regulation is concerned, the position of the firm may be characterized by the abandonment of the breaking down of plan indicators, by profit motivation and uniform regulation. On the other hand, direct dependence between the central authorities and enterprises seems to be preserved in the actual (informal) decision making patterns; economic units still constitute parts of a comprehensive organizational hierarchy. The personal character of the relations between different levels of this hierarchy continues to prevail in many cases.

The formal position of the firm, the profit motivation, etc., implies that only the aggregate result of individual economic events must coincide with the aims of central economic policy, and not each event; and that central authorities, therefore, should tolerate individual deviations from the desired main trends. In reality, individual economic decisions at the level of the firm are often derived directly from centrally made global decisions, preventing any such deviations.

Specific "forms of motion" have developed in the NEM for surmounting this contradiction. Selective financial policies (subsidies, differential taxes, etc.) are important but insufficient solutions; overall "guidelines", campaigns, hidden commands and pressure, exercised by several political and social authorities, or by the press, etc., are widely used as well. In such cases the firm is required to act according to apparent or real social interest, regardless of its own profitability, its material benefits.

The author points out the great variety in the positions of enterprises. The position of each enterprise depends on its size, profile, etc. While in the case of big enterprises or nation-wide trusts the actual relations between the firm and the central authorities resemble those under the old system, the autonomy and responsibility of small and medium-size enterprises in several branches of industry has significantly increased.

Some of these enterprises involve themselves in central development programmes, and try to get their production included in inter-state agreements. Although their autonomy is limited as a result, the possibilities of gaining subsidies, exemptions from taxation etc., will, however, increase.

COMMENTS AND CRITICISMS

M. LAKI

COMPETITIVE SITUATION AND PRODUCT PATTERN OF HUNGARIAN ENTERPRISES ON THE MARKET OF CONSUMER GOODS*

Competition and its intensity are explained most frequently either by institutional conditions (the number of competitors on the market) or by the state of the market (deviation from equilibrium). The effect of these factors is strengthened or weakened by the economic regulating activity of the state.

In Mrs. *Falus'* article both standpoints can be found: "Competition may be perfect and all its forms and kinds may develop only if the same product is manufactured and put on the market by a great number of manufacturers".

Even greater importance is attributed by the author of the article to the state of the market: "The indirect methods of control provide only the possibility of competition, however, it will become reality only if the possibility of and intention to supply exceed demand, at least to a minimum extent.

Under the strict conditions of theories on competition the two factors emphasized by Mrs. Falus or even one of them are usually enough for participants of the market to be forced to competition in the way defined by the model. Real market conditions usually differ from the starting conditions of market theories. Yet it often occurs that, when analyzing the selling possibilities of a product or the market relations of the national economy, competition is reckoned with only there and then where and when the conditions indicated in the theory can be shown to exist.

Observing the attitude of Hungarian enterprises after 1968 we can find several cases where the two conditions — or even one of them — were really enough for enterprises to find themselves in a competitive situation.** However,

* Contribution to "On economic competition" by K. Szikra Mrs. Falus, published in *Acta Oeconomica* Vol. 13, No. 1.

** We cannot give any satisfactory "positive" definition of a competitive situation. All we undertake is a "negative" (exclusive) approach. The enterprise executing only central directives is not competing, but the possibility of competition is excluded also by such distribution of products, in which the quantity and pattern of products to be sold are determined by rules independent of the enterprise which have become traditional.

there were also several examples, where no signs of competition could be observed in the attitude of enterprises despite the existence of conditions mentioned by Mrs. Falus. In other cases, although the coercive conditions mentioned were missing, the enterprises still tried to improve their market positions by different means. In our article we wish to prove by means of examples gathered for the analysis of Hungarian market relations that: 1. the conditions of traditional market theory mentioned also by Mrs. Falus are often only *necessary but by no means always sufficient conditions* of market competition; 2. several phenomena occurring in practice indicate that a theory of competition aimed at a better approach to and a satisfactory interpretation of real conditions should comprise several other circumstances. In our article we shall concentrate first of all on the place of commodities in the product pattern of enterprise and on its consequences. However, we are fully aware that the list will not be completed with this further consideration.

In the following we shall disregard that the enterprises are usually present on several markets and restrict ourselves only to analyzing the behaviour of the enterprise (or enterprises) on a single market. We shall take the most simple case, near substitution, but this will suffice to call attention to such factors leading to the development of a competitive situation, which were not mentioned in the article of Mrs. Falus. However, we shall first present examples proving the standpoint of the article in question.

Number of participants on the market and competitive situation

In the new system of economic control and management in Hungary the retail trade enterprises can freely decide whether to buy goods directly from the producer or enter into relations with a wholesaler.

Consequently, purchasing relations have profoundly changed as compared with those before 1968. But in many places the sales network of retail trade changed barely or not at all. This organization already developed with the nationalization of trade. Specialized retail enterprises were established dealing with the trade of a certain commodity group (shoes, clothes, foodstuffs, durable consumer goods etc.). Simultaneously with specialization the regional division of enterprises was realized, too, i.e. in the countries and the capital mostly only a single retail trade enterprise dealt with the trade of a commodity or commodity group, under the guidance of the local council.

All this corresponded to the principles of trade in products functioning on the basis of plan directives. Since the quantitative proportions of the distribution of products were prescribed in detail by the central organs, an organization was needed which would eliminate parallel trade *in principle* and where it could not occur that in some places surpluses and in others

shortages were caused by "cross-transportations". (Or if so, this was the result of a deliberate decision, for example in the case of regions especially important from the point of view of supply.)

In the retail trade organized on the basis of such principles consumers faced several regional monopolies: one monopoly for each commodity market.

These monopolies were never perfect and after 1968 their importance ceased or diminished in many fields.

For example, it worked against the monopoly that buyers travelled to places offering better supply. The local retail enterprises of the councils were forced to compete since a lot of their articles were to be found also on the commodity lists of the cooperative retail trade. Although the consumers' cooperatives functioned mostly in such settlements where the retail enterprises of the councils did not become established, there were examples of parallel trade, too. On the market of a commodity the appearance of the retail enterprises directly subordinated to the Ministry of Home Trade has an important effect, too. These enterprises are not under the control of the councils, and dispose of a national network. By concentrating their development funds they established department stores in selected places and the local trade was forced to compete.

Local retail trade could also get into a competitive situation because the local wholesalers themselves started retaining activities by opening demi-gross shops and department-stores. The opening of a "sample" shop by a manufacturer or of retail shops by state-owned or co-operative farms had a similar effect on the market of a commodity.

As a consequence of these processes a competitive situation differing by goods and regions has developed. In the capital and in the developed industrial regions the retail organization inherited from the old system of control and management is dissolving. In other places, where cooperative trade is of secondary importance and the enterprises directly supervised by the ministry and the manufacturers have no part, the influence of the regional monopolies continues to prevail.

Not even in the latter case can the "natural" comfort of the single seller always be observed. Also these enterprises get often into difficult situation, first of all not because of the consumers or the enterprises selling similar articles, but under the effect of the local apparatus controlling them. It is not indifferent for the councils how the supply of goods strongly influencing the mood of the population develops. The responsibility of retail enterprises under their control for the supply of goods manifests itself on the one hand in that "it is the correct thing" to develop the network of shops also in such places, where it does not pay (in small villages, suburbs), and these shops operating at a loss must be maintained. On the other hand, also such goods and commodity groups must be sold whose profit margin is low, whose circulation is

slow and therefore much lower profits are earned. Such enterprises are less profitable, often need external help and therefore, a part of their development is financed by the local administrative bodies. Naturally, in doing so they try to assert their supply aspects.

Regional monopoly combined with the responsibility for supply and the resulting particular supply of goods (and network of shops), are not favourable for the development of a competitive situation. Enterprises in such a situation pay relatively little attention to satisfying consumers, and to the introduction of new products, they do not especially bother about obtaining information concerning potential competitions. From among their purchasing relations those important from the point of view of commodity supply are mainly maintained. This attitude brings about a stable but rather narrow range of commodity supply, there are no significant actions to increase turnover (price reduction etc.), but they do try to avoid a shortage of important articles.

The responsibility for supply may be interpreted by the administrative organs in another way. Some councils do not insist on the regional monopoly of their "own" enterprises, but with various advantages offered they call new participants into the region under their control, especially into the market of goods or services causing much trouble from the point of view of supply. Articles uninteresting and unfavourable for the old participants on the market are mostly not so from the point of view of the new ones. Either because they regard the sale of articles with slow velocity of circulation and low profit margin as a sacrifice necessary for breaking into the market or they can achieve greater specific profit by means of efficient business policy, intensive propaganda and modern sales forms. In short, they trade better.

In many cases the new and old participants on the market make agreements (for example specialize themselves) but there are always such goods or services on which no tacit agreement was made or precisely the "gentlemen's agreement" is upset. In such a situation — if other conditions are also working in this direction — the competitive situation may become stable and natural for the enterprises.

The appearance of new participants on the market of a commodity may lead to radical changes not only in the trade, but also among the manufacturers.

The connection between the increase of the number of enterprises producing a given commodity and the development of the market situation for the commodity is well illustrated by the example of non-alcoholic beverages, a commodity group which is not significant in itself but remarkable regarding the rapidity of changes. The conditions prevailing on the market of non-alcoholic beverages, the small assortment and the bad quality of the drinks had been sharply but unsuccessfully criticized by the press and public for a long time. Non-alcoholic beverages are *subsidiary products* from the point

of view of the producers — especially for the canning factories. The increase or reduction in turnover of non-alcoholic beverages did not significantly influence the market situation of the enterprises interested mainly in the large-scale exports of canned goods to the socialist countries or, previously, in the fulfilment of the plan. The decisive change took place when some enterprises realized that the changed customs of consumers (for example the large-scale spread of motoring) are accompanied by a sudden growth of demand for non-alcoholic beverages.

Some enterprises bought the licence and production processes of great international concerns (Pepsi-Cola) — drawing the lessons from the former failure of development — while others contacted smaller western firms. The success of the new non-alcoholic beverages attracted new enterprises to this market. Part of them put already such non-alcoholic beverages on the market which had been worked out experimentally by themselves.

The new participants on the market of non-alcoholic beverages started the production of this article suitable for a rapid raising of the turnover for rather various reasons. Some of them undertook this because of the temporary or durable stagnation of the turnover of their traditional principal article. A good example of this is the Fővárosi Ásványvíz- és Jégipari Vállalat (Municipal Mineral Water and Ice Factory) where, from among the traditional products, the mineral water was unprofitable and ice production stagnated or diminished because of the rapid spread of refrigerators.

Other enterprises — wine-growing state farms, bottling enterprises — extended the range of goods because of the market depression of wine or fine grapes. There were also such enterprises — first of all enterprises originally established for the procurement of agricultural products — which expected higher profit from the sale of the processed fruit juice than from that of the fruit.

The effect of the different circumstances prompting competition is unambiguous. The number of available kinds of non-alcoholic beverages was growing rapidly and quality improved. The competing enterprises began an intensive advertising activity and tried to increase turnover not only by putting new drinks on the market, but also by increasing the number of bottle sizes. This process also had an effect on the old market participants. Moreover the canning factories modernized the range of choice and put new drinks or better quality drinks on the market.

Effect of saturation

By means of the above we wanted to support the thesis that there is a close connection between the number of participants on the market and the possibility of the development of a competitive situation. Now the connec-

tion between the degree of saturation* of the market and the competitive situation will be examined.

From among the consumer's goods (apart dwellings, telephones and other centrally distributed articles) the "real" shortage lasted the longest perhaps on the market of cars. In certain years the number of persons demanding a car was double the number of the allocated cars; a 3—4 year wait was necessary for some types.

The enterprise dealing with the import and distribution of cars was in a comfortable situation. On the car market all morally condemnable phenomena could be met, which necessarily resulted from the given situation and were brought about by the combination of shortage and allocation. The purchasers queuing for a car paid in advance without having seen the car and when they got it at last the circumstances of the delivery were not important for them and they had no special pretensions. The shortage led to allocation and allocation to the formation of preferred consumers' groups. Some supreme authorities had special car-funds, certain professions got cars before their turn and several legal processes manifested that corruption was a usual phenomenon on this market.

In the last 1—2 years significant changes could be observed on the car market. The increase in the number of socialist countries producing cars, the large-scale reconstruction and investment activity of the old manufacturers allowed to sell a much greater quantity on the Hungarian car market than before.

All this could soon be felt in the internal turnover. First there was a fall in the price of second-hand cars and then it occurred what was expected only by very few people, namely, some types could be bought immediately.

The trading enterprises previously dealing with allocation gradually switched over to the application of commercial methods. Attempts have been made to increase the turnover of certain types by means of intensive advertising. The forms of hire-purchase appeared — even if only within narrow bounds — and the price of the type least sought for was reduced. The sphere of activity of the enterprise has been extended: they deal also with the trade in second-hand cars and try to improve the circumstances of the delivery of cars by opening new hand-over places and by partially modernizing the old ones. A further saturation of the market requires further measures from the enterprise. Sooner or later the sphere hire-purchase will be extended and the term of guarantee increased: it is not impossible, that the price of other types

* We have no satisfactory definition of either shortage or saturation. It seems that the latter can more easily be approached by different indices, thus hereinafter the market of a given product will be regarded as saturated or nearly saturated if the degree of supply (stock per 100 families) is stagnating or decreasing for some years and if the retail turnover of the product stagnates or increases at diminishing rate despite the improvement of the quality and assortment of the product.

of cars will also be reduced. In an opposite case, other consumer's goods may prove to be more attractive than the car.

The effects of the saturation of a commodity market can often be felt on other markets of the enterprise, moreover on the market of its other commodities. The Jászberényi Hűtőgépgyár (Refrigerator Factory of Jászberény) appears with new types of refrigerators and increases its advertising activity, not only on the home market, but tries to sell an ever increasing part of its production on external markets.*

Movements in the opposite direction can also be met at the Hungarian enterprises. The temporary or durable saturation on the international market of certain goods induced these enterprises to enter into competition on the home market either with other sellers of their traditional products or with the manufacturers of another product which was new for them. Especially good examples for the latter are the Hungarian pharmaceutical enterprises. The quota problems impeding from time to time the trade with socialist countries, the increasing competition of the capitalist international concern induced these enterprises to appear on the home market with new, non-pharmaceutical products [2]. Thus, Chinoin started once more the production of plant-protecting agents after several years of interval and the Richter Gedeon Gyógyszerárugyár (Gedeon Richter Pharmaceutical Factory) appeared on the home market with cosmetics — using its trade-name.

Chinoin broke into a market where previously three enterprises have already appeared with their products and the products of the Gedeon Richter factory had to compete not only with the articles of the Kozmetikai és Háztartásvegyipari Vállalat (Cosmetics and Household Chemical Factory) but also with very significant imports. Competition between the Gedeon Richter Pharmaceutical Factory and the Cosmetics and Household Chemical Factory is especially spectacular. Both enterprises conduct intensive advertising and propaganda activity and in both factories modernization of the range of products has been accelerated. The Cosmetics and Household Chemical Factory bought the licence of several well-known capitalist concerns (for example: Nivea face-cream) and the Gedeon Richter Pharmaceutical Factory tries to enlarge, relying on its development department, the assortment of its own products, the Fabulon-family of cosmetics.

The above mentioned examples illustrate the thesis that an increase in the number of participants on a market or the saturation of a market activate the competitive spirit of the enterprises. In the following cases it will be presented where these forcing conditions were neutralized by other factors.

* From the article of Katalin FORGÁCS "Refrigerators in 11 variants" [1] is known that in the Five-Year Plan period between 1976–80 the enterprise wants to increase its total sales receipts by 40–60 per cent and its export to western countries nearly by 215 per cent compared with the former Five-Year Plan period.

**Counter-example: great number of participants
on the market — slack competition**

More than a hundred enterprises can be found in the Hungarian furniture industry. A part of them is under the control of a ministry, but also the local (council-controlled) industry and the cooperative sector have a significant share in total output. The overall picture is varying from the point of view of the size of enterprises, too. Some enterprises pursue mass-production, while several small and medium-sized enterprises applying developed techniques are known but there are enterprises, too, which produce by means of handicraft methods.

Not only the great number of enterprises but also other elements of the market situation suggest competition. The export possibilities of the industrial sector are very unfavourable, apart from the production of period furniture and chairs. Not even the greatest enterprises can get a firm stand on the capitalist market of modern furniture and the export to socialist countries is not of great importance, either. On the other hand, the import of furniture is rather significant, which in principle makes competition much more keen.

Despite these conditions the furniture market is one of the fields in the Hungarian economy where shortage was prevailing for decades. The well-known phenomena of shortage could be observed also here: the range of choice was scanty, some types could be obtained only occasionally, there were many defective products and the product pattern did not follow the changes in fashion. "Selling from under the counter" was very wide-spread, too. All this was connected with effective demand increasing more rapidly than the production of the furniture industry which had been neglected for a long time by industrial development policy. For a long time it seemed that the lack of competition could be attributed exclusively to restricted capacities.

In the Fourth Five-Year Plan period (1971—75) a large-scale reconstruction was realized in the furniture industry. Production in several state enterprises doubled, new enterprises appeared on the market (Szatmár Bútoripari Vállalat — Szatmár Furniture Works), the local small enterprises almost unobserved became big works (for example the Zala Bútorgyár — Zala Furniture Factory and the Kanizsa Bútorgyár — Kanizsa Furniture Factory) [3] but also the cooperative sector increased its furniture production intensively. As a consequence of the reconstruction production increased more rapidly than retail turnover but there are still no actions indicating competition and several "negative" phenomena have survived the reconstruction [4].

The number of types, sizes and kinds available is very small and there is a lot of old-fashioned furniture of poor make. Delivery schedules did not improve, either, and it seems now that even after the reconstruction there will be some shortage of individual pieces and small furniture.

The most frequent comment on these phenomena is the shortage of materials. From among the troubles impeding the development of this industry labour shortage and delay of investments are usually mentioned beside the shortage of materials. These phenomena appear, however, *not only* in the furniture industry but also at the enterprises actively competing as shown in the former examples. This indicates that on the furniture market not only these factors hinder the development of a competitive situation.

The leisurely attitude is surely connected with a partial shortage, namely, that some articles can be immediately sold. However, a similar attitude can be observed also at the enterprises from whose products stocks rapidly increased in the commercial network.

The only furniture wholesaler of Hungary which is, at the same time, transacting great retail turnover takes over these articles less in demand not because of its business clumsiness. Because of the uneven deliveries the warehouses of certain department-stores may become empty even today. If this happens, then the furniture less-sought for is offered for sale and the purchasers are forced to buy these goods if they have not enough patience. Several other reasons (for example not enough exhibition room) have contributed that a competitive situation develops only rarely on the furniture market.

In this case the existence of a great number of potential competitors has not led to real competition, indicating that a great number of participants on the market and a rapid increase of production are perhaps necessary but not always sufficient conditions for the development of competition.

Another counter-example: overstocked market — weak competition

When reviewing the car market it was shown that an enterprise dealing with allocation switched over to the application of commercial methods as the shortage has slackened. This, however, does not occur automatically, in some cases the saturation of the market does not bring about a competitive situation and does not change the attitude of the participants on the market.

After the industrial reorganization in 1962—63 TV sets were one of the few goods which could be produced by more — in our case two — enterprises. Orion and Videoton continued the production of TV sets.* The turnover of the product was rapidly increasing up to the end of the 1960's, thus none of the enterprises had sales difficulties moreover, there was a shortage from time to time first of all in the products of Orion. At the end of the 1960's, however, obvious signs of saturation could be observed on the market for

* Information on the two enterprises was collected mainly when preparing the case-study [5].

TV sets. The growth rate of turnover decreased and stagnated in certain periods. All these manifested themselves despite the fact that from among the durable consumer goods TV sets were sold on hire-purchase in the highest proportion. The more and more frequent periodic price reductions, the panicky cancellation of the quantities ordered from the factories even at the price of a one-sided breach of contract indicate the mounting troubles of the retailers and wholesalers selling TV sets.

Both enterprises could export TV sets with growing difficulties. In most of the socialist countries production of TV sets intensively increased and the market of several countries became overstocked. On the capitalist market colour television and portable TV sets became the leading articles, types not produced by the two Hungarian enterprises at that time, yet.

The high proportion of hire-purchase, the active advertising activity of the two enterprises and the new types appearing from time to time show that on the market for TV sets the signs of competition can be met, too. However, this competition is not so keen as supposed in such a case by the traditional market theory. If we start only from saturation, the presence of behaviour characteristic of comfortable situations can hardly be understood on this market.

Although it is true that the two factories put new and new types (with several technical novelties) on the market, in some periods the number of types decreases and what is more important: there exist more types than can be bought. It is indicative of a similar situation that certain types are not developed by any of these enterprises. Such is the "people's television", the inexpensive set meeting only the most moderate requirements, which has not been found in shops for a long time. There is a lag of several years in the production of portable TV sets. In the second half of 1974 the supply of this type was already continuous but this still means a lag of at least 2 years compared with the other socialist countries and 5—6 years compared with the capitalist ones.

With regard to prices the two enterprises producing TV sets do not compete on the market. Consumers can find TV sets in the shops only in a gradually narrowing price zone. The price policy of both enterprises is characterized by the fact that while the price of more expensive TV sets is slowly increasing the relatively inexpensive ones disappear from the market and the new types appearing instead of them cost already more.

The "quasi-competition" on the television market is often explained by the absence and small importance of import.

The import restriction by administrative measures undoubtedly increased the safety of the two enterprises, but this in itself does not explain the slack competition, yet. To support our statement the example of the radio market will be shown. Radio receivers are produced only by one Hungarian

enterprise, the Videoton appearing also on television market. The market of this product is more saturated than that of the television and large imports also contributed to this saturation. Despite these conditions stimulating competition, Videoton showed nearly similar behaviour in both markets. (The two articles are similarly important in the sales of the enterprise.) This indicates that the probable effect of import must be continuously evaluated.

From the point of view of the relatively leisurely attitude on the market it is of greater importance that *the main efforts were not aimed at the production of TV sets at any of the enterprises*. (Both factories have a decisively important group of products, Orion the so-called professional telecommunication equipments and Videoton the computers.) The TV set is a secondary product in both enterprises. An eventual defeat on its market does not especially influence their economic situation. *In this case the reason for the slack competition can be found only by analyzing the complete range of products of both enterprises.*

Product pattern and competition

It could be seen from the above examples that the attitude shown on the market of a commodity and the importance of the latter in the life of an enterprise are strictly connected with each other. It was certainly noticed by the reader that not even the examples proving the effect of the number of participants on the market and that of the saturation of the market were perfect. Situations were sometimes observed where not only the factors directly connected with the given product but also the market situation of other products of the enterprise exercised influence on the attitude of the enterprise and the development of a competitive situation. (The pharmaceutical factories and the winegrowing state farms broke into the market of other enterprises because of the market difficulties of their primary product, etc.)

The fact that there is a connection between the product pattern and the development of a competitive situation does not say much in itself. It turned out from the examples, however, that it was not indifferent from the point of view of the keenness of competition on the market how important the product was in the actual turnover of the enterprise, what was planned and toward which product the efforts of the enterprise were mostly directed.

The products of the enterprises are judged differently depending on their importance. It was mentioned in the example of the furniture industry that the shortage of several fittings (for example iron fittings) hindered continuous production. These products are manufactured by two well-known enterprises, Elzett and the Nagykanizsai Finommechanikai Vállalat (Precision Factory of Nagykanizsa). Neither of them is especially stimulated by the great demand on the market nor by the presence of the other to meet the require-

ments since the iron fittings are regarded in both enterprises as *insignificant, secondary* products.

Returning to the former examples, the industrially used telecommunication equipment is a group of products *influencing or determining* the entire activity of Orion and with computers the situation will be the same at Videoton in the near future. There are a lot of enterprises (for example the Országos Söripari Vállalat — National Brewing Enterprise) where the situation of the enterprise is determined only by one product.

Can it be stated on this basis that the greater the importance of the product within the total production of the enterprise, the greater will be the possibilities for the development of a competitive situation on the market of this commodity?*

New examples and counter-examples

From among the durable consumers goods the turnover of refrigerators increased the most intensively during the last 15 years. As a consequence of the yearly growth (occasionally 30—40 per cent) the Jászberényi Hűtőgépgyár (Refrigerator Factory of Jászberény) specialized its production. They stopped the production of metal ware and aluminium kitchenware. From an article strongly influencing development refrigerator became a product determining the further existence of the enterprise within a short time. The new plant units established as a result of fusions and investments were set up to produce first of all refrigerators.**

The spectacular increase of the turnover slowed down at the end of the decade and the signs of saturation appeared on the market. The proportion of hire-purchase suddenly increased and the rate of increase in stocks exceeded that of the increase in turnover. The enterprise could not avoid competition because of its peculiar product structure. The refrigerator was the most important product in the turnover of the enterprise (60—70 per cent) and could not be substituted by another "leading article" overnight.

The Refrigerator Factory started a competition in terms of quality and assortment, and looked for new markets for its products. Also the production of new articles (air-conditioning equipments, commercial food freezers) was set as an aim for the future. In only one year, in 1969, twelve new refrigerators of different sizes were put on the market and after a short time, by means

* In the present study that case will not be dealt with where the orders determined on the basis of the importance of the products and their specific returns, respectively, are deviating. This really often occurs and in such cases the importance of the product is "corrected" by profitability. We are interested first of all in whether there exists such an order or not.

** A case-study has been made by the author on the market policy of the Refrigerator Factory of Jászberény [6].

of a licence, also the production of modern absorptive refrigerators was started. From the point of view of modernity the new products surpassed the import goods. Their good quality is shown by the fact that the enterprise extended the guarantee period from two years to five. The types produced on the basis of the licence are marketable also on the international markets and the deliveries of the enterprise to Western Europe rapidly increased in the last 1—2 years. In this case the one-sided product pattern and the saturation proved to be a significant force pressing for competition.

In many cases, however, other factors neutralize these effects. Here mostly the example of the big national enterprises functioning under the circumstances of commodity shortage must be referred to. These are mostly producers of only one product or a group of products and are less specialized enterprises, but with most of them no signs indicating a competitive situation could be observed. The reason for this is usually found in the special institutional situation (namely, that these enterprises are the only participants on the home market of a given commodity). This is further strengthened by the fact that these enterprises display their activity on the market of articles in short supply.

The above mentioned examples prove that the importance of a product from the point of view of the turnover of an enterprise is in itself a similarly unsatisfactory characteristic of a competitive situation, of the possibilities and lack of competition, respectively, as the number of participants on the market or the saturation of the market.

Further difficulties

While analyzing the competitive situation, the product pattern can be used as a peculiar determinant. But not in every case! Namely, the importance of a product or a group of products cannot always be judged unambiguously in the life of an enterprise. Not because of the difficulties of accounting, but because there are enterprises where many (several thousand) products are manufactured at the same time whose frequency and importance is by and large the same. More precisely: there is no product in the product pattern of the enterprise toward which great efforts are directed. About 15,000 products are manufactured in the factories of Villamos Berendezés és Készülék Művek (Electrical Equipment and Instrument Works) and the importance of most products is not greater than 1 per cent in the turnover of the enterprise. Under such circumstances it is not worth to pay special attention to any one product.

When judging the product pattern, the size of the enterprise is not a negligible factor, either. It is another thing if only one product is manufactured by a big national enterprise and another again if by an industrial

co-operative. It is a further important viewpoint how elastically the enterprise reacts to the desirable changes in the product pattern, how rapidly its machine park can be retooled to manufacture new products, how actively the collective of the enterprise can participate in such a change. An enterprise equipped with special machines, employing semi-skilled workers has not the same competition possibilities as an enterprise equipped with universal machines and employing workers with universal skills. About half of the sales of the Irodagép és Finommechanikai Vállalat (Office Machine and Precision Engineering Enterprise) fall to the cash-register Ratus 20. The equipment for power stations is of smaller importance within the turnover of Ganz Villamos-sági Művek (Ganz Electric Works) [7]. The cash-registers are produced by means of a technology where the machines and assembly lines can be relatively rapidly retooled for the manufacturing of other precision-engineering products. The situation is different with the equipment for power stations where machines of high value are used which serve exclusively for the manufacturing of these products. From the point of view of the enterprises concerned we have here products of similar importance, but the possibilities for a switch-over are highly different.

Some conclusions

1. On the basis of our present knowledge the product pattern most desirable from the point of view of keen competition cannot be outlined. More can be said about the situation which is least desirable from the point of view of the development of competition. It seems that the development of a competitive situation is hindered first of all by two extreme conditions: by over-diversification without any main point of emphasis and at big enterprises — by a very narrow range of products.

One of the most important characteristics of the enterprises which are over-diversified and have a product pattern without any main point of emphasis* is: they manufacture so many kinds of products that the success or failure of none of the products or group of products will especially influence their situation.

In Hungary the so-called "teflon" dishes were considered a novelty. The Alumíniumgyár (Factory of Aluminium Products) reacted to the market possibilities by purchasing immediately a licence and the Hungarian product appeared on the market in a short time. It turned out, however, that the market could absorb only a slowly increasing quantity because of the price being too high for many purchasers, and thus the capacities could be utilized only partly.

* We have only Hungarian enterprises in mind, active in a single branch. The situation is different with capitalist conglomerates [8], but these are not treated here.

The retail enterprises and wholesalers buying teflon dishes trade in 50—60 thousand kinds of articles. From among these the teflon dish is only one article which is not especially important for them. However, this commodity does not fail on the market since the trading enterprises take over the usual quantity as a rule, and "let" it be sold out similarly as in the case of many thousand other articles. This state of "no success, no failure" is very awkward for the producer since the judgement of the market is not unambiguous and, therefore, it is very difficult to decide whether the efforts connected with the product should be redoubled or reduced.

The case of the enterprises with a narrow range of manufactured goods is another thing. They get into a competitive situation as the market becomes saturated, but this may call even the future existence of an enterprise into question if the enterprise is not prepared for the competition, since there are no articles bearing the current expenses which could compensate for the losses resulting from the slump of the main product. In such cases the enterprises can often overcome the difficulties only if aided by central intervention.

2. The participants of the discussions preceding the economic reform of 1968 had assigned almost uniformly a significant efficiency-increasing part to the competition to be brought about by imports — within this by the import of consumer goods. According to the assumptions formulated at that time the enterprises interested in increasing profits would reduce the production of articles earning smaller returns per unit of output than the average and change over to a more profitable product pattern. The trading enterprises, guided by similar viewpoints, would also try to purchase and sell articles promising more profit.

On the basis of the experiences gained until now the effect of imports is not so unambiguous. The commercial enterprises solicit the counteractions of home producers the least if they import articles which are not manufactured at home or whose home production is insignificant. This is a disadvantage for home producers only if because of the import a smaller proportion of the purchasing power is shared by them, than previously.

Propagation of the more developed manufacturing procedures, the import engaging the purchasing power of the strata having high income do not put the home producers into an awkward situation, either. The volume is insignificant and by the fact that the innovations in fashion and technology are "delivered home" the comfort of the producer may even increase.

The import of the articles considered as shortage goods but manufactured also by the home industry affects the producers already more sensitively and contributes to the saturation of the market of the product. If the volume is not significant or the given product is regarded by its producer as a secondary one, the import does not especially influence the producing enterprise.

However, if the import is of a relatively large volume and the product has an important part also in the sales of the home producer, then the industrial or agricultural enterprise usually "replies" to the effects of imports. The counter-step may be varying. It is imaginable that the manufacturing of the product exposed to the effect of import will be reduced and developed more slowly than the average and the manufacturing of another product will be started instead. The producer may compel his partner to reduce the pressure of import by spoiling the sales conditions of other articles, too, if the commercial enterprise buys also other goods from it. A further possible counter-step may be to make the purchase of the home product more advantageous for the trade by improving the technical and economic parameters of the product and providing better price, guaranty and delivery terms.

The assumption was that the nearer the commodity examined to the state of market saturation and the greater its proportion in the turnover of the enterprise, the more the producer would be stimulated by imports.

The experience gained until now has only partly verified this assumption. Though it is undoubted that the home producers affected by imports on a market where goods are scarce or those active on the market of a commodity rather far from relative saturation (e.g. furniture) do not react to imports to the home market with any special sharpness. More surprising phenomena, which are more illuminating from the point of view of understanding the functioning of the home market, were experienced where import brought about competition on the market of a commodity approaching the state of saturation. Here the expected vehement reactions were mostly missing. Naturally, imports elicited certain counter-measures. It accelerated technological development, producers made greater efforts at direct retail sales, greater importance was attributed to trade marks, greater stress was laid upon the improvement of quality and on the standard of repairs under guarantee, etc. It cannot be said that reactions were missing, but they were not proportionate to the difficult market situation of the products in question.

Here, however, a sharp distinction must be made between the situation of the product and that of the enterprise. This distinction is important in order to understand the limited efforts, since the relative saturation of the market with certain consumer goods did not especially shatter the profitability and market positions of the enterprises concerned. This latter fact directly results from the circumstance that their share on the market of these articles is considerable and this gives them a rather strong feeling of safety. Anyway, consumer goods belong to the inconvenient products from the point of view of enterprise profitability. Their returns per unit of output are lower than the average, prices often cover only the costs of production. This indicates that the inclusion of increasing wages and material costs in a higher price

is more difficult here because of the more rigid price forms and stricter price-control than in case of the means of production, public deliveries or export to socialist countries.

The enterprises have better possibilities not only from the point of view of price formation and profit, but even from that of development, if they produce production equipment instead of consumer goods. By means of the former they can join the preferred government programmes more easily, participate in great export deliveries and thus automatically have a share in the advantages of selective development policy. The enterprises participating in the large-scale programmes can more easily obtain credit, wage, preferences etc.

However, this is not the effect many people had reckoned with previously. It is not sure that a more efficient and profitable article will replace the products squeezed out by imports. The enterprises make use of the effects of selective economic policy — selecting market conditions, too, — which are favourable for them.

For the development of a competitive situation excess supply on the market and the great and increasing number of participants on the market are often necessary but not always sufficient conditions. The product pattern of the enterprises may also have an important part in this process. The analysis of the product pattern makes the description of the competitive situation more tinged, but for a satisfactory interpretation of the behaviour of a modern enterprise the consideration of further factors is needed.

References

1. FORGÁCS, K.: *Hűtőszekrény 11 változatban* (Refrigerator in 11 variants.) Figyelő, September 11. 1974
2. HERCZOG, Gy.: *Szélesedő gyártmányiskála.* (Expanding product pattern.) Figyelő, September 27. 1972
3. EÖTVÖS, P.: *Bútorgyár borotvaélen.* (Furniture factory on the knife's edge.) Népszabadság, November 18. 1973
4. RÉVÉSZ, A.—KUN, I.: *Bútorellátási gondok.* (Troubles in furniture supply.) Figyelő, July 4. 1973
5. LAKI, M.: *Importverseny a rádió- és magnetofon piacon.* (Import competition of the radio and tape recorder market.) Budapest, 1973. Konjunktúra és Piackutató Intézet.
6. LAKI, M.: *Importhatások a hűtőgéppiacon.* (Import effects on the market of refrigerators.) Külgazdaság, 1972. No. 7
7. VINCE, P.: *Tanulmány a gazdálkodás és fejlesztés lehetőségeire.* (Ganz Villamossági Művek.) (Study on the possibilities of management and development. Ganz Electric Works.) Budapest, 1973. Konjunktúra és Piackutató Intézet.
8. NEUMANN, M.: *Konglomerate. Konzentration und der industrielle Monopolisierungsgrad.* Zeitschrift für die gesamte Staatswissenschaft, 1967. No. 4

REVIEWS

T. FRANK

THE SOCIETY FOR ORGANIZATION AND MANAGEMENT SCIENCE

In October 1970, within the framework of the Federation of Technical and Scientific Societies (METESZ), the Society for Organization and Management Science was established which has been a member society to the Federation since May 30, 1974.

Problems of management, organization, planning, production control, supervision, trade and labour have already been dealt with in several organizational forms within the Federation of Technical and Scientific Societies ever since 1948. However, these problems have been emphasized and given proper importance only since 1964-65 when the preparation for the reform of economic control and management began, in which the experts active in the Federation of Technical and Scientific Societies also participated. But the previous frameworks of organization proved not to be satisfactory for the required evolution of this activity. The direct forerunner of the new Society was the Central Committee for Industrial Economics within the Federation of Technical and Scientific Societies, and prior to this its previous predecessors had also operated within the framework of the Federation of Technical and Scientific Societies, but terminated their activities in the fifties: the Society for Labour Science and Rationalization and the Scientific Society of Business Organization.

The establishment of the Society satisfied a real need. It was formed in such a stage of development of the Hungarian planned economy when the exploitation of reserves inherent in modern organization and management became one of the substantial factors in developing the planned economy intensively. This was expressed in the decrees of the Party and the Government, passed in 1971 and 1972, regarding work organization and business management, which gave an impulse to the development of the Society as well. All this is reflected, among others, in the broad interest for the activities of the Society. During the few years since its establishment, membership has exceeded 6500, ensuring it a high placing among similar Societies. During the past 4 years 8 sections, within these 66 task committees and 25 local and 2 factory organizations have been established in the Society.

The executives of the Society: Chairman: *Drecin, J.*, vice president of the National Planning Office; copresidents: dr. *Bérci, Gy.*, the director-general of the National Centre for Manager Training; dr. *Harsányi, I.*, professor and head of department at the Technical University in Budapest; dr. *Varga, S.*, professor and head of department at Karl Marx University of Economics; secretary-general: *Valkó, M.*, retired general manager; deputy secretary-general: *Frank, T.*, assistant head of department of the Federation of Technical and Scientific Societies.

Of course, the development of organization is only a reflection of the broad activity exerted by the Society. Its basis is constituted by the activities of departments. Departments are operating in the following comprehensive fields:

- organization,
- management,
- labour science,
- trade,
- finance and auditing,
- planning,
- investment contracting
- cooperatives.

There are specialized task committees within the departments.

The main fields of the activities of the Society for Organization and Management Science are the following ones:

- conferences, discussions, lectures,
- training courses,
- exhibitions, presentations of films,
- exchange of experience and club-meetings,
- publications.

Conferences

Conferences are organized mainly by the individual departments and their topics are chosen from among the most important up-to-date questions of science and practice. Here are some of the conference programs of the past years.

- Modern enterprise organization and management (1973)
- Organization of information within the enterprise (1974)
- Computers at the service of management (1972)
- Second conference on labour economics (1974) (in common with the Hungarian Economic Association)
- Second conference on marketing (1974)
- First conference on futures research (1972)

- Conference on value analysis (1973)
- Conference on internal auditing (1971)
- Conference on enterprise finance (1973) (in common with the Hungarian Economic Association)
- Conference on investment (1974)

Though the conferences cover a fairly wide range of topics, nevertheless they do not appropriately show the manifold activities of the Society. Therefore, we mention some more examples, regarding the fields where the Society exerts its activities.

- organizational and management problems of minor- and medium-sized enterprises;
- the economic problems of environmental protection;
- material management and stockpiling;
- price problems;
- ergonomics;
- marketing;
- labour and workshop psychology.

The conferences and discussions effectively contribute to clearing up a number of important scientific and practical problems and have aroused the interest of experts for quite a few previously neglected subjects. The Society occasionally organized its conferences by inviting foreign lecturers and participants.

The Society has planned a further and rich conference program. Apart from the recently steady topics of conferences (such as, e.g. management science, organization science), the fields of material management and stockpiling, planning in the enterprise, relations between the industry and foreign trade are also in the program. The Society also intends to discuss certain problems of the new five-year plan.

Training courses, exhibitions and publishing activities

Here, first of all, the wide activity of the Society in training medium-level leaders within the factories should be mentioned. It has contributed to this partly by preparing the lecturers and partly by elaborating the subject-matters of instruction. Several thousand medium-level leaders of enterprises take these courses.

Besides, training courses were organized in the fields of:

- public relations,
- advertising psychology,
- trade in invisibles,
- organization.

In these courses, too, a great number of participants have acquired the most recent knowledge falling within the field.

The main purpose of exhibition activity is to introduce the modern techniques of organization and management. To this end, among others, the exhibition of computers and peripheral equipment was established in the countryside. Exhibitions of books and journals linked to the conferences are also organized.

Publications cover the conference materials, text-books for the leader training courses held in the factories and series entitled "Pocket Library of Organization and Management", also in the service of training. Since 1972 the Society has edited the monthly entitled "Ipargazdaság" (Industrial Economics).

The Society has established, especially since 1972, intensive contacts with similar societies and associations of the socialist countries. In this framework conferences were and will be organized in this year and in 1976 in the USSR, Czechoslovakia and Poland. The Society also maintains relations with certain organizations dealing with similar fields in Austria, West-Germany and the USA.

List of the major publications

- Külföldi érdekeltségek és vegyesvállalatok elmélete és gyakorlati tapasztalatai (Theory of the empirical experiences with the foreign interests and joint enterprises) 1971.
 A gazdasági hatékonyság (Economic efficiency) 1971.
 Az ipari szervezés és vezetés magyar szakirodalma (The Hungarian literature of industrial organization and management). 1973.
 A műszaki tervezési munka termelékenysége és követésének módszerei (The productivity of technical designing and the method of its increasing,) 1974.
 Ergonómia a tervezésben (Ergonomics in planning) 1974.
 Műszeres munkamérések és munkatanulmányok (Work measurement by instruments and work studies) 1974.

BOOK REVIEWS

SZAMUELY, L.: *First models of the socialist economic systems. Principles and theories.* Budapest, 1974. Akadémiai Kiadó. 108 p.

The book is the close translation of the Hungarian edition that appeared in 1971. The Hungarian edition of the work that rose attention both in Hungarian and in foreign press was presented in *Acta Oeconomica* Vol. 9, No. 1 by the late Sándor Ausch. This makes it unnecessary to review the book again in detail, therefore only some of its principal ideas will be recalled here.

The book analyses the socio-economic structure of Soviet Russia in the first years of its existence, that is during the civil war and in the years following the war. These two stages known as war communism and New Economic Policy (NEP), respectively, are taken as two particular models of the functioning of a socialist economy. The author tries to prove that war communism was not only a socialist form of war economy, that is a temporary and historically random formation, but a particular effort at creating the foundations of socialist economy. He views war communism as the hitherto purest realization of a centralized directive model of planned economy. Analysing the ideology of war communism on the basis of the works of several authors writing at that time (Bukharin, Trotsky, Preobrazhensky), he reaches the conclusion that the model of socialist economy was heavily influenced not only by the earlier widespread Marxist

views, but also by the experiences of the state monopolistic war economy during World War I (elimination of the market, liquidation of money, general compulsion to work).

The author devotes a separate chapter to the analysis of Lenin's views on the socialist economic system. He stresses that up to 1917 Lenin generally shared the prevailing views of the Marxists about the socialist economy, but parted with them on several counts, in the spring of 1918 when formulating practical tasks. A radical re-examination of his ideas started only in 1921 after the introduction of the so-called tax on produce to be paid in kind during the transition to the New Economic Policy. The author shows that references which can be found in the articles and letters of Lenin written during his last two creative years, allow us to conclude that by then Lenin reached — or at least was on the road toward reaching — the idea of a system of socialist planned economy which would utilize methods of a market economy and rely on a principle of material incentive.

The introduction of the NEP in 1921 is held by the author as the first and hitherto most important socio-economic reform of socialist societies, since it had tried to implement a planned and regulated model of a socialist market economy.

The book by Szamuely is one of the best to be found on this subject dissecting as it does the first and most crucial period of the development of

the Soviet economy. He accomplishes this task by disclosing and analysing original sources and ideas and by adding his own incisive interpretation to them.

T. FÖLDI

FÖLDI, T. (ed.): *Economic development and planning*. Selected studies. Budapest, 1973. Akadémiai Kiadó. 159 p.

By now this is the third selection in English from the works of scientific researchers at the Institute of Economics of the Hungarian Academy of Sciences. The six studies cover the problems of economic growth, planning and the development of agriculture.

Academician I. Friss discusses in his Study "On long-term national economic planning" the problems arising while working out the long-term plan of the national economy covering the period originally ranging till 1985, and till 1990 by now. In the author's opinion the basic question is to what extent a society can actively interfere with the future formation of economic processes or rather, to what extent these changes result from the activity of non-plannable spontaneous factors. On the one hand, the long-term plan offers more possibilities for variations when elaborating the conceptions of economic policy, and on the other hand, it cannot be so authoritative in the implementation, as are shorter-term programmes.

Reviewing the experiences of long-term planning (forecasting) in the developed capitalist countries and the history of long-range planning in the Soviet Union, the author declares that the problem of long-term planning in Hungary is that rather few variants are made for the different sections of the plan, and there is no decisive difference between the elaborated variants. The quality of planning work has been much improved by using mathematical methods, especially the wider use of economic programming, but there is a need for a proper decision system to solve the most important devel-

opment problems of the economy. As a matter of fact, long-range planning does not mean the extrapolation of the present situation, since this would involve carrying the faults of the past further on, but it means changes in proportions, modifications in structure which may considerably accelerate the development of the economy. The decision system calls for a machinery that will successfully cope with the requirements of public interests and rationality.

In his study, "Industrial development strategy in developing countries", Gy. Cukor., deputy director of the Institute, deceased in 1973, examines the key-issues of industrialization policy in the Third World. From these the author calls attention, in the context of the problem of optimum plant size, or large factory versus small plant to the fact that the handicrafts using traditional technology and the small plants operating with mechanical techniques should be distinguished within the small-scale industry in the developing countries. Handicrafts can by no means provide the basis of industrialization in the countries of the Third World. The small plants, however, have proved to be viable up to the present in the developed industrial societies and their advantages apply *a fortiori* to the developing countries. Home demand and exporting possibilities do not assure a proper market for the supply raised by the manufacturing industry in many cases. Smaller plant size also makes it easier to decentralize and to start industrial development simultaneously at several points. Despite of all these advantages the development of small-scale industry may be only the first, introductory stage of industrialization at any rate. In the author's opinion conscious development and State subsidies connected to it shall primarily concentrate on establishing largescale industrial plants.

In another question discussed for a long time — selection of the optimum production technology — the author starts from the fact that the lack of capital and

the comparative abundance of labour is characteristic of the industrially backward countries. Yet, he deems the selection of labour-intensive technology as expedient within certain limits only, since labour-intensive investments result in lower productivity and a lower employment level in the long-run, which finally leads to the slowing down of economic growth. It is, however, more correct to strive for maximization of economic growth in the developing countries.

The third none the less discussed problem is the orientation of industrial development policy. Generally, import substitution is characteristic of the industrialization in developing countries. To build up the capacity of home manufacturing requires heavy interference with the usual economic processes and a willingness to sacrifice in the interest of the future, and in many cases it conflicts with the rules of comparative advantages, with the free play of market powers. But the author emphasizes that the policy of substituting imports is one of the major methods in the industrialization of underdeveloped countries, which is the more important the lower the state of the industry and, consequently, the lower the export potential of a given country. In his opinion the problem to be solved is to establish correct proportions between import substitution and export orientation in the development of the economy. That is to say it is necessary to increase the industrial exports to maintain the balance of trade. At the same time the primitivity of home industry does not meet the quality requirements of the world market. The difficulties are increased by the fact that developing countries can expand their foreign trade turnover with the developed countries only, since the exchange of goods among the developing countries is hindered by the similarity of commodity pattern. In the acceleration of industrialization in the developing countries, therefore, the establishment of regional economic integration would mean a step forward.

In the past decade household budget statistics have imported a wide range knowledge about how the consumers' demand has developed as a function of changes in incomes in Hungary. Up to the present it has, however, remained an unsolved problem how the change in prices modifies the structure of demand and in what direction supply and demand regulate prices. *R. Hoch* and *I. Kovács* look for an answer to this question in their paper "Changes in incomes and consumer prices affecting demand". They present a consumption model which relies on international cross section analyses, eliminating the difficulties and contradictions of conversion into a common currency.

The most important variable of the model is the consumption of the so-called "income article". The income article is a product or group of commodities whose consumption practically and almost exclusively depends on the formation of real income or, rather, real consumption. In addition, the authors introduce the concept of the relative price and the partial purchasing power of money income. In the model the category of the relative price means the portion of the income obtained per time unit to be paid for a unit of a given good. Actually, the partial purchasing power of money income is the reciprocal of the relative price and expresses the multiple or portion of the given good to be purchased with the income obtained for one time unit.

On the basis of the model the authors analysed the development of the partial purchasing power of money income, with respect to some basic consumers' commodity groups (food, clothing and durable consumer goods). The examination covered the period from 1950 to 1965 and 17 countries: 12 capitalist and 5 socialist countries, including Hungary.

A. Schmidt, points out in his study, "Equilibrium of the budget and of the national economy", that the necessity of budgetary equilibrium turned into a dogma in the continental financial science deriv-

ing from "cameralistics". In this concept a decisive change occurred between the two World Wars, mostly under the effect of Keynes' ideas. Rigorously maintaining the financial equilibrium of the budget may conflict with the requirement of developing the economy since the lack of equilibrium, under certain conditions, can be put at the service of promoting the economy. Therefore, it is always reasonable to examine the equilibrium of the State budget in its relations with the equilibrium of the economy. An economy with increasing population is in equilibrium if harmony between the flow of outputs, products and services and the flows of money comes about with increasing national income and an increasing *per capita* income. The more open the given economy, the greater the role of balanced financial processes in foreign relations.

The short-run equilibrium problems of the economy can be solved by drawing on stocks and reserves, a lasting lack of equilibrium, however, requires a modification of the structural proportions of the economy. In his examination the author draws a parallel between the causes of the origin of imbalances and their elimination in the capitalist and socialist countries. Besides, he emphasizes that no complete equilibrium can come into being in a modern economy. On the one hand, because equilibrium itself assumes the existence of elements of disequilibrium stocks, reserves, etc. — and on the other hand, because economic growth itself can only come into being through minor or major disequilibria.

The study of *B. Csendes* deals with the development trends of the Hungarian agriculture. It states that the fastest growth in this century has taken place in the agriculture of Hungary in the period since 1957. Analysing the growth factors the author mentions that the distortion of the price system, the deficiencies of the vast subsidy system and of agricultural records throw heavy difficulties in the way of truly evaluating the agricultural branches and

measuring their efficiency. The calculations made at prices reflecting actual social inputs verify that agriculture contributes to the creation of the national income to a greater extent in comparison to the extent to which it engages the fixed assets of the economy. The efficiency of the three basic factors in production developed differently in the course of the period examined. Gross output both per unit of agricultural area and per engaged person has increased but the latter at a faster rate. Gross output per unit of fixed assets, however, has decreased, showing that the capital intensity of agriculture has increased. The further increase of the efficiency of production factors in agriculture is promoted by the greater independence assured by the new economic mechanism. The fact, that the cooperatives can independently decide on the structure of production, and on the problems of expanding production, enables them to adapt more flexibly to the variable requirements of both the home and the world market.

The last study, the posthumous work of Professor *K. Ihrig*, died in 1972: "Agricultures' contribution to the growth of capitalist economies", also examines the growth factors of agriculture on the example of developed capitalist countries.

Zs. JOZSITS

FALUSNÉ SZIKRA, K.: *A termelékenység és hajtóerő* (Productivity and its motive powers). Budapest, 1975. Kossuth Könyvkiadó. 318 p.

The author presents in her study the examined material and her conclusions in five chapters. In the first chapter, "*The growth of productivity*", she writes about the line of reasoning and the results of those international comparisons by means of which she examined the differences between the growth rates and levels of the European socialist countries and some capitalist countries in the productivity of

labour, as well as their characteristic tendencies.

The data on the development in European socialist countries between 1950 and 1970 clearly showed that during the twenty years the productivity of labour increased most slowly both in the industry and in the whole national economy, in Hungary from among the countries mentioned.

When comparing the development of the socialist countries to that of some capitalist countries the author primarily looks for an answer to the question whether or not the distance between their productivity levels has increased or decreased as a consequence of the different growth rates. This comparison covers five countries belonging to the European Economic Community, four Mediterranean countries and the seven CMEA countries in Europe, relying on the data of 1953, 1960 and 1968. During the calculation the author uniformly measures output by the index-number of GDP (at 1960 market prices, valued in dollars of West European purchasing power) while the work-time input is expressed by employment.

She declares that the relative distance in productivity measured at the level of the whole economy definitely decreased between the Common Market and the CMEA. The absolute distance, however, increased both in the fifties and, especially, in the sixties.

The relative distance between Hungary and the Common Market countries did not change substantially in the fifties and has slightly decreased in the sixties. The absolute distance increased in both periods. The relative position of Hungary compared to the CMEA countries considerably deteriorated. In the sixties this tendency did not continue any more and the relative distance became stable while the absolute distance was growing.

Examining the deviation of productivity levels between countries in two major branches of the national economy, industry and agriculture, the author declares that the lag of CMEA countries in productivity

is much greater relation to the examined Common Market countries in the productivity of agriculture and whilst a considerable decrease of the relative difference in productivity level is observable in the industry (primarily in the fifties), this distance even increased in the agriculture.

Examining the role of structure by branches from the aspect of the increase and the level of productivity, the author comes to the conclusion that the approaching of the productivity levels of the developed capitalist countries can be achieved essentially not by means of modifying the ratios between the major branches of the economy — by increasing the weight of industry —, but by increasing productivity within the major branches of the economy. Of course, the effect of change in product pattern and production structure within the branch is also expressed in this.

The relation between the level and growth rate of productivity cannot be considered as a close one, nor can be proven that the growth rate of productivity ought to decrease at a higher level of development.

Analysing periodicity in the growth of production and productivity — primarily on the basis of development in CMEA countries — the author comes to the conclusion that the periodic fluctuation of the growth rate is due to the unevenness of and strong fluctuation in the investment process. The basic reason is the periodically forced rate of investments exceeding the load-bearing capacity of the economy and the inappropriate investment pattern. This periodicity, however, is of a completely different character in the socialist countries compared to the cyclical development of capitalist countries inflicted by economic crises. I.e. in the socialist countries deceleration of the growth rate is not brought about by the lagging of total demand behind supply, the case is rather reversed. Periodicity is not necessary but derives from mistakes in economic policy and deficiencies in plan-

ning. Hungary attained the slowest growth in productivity among the CMEA countries and, at the same time, the annual fluctuations are the greatest in Hungarian investments. Although even in case of socialism a development completely free from fluctuation is an utopistic expectation, it is sure that a comparatively even development showing not too great amplitudes would be more favourable.

Apart from analysing the productivity of live labour the author makes an effort to examine the joint efficiency of live and materialized labour. Examining the results arrived at with the aid of various well-known methods, namely the efficiency test depending on cost accounting, the input-output table, the different production functions (e.g. the Cobb-Douglas function), the ratio of gross output to national income and considering the advantages and disadvantages of the so-called corrected index of productivity (the product of the index of labour productivity by that of capital productivity), the authoress decides in favour of the index of total productivity, namely the calculation of efficiency as a weighted average. For this purpose, however, she uses unusual weights: she takes a proportion of 63 per cent for featuring the "value" of social labour engaged in live labour and 37 for expressing the "value" of social labour embodied in means of production, which increases the weight of materialized labour compared to the usual one.

According to the obtained results total efficiency increased substantially more slowly in all the CMEA countries examined than the productivity of labour. From among the seven countries growth was the greatest in Romania and the smallest in Hungary and Bulgaria. Regarding the intensive and extensive characteristic of development the changes in tendency are fairly frequent by periods and countries. But, by way of a summary it can be stated that in the periods between 1955 to 1960, and 1960 to 1965, respectively, more extensive development come into

prominence in all the seven countries without exception: the contribution of total efficiency to the increment of national income decreased and that of inputs has increased. In the following five-year period, however, — except for Romania and Poland — growth became successfully intensified.

In the second chapter on "*Factors of productivity*" the author deals from among the numerous factors with those factors relating to investments which assert themselves through the technological equipment of labour, on the one hand, and with factors outside investments whose joint effect is expressed by the efficiency of fixed assets. The development of technological equipment in the socialist countries was characterized not only by rapid growth within each branch, but also the weight of those branches considerably increased in which the technological equipment of labour exceeded the average of the economy.

The author looks for an answer to the question what role was played by the differences between the growth rates of productivity in the socialist countries. To determine this she decomposes the increment of *per capita* national income into the following factors: the total population and the ratio of those in working age, the ratio of the economically active within those of working age, the ratio of employment in the productive sphere to total employment, the technological equipment of labour and the efficiency of productive fixed assets.

In the first step she calculates the contribution of each factor to the growth of *per capita* national income (on the basis of the logarithmic method of decomposing the increment). Then she expresses the contributions (proportions) in percentage points and establishes the differences in the contribution of each factor between countries.

It can be concluded from the results of the calculations that in the differences of the growth rates between Hungary and the rest of the socialist countries the

differences in the growth of the technological equipment has a decisive role. Between the efficiency of fixed assets and the differences in the growth rates between countries no noteworthy relation can be shown.

The experiences of investigations made on the basis of the level of electric power consumption per employee and other indicators, may be summarized in that one of the main reasons of unfavourable productivity level in the Hungarian industry is the low ratio and comparatively low capacity as well as the outdated state of productive installations. This does not mean that the worker beside the machines is not properly equipped technically but a disproportionately high ratio of workers are working without machine or in poorly mechanized ancillary processes. The growth of investments and technological equipment, however, bring about the expected effect only if the rest of factors, the qualification level of labour, the organization of the production process and the utilization of installations also develop adequately.

The chapter, "*The motive powers of growth in productivity*", primarily deals with the analysis of the effect attainable through material incentives and of the opposed factors, in a comprehensive way. It is clear that the personal interests should be linked to the basic labour activity. In the opinion of the authoress, however, the stimulation for increasing productivity is not practicable by connecting the raising of the enterprise wage-level to the profit or to the development of enterprise productivity. The solution is to be looked for in improving the individual or group wage-payments within the centrally established wage-tariff system. Apart from this, the demand of workers for moral appreciation combined with financial stimulation is becoming stronger.

From among the motive powers of productivity growth in a broader sense, the chapter "*The economic environment*", examines the problems of the evaluation

of the factors in production and the roles of economic competition as well as that of the international division of labour. The authoress believes that the "artificial cheapness" of labour in Hungary is solvable by modifying the cost structure. Apart from this, she attributes great importance to a better exploitation of possibilities inherent in the development of competition both at home and abroad, and in the increased joining in the international division of labour from the aspect of increasing productivity, too.

The last chapter, "*The pleasure of work*", criticizes the Taylor-system and makes the reader acquainted with the wide range of modern solutions in business organization aimed at reducing the monotony of work.

Finally the appendices attached to the study provide useful information by reviewing the changes taken place in the industrial structure of the European socialist countries in the sixties, the methods for measuring the efficiency of the national economy, as well as one of the authoress' reports relating to an efficiency calculation oriented toward consumption.

MRS. L. TÜÜ

DRECHSLER, L.—KUX, J.—NYITRAI, F.: *A munkatermelékenység nemzetközi összehasonlítása* (International comparison of productivity). Budapest, 1974. Statisztikai Kiadó Vállalat. 306 p.

Comparisons of economic development over countries look back upon a past of only one and a half decade, even if there had been earlier scattered attempts in this field. With the development of economic cooperation, increased efforts for integration, higher interdependency of the economies, with the greater need to know better one another, the international comparisons have gained an explicit impetus over the last ten years and nowadays they have come to the front of interest of the international statistics.

Productivity comparisons have their outstanding place both from the point of economic policy and of economic management and control among the international comparisons relating to the rate, the level of development, and the structure, etc. Such comparisons show not only those branches in which a certain country is developed — as compared to her general development level — or rather those in which she falls behind the plan, but normally the comparisons reveal the major factors (conditions) decisive (influencing) the level of productivity and doing this they help to take appropriate measures to accelerate the further development.

Comparison of productivity is a substantial and complex task even from the point of methodology. Problems of methodology relate to the different structures of production in the individual countries, the considerable import of products produced in one or another country, the difference of products in quality, the varying division of the production process by plants and companies from country to country. Such and similar factors render the comparisons rather difficult and consequently the elaboration and application of the different methods require great attention.

The book of the three authors has set a double target: to generalize the experiences of international comparisons in the field of methodology and to offer a review of the results of international comparisons in productivity, performed so far, especially those in which Hungary was included. As for its structure the study consists of three main sections. The first one discusses the general methodological problems of productivity — comparisons among the countries (concept, methods for approach, accuracy, weighting, representativity, aggregation problems, problems of organization, etc.). The second section — reckoning with the interest of sectoral experts — examines the special problems concerning the comparison of productivity (taking industries one by one). At last, the

final section presents a review of the different productivity comparisons carried out so far, reviewing both the methods and the findings of these works.

The description of the methods of productivity comparisons constitutes approximately half of the book of more than 300 pages. The review of methodology is profound: regarding its fullness, profundity and critical examination of the different solutions in methodology it rises above the level of international special literature.

Here the authors differentiate sharply between the purpose theoretically set and the practically applicable approaches: "If we did not clarify theoretically what our purpose was, what we want to approach actually, we would not have any guideline to find out which process we shall choose as the comparatively best one, when various possibilities are given for solution. If we know, in turn, what we want to approach then it is much easier to find the way by which we can get comparatively closer to the given aim." (p. 19) From the point of theory the authors take the spatial index of volume of net output per unit of work as the best for expressing the differences of productivity among countries. The index of net output is taken as a more correct theoretical aim for comparisons both over time and space — than the index of GDP as against statisticians of some Western countries. To approach the theoretical aim the authors offer different indices in the book, each of which has some kind of disadvantage, in practice, however, they still offer a better possibility to determine the spatial index of net output, directly. The authors divide the various methods of approach into five major groups:

1. The method of individual production indices (in this case they approach the net output index by weighted average of production indices of individual products).

2. The method of individual productivity indices (with this approach, the productivity indices of subdivisions are determined as the weighted average of pro-

ductivity indices of the individual products).

3. The method of the GDP index.

4. The method of the index of gross production.

5. The method of the index of expenditures (productive consumption).

When discussing each approach, the authors constantly keep in mind the theoretical aim, and when evaluating the relative advantages and disadvantages of each alternative this theoretical norm serves as a measure. In respect of the method of individual production indices the authors emphasize various difficulties and distorting factors, e.g.:

- the indices of production measured in natural units do not reflect definitely the differences existing among countries in view of the quality of products;

- as for the limits of production technology and organization there can be substantial differences;

- also, the amount of productive consumption per product unit can be different in the countries included in the comparison.

To reduce the effect of distorting factors the authors recommended various processes. Of them we mention:

- apart from the final products the calculations of the individual indices can be extended to certain semi-finished articles (e.g. accessories);

- instead of the quantities produced, using the quantities of the production processes implemented;

- the correction of labour inputs according to the limits in technology and the structural differences;

- using the so-called converted natural units, instead of the natural units.

Numerous factors of the method of individual productivity indices are the same as of the method of production indices, there are, however, fundamental differences in the features of these two methods. This method is used — because of its particularity, and its demand for information — mainly at the level of micro-economy when

comparing the productivity among products or companies.

When discussing the comparisons made on the basis of production index-number in value the authors have dealt in detail with the problems of converting to the currency of another country and with the problems of price index calculations.

One can agree with the authors' statement that there is no absolutely best method of approach but the advantages or disadvantages of the individual processes can be judged only with the knowledge of particular conditions of the given branch and relation for comparisons. Otherwise, almost all the productivity comparisons carried out during the last decade are built upon this consideration. The productivity indices of each branch or sub-branch have been determined, respectively, by the approaches judged as the best in the mirror of particularities of the given branch and then the resulting productivity indices have been aggregated. Mostly 3 to 5 several approaches were used.

The authors' opinion, explained, relating to the aggregation problem is interesting and original. For example, the accept that there are branches with lower and higher productivity but they often take these differences as non-measurable ones when comparing. In the authors' opinion such measurements come up against insolvable internal contradictions; the market price — the only means of measurement by which the products of various branches can be compared — is the function of the productivity standard of branches and therefore, as a means of measurement it cannot be made independent of the variations of phenomenon to be measured.

Chapter 11 in the methodological section is also remarkable, it draws conclusions for generalization from the structural problems of comparisons performed so far. The authors' opinion is that productivity comparisons of higher standard can be made only by the cooperation of statistical organizations of the participat-

ing countries. It is a useful information for the users of the results of productivity comparisons who can often get confused when comparing the results of various authors, contradictory (different) to a considerable extent, which were performed without the cooperation of the partner countries.

The second section, dealing with the problems of methodology, examines which process seems to be the most suitable for comparing the productivity of the individual industrial branches on the basis of experiences. In this review, of course, the authors could not mention all the details. They focus their attention mainly on the following:

- to what extent the structural differences among countries and within a branch can influence the methods that can be taken into consideration;

- what problems may derive from the differences of the ratio between productive consumption and gross production, among the countries;

- to what extent the differences of technological and structural limits of the branch or sub-branch jeopardize the comparability among countries.

In the third section of the book the authors give a review on the results of some productivity comparisons carried out so far. The review of the more than 30 studies — even if it is not complete (e.g. some comparisons between the USA and Canada are missing), gives a substantial and detailed critique relating to the works done so far, especially the ones in which Hungary was one of the participants. Those comparisons can expect the greatest interest that have been made by cooperation of the statistical offices of partner countries and that of the Hungarian Central Statistical Office (comparisons with Czechoslovakia, Austria, Yugoslavia, France) This chapter with the table materials is likely to arouse the interest of the analysts, and those who look for international statistics and informations. The rich collection of data

which serves as source-material is one of the great merits of the book.

The book also gives a review of the wide range of comparisons outside Hungary. These calculations, however, yielded fairly a number of results contradictory to one another. It is understood that the authors did not undertake to criticize the methods and results of each study item by item, yet, as for the readers it would have been better if they had been given more information relating to the usefulness of each result.

In the third section the authors deal with factors affecting the differences of productivity level, too. In the analyses they measured the effect of the following groups of factors and the extent of effects, respectively:

- technological factors (among these primarily the differences in electric power consumption per worker, approaching the mechanization of work and occasionally the degree of automatization),

- the human factor (primarily the ratio of those who have technical skill as well as those who have high qualifications within the total of labour force and especially the total of employees),

- the factors characterizing the concentration and centralization of industry (primarily on the basis of distribution of the total of companies as well as the total of labour force, by staff categories).

The internal structure, the clear and readable style and the convincing argumentation of the work enable not only the narrow circle of statisticians, economists engaged in comparisons, to use its contents but it shall also be employed in education and for improving the knowledge of those interested in economic problems.

E. Pócs

BERÉNYI, J.: *Lohnsystem und Lohnstruktur in Österreich und in Ungarn*. Wien—New York, 1974. Springer Verlag. S. 111

Die Abhandlung des Autors wurde aufgrund einer Vereinbarung zwischen dem

Österreichischen Institut für Wirtschaftsforschung und dem Institut für Wirtschaftswissenschaft der Ungarischen Akademie der Wissenschaften geschaffen und in zwei Sprachen publiziert, und zwar deutsch in Wien und ungarisch in Budapest.

Der erste Abschnitt bietet einen kurzen historischen Überblick der Entwicklung beider Länder in der Wiederherstellungsperiode nach dem zweiten Weltkrieg. Österreich war vor dem Krieg bedeutend entwickelter als Ungarn, es blieb aber auch selbst den bestentwickelten Ländern zurück. Die Kriegsbeschädigungen trafen beide Länder hart, und haben in beiden eine Inflation von grossem Masse ausgelöst. Die Inflation in Ungarn war von gewaltigem Ausmass, die Wiederherstellung ging aber so schnell vor, dass die Möglichkeit zur Stabilisierung schon am 1. August 1946 gegeben war. Die österreichische Inflation war nicht so gross, der Schilling hat seine Funktion als Zahlungsmittel nicht verloren, die Inflation dauerte aber lange, und erst im Jahre 1952 konnten die Stabilisationsmassnahmen an die Reihe kommen, dass heisst, in Österreich fand eine dauernde, gedämpfte Inflation statt, mit einer wirtschaftlichen Expansion verbunden. Die Stabilisationsmassnahmen haben in der Produktion einen gewissen Rückfall verursacht. Im Jahre 1954 begann aber eine neue Konjunktur, derer Überhitzung strebte man durch staatliche Massnahmen einzuschränken. Nach 1956 war die jährliche durchschnittliche Wachstumsrate in Österreich ein bisschen grösser als in den EWG Ländern und etwas geringer als in Ungarn, und ihre zeitliche Schwankung zeigte im grossen und ganzen ein ähnliches Bild wie in diesem Land.

Mit dem zweiten Abschnitt kommt der Autor auf sein eigentliches Thema: auf die Frage der Lohnpolitik und die Lohnbestimmung. Aufgrund der Analyse der österreichischen Lohnpolitik weist er auf den Kampf der Interesse, die Möglichkeiten der Entstehung von Konflikten und die Koordinierung der Interesse in einer

wachstumsorientierten Wirtschaftspolitik hin, wo auch die Gewerkschaften eine aktive Rolle spielen. Bezugnehmend auf die Erörterung der ungarischen Lohnprobleme beweist er, dass das Marktgleichgewicht in Ungarn lohnempfindlicher ist als in Österreich, deshalb ist die Kernfrage der Entlohnung die Sicherung des Gleichgewichtes zwischen Warenfond und Lohnfond. Es ist interessant, den Mechanismus der Entlohnung zu vergleichen, und innerhalb dessen den Lohn drift darzulegen. Er zeigt die Auswirkung des Arbeitslohn drifts in Österreich unter den Bedingungen der indirekten Lohnregulierung, und seinen verborgenen Durchbruch in Ungarn unter den Bedingungen der direkten Lohnregelung.

Bei der Darlegung der Beziehung zwischen der Produktivität und der Lohnbewegung beweist er, dass sich in Österreich die Lohnbewegung der Veränderung der Produktivität langsam anpasst, und dadurch eine ausgleichende Rolle in dem Konjunkturzyklus spielt. Nachdenklich ist die Analyse des Wachstumstempos der Reallöhne und der Produktivität in Ungarn, die beweist, dass der Wirkung der wirtschaftspolitischen Faktoren zufolge, die Beziehung zwischen beiden obererwähnten viel geringer ist, als es theoretisch begründbar wäre.

Der dritte Abschnitt analysiert die Lohnstruktur, und vergleicht diese in den beiden Ländern. Es werden, die Differenzierung der Löhne nach Sektoren und Qualifizierung, die Disparität zwischen den Löhnen der Arbeiter und den Gehältern der Angestellten in Österreich ausführlich dargestellt, und der grossen soziologischen Bedeutung wegen — die Fragen der Anerkennung der weiblichen Arbeitskräfte, sowie die Gestaltung der Löhne nach Lebensalter untersucht.

An den dritten Abschnitt knüpft sich eng der vierte an, d. h. der Abschnitt unter dem Titel »Die Lohnstreuung«. Auch dieser welcher analysiert die Lohnstruktur, der dritte Abschnitt macht das durch wirtschaftspolitische Erwägungen, der vier-

те aber durch Anwendung mathematischer Methoden.

Es ist allbekannt, dass die Gestaltung der Nominallöhne die Gestaltung der Familieneinkommen verhältnismässig wenig beeinflusst. Dementsprechend beschäftigt sich der fünfte Abschnitt mit der Frage der staatlichen Beeinflussung der Familieneinkommen.

Es muss der Abhandlung zum Verdienst erwähnt werden, dass der Verfasser auch die Anforderungen der Vergleichbarkeit in Betracht genommen hat. Zwar macht er die, aus dem Unterschied zwischen den beiden Sozialsystemen stammenden Abweichungen wahrnehmbar, doch wählt er die Probleme und legt sie dar, damit die Ähnlichkeit der Aufgaben hervortritt und dadurch die Möglichkeit des Vergleiches besteht, und daraus die Lehre gezogen werden kann.

É. RADNÓTI

Лисичкин, Г.: *Что человеку надо?* Москва, 1974 г. Издательство «Советская Россия». 191 с.

Небольшая по формату и объему книга советского экономиста-публициста Г. С. Лисичкина в полемически заостренной форме поднимает очень важные и злободневные проблемы развития социалистической экономики и политической экономии социализма. Ее с полным основанием можно считать продолжением вышедшей в середине шестидесятых годов книги автора «План и рынок», получившей тогда широкую известность в среде экономистов социалистических стран (изданную, в частности, и на венгерском языке в Будапеште в 1967 г.). Ведь и новая книга рассматривает, по сути дела, ту же самую проблему — каким должен быть механизм формирования, признания и удовлетворения общественных потребностей, т. е. хозяйственный механизм развитого социалистического общества.

К счастью, этот вопрос нигда не ставится в книге в такой сухо-абстрактной форме. Автор исподволь подводит к нему

читателя, рассматривая положительные и отрицательные явления в хозяйственной жизни СССР последнего десятилетия — периода осуществления хозяйственной реформы 1965 года. Поэтому в книге в определенном отношении осмысливается уже и опыт хозяйственной реформы, причем опыт не только Советского Союза, но и других европейских социалистических стран. По крайней мере, такой оценкой общего опыта наших стран можно считать слова автора, вспоминающего начальный период реформы, когда «довольно большое распространение получило убеждение, что вот достаточно только расширить зону действия в экономике для таких стоимостных категорий, как прибыль, рентабельность, плата за фонды и т. п., достаточно установить в зависимости от достижения тех или иных стоимостных показателей отчисления в фонд предприятия, поставить материальное стимулирование в зависимость от массы полученной предприятием прибыли и сразу же заметно повысится эффективность хозяйствования. Практика убеждает, что это далеко не так, что все обстоит гораздо сложнее» (с. 179).

В книге Г. Лисичкина подкупает как раз понимание автором всей многосложности и взаимопроникновения различных — экономических, социальных, идеологических, социологических, этических и даже юридических — сторон совершенствования системы хозяйственного управления.

Не пересказывая содержания очерков, собранных в книге, и не вдаваясь в анализ широкого круга проблем, затронутых в них, хотелось бы подчеркнуть, что поразительно много наблюдений, критических замечаний и предложений автора, высказываемых им на основе советского опыта, можно отнести и к практике других социалистических стран. Читая книгу, местами навязчиво возникает впечатление, что автор писал ее и на материале, казалось бы, такой отдаленной страны, как Венгрия.

Такое ощущение появляется, например, когда читаешь критику воззрений сторонников так называемого социального планирования — направления, по праву наз-

ванного автором идеалистическим, так как оно стремится к всестороннему развитию личности, к формированию нового морального облика трудящихся в отрыве, а по сути дела, вразрез с реальными, материальными условиями труда и быта, с насущными задачами развития экономики и совершенствования условий хозяйствования.

Весьма знакомыми кажутся и критикуемые Лисичкиным опасения, будто рост благосостояния трудящихся должен привести к появлению своего рода социалистического «общества потребления». Проповедь аскетизма, рядящаяся в «социалистическое» одеяние (являющаяся ни чем иным как отголоском мелкобуржуазных идеалов «нравственного» социализма минувших веков), как показал опыт, на практике оказывалась оправданием консерватизма, нежелания и неумения удовлетворить закономерно растущие потребности масс.

Венгерский опыт также полностью подтверждает правоту автора, когда он указывает на необходимость последовательности и взаимоувязанности в системе экономических рычагов управления, или, выражаясь словами автора, «отработки стоимостного механизма» (с. 101). Речь идет при этом не только о материальном и моральном ущербе, причиняемом противоречивостью системы ценообразования и материального стимулирования (как это очень ярко и наглядно показано в очерке «Случай с председателем»). «Неотработанность» системы мероприятий хозяйственной реформы может повести к дискредитации идеи самой реформы и повернуть вспять начатые ею процессы. Как отмечает Г. Лисичкин, «стоимостные категории, лишенные своего подлинного существа, оказываются не в силах осуществить централизацию производства экономическими способами. И тогда обнаруживается, что административная централизация, несмотря на очевидные ее отрицательные стороны, все-таки более эффективна...» (с. 135—136). Таким образом, в итоге формальные и противоречивые мероприятия по необходимости «ведут к чрезмерной административной централизации» (с. 136).

Наконец, отметим тезис автора о том, что хозяйственный механизм нельзя совершенствовать в отрыве от внешнего рынка, как раз наоборот, рациональная система народнохозяйственного управления должна способствовать ускорению развития внешней торговли, более активному включению... экономики в международное разделение труда, включение, актуальность которого в новых условиях, созданных упорными усилиями Советского Союза, в последнее время ощущается особо остро» (с. 171). В этой связи Г. Лисичкин подчеркивает необходимость существования денег, обладающих конвертируемостью, и должного отражения во внутреннем ценообразовании соотношений цен мирового рынка.

Конечно, в новой книге Г. Лисичкина немало и спорных положений, взять хотя бы его утверждение, что деньги при социализме должны обязательно обеспечиваться золотой основой, или предложение о замене прибыли валовым доходом в качестве критерия эффективности хозяйственной деятельности социалистического предприятия. Продолжение дискуссии в творческом духе об этих и многих других затрагиваемых автором проблемах, несомненно, послужит не только лучшему пониманию природы социалистических производственных отношений, но и решению главной задачи — повышению эффективности социалистического производства.

Л. САМУЭЛИ

HEWETT, E. A.: *Foreign trade prices in the CMEA*. London, 1974. Cambridge University Press. 196 p.

The American economist Edward Hewett is evidently of the kind of researchers on Eastern Europe whose intention is to understand and not to misinterpret the economic system of East European socialist countries. In his work he strives to draw final conclusions on the basis of analyzing the empirical material. His examination covers the interrelations between the trade and the price system in the CMEA.

Similarly to some economists of the socialist countries the author starts his train of thoughts by trying to describe the forces and necessary processes leading to the creation of the CMEA. He attributes the creation of the CMEA to the defence strategy of the socialist countries. In his opinion the socialist countries wanted to realize two aims by the foundation of a common economic organization.

1. After World War II, parallel with the formation of the people's democracies, an economic-political blockade of the Western capitalist countries was built up, aimed at the isolation of the societies of new type. The economic union has been formed, therefore, partly as a defence against the western blockade.

2. Beside the western blockade another institution was born: the Marshall plan. Since the socialist countries, and first of all the Soviet Union, saw in the Marshall plan a menace to their sovereignty, it seemed important for them to work out a "counter-plan", which was then realized in the CMEA.

In addition to the former, the author mentions a few positive aims as well, e.g. that in the interest of economic development the member countries deemed necessary to develop regular and permanent commercial relations.

Hewett then tries to outline the economic conditions and the institutional system which supplied the framework for starting the mechanism of the CMEA. He divides the CMEA institutions into two groups. One group includes the "formal" administrative organs, the other the "informal" organizations. He ranks among the former all the elected and appointed bodies of the CMEA, such as the Council, the Executive Committee, the permanent committees, etc. The latter group does not comprise effective institutions but means the consultations of the state and party leaders of the socialist countries. As several other western authors, Hewett also states that the effective decisions regarding the CMEA are made in this informal organization.

The author wants to give a more detailed picture of the CMEA institutions by separating the group of so-called "supranational" economic unions (e.g. Intermetall, Interchim, Interatom, Roller-Bearings Union, etc.). Yet, it must be noted that Hewett misunderstands the essence of these institutions, since the CMEA organizations he mentions have never had any supranational functions.

The author attributes decisive importance to the fact that the CMEA had been established among relatively less developed countries, which are, also unevenly developed, relative to each other. His final statements generally reach back to this point and he sees in it the proof of his conclusions. At the same time, this is exactly the most sensitive point in the examinations of the author, since this shows most clearly that he has not really grasped the functional mechanism of the CMEA.

Hewett conducts his examination — and this may be considered his merit — not by comparing "ideal" models, but by confronting the aims of the CMEA with the economic results achieved.

In his examination, however, he considers the objectives and the means of realization of the CMEA to be consistent, and tries to prove that the essential decisions of the CMEA have been made, in the final analysis, under the pressure of the less developed countries (mainly Bulgaria and Romania). From this starting point he comes to the conclusion that the CMEA is an irrational economic organization, since the objectives were not connected with adequate means of realization. Although the importance of the connection between objectives and means must not be underestimated, it is justified to ask Hewett, to what extent he takes into consideration an other no less important connexion, namely, the connection between objectives and results.

A more successful, although for us somewhat unusual, approach to the question of the CMEA is the part of the book

in which Hewett — like many western researchers on the CMEA (e.g. *Horovitz*, *Mendershausen*, *Montias*, etc.) — raises and examines thoroughly the question, whether there exists discrimination in the CMEA. Unlike most of the researchers mentioned, Hewett answers the question with “no”. He arrives at this answer by a comparison of the terms of trade between the CMEA countries. E.g. he calculates the terms of trade of Hungary in Soviet and Polish relations by converting the CMEA price proportions into world market price proportions. To do this, he first selects a market relatively open in international trade, whose commodity pattern is not very different from the Hungarian one. This requirement is met by the Austrian market. Then he considers Hungarian exports to the Soviet Union and Poland, and Hungarian imports from the above countries on the basis of Austrian prices. The comparison of exports and imports allows him to state the relative “terms of trade”.

According to Hewett a change took place in the late 1950s, which in his interpretation means, that the opportunity cost of the CMEA trade has changed for Hungary.

By means of his calculations the author tries to eliminate the misconception spread in the west that the CMEA trade was solely to the advantage of the Soviet economy. He demonstrates that the relative terms of trade of the Soviet Union had improved for the period 1956–58 only with Bulgaria and Poland, while they were stagnant or worsened with respect to other CMEA countries. It should be noted, however, that in the case of both examinations it can be objected that only a short period is covered, and the method applied is also rather out-of-date. An analysis of development over the last decade is also missing.

In judging the economic power relations within the CMEA Hewett begins his argumentation by distinguishing the model of the Soviet economy from those of the

small East-European socialist countries. On this basis he describes then three types of economy, all of which are organized around planning: the “primitive”, the “semi-optimal” and the “optimal” planning models. As main characteristics of the first model the planning based on physical balances, autarkic economic policy and a price system based on accounting prices are given while the third model is characterized by the dominant role of foreign trade and price regulation as well as by credit and financial policy. He reserves the second type for the Hungarian and Polish economic system already working and outlines his model on the basis of the Polish long-range plan. In the author’s picture of the CMEA the role of the Soviet Union is not determined by direct economic advantages but by long-range political and economic-policy decisions and by the equilibrium conditions of the CMEA. These relations may be compared to a scale, whose steadiest supporting points are Hungary and Poland, while the two plates would be Romania and Bulgaria, as well as Czechoslovakia and the GDR, resp. If, for some reason, the economic balance of the CMEA turns over, the Soviet Union will play the balancing role. The balancing is, however, not a parallel process, but comes only with a time lag. This delay is caused, according to Hewett, by the somewhat rigid price and trading mechanism of the CMEA.

This pattern seems attractive, but it does not reflect reality: the economic-policy efforts of the countries in question. One must only recall the developments of the 1970s to make it evident that none of the countries behave according to the place and role assigned to them by the author.

Hewett thoroughly examines the price formation mechanism and the price theories of the CMEA. After a detailed empirical analysis he tries to compare the price tendencies of the CMEA with those of the world market. Relying on this he comes to the conclusion that the CMEA prices

1. follow the movement of the world market prices, but only with some delay,

2. cannot keep to the rule "one product — one price" laid down in the CMEA price theory in the practice,

3. are formed as resultants of various determining components, of which the political conditions of the CMEA play the most important role.

The author presents also the price- and investment efficiency models, on which the member-countries base their long-range plans (he analyzes the Polish model in detail) and which he considers as positive

experiments towards rational allocation of scarce resources.

As a final result, it may be stated that the book presented impresses the reader by the author's knowledge of facts and literature. However, the author could not cope with the complexity of the subject. This is not due only to his mistakes and sometimes superficial analyzing efforts, but also to the fact that he was unable to fit even his well-supported and correct argumentations into the complexity of understanding and explanation.

I. MAJOR

BOOKS RECEIVED*

- BOARMAN, P. M. (ed.): Trade with China. Assessments by leading businessmen and scholars. New York—Washington—London, 1974. Praeger Publishers. 192 p.**
- DEÁK, A.: Iparvállalati középtávú tervek pénzügyi megalapozása. (Financial foundation of middle-range plans in industrial companies.) Budapest, 1975. Közgazdasági és Jogi Könyvkiadó. 165 p.
- FARKAS, R. P.: Yugoslav economic development and political change. The relationship between economic managers and policy-making elites. New York—Washington—London, 1975. Praeger Publishers. 133 p.**
- GRZYBOWSKI, K. (ed.): East-West trade. Leiden, 1972. A. W. Sijthoff International Publishing Co. 307 p.**
- MENSONIDES, L. J.—KUHLMAN, J. A.: The future of inter-bloc relations in Europe. New York—Washington—London, 1974. Praeger Publishers. 217 p.**
- TREML, V. G.: Input-output analysis and the Soviet economy. An annotated bibliography. New York—Washington—London, 1975. Praeger Publishers. 180 p.**

* We acknowledge the receipt of the enlisted books. No obligation to review them is involved.

** To be reviewed in *Acta Oeconomica*.

AUTHORS

- György LÁZÁR, b. 1924. Prime Minister, formerly President of the National Planning Office, Minister of Labour. Author of: "Regional pattern of the Hungarian economy — development and some topical problems" (*Acta Oeconomica*, Vol. 4, No. 3.) and other papers on long-range planning and economic policy in Hungarian.
- Dr. Lajos FALUVÉGI, see Vol. 12, No. 2
- Dr. Iván T., BEREND b. 1930. Economic historian. Corresponding member of the Hung. Acad. Sci. Rector of and Professor at Karl Marx University of Economics, Budapest. Author of "Economic development in East-Central Europe in the 19th and 20th centuries" (Columbia University Press, 1974.). Co-author of "Hundred years of economic development" (David and Charles, 1974.) and papers and articles on economic history in Hungary and in East-Central Europe, in Hungarian.
- József DREČIN, see Vol. 11, Nos 2—3.
- Dr. Katalin SZIKRA Mrs. FALUS, see Vol. 13, No. 1
- Dr. János LÁSZLÓ, b. 1925. Doctor of Econ. Sci., Professor and Head of Department at Karl Marx University of Economics. Formerly Head of Research Group at the Institute of Economics, Hung. Acad. Sci. Author of "Economic management and monetary incentives in agricultural cooperatives" (*Közgazdasági és Jogi Könyvkiadó*, 1970.) "The planned control of cooperative farm production and the reform of economic management" (*Acta Oeconomica*, Vol. 2, No. 3). Co-author of "System of control and management of the national economy" (*Közgazdasági és Jogi Könyvkiadó*, 1970.) in Hungarian.
- Tamás BAUER, b. 1946. Economist. Research worker at the Institute of Economics, Hung. Acad. Sci.
- Mihály LAKI, b. 1946. Economist at the Institute for Economic and Market Research. Author of "The possibilities of the competition of import goods on the consumers' market" (*Közgazdasági Szemle* 1973/2) "Competitive situation and product pattern of enterprises" (*Közgazdasági Szemle* 1975/3) and co-author with Tamás Bauer of "Enterprise management — change in range of the manufacture" (*Valóság* 1972/10), each in Hungarian.
- Tibor FRANK, b. 1918. Economist. Deputy secretary-general at the Association of the Societies of Technical and Natural Sciences. Author of "Zum Thema: Die Organisation des gesellschaftlichen Produktionsprozesses und die Aufgaben der Betriebsorganisation" (*Deutsche Textiltechnik* 1962 IX.) "Organizing conferences and other socials" (*Közgazdasági és Jogi Könyvkiadó*, 1972.) and articles on management in Hungarian.

TO BE PUBLISHED IN THE NEXT ISSUE

G. KOHLMEY: The CMEA Countries and International Economic Relations

F. KOZMA: Crisis Phenomena in the Capitalistic World and Some Questions of Socialist Strategy

T. SZENTES: Nature, Background and Effects of the Unfolding Crisis Phenomena in International Capitalism

G. HIDASI: China's Economy in the Mid—1970s and its Development Perspectives

W. WEBER: Environment Planning

REVIEWS

Á. MARTON: Trend of Consumer Prices in Hungary. 1968—1975

BOOK REVIEWS

BOOKS RECEIVED

REVUE TIERS-MONDE

Tome XVI, n° 63, juillet-septembre 1975

Nutrition humaine et développement

Avant-propos de Henri DUPIN

Henri DUPIN: Evolution de l'alimentation dans les pays en développement: éléments favorables et défavorables.

Julien PERISSÉ: La planification alimentaire et nutritionnelle (cadre macroéconomique, programme d'intervention, type d'information).

Joaquim CRAVIOTO et Elsa R. de LICARDIE: La malnutrition chez l'enfant: ses répercussions sur l'individu et la collectivité.

Anne-Marie RAIMBAULT: Priorités dans la formation du personnel.

H. L. VIS: Analyse de la situation nutritionnelle dans la région des grands lacs d'Afrique centrale (l'impasse démographique).

Janine BLANC: Rapide aperçu sur les problèmes nutritionnels en Indonésie.

Joseph KLATZMANN: Quelques remarques sur l'appréciation de la situation alimentaire.

Thierry ATPRUN: Des famines climatiques aux famines économiques.

Jacques CHONCHOL: L'accélération de la croissance agricole dans les pays sousdéveloppés: seule réponse à la crise alimentaire mondiale.

Henri DUPIN: Réflexion sur l'action des Organisations Internationales et des assistances bilatérales dans le domaine de l'alimentation humaine.

CHRONIQUE INTERNATIONALE

Alain RONDEAU: La Conférence Mondiale de l'Alimentation ou le triomphe de la rhétorique. Rome, 5-16 novembre 1974.

BIBLIOGRAPHIE ET NOTES BIBLIOGRAPHIQUES

Direction-Rédaction: Institut d'Etude du Développement Economique et Social 58, boulevard Arago — 75013-PARIS — (tel: 331.28.01)

Abonnements et vente: Presses Universitaires de France, 12, rue Jean de Beauvais — 75005-PARIS — (tel: 033.48.03) (CCP:PARIS n° 1302-69)

France: 88 F. Etranger: 98 F. le numéro: 25 Fr.

EST-OVEST

QUADRIMESTRALE DI STUDI SULL'EST EUROPEO

RIVISTA EDITA DALL'ISDEE - ISTITUTO DI STUDI E DOCUMENTAZIONE SULL'EST EUROPEO, TRIESTE - DIRETTORE RESPONSABILE
TITO FAVARETTO

Anno VI

N. 2/1975

INDICE

ASPETTI DI UNA COLLABORAZIONE INTEREUROPEA

József BOGNÁR - La cooperazione economica Est-Ovest all'inizio di un nuovo periodo nella storia economica.

Sergio PARRINELLO - Alcune considerazioni sulla cooperazione CEE-COMECOM in relazione alla congiuntura economica dell'Europa occidentale.

PROBLEMI E PROSPETTIVE DELLA COOPERAZIONE ITALO-UNGHERESE NEL SETTORE DEI TRASPORTI

Tito FAVARETTO - Marco LACHI - Considerazioni sui problemi e le prospettive della cooperazione italo-ungherese nel settore dei trasporti.

István SALUSINSZKY - La politica dell'Ungheria per lo sviluppo economico ed alcuni aspetti della collaborazione economica europea.

Arnaldo CHISARI - Problematica per lo sviluppo dei traffici italo-ungheresi.

Michele DE JULIIS - Aspetti della cooperazione italo-ungherese nel settore delle infrastrutture viarie.

Dezso KUZSEL - I trasporti ungheresi.

Lucio MAYER - Problemi del trasporto ferroviario.

Giuseppe TONUTTI - Le possibilità di uno sviluppo dei traffici ungheresi attraverso il porto di Trieste.

György ANTAL - Problemi della collaborazione italo-ungherese nel settore dei trasporti.

Amerigo R. GORI - Note sulla cooperazione italo-ungherese nella costruzione di mezzi e infrastrutture di trasporto.

NOTIZIARIO

Spostamenti di forza lavoro all'Est - Potenziamento delle capacità portuali nel settore dei minerali - Nuovo complesso siderurgico a Katowice - Sviluppo del movimento turistico in Bulgaria - Cooperazioni romene nel settore delle ricerche petrolifere Cooperazione energetica nei Balcani meridionali - Recenti investimenti ungheresi nell'industria carbonifera.

LIBRI RICEVUTI

Direzione, redazione e amministrazione - ISDEE - Corso Italia, 27 - 34122 TRIESTE - tel. 69.130 Abbonamento annuo L. 7.000 (per l'estero L. 10.000) Abbonamento sostenitore L. 20.000. Prezzo di questo fascicolo L. 2.500. L'importo va versato sul c.c.b. N. 4107/3 presso la Cassa di Risparmio di Trieste Agenzia N. 2 - Via Carducci, 7 - 34122 TRIESTE.

ABSEES

A QUARTERLY JOURNAL OF ABSTRACTS OF SOVIET AND EAST EUROPEAN
SOURCES

Edited and published at the Institute of
Soviet and East European Studies of the
University of Glasgow on behalf of the
British National Association for Soviet
and East European Studies

Senior Editor: Vladimir V. Kusin

EACH ISSUE contains up to 1000 abstracts of books and articles published in the USSR, Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania and Yugoslavia. There is an annual index.

PLUS a specialized bibliography (e.g. "Relations between GDR and FRG", "Prices in Centrally Planned Economies", "Soviet and East European Legal Systems since 1945").

PLUS a bi-annual Information Bulletin on British and international developments in the field of Soviet and East European studies.

ASSOCIATED WITH ABSEES: Soviet, East European and Slavonic Studies in Britain, an annual bibliography of British Writings on the area.

SOME COMMENTS ON ABSEES

Leonard SCHAPIRO, London School of Economics and Political Science:

"Everyone working in the Soviet field owes a great deal to ABSEES. I know of no aid to study which provides a better guide than ABSEES."

Abram BERGSON, Harvard:

"... it has already established itself as a valuable research tool."

Morris BORNSTEIN, University of Michigan, Ann Arbor:

"Because of their reliability, ABSEES abstracts of articles and books are widely cited as source material for scholarly articles".

Gregory GROSSMAN, University of California, Berkeley:

"I could hardly do without such a publication as yours which gives me a most convenient and reliable overview of the trends in economic thought and practice in the USSR and the other East European countries. No other source comes even close to doing it as comprehensively as does ABSEES".

Marshall D. SHULMAN, Columbia:

"The journal ... performs an invaluable function".

Donald W. TREADGOLD, University of Washington, Seattle:

"I am full of admiration for the fact that ABSEES is able to provide abstracts of a selection of books as well as articles. I always find the abstracts to be objective and well-informed".

Gregory WALKER, Bodleian Library, Oxford:

"It enables library and information staff to keep themselves au courant with minimum effort. The benefit is reflected in better-informed selection of material and assistance to readers".

ANNUAL SUBSCRIPTION RATE £12 or \$36

ADVANTAGEOUS JOINT SUBSCRIPTION TO ABSEES AND SOVIET STUDIES £15 or \$45.

Cheques should be made out to University of Glasgow. Correspondence dealing with subscriptions and advertising space to Publications Officer, University of Glasgow, GLASGOW G12 8QG, Scotland.

FOR A FREE SAMPLE ISSUE WRITE TO THE EDITOR, UNIVERSITY OF GLASGOW, GLASGOW, G12 8LQ, SCOTLAND.

OECONOMICA POLONA

Journal of the Economic Committee of the Polish Academy of Sciences and of the Polish Economic Society.

Offers a selection of the most interesting articles, papers and excerpts from books of Polish economists

Vol. II

1975

No.4(6)

ARTICLES

Jan Lipiński: The Information Function of Prices. Part I

Jan Mujżel: Price Changes in the Socialist Economy

Eugeniusz Rychlewski: The Investment System of a Socialist Economy

Jerzy Kisielnicki: A Decision Model of Choice of Investment Variants an Industrial Branch

Adam Runowicz: Criteria for Choice of Production Techniques in a Developing Economy

MISCELLANEA

Marcin Rosciszewski: Planning and Regional Development in Third World Countries

NOTES ON BOOKS

Marian Guzek: International Economic Integration in Socialism — by Roman Kizuk

Władysław Piotrowski: Economic Consequences of Industry-Related Labor Turnover — by
Wanda Łukaszewicz

Józef Rutkowski: Export of Capital — by Stanisław Klukowski

Published quarterly. Annual subscription: \$ 26.00 plus mailing cost. Single copies: \$ 6.50. Subscription orders from socialist countries may be placed with the local foreign press distribution agencies, or with ARS POLONA-RUCH, Krakowskie Przedmieście 7, 00-068 Warszawa, Poland. Subscriptions from capitalist countries should be forwarded to Libreria Commissionaria Sansoni, LICOSA, via Lamarmora 45, 50121 FIRENZE, Italy

THE NEW HUNGARIAN QUARTERLY

A general cultural quarterly, written for English-language circulation abroad.
Contains articles on various aspects of Hungarian life, history and culture.

Editor IVÁN BOLDIZSÁR

From the contents of No. 60, Winter 1975

FACE TO FACE WITH A HUNGARIAN LEADER: GYÖRGY ACZÉL

Jacques de Bonis

CONSTANCY AND RENEWAL

István Katona

PHYSICS AND SOCIETY

Lénárd Pál

LUKÁCS AND HUNGARIAN LITERATURE

Péter Nagy

MICHELANGELO, FROM ONE CENTENARY TO ANOTHER

Charles de Tolnay

BARTÓK AND THE ARTS

János Breuer

BELIEFS — INTERDISCIPLINARY CONFERENCE AT VISEGRÁD

Tibor Frank

SZÉCHENYI'S PICTURE OF AMERICA

István Gál

HOW DOES A MAN BECOME A WORKER?

Sándor László-Bencsik

FICTION — POEMS — THEATRE AND FILM — BOOK REVIEW — EXHIBITIONS

Ask for a free sample copy: The New Hungarian Quarterly. Editorial Offices, H-1366
BUDAPEST, P.O. Box. 57

TERZO MONDO

rivista trimestrale di studi, ricerche e documentazione
sui paesi afro-asiatici e latino-americani
diretta da Umberto Melotti

ANNO VIII N. 27-28

PP. 128 L. 1.200 (US\$ 2)

SAMIR AMIN, *Capitalismo, socialismo e aree culturali*; PAOLO SANTANGELO, *Il Terzo Mondo nella teoria e nella prassi della Repubblica Popolare Cinese*; FRANCESCO CASTIELLO, *Monzambico: l'ora dell'indipendenza*; GIAN CARLO COSTADONI, *Il ruolo degli Stati Uniti nella crisi di Cipro*; LEONE IRACI FEDELI, *L'America Latina nel mercato mondiale*; DANIELA ROSSINI, *L'intervento dello Stato nei paesi sottosviluppati*; FERENC TÓKEI, *Ancora sul modo di produzione asiatico. Risposta a Wittfogel*; FRANCESCO MICELLI, *Marxismo e geografia*.

Abbonamenti 1976: L. 6.000 — Abbonement/Subscription/Suscription: (US\$ 10)

Collezione completa dal n° 1 (1968) al n° 30 (1975): L. 20.000: (US\$ 30)

I QUADERNI DI TERZO MONDO

N. 1	UMBERTO MELOTTI	<i>Marx e il Terzo Mondo</i>	L. 1.800 (US\$ 4)
N. 2	LEONE IRACI	<i>Marx e il mondo antico</i>	L. 1.800 (US\$ 4)
N. 3	G. P. COTTI COMETTI	<i>La Tanzania verso il socialismo</i>	L. 1.800 (US\$ 4)
N. 4	PIETRO SCARDUELLI	<i>Lévi-Strauss e il Terzo Mondo</i>	L. 1.800 (US\$ 4)
N. 5/6	UGO STORNAIOLO	<i>La civiltà incaica (doppio)</i>	L. 3.600 (US\$ 8)
N. 7	NICOLETTA MANUZZATO	<i>Marx e la questione irlandese</i>	L. 1.800 (US\$ 4)
N. 8	ANTONIO CARLO	<i>La natura sociale dell'URSS</i>	L. 1.800 (US\$ 4)
Gli 8 quaderni già pubblicati in offerta speciale			L. 12.000 (US\$20)
Abbonamento ai prossimi 8 quaderni			L. 12.000 (US\$20)

CORSO DI SOCIOLOGIA

Finalmente a dispense il corso di sociologia del Centro Studi "Terzo Mondo".

Dispense già disponibili:

N. 1	EUGENIO TURRI	<i>Società e ambiente</i>	L. 500 (US\$ 1)
N. 2	UMBERTO MELOTTI	<i>I concetti analitici fondamentali</i>	L. 500 (US\$ 1)
N. 3	GIOVANNI BIANCHI	<i>Sociologia politica</i>	L. 1.000 (US\$ 2)
N. 4	ALBERTO MERLER	<i>Sociologia dell'educazione</i>	L. 1.000 (US\$ 2)
Abbonamento al corso completo			L. 12.000 (US\$20)

Ogni versamento relativo al "Tero Mondo", ai "Quaderni di Terzo Mondo" e al "Corso di Sociologia" va effettuato sul conto corrente postale n. 3/56111 di „Terzo Mondo”, via G. B. Morgagni 39-20129 MILANO.

EL TRIMESTRE ECONOMICO

COMITE EDITORIAL HONORARIO: Emilio Alanís Patiño, Emigdio Martínez Adame, Raúl Ortiz Mena, Felipe Pazos, Raúl Prebisch y Raúl Salinas Lozano.
COMITE EDITORIAL: *México*: Gerardo Bueno, Edmundo Flores, José A. de Oteyza, Leopoldo Solís M., Carlos Tello, Manuel Uribe Castañeda y Fernando Fajnzylber W. *Brasil*: Celso Furtado y Francisco Oliveira. *Colombia*: Constantine V. Vaitsos. *Chile*: Jacques Chonchol, Alejandro Foxley y Osvaldo Sunkel

Director: Oscar Soberón M.

VOL. XLIII (2) MÉXICO, ABRIL-JUNIO DE 1976 NÚM. 170

Sumario

Artículos:

- | | |
|---|--|
| Nicholas Kaldor.: | <i>Qué anda mal con la teoría económica</i> |
| Aníbal Pinto.: | <i>La CEPAL y el problema del progreso técnico</i> |
| Manuel Gollás.: | <i>Temas de investigación económica en América Latina</i> |
| Ricardo Ffrench-Davis.: | <i>El pacto andino: Un modelo original de integración</i> |
| Antonio García.: | <i>El sector cooperativo en el desarrollo de América Latina</i> |
| Markos Mamalakis.: | <i>Urbanización y transformación sectorial de América Latina 1950-1965</i> |
| David Morawetz.: | <i>Efectos de la industrialización sobre el empleo en los países en desarrollo: Una reseña</i> |
| Guillermo Gallo
Mendoza y Clemente
Panzone: | <i>Análisis de las proyecciones sectoriales en la planificación</i> |

DOCUMENTOS - NOTAS BIBLIOGRAFICAS

Fondo de Cultura Económica Av. de la Universidad
975 Apartado postal 44975

Printed in Hungary

A kiadásért felel az Akadémiai Kiadó igazgatója. Műszaki szerkesztő: Botyánszky Pál
A kézirat nyomdába érkezett: 1975. IX. 19. — Terjedelem: 14,5 (A/5) ív
76.2301 Akadémiai Nyomda, Budapest — Felelős vezető: Bernát György

ACTA OECONOMICA

Periodical of the Hungarian Academy of Sciences

Published in two volumes a year. Papers are published in English or in Russian German and French.

Editorial Office: 1361 Budapest, P.O.B. 11

The rate of subscription is \$ 32.00 per volume.

Orders may be placed with *Kultúra* Trading Co. for Books and Newspapers (1389 Budapest, P.O.B. 149) or with its representatives abroad, listed on p. 4 of the cover.

ACTA OECONOMICA

Журнал Академии Наук Венгрии

Публикуется в двух томах в год.

Статьи публикуются на английском или на русском, немецком и французском языках.

Адрес редакции: 1361 Budapest, P. O. B. 11

Подписания цена — \$ 32.00 за том.

Заказы принимает предприятие по внешней торговле книгами и газетами *Kultúra* (1389 Budapest, P.O. B. 149.) или его заграничные агентства.

ACTA OECONOMICA

Zeitschrift der Ungarischen Akademie der Wissenschaften

Erscheint in zwei Bänden pro Jahr. Aufsätze erscheinen in englischer oder in russischer, deutscher und französischer Sprache.

Redaktion: 1361 Budapest, P.O.B. 11

Abonnementspreis pro Band: \$ 32.00

Bestellbar durch *Kultúra* Außenhandelsunternehmen für Bücher und Zeitungen (1389 Budapest, P.O.B. 149) oder bei den Vertretungen im Ausland.

ACTA OECONOMICA

Revue de l'Académie des Sciences de Hongrie

Publiée en deux volumes par an. Les essais sont publiés en anglais, ou en russe, français et allemand.

Rédaction: 1361 Budapest, P.O.B. 11

Le prix de l'abonnement est de \$ 32.00 par volume.

On s'abonne chez *Kultúra*, Société pour le Commerce de Livres et Journaux (1389 Budapest, P.O.B. 149) ou chez les représentant à l'étranger.

Reviews of the Hungarian Academy of Sciences are obtainable
at the following addresses:

AUSTRALIA

C. B. D. Library and Subscription
Service
Box 4886, G. P. O.
Sydney N. S. W. 2001
Cosmos Bookshop
145 Acland St.
St. Kilda 3182

AUSTRIA

Globus
Höchstädtplatz 3
A-1200 Wien XX

BELGIUM

Office International de Librairie
30 Avenue Marnix
1050-Bruxelles
Du Monde Entier
162 Rue du Midi
1000-Bruxelles

BULGARIA

Hemus
Bulvar Ruszki 6
Sofia

CANADA

Pannonia Books
P. O. Box 1017
Postal Station "B"
Toronto, Ont. M5T 2T8

CHINA

CNPICOR
Periodical Department
P. O. Box 50
Peking

CZECHOSLOVAKIA

Mad'arská Kultura
Národní třída 22
115 66 Praha
PNS Dvov tisku
Vinohradská 46
Praha 2
PNS Dvov tlače
Bratislava 2

DENMARK

Ejnar Munksgaard
Nørregade 6
DK-1165 Copenhagen K

FINLAND

Akateeminen Kirjakauppa
P. O. Box 128
SF-00101 Helsinki 10

FRANCE

Office International de
Documentation et Librairie
48, Rue Gay Lussac
Paris 5
Librairie Lavoisier
11 rue Lavoisier
Paris 8
Europeperiodiques S. A.
31 Avenue de Versailles
78170 La Celle St. Cloud

GERMAN DEMOCRATIC REPUBLIC

Haus der Ungarischen Kultur
Karl-Liebknecht-Strasse 9
DDR-102 Berlin
Deutsche Post
Zeitungsvertriebsamt
Strasse der Pariser Kommune 3-4
DDR-104 Berlin

GERMAN FEDERAL REPUBLIC

Kunst und Wissen
Erich Bieber
Postfach 46
7 Stuttgart 5

GREAT BRITAIN

Blackwell's Periodicals
P. O. Box 40
Hythe Bridge Street
Oxford OX1 2EU
Collet's Holdings Ltd.
Denington Estate
London Road
Wellingborough Northants NN8 2QT
Bumpus Haldane and Maxwell Ltd.
5 Fitzroy Square
London W1P 5AH
Dawson and Sons Ltd.
Cannon House
Park Farm Road
Folkestone, Kent

HOLLAND

Swets and Zeitlinger
Heereweg 347b
Lisse
Martinus Nijhoff
Lange Voorhout 9
The Hague

INDIA

Hind Book House
66 Babar Road
New Delhi 1
India Book House
Subscription Agency
249 Dr. D. N. Road
Bombay 1

ITALY

Santo Vanasia
Via M. Macchi 71
20124 Milano
Libreria Commissionaria Sansoni
Via Lamarmora 45
50121 Firenze

JAPAN

Kinokuniya Book-Store Co. Ltd.
826 Tsunohazu 1-chome
Shinjuku-ku
Tokyo 160-91
Maruzen and Co. Ltd.
P. O. Box 5050
Tokyo International 100-31
Nauka Ltd.-Export Department
2-2 Kanda
Jinbocho
Chiyoda-ku
Tokyo 101

KOREA

Chulpanmul
Phenjan

NORWAY

Tanum-Cammermeyer
Karl Johansgaten 41-43
Oslo 1

POLAND

Węgieński Instytut Kultury
Marszałkowska 80
Warszawa
BK WZ Ruch
ul. Wronia 23
00-840 Warszawa

ROUMANIA

D. E. P.
București
Romlibri
Str. Biserica Amze 7
București

SOVIET UNION

Sojuzpechatj - Import
Moscow
and the post offices in
each town
Mezhdunarodnaya Kniga
Moscow G-200

SWEDEN

Almqvist and Wiksell
Gamla Brogatan 26
S-101 20 Stockholm
A. B. Nordiska Bokhandeln
Kungsgatan 4
101 10 Stockholm 1 Fack

SWITZERLAND

Karger Libri AG.
Arnold-Böcklin-Str. 25
4000 Basel 11

USA

F. W. Faxon Co. Inc.
15 Southwest Park
Westwood, Mass. 02090
Stechert-Hafner Inc.
Serials Fulfillment
P. O. Box 900
Riverside N. J. 08075
Fam Book Service
69 Fifth Avenue
New York N. Y. 10003
Maxwell Scientific International Inc.
Fairview Park
Elmsford N. Y. 10523
Read More Publications Inc.
140 Cedar Street
New York N. Y. 10006

VIETNAM

Xunhasaba
32, Hai Ba Trung
Hanoi

YUGOSLAVIA

Jugoslovenska Kniga
Terazije 27
Beograd
Forum
Vojvode Mišića 1
21000 Novi Sad

ACTA

OECONOMICA

PERIODICAL OF THE
HUNGARIAN ACADEMY OF
SCIENCES

EDITORIAL BOARD

J. BOGNÁR (Chairman)

E. CSIZMADIA

P. ERDŐS

K. SZIKRA MRS. FALUS

F. FEKETE

J. FEKETE

I. GÖNCZI

I. HETÉNYI

R. HOCH

I. HUSZÁR

J. KORNAI

F. KOZMA

E. MEGYERI

A. NAGY

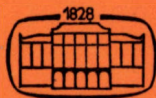
Z. ROMÁN

M. SIMAI

J. ZALA

EDITOR

T. FÖLDI



AKADÉMIAI KIADÓ, BUDAPEST

VOLUME 14
NUMBER 4
1975

ACTA OECONOMICA

A MAGYAR TUDOMÁNYOS AKADÉMIA
IDEGEN NYELVŰ KÖZGAZDASÁGTUDOMÁNYI FOLYÓIRATA

Felelős szerkesztő:

FÖLDI TAMÁS

Szerkesztőség: 1051 Budapest, Münnich Ferenc utca 7.

Megjelenik évi 2 kötetben. Megrendelhető az Akadémiai Kiadónál (1363 Bp. Pf. 24.), a külföld részére pedig a Kultúra Könyv és Hírlap Külkereskedelmi Vállalatnál (1389 Budapest, Postafiók 149).

CONTENTS

G. KOHLMÉY: The CMEA Countries and International Economic Relations	293
F. KOZMA: Crisis Phenomena in the Capitalistic World and Some Questions of Socialist Strategy	313
T. SZENTES: Nature, Background and Effects of the Unfolding Crisis Phenomena in International Capitalism	335
G. HIDASI: China's Economy in the Mid-1970s and its Development Perspectives	355
W. WEBER: Environment Planning	383

REVIEWS

Á. MARTON: Trend of Consumer Prices in Hungary. 1968–1975	399
---	-----

BOOK REVIEWS

GY. SZEKÉR: Hungarian Aluminium Industry and Socialist Economic Integration (Cs. EGRSZEGI)	415
GY. KERÉKGYÁRTÓ: Scientific-Technological Cooperation among the CMEA-Countries (J. DEVICS)	418
P. VAS-ZOLTÁN: United Nations Technical Assistance (A. TÓTHFALUSI)	419
P. MÁNDI: Education and Economic Growth in the Developing Countries (Z. KOLLÁR)	420
K. SZABÓ: The Challenge of Big Corporations. New Wave in Capital Concentration (I. GYÖRFFY)	421

BOOKS RECEIVED

G. KOHLMAY

THE CMEA COUNTRIES AND INTERNATIONAL ECONOMIC RELATIONS

New processes in world economy, manifest in the conflict of aims in the imperialist system of world economy, do not fail to affect socialist economies too. They require further development of the CMEA integration and that of economic contacts between East and West. In the seventies the world economy and international economic contacts embarked on a new period which brings changes in all the three of its social sectors, i.e. in the socialist, the developing and the developed capitalist economies.

The structural, political, social and economic shifts and the crisis phenomena in the present capitalist world economy show how urgent it is that the CMEA countries should further consolidate and quickly develop economic cooperation on their own natural, scientific-technological, economic and social bases. But international events and also changes in the international economic relations point to the fact that *the integration of the CMEA economies is mainly but not only developing according to its own (intrinsic) laws*. It is a part of the meta-system of the world economy and is mutually related with the structures of both this meta-system and its sub-systems and elements.

A decisive problem of these mutual relations is that the contemporary forces of production increasingly require worldwide internationalization of economic relations. All countries, nations, states and economies must participate with equal rights in the interest of human progress.

At the same time, the imperialist economic system finds itself, together with its objectives, mechanism and methods, necessarily and objectively in conflict with the necessary process of internationalization.

New development patterns of productivity on a world scale

Examples will make clearer what has to be done:

1. In order to put an end to the malnutrition of many hundreds of millions and to feed the growing population of the world the *food basis of mankind* must be extended. This includes irrigation, climatic regulation, increased agricultural yields, and the further exploration of sources of food and animal feed in the seas.

2. Industrialization makes it imperative to explore *further sources of raw materials*, to continue the substitution of synthetic for natural materials and their more rational use. In this, the exploitation of raw materials at and below the bottom of the oceans plays an important role.

3. *The further development of the energy basis* includes the exploitation of further crude oil and natural gas deposits as well as the development of rational technologies for the use of primary energy. Coal deposits are much more abundant than those of oil and gas. Further efforts are necessary also in this field, but even more important is an improvement in the technology of exploitation (including transport). There are sizeable uranium and thorium deposits. When it becomes possible to substitute "fast breeders" for the present nuclear technology, the utilization of the basic feedstock will increase manifold. By the turn of the century it will, perhaps, become possible to master the thermonuclear fusion technology and obtain thereby a means allowing for power generating plants of a huge capacity. Water, geothermal energy and solar energy are further possible sources.

4. To maintain the *equilibrium between man and nature* not only several hundred thousand millions of dollars are necessary, but first of all comprehensive and novel technologies. One might mention the irrigation of arid areas, the conservation of forests, green and cultivated areas, the maintenance of clean water and air, the securing of the water management necessary for human development, the regulation of the climate, the control of sea currents and the forestalling of typhoons.

In order to deal with such objectives and to develop agriculture, industry and the infrastructure in the huge underdeveloped areas of the capitalist world economy, *the available knowledge and technology that will become available in the future must be more justly and more evenly distributed among the nations*. It is necessary to work out and to distribute (with equal rights and in common) information, new knowledge, technologies, know-how and productive equipment.

These are the new qualities and quantities of the internationalization of the economic and social life in outline. The number of economic world problems is growing in whose solution the CMEA countries participate by building up their economic integration and also by international cooperation with non-socialist countries based on equal rights. New requirements are raised against the system of international relations.

- As it is obvious that mankind produces or is capable of producing the knowledge and goods necessary for liquidating or at least mitigating famine, disease and illiteracy and other social deformations,
- if it has been proven that the huge energy, food, raw material and environmental problems of the present, and more so those of the future, can be solved only with the aid of international cooperation,
- as technological progress and modern large-scale production increasingly force nations to unite their scientific, investment, production and market potentials in the interests of efficiency and in order to raise living standards,
- and as, finally, the direct conclusion follows that this necessary further internationalization of economies can be achieved only peacefully and without national oppression, only in a planned and internationally coordinated manner

— it also follows that, in order to deal with these economic problems and to do what modern production requires, the peaceful union of free and equal nations with developed economies or such as are developing in cooperation are necessary. This historically and socially necessary objective can be successfully

attained only under the social ownership of the means of production, in a planned economy, without international exploitation and competition. A systematic improvement of the working and living conditions of the population in all countries can become possible only on such a basis.

Thus, socialism has become timely as a historically necessary system replacing capitalism last but not least by the requirement of further internationalization of the economy and society. In the world economy of our days the socialist countries and democratic circles are working for bettering the international economic relations, they are taking steps towards a new international economic order.

The stability and the high rates of growth of the individual socialist economies were decisive economic preconditions that allowed a steady and fast expansion of the influence of socialism on the international economic relations. Others were the planned and equal economic cooperation of the socialist nations, which also included the economic aid given to less developed regions within this socio-economic area. This has led, both within the Soviet Union and within the CMEA, to the approximation of nations and aims at a gradual levelling of their economic development that is indispensable for international economic progress.

Conflict of objectives in the imperialist economic system

Imperialism does not offer any equitable alternative for the solution of present-day economic problems. On the contrary, the crises, conflicts and revolutionary processes in the world of capitalism clearly show that there is a conflict of objectives, that between the desire to maximize profits through international exploitation and the historically necessary universal development of social productivity by a gradual approximation of the national economic levels.

Though one occasionally speaks of the "third world", it should be borne in mind that the majority of the developing nations are constituents of the international capitalist reproduction process. Its functioning relies on the underdevelopment of large areas that are part of the system. The exploitation of wage labour by capital and the conflict between labour and capital have become increasingly internationalized. *The economies of the developed capitalist countries could not be explained without this international mechanism of exploitation*, and the economies of many developing countries can be understood only as parts of this international system of reproduction and exploitation.

The *first element* of this exploitation process is the cheap labour available in the developing countries. The ratio between real wages in developing countries and those in the leading capitalist countries is 1 : 10, 1 : 15 and even 1 : 20. At the same time, the relative productivities of the sectors controlled by foreign capital in the developing countries and the developed economies show much lower ratios, about 1 : 2 or 1 : 5. This difference between real wages and productivity is a source of profit, particularly for the multinational corporations.

A *second element* is the ruthless exploitation of natural resources in the developing countries with no regard to the needs of the national (local) economy or the

native population, let alone of future generations. The human environment is destroyed. There is no research looking for substitute foods, raw materials and fuels.*

What is called the energy crisis, it ought to be remembered, does not flow naturally from technical progress, it is a specifically capitalist crisis.

The forms of the international capitalist processes of reproduction and exploitation are manifold, e.g. enterprises of the transnational corporations in developing countries, monopolies in the fields of assurance and transport (shipping), international finances, international monetary and credit systems, world market prices, etc.

One of the consequences of the international capitalist appropriation of surplus value is the insufficient as well as uneven distribution of both simple traditional and of modern technologies. This process contributed to the backwardness in the developing countries in agriculture, the infrastructure, and industry as well as in the health service and education.

The present structural crisis of the capitalist economic system is in the final analysis caused, to quote *Friedrich Engels*, [2] by "the counter-pressure of the immensely growing forces of production against this capital-property of theirs"***

These productive forces "press . . . with increasing power for . . . the actual recognition of their character as social forces of production."*** [3]

Changes in the price structure: appearance and substance

It was in the first place the elements and consequences of the international capitalist mechanism of exploitation outlined above that led to the present disproportion between the manufacturing industries in the advanced capitalist countries and their energy and raw material bases especially in the developing countries. *Industrial and national income growth in the leading capitalist countries was not balanced with their raw material and energy base (particularly those in the developing countries).* Tensions in the international reproduction process emerged. This is why there have been shifts in recent years between the relative prices of raw materials and finished goods, as shown by the UN price indices presented in Table 1. The activities of the multinationals, the business boom of 1972/73, inflation and the crisis of the capitalist monetary system have rendered the shift in the price structure acute. This caused a number of raw material prices to soar already *prior to* the raising of oil prices. This is clearly indicated by Tables 2 and 3.

Both these price rises and the scissors between industries and their raw material-basis are reflecting basic socio-economic changes. Since the growth of production and productivity is taking place in the system of international capitalist relations of pro-

* In the GATT-report it is stated: "When petroleum was cheap, there was little incentive for either private industry or governments to invest in a search for alternative energy sources and it is not surprising that the rate of technological advance in this area has been slow. Now that petroleum is not cheap, massive research programmes are getting underway and there are no *a priori* reasons for supposing that technological breakthroughs in this area will, after some leadtime, be any less impressive or revolutionary than were those attained in other areas in which a substantial amount of resources has been devoted to research and development". [1]

** Translated from the German original.

Table 1
UN-indexes for world export prices of non-socialist countries
 (US-Dollar; 1963 = 100)

Year	Primary commodities (SITC, rev., 0-4) (1)	Manufactured goods (SITC, rev., 5-8) (2)	Ratio (1) : (2) (3)
1950	104	79	132
1951	127	94	135
1952	110	96	115
1951-55 ^{ab}	112	93	120
1956-60 ^a	104	97	107
1961-65 ^a	100	101	100
1966-70 ^a	103	109	94
1971	115	124	92
1972	130	135	96
1973	188	155	121
1974	295	186	159
IV 1973	221	166	133
I 1974	289	165	175
II 1974	293	183	160
III 1974	295	191	154
IV 1974	303	205	148

^a Average per annum

^b The data were converted from the bases 1953 and 1958 to the basis 1963

Source: UN, Monthly Bulletin of Statistics

duction, the international disproportions in production are accompanied by international socio-economic conflicts. Some of the developing countries have started, or are about to start, to push their economic development in a capitalist direction and through capitalist competition. Capital for their own accumulation is collected and their own capitalist economy is about to be constructed.

On the other side, the anti-imperialistic revolutionary movement has been growing, linking the fight for political independence with one for economic autonomy and development.

Thus, both competition and the class struggle act against imperialist dependence. Both processes, to be distinguished socio-economically, have prompted at any rate a series of common actions in international policy, as manifested in the resolutions of the "Group 77" and in other actions of the developing countries. They also appear in numerous UN-resolutions, supported also by the socialist countries.

But within this framework we should take into account that the DCs are differentiating more and more. This differentiation is manifold and has various causes — the social and political order, domestic and foreign policies, the level of industry and agriculture, the volume and kind of natural resources, the kind and degree of international economic relations, the balance-of-payments situation, and others.

The leading imperialists first tried and are still trying to counter the changes in the world economy and the efforts and movements aimed at independence by eco-

Table 2
*The HWWA-Index numbers for raw material prices in
 1969–1974. Average of 1952/56 = 100*

Groups of products	1969	1970	1971	1972	1973	1974
Food and feeding materials	90.2	98.2	101.1	114.6	170.4	273.5
of which:						
Grain	83.6	85.6	87.1	92.3	159.8	217.3
Sugar and drinks etc.	83.8	95.0	95.8	117.6	158.6	323.6
Oilseed/oil	95.9	105.5	104.9	95.5	180.9	283.2
Meat	114.2	123.0	136.0	163.5	221.7	218.9
Industrial raw materials	102.7	107.8	108.4	120.6	181.8	311.1
of which:						
Coal and coke	115.7	173.1	191.3	195.4	254.2	382.4
Oil and derivatives	92.2	93.2	104.1	116.5	140.5	451.0
Yarns	83.4	81.5	85.8	111.9	193.8	169.4
Skins and hides	96.7	95.2	107.0	147.1	227.2	159.6
Cellulose	97.3	109.7	118.0	121.9	134.0	204.5
Wood	117.0	126.8	128.2	139.0	247.8	336.4
Rubber	84.8	68.5	56.3	56.6	114.7	121.6
Iron and steel	98.9	110.7	95.4	102.7	199.8	299.0
Non-ferrous metals	155.1	154.7	131.3	136.9	213.4	284.5
Global index	98.5	104.7	106.0	118.7	178.1	298.8

Source: Informations of the HWWA Institut für Wirtschaftsforschung

Table 3
Changes in the prices of raw materials in 1973
 Index numbers of the HWWA, 1952/56 = 100

Groups of products	March	June	September	December
Food and feeding materials	146.6	168.7	188.7	200.9
of which:				
Grain	118.3	139.7	206.1	210.0
Sugar and drinks etc.	145.2	163.4	162.5	174.6
Oilseed/oil	140.5	188.5	194.2	247.3
Meat	209.7	224.9	229.0	232.9
Industrial raw materials	155.9	173.8	199.2	238.9
of which:				
Coal and coke	227.3	260.2	265.6	285.5
Oil and derivatives	124.0	132.4	132.4	207.2
Yarns	179.6	186.8	236.8	224.1
Skins and hides	219.9	244.7	237.9	199.0
Wood	170.8	222.0	303.5	351.8
Rubber	92.3	115.9	126.5	167.3
Iron and steel	166.8	191.8	224.2	256.2
Non-ferrous metals	175.1	202.2	230.6	292.2
Global index	152.8	172.2	195.7	226.5

Source: Informations of the HWWA Institut für Wirtschaftsforschung

conomic and political pressure, discrimination, apartheid, attempts at splitting forces, and by numerous aggressive acts, as well as counter-revolutionary terror.*

Thanks to the growing influence of socialism in international affairs and to the widening cooperation of the anti-imperialist forces, the influence of imperialism has been forced back and considerable results have been achieved in bringing about a détente in international relations.

Applying *Lenin's* well known formula for the revolution, one might say: the inhabitants and certain dominant forces in a number of developing countries *no longer wish* to tolerate imperialist exploitation, while the ruling imperialist powers *can no longer* exploit and rule in the old manner.

The basis for international exploitation is becoming narrower and more fragile for the advanced capitalist countries. This requires new adaptation processes and will, for some time, lead to lower rates of economic growth in many capitalist countries. Political and social conflicts *within* these countries, as well as increased competition and foreign policy conflicts *between* them are related to this fact, and so are the crisis phenomena of the international capitalist monetary system, balance of payments disequilibria and inflation.

Thus, imperialism has slipped into a third systems (or structural) crisis — considering that the first crisis of the system was the consequence of World War I and the October Revolution, while the second was linked with the end of World War II and the emergence of the socialist system. The present third crisis is distinguished from both its predecessors by not being related to a major war. Now the anti-colonialist and national liberation movements play an important role.

Other opinions

In recent months many social scientists in the Western countries have expressed views on economic problems as well as the structural shifts and crisis phenomena in the capitalist world economy, including some well known anti-socialist apologists of capitalism. With some of them a change from growth-euphoria to pessimism in the face of crises and decay can be observed. But, just as a high percentage of changes and fluctuations in capitalist world market prices can be attributed to speculation,** here also we have to reckon with political-ideological speculation.

Idealistic notions notoriously reappear arguing that socio-economic, that is objective, changes are essentially changes in subjective factors, and trying to depict specifically capitalistic developmental processes as if they were general social ones.

Among the four factors which *Herman Kahn* considers responsible for the present situation of the capitalist world, we immediately find three which are of a subjective nature. For the first time, so he said in an interview, the Western countries found themselves in the same economic rhythm; secondly, there was a world-wide

* These phenomena are clearly stressed by [4].

** According to estimations in a study prepared for the UNCTAD raw material committee in February 1975, in 1973 of the raw material trade in the USA amounting to 135 thousand million dollars about 19 thousand million were due to speculation. For London the corresponding figures were 7 thousand million out of 70 [5].

mistrust of paper-money; thirdly, people were stricken by a kind of fatalistic attitude; and fourthly, it was the first time that a group emerged, and one to be considered as consisting of serious and influential people, who consider growth to be a bad thing in itself [6].

Without negating objective processes, Z. K. Brzezinski as well places subjective factors first:

"We are living at times when a fundamental change in the ruling ideas of our society occurs: the shift from the idea of progress to the idea of decay." [7]

And: "The shift on the subjective plane is accompanied by another one on the objective one: by a crisis of the established international order." [8]

The international order (of capitalism — G. K.) of the post-war era, says Brzezinski, rested on four basic assumptions. The first was that a closer Atlantic community was compatible with the road leading to the unity of Europe. The second was that we were steadily heading towards an ever consolidating system of free trade and an increasingly liberal monetary system. The third assumption was that the communist world would stand outside the international order. Fourthly, it was assumed that the industrial countries could establish cooperative relations with the developing countries [9].

"These four basic assumptions are today in grave danger." [10]

The presentation of specifically capitalist problems as general problems of mankind can be found, in the second study of the Club of Rome e.g., as well as in a paper by W. W. Rostow.

Although in their study "Mankind at the turning point" M. Mesarovič and E. Pestel approach economic problems and the specific problems of the capitalist world in many respects in a more realistic and differentiated manner than the authors of the first study published by the Club of Rome, yet they reduce the specific problems of imperialism to general difficulties of technical progress:

"Two gaps, steadily widening, appear to be at the heart of mankind's present crises: the gap between man and Nature and the gap between 'North' and 'South', rich and poor." [11]

"The ever widening gap between man and Nature . . . is the logical consequence of the traditional concept of progress;" [12]

W. W. Rostow argued that, in addition, we were at the beginning of a phase of which one cannot know as yet whether it should be considered only as a cyclical phenomenon. Probably we are at the early stage of man finding himself up against the last frontier on this planet [13].

Other authors come much nearer to the core of the problem. Thus, Herbert Giersch in his final remarks at a colloquium of the Institute for World Economy in Kiel, in January 1975, said, speaking about the crisis in the world economy:

"... the crisis in the world economy lays bare a general crisis of social policy — a crisis of capitalism, if you like."*

Similarly, in a declaration by Nobel-prize winners (with the social scientists Gunnar Myrdal, K. J. Arrow and Jan Tinbergen among them) it is argued that the present crisis in the modern industrial democracies raises serious doubts as to

* Quoted after the *Wirtschaftswoche* [14].

the real nature of the economic systems in these societies. They express the view that the Western economic systems were to a great extent responsible for the emergence (of these crises) or responsible for the ways of reaction to them [15].

The Nobel-prize winners are of the opinion that Western societies should explore and develop new methods for the allocation of resources and new possibilities for establishing human priorities in society. An examination of alternatives to the existing Western economic systems should be treated as urgent.

Other authors, including Brzezinski and Chenery make suggestions designed to maintain the supremacy of the leading capitalist states by their adaptation to the new conditions.

Z. B. Brzezinski establishes plainly for NATO policies — with whose maintenance and adaptation he is concerned: "In the meantime, the counter-revolutionary phase has passed." [16] NATO should now "be much more concerned with the international order in its entirety," while "cooperation and competition with the East is a long-range reality." [17]

In an article in "Foreign Affairs", *Hollis B. Chenery* tries to justify the necessity for a continued high rate of growth for the leading capitalist countries and believes that a reshuffling of international capital investments could solve the problem.

"Before the world economy can return to a condition of orderly development, substantial redirection of investment and production in these (energy and foodstuffs — G. K.) and related sectors is imperative." [18]

Implications for the socialist countries

Among the new and complicated processes encountered in the present imperialist economic system are the changes in, and even reversals of the relative prices of raw materials and finished goods.

At any rate, almost everything indicates that the extreme relations between the prices of raw materials and finished goods in 1974 (175 : 100 in the first quarter according to the UN indices in Table 1, against 100 : 100 in 1963), will not be of long duration. Some opposed movements can already be discerned. The HWWA-index number for raw material prices showed in June 1975 263.5 per cent (1952/56 = 100) while it was 304.9 in June 1974 and highest, 321.9 in November 1974. The Reuter and the Moody indices show similar trends.*

Fluctuations of supply and demand will certainly cause varying and partly contradictory changes, but they will lead to a further diminishing of the ratio of raw material prices to finished goods prices on an international average. One pattern seems to be certain however: *in the seventies and eighties the relation of raw material prices to manufactures prices will not reach the relation 97 : 100 as measured according to the UN-index in the sixties; it will clearly have a value above unity.*

If, however, research aimed at substitution will be successful and substitution

* The index number of the HWWA Institut für Wirtschaftsforschung is highly representative. It is supported by a much wider range of goods and a newer commodity pattern than the Moody or the Reuter-indices.

processes will quickly take place, the ratio will again diminish later. Theoretically it is, of course, *not tenable, and practically not feasible, that the production costs of fuel and raw materials should continue to increase*. Malthus was not and is not right. The laws of diminishing returns and growing costs work only if other things, that is skills and technologies, remain the same. Early in this paper a number of examples were given showing that progress, naturally, entails more rational production and processing of traditional sources of fuel and raw materials as well as the exploitation of new sources and the utilization of new technologies economizing energy and raw materials.

The present *shifts in price structure are intertwined with inflation in the capitalist countries, but not identical with it*. Nor are their causes identical. Their effect on the socialist countries is also diversified. The socialist countries change, as a rule, the rate of exchange (or foreign exchange coefficients) of their currencies against the capitalist countries according to the rate of inflation prevailing there. In addition, the socialist countries can, in principle, level out, by raising the prices of their exports, the additional import-outlays due to the rate of capitalist inflation. But, it is known that protectionistic or other discriminatory measures of capitalist firms and governments may result in greater disadvantages than advantages for the socialist countries; the same is also true if marketing of socialist countries is insufficient in view of the sharpened competition on the capitalist markets. Disadvantages may also arise if there are long-term bilateral commitments towards individual capitalist countries (long-term agreements, credits etc.). Also differences between the commodity patterns of exports and imports may exercise an influence, that can be powerful indeed at times.

The new price structures exert an influence on the economies of the socialist countries that is different from that of the inflationary process. To the extent that these price structures express long-term development tendencies, they also enter the price formation in CMEA intra-trade. This leads not only to a rise in raw material prices, but also to higher prices of finished goods (through higher inputs of higher-priced energy and raw materials), but in the near future raw material prices will have a considerable advantage. Since the CMEA countries "clean" as far as possible the prices of the major markets, which serve as *starting basis* for their bilateral negotiations, from cyclical and speculative influences, the raising of CMEA raw material prices in 1975 has not reached the extent of the corresponding price rises on capitalist markets.

Thus, there are new price relations in *the total foreign trade of the CMEA member countries*. Their effect on the economics of member countries differs according to whether they are predominantly raw material exporters or importers.

As countries relatively short of raw materials, Hungary and the GDR are in a somewhat similar situation. The *pivotal problem for both countries in the near future is that, at current prices, more imports are necessary per unit of increment of both national income and industrial output than was the case earlier and that for each unit of raw material imports more units of finished goods must be exported*. Thus, there arise *additional* requirements towards the intensification of the national economy and the development of stable and efficient export structures. This problem cannot, of course, be solved overnight. The solution requires time, as do all changes in struc-

ture. But, no doubt, given rationalization in enterprises short-term results can be attained.

The improvement and stabilization of export patterns are necessary for creating import stability given the new price structures and in order to minimize additional exports per unit of imports. There are factors not only in the intensification of the national economies, but also in that of the integration measures of CMEA countries. The improvement of quality and the reduction of costs necessary to attain stable and efficient export structures require a stronger concentration of R + D and production. But this is possible only if specialization and cooperation are deepened both on a national and on an international scale.

Credit arrangements between member countries allow individual national economies to adapt themselves to the new price structures. As is known and as can be seen on Tables 4 and 5 examining foreign trade balances, the raising of credit by CMEA countries on the international money and capital markets has also grown. Table 4 calls attention to the fact that the credits extended by the socialist countries, particularly the Soviet Union, to DCs have increased as well. Thus up to 1973 (inclusive) the socialist countries had an *active balance of trade* with the non-socialist economic sphere *as a whole*. But, as can be seen on Table 4, the active balance has diminished relative to the volume of trade transacted with the non-socialist countries.

Table 4

Balance of trade of the socialist countries with the non-socialist ones
1965–1973^a, thousand million current US dollars, Exports and Imports F.o.b.

Year	A			B			Total balance A + B	Balance as percent- age of the turn- over
	Exports	Imports	Balance	Exports	Imports	Balance		
1965	4.65	4.70	−0.05	3.21	2.41	+0.80	+0.75	5.0
1966	5.58	5.61	−0.03	3.62	2.36	+1.26	+1.23	7.2
1967	5.90	6.02	−0.12	3.80	2.17	+1.63	+1.51	8.4
1968	6.18	6.34	−0.16	4.05	2.27	+1.78	+1.62	8.6
1969	6.96	6.95	+0.01	4.58	2.64	+1.94	+1.95	9.2
1970	7.74	8.16	−0.42	5.14	3.15	+1.99	+1.57	7.4
1971	8.72	8.88	−0.16	5.25	3.23	+2.02	+1.86	7.1
1972	10.29	11.74	−1.45	5.96	3.46	+2.50	+1.05	3.3
1973	15.70	17.80	−2.10	8.70	5.40	+3.30	+1.20	2.5

Source: GATT, International Trade 1973/74, Geneva 1974. p. 3 (the balances have been worked out by the author)

^a Without the trade transacted among the Asian People's Democracies and the one between the GDR and the FRG. As usual in UN Statistics, Yugoslavia is included among the capitalist industrial countries and Cuba among the developing ones.

If we take only the CMEA member countries, then, as shown by Table 5, their trade with the non-socialist countries resulted (at current prices, according to CMEA figures) in an active balance up to 1971, but in a deficit hereafter. In the trade with the Western industrial countries the negative balance was 5.8 per cent of turnover

Table 5

Balance of trade of the CMEA countries with the developed capitalist countries and the developing countries in 1971-1973
Millions of Roubles, at current prices

Year	A			B			Total balance A + B	Balance as percentage of the turnover
	Ex-ports	Im-ports	Balance	Ex-ports	Im-ports	Balance		
<i>1971</i>								
Bulgaria	271	321	-50	133	108	+25	-25	3.0
Hungary	566	774	-208	134	117	+17	-191	12.0
GDR	962	1227	-265	200	167	+33	-232	9.1
Mongolia	1	1	0	—	—	—	0	0
Poland	1040	992	+48	247	193	+54	+102	4.1
Romania	644	748	-104	173	125	+48	-56	3.3
USSR	2484	2601	-117	1825	1271	+554	+437	5.3
CSSR	762	893	-131	361	207	+154	+23	1.1
Total	6730	7557	-827	3073	2188	+885	+58	0.3
<i>1972</i>								
Bulgaria	286	320	-34	138	111	+27	-7	0.8
Hungary	668	713	-45	155	149	+6	-39	2.3
GDR	1076	1507	-431	185	132	+53	-378	13.0
Cuba	225	210	+15	67	64	+3	+18	3.2
Mongolia	1	2	-1	—	—	—	-1	33.3
Poland	1240	1505	-265	245	207	+38	-227	7.1
Romania	737	887	-150	216	163	+53	-97	4.8
USSR	2445	3447	-1002	1999	1344	+655	-347	3.8
CSSR	799	900	-101	346	232	+114	+13	0.6
Total	7477	9491	-2014	3351	2402	+949	-1065	4.7
<i>1973</i>								
Bulgaria	329	387	-58	177	122	+55	-3	0.3
Hungary	860	842	+18	165	182	-17	+1	0.0
GDR	1286	1905	-619	215	175	+40	-579	16.2
Cuba	299	317	-18	66	33	+33	+15	2.1
Mongolia	2	2	0	0	0	0	0	0
Poland	1643	2609	-966	246	229	+17	-949	20.1
Romania	1080	1169	-89	264	207	+57	-32	1.2
USSR	3750	4589	-839	2937	1735	+1202	+363	2.8
CSSR	963	1135	-172	333	292	+41	-131	4.8
Total	10212	12955	-2743	4403	2975	1428	-1315	4.3

A = Developed capitalist countries

B = Developing countries

Source: 1971: Statistical Yearbook of the CMEA member countries 1972 (in Russian) Moscow, 1972, p. 325. 1972: Calculated by the author from: The economies of the CMEA member countries, Statistical compilation, (in Russian), Moscow, 1974 pp. 261 and 263. 1973: Statistical Yearbook of the CMEA member countries for 1974, (in Russian), Moscow, 1974 p. 333.

in 1971, in 1972 11.9 and in 1973 11.8 per cent. In 1974, because of the growing raw material prices, the USSR had, deviating from the three preceding years, an export surplus in trade with the developed capitalist economies, while some other member countries had, for the same reason, moved from an active to a passive balance in trade with the developing countries — a very short-run shift only.

Certain conclusions can be drawn regarding the development of prices and balances of trade.

It is not true — and this paper was meant to make this somewhat clearer — that the socialist countries are compelled to “import” the capitalist inflation and crises. Some disadvantages do arise for us (owing to difficult marketing conditions due to recession, growing protectionism and increasing competition), but there emerge also certain advantages (e.g. more favourable procurement conditions, better credit terms). At other times the advantages and disadvantages differed, and the disadvantages were often great. Crisis and inflation do influence the socialist economies, but their influence is not significant and not deforming at all.

The new world market price structures with which we have to reckon now for some time, although historically related to the capitalist crisis cannot be explained mainly by inflation and crises. The effects of the above mentioned disproportionate development of the international capitalist reproduction process are intermingled with those of the anti-imperialist movement. Otherwise than inflation and crisis, the new price structures find their way into the socialist economies. In some of these economies the growth rate of consumption might be somewhat lower than earlier through a period of adaptation. But it is not necessary that this should affect equilibrium and stability of economic growth and social development. In addition, it should be remembered that the old relation between the prices of raw materials and finished goods had influenced the growth rate in the opposite manner over the last fifteen or twenty years. In corollary, in economic forecasts and even in energy and materials research (for substitutes) prices were sometimes calculated too low.

International economic policies of CMEA member countries

Price problems are topical and important, but they are not the whole story. They are overshadowed by global international economic problems, on whose solution the CMEA members are cooperating. Three principles can be formulated for this cooperation:

1. The international economic policies of member countries and their growing influence on international politics and economics rely on the further consolidation of their own economies, the deepening of economic cooperation and integration among the member countries and, last but not least, on the growing coordination of action in and towards international organizations, as well as on third markets.

Regarding inter-system relations of member countries, the socialist economic integration provides the foundations. Economic relationship with the Western countries cannot circumvent this integration.

2. The socialist system, the socialist states and the integration of the CMEA economies are all parts of the revolutionary world movement. The CMEA member

countries are part of the anti-imperialistic, democratic world wide current. They are shaping their international economic relations with a view to promoting the union of all these anti-imperialist forces and movements. The socialist economic integration and the economic cooperation of the CMEA countries with the western industrial states observe the requirements and interests of the international working class movement as well as of the young anti-imperialist states and movements. Inter-system economic relations cannot be solely, and sometimes not even primarily, judged by purely economic criteria.

3. Economic cooperation of the CMEA countries with the non-socialist states requires political security. Only in this way can it be stable and useful for all participants in the long-run. The web of European agreements is one of the bases for economic cooperation. What I have in mind is treaties such as those between the Soviet Union, Poland, the CSSR and the GDR with the Federal Republic of Germany, as well as between the Soviet Union and the United States or Japan. The creation of further zones free from tension is part of this endeavour in the stopping, ending and prevention of imperialist acts of aggression. Finally, the CSCE resolution on security and cooperation in Europe as well as negotiations concerning armaments limitations are important political bricks in creating a new order of international economic relations and in realizing the economic cooperation of the socialist countries with capitalist ones within a stable framework of peaceful relations on an equal footing.

A hierarchy of forms and institutions is available to the CMEA member countries for the realization of their international economic policies and relationships. This extends from bilateral contracts and agreements (between them and non-member states, between firms and governments as well), through multilateral agreements of smaller groups of firms and countries to the contribution of all CMEA countries or all socialist countries to the solution of economic world problems and to activities in international organizations.

In these, existing integrational institutions of the CMEA countries can be used. But, if needed, new institutional forms can be created. It should be examined whether some of the international economic CMEA organizations, particularly the scientific and production unions can be included in economic relations with the developing countries or with capitalist firms. The development fund of the International Investment Bank in Moscow provides opportunities for the expansion of existing, and the creation of additional institutional arrangements. It should also be examined whether some developing countries and some CMEA countries could build up further international funds or create mixed companies, or international consortia to implement investments in industry, agriculture and the infrastructure in certain selected and interested developing countries. Perhaps some oil-exporting countries could be interested in investing part of their money in such institutions or funds, on a medium or long-term basis. Such money could partially finance the technological and scientific assistance of the socialist countries to the least developed countries and the export of technologies from western industrial to the least developed countries.

It must be said, of course, that the economic strength of the smaller and middle-sized CMEA countries suggests the exchange of experience and scientific and technological aid to the developing countries rather than the granting of big credits or major

exports of technologies. For many developing countries assistance on the part of a socialist country in establishing national economic planning and statistics, managing nationalized industries, in building up the educational system, and health and social services, and the planned development of industry, agriculture and infrastructure could be highly useful. In this field the socialist countries can surely exploit additional opportunities. The hopefully growing number of multilateral agreements with developing countries should be synchronized with the measures aimed at socialist economic integration.

As has been noted, the CMEA countries, together with all other democratic forces, contribute in the UN and other suitable international organizations to the solution of the above outlined economic problems or to attaining at least partial solutions in some fields. (International commodity agreements could be one of the forms.) The Action programme of the UN for the creation of a new international economic order and also the Charter of economic rights and duties of states are, in spite of the frequently rather general declarations and the compromises contained in them, documents expressing a powerful anti-imperialist current. Many concrete measures are necessary to turn these and other UN documents into reality in as many points as possible in order to make progress in the solution of economic problems. But, also here we need agreements on peace, security, disarmament and equity. In parallel, as it were, to the structural reform programmes of some European communist parties one could imagine a Marxist programme for the structural reform of international economic relations given the present scientific and technological, political, socio-economic and revolutionary conditions.

Shares in world trade

A further consideration should be added in an examination of ways the CMEA countries are going in widening their economic relations with the non-socialist economic areas.

For the past twenty years growth rates of industry in socialist countries have been above those of other parts of the world. In respect of the growth of foreign trade this has not always been the case, also not even at comparable prices. In addition — mainly because of the size of the Soviet Union and the related lower intensity of trade (this applies to the U. S. as well) — the share of CMEA countries in world trade is much lower than their share in the world industrial output — and at current prices lower than in volume. Investigating the volume share of CMEA member countries in world trade one eliminates changes in the exchange rates of capitalist currencies and also variations between the changes of *CMEA contractual prices and capitalist world market prices*, then we get that the share of the CMEA countries in world trade (exports plus imports) was of almost 12 per cent in 1974 (instead of the 9.5 per cent at current prices and current rates of exchange. The share of the CMEA countries in the *volume* of trade has thus increased in recent years, and not diminished as shown by current world market prices. But, if the further development tendencies are correctly assessed, the volume share will hardly exceed 14 per cent in the period 1985–1990.

Table 6

Share of the developed capitalist economies and of the developing countries in the exports of the European CMEA countries^a, in 1960–1974, as percentage of total exports

Groups of countries	1960	1961–65	1965	1966–70	1970	1971	1972	1973	1974
A ₁	19.5		20.1		21.6	22.1	22.1	25.4	(29)
A ₂	19.4	19.6	20.9	23.0	23.3	23.7	23.0		
B ₁	6.1		9.6		10.7	10.1	9.9	11.1	(11)
B ₂	6.8	11.7	12.0	12.6	12.9	12.0	12.0		

^a Bulgaria, Hungary, GDR, Poland, Romania, USSR, CSSR.

A₁ = developed capitalist economies (CMEA statistics in roubles)

A₂ = the same, according to UN statistics in dollars

B₁ = developing countries accounted as A₁

B₂ = the same, accounted as A₂

Note: the different values of A₁ and B₁ as opposed to those under A₂ and B₂ may be explained by the following:

- the conversion of dollars into roubles,
- the UN statistics show Cuba among the developing countries up to 1972 and Yugoslavia among the developed capitalist economies,
- the UN statistics do not include the trade between the GDR and the FRG
- UN statistics also include Albania into the CMEA figures

Sources; for A₁ and B₁: 1960–1971 Социалистическое сотрудничество Москва 1973. pp. 140, 141, 162, 165

1972: calculated by the author from: Народное хозяйство стран-членов СЭВ. Москва 1973. pp. 261, 263.

1973: Народное хозяйство стран-членов СЭВ. Москва. 1974, p. 333

1974: Estimates of the author according to the national year-books of the CMEA members and GATT-statistics.

A₂ and B₂: UN Yearbook of international trade statistics, 1966, pp. 20–31; 1970/71, p. XXVII–XXXV and UN Monthly Bulletin of Statistics, June 1974, p. XIV–XVII

The situation is similar regarding the further growth of the share of all socialist countries in the trade with the developing countries. Their share in the exports of the developing countries increased from 4.5 per cent in 1960 to 5.3 per cent in 1973 (UN-figures). The corresponding import figures are somewhat higher (because of the steady export surpluses of the socialist countries); they were 4.6 per cent in 1960 and 8.6 per cent in 1973. We can safely reckon that the rate of growth will somewhat exceed that of the world trade as a whole; thus, assuming unchanged rates of exchange and prices one may expect a 6.5 per cent share of the socialist economies in the exports of developing countries and, in the corresponding figure for imports a rise from 8.6 per cent in 1973 to 12–13 per cent by 1985.

From this development of the shares of the socialist or only the CMEA countries in world trade the conclusion might be drawn that the influence of the socialist countries on the international commodity markets will remain essentially lower in the coming years than their influence in international science and technology, in world industrial output, in international affairs, in culture and armaments.

Two further conclusions might also be drawn. First, the CMEA countries will orientate in their inter-system economic relations not only towards caring for the traditional commodity transactions, but will increasingly care for international research, investment and production relations as well. This corresponds to the trend of scientific, technological and economic progress in international economic relations, in respect of which the international transfer of knowledge and information is increasingly growing in importance.

Finally, the conclusion might be drawn from the relatively low share of the socialist countries in world trade, that the influence of socialism on the world economy, in conformity with the growing economic potential of the socialist countries, should be exerted not so much on a global scale as rather at certain specific points. The CMEA area as a whole and its member countries will, as has been done up to now, concentrate on selected countries and regions, and on selected sectors and objects.

In these concentrated orientations coordination with the USSR and, in general, with every other CMEA partner should constitute the necessary foundation. As a rule, it will be both possible and necessary to couple sectoral integration measures of CMEA member countries with such in other countries or with other firms. This would simultaneously promote harmonization among the partner countries.

Table 6 comprises computations, at current prices, regarding the shares of the developing countries and the capitalist industrial states in the exports of the CMEA countries between 1960 and 1974. It may be expected that these shares will still increase somewhat in the next two years — first because of the rate of inflation, and second, because the CMEA contractual prices will rise more slowly than capitalist world market prices. In terms of constant prices, i.e. if we assess changes in volume, no further increase should be expected, because the progress of socialist economic integration will lead to a stronger expansion of the intra-system trade of member countries. At any rate, shifts in the shares of individual developing countries and of western industrial economies in the foreign trade of the CMEA countries may be reckoned with.

A new stage of international economic relations

If, as Marxists, we try to sift from the present changes in the international economic relations the objective, typical and stable development tendencies, we arrive at the conclusion that *in the seventies the world economy and the international economic relations have entered into a new period of their post-war development*. There are three clearly discernible major determinative socio-economic processes of these changes and of this new period.

1. *The influence of socialism* is growing in new qualitative and quantitative terms. Economic growth continues at a fast and stable rate. The transition of CMEA countries to economic integration will increase the economic efficiency of the socialist economy and contribute to increasing the international influence of socialism. Within the framework of the alliance of the socialist countries with other anti-imperialist, revolutionary and democratic forces, new and expanding economic relations with

the individual developing countries and also with groups of them will also evolve. The socialist policy of peaceful coexistence thus obtains wider foundations. The socialist countries, progressive developing ones and other democratic forces will achieve new international agreements on a more just new regulation of the international economic relations.

2. *The place and functions of the developing countries* in international economic relations will somewhat change in the next decade. A part of the developing countries will no longer provide, without resistance, a field of exploitation for international finance capital, for the multinational corporations and for imperialist power policies, as has been the case heretofore. This will introduce tensions and conflicts into the international reproduction cycle of capital. Many developing countries will couple the fight for political independence with efforts at economic autonomy. In the course of this, there will emerge a major differentiation in regional, economic, political and socio-economic respects within the group of the developing countries. Regional conflicts within this, on the whole progressive, development cannot be excluded.

3. *New structures and power relations* will, for some time, become stabilized also in relations *between the advanced capitalist economies*. A specific historic era of unequivocal and practically unchallenged hegemony of the U. S. in international imperialism has gone. One must reckon, similarly to the twenties and thirties of this century, with an interim period during which the different major capitalist powers will fight for supremacy in the course of the uneven development of capitalism. At any rate the competition of the U. S. with western European countries, Japan, Canada and developing countries that have advanced industrially will be increasing.

The basis of exploitation for world imperialism in the developing countries will be reduced. Owing to that, and also related to other factors, a slower economic growth must be reckoned with in capitalist industrialized countries for the next years. Crisis phenomena, social conflicts as well as those of external and internal policies will play increasing roles.

If, for the next ten or fifteen years, socialism and the anti-imperialist movement attain only the same measure of progress they have shown from 1960 to 1975, the antagonisms and anachronistic features of present international relations in society, the economy and politics will be further diminished.

References

1. *GATT-Report*. International Trade 1973/74 Geneva, 1974. p. 16.
2. ENGELS, F.: *Herrn Eugen Dührings Umwälzung der Wissenschaft*. In: MARX, K.—ENGELS, F.: Werke. Berlin, 1962. Bd. 20, S. 258
3. *Ibid.*
4. *Deklaration über die Schaffung einer neuen internationalen Wirtschaftsordnung* (Declaration about the creation of a new international economic order), quoted from: Asien, Afrika, Latein-Amerika. Vol. 2, Fasc 5, 1974. p. 807
5. Handelsblatt, 16. Jan. 1975, p. 12
6. Interview with Herman Kahn. Der Spiegel. No. 7, 1975 p. 117
7. BRZEZINSKI, Z. K. *Neue Dimensionen der Bedrohung der Atlantischen Allianz*. in: Europa Archiv, 29th year, 23rd vol, 10th Dec. 1974. p. 778
8. *Ibid.* p. 779
9. *Ibid.* p. 779

10. Ibid. p. 780
11. MESAROVIČ, M. — PESTEL, E.: *Mankind at the turning point*. Second report to the Club of Rome. New York, 1974. p. 9
12. Ibid. p. 23
13. ROSTOW, W. W.: *Der Autoboom hat uns lange eingelullt* (The car-boom has lulled us for too long.) in: *Die Welt*, 1st Feb. 1975, Appendix: *Die geistige Welt*, p. III.
14. *Wirtschaftswoche*, 4/1975 p. 52
15. UPI press information, 28th Jan. 1975.
16. BRZEZINSKI, Z. K.: op. cit. p. 784
17. Ibid. pp. 785, 786
18. CHENERY, H. B.: *Restructuring the World Economy*. in: *Foreign Affairs*, Vol. 53, No. 2, January 1975. p. 242

СТРАНЫ-ЧЛЕНЫ СЭВ И МЕЖДУНАРОДНЫЕ ЭКОНОМИЧЕСКИЕ ОТНОШЕНИЯ

Г. КОЛМЕЙ

Интеграция народных хозяйств стран-членов СЭВ развивается главным образом по своим внутренним законам, но все-таки не исключительно по ним. Большое влияние оказывают на него новые процессы в мировом хозяйстве, проявляющиеся в конфликте целей империалистической системы мирового хозяйства. Эти конфликты по-разному отражаются во взглядах западных экономистов. Появляющиеся в мировом хозяйстве напряжения ставят новые проблемы и перед странами-членами социалистической экономической интеграции. В течение следующих лет необходимо увеличить импорт сырья и обеспечить экспорт, необходимый для его покрытия. Происходящее в настоящее время формирование новых цен не обходит стороной и социалистические страны. Страны-члены СЭВ могут успешно противостоять этим неблагоприятным тенденциям, если будут продолжать развивать свою экономическую интеграцию, систему ее учреждений и сферу ее деятельности. Политика развития экономических связей между Востоком и Западом должна быть направлена на увеличение веса стран-членов СЭВ в мировом хозяйстве, причем не только в торговле, но и в других областях экономических связей. В семидесятые годы развитие мирового хозяйства и международных экономических связей вступило в новую фазу, характеризуемую ростом веса социалистических стран в мировой экономике, изменением положения развивающихся стран в ней и преобразованием системы связей между развитыми капиталистическими странами.

F. KOZMA

CRISIS PHENOMENA IN THE CAPITALISTIC WORLD AND SOME QUESTIONS OF SOCIALIST STRATEGY

The polarisation, raw material exploitation and ecological crises afflicting the capitalistic world economy are "metabolic disturbances" of the society based on capitalist private ownership. The author investigates what important changes are expectable, as their consequence, in the capitalist system of world economy and what chances these have, in general, to stabilize the capitalist system and what should be, under these conditions, the strategy and tactics of the socialist countries in the world economy.

In today's world economy the development of contradictions has much accelerated. The technical basis of this phenomenon is, undoubtedly, the extension of international economic relations — the highly developed state of the transportation and communication networks. However, neither trade, nor the development of communication techniques can explain in themselves, why the technical means convey exactly "allergic symptoms" to the various points of the capitalist part of the globe and why these symptoms are worsening with such amazing rapidity.

Power centres of the capitalistic world economy

The problems of today's world economy cannot be understood if the capitalist world economy is considered as a homogeneous whole. This is because the functional disturbances are usually the results of conflict between different capitalist interests. The most important centres of interest in today's capitalist world economy are, to a certain extent with conflicting objectives, the following:

1. The greatest economic power is represented by the *North American centre*, consisting of the economies of the United States and of Canada, the latter being largely integrated with the former. The exceptional power of this centre is due first of all to the fact that its economic potential has been developing in the course of history as a relatively uniform system within the framework of a strongly integrated state. Secondly, as a result of its exceptionally favourable development conditions, it has a very large sector with highly advanced technology which is in close interaction with the whole of the economy: it draws on accumulation resources (and mostly resources centralized through the budget) which are efficiently increased by the highly developed productive forces. Thirdly, an exceptional liquidity, i.e. capital reserves capable of huge manoeuvres at home and abroad, which helps the centre to influence considerably other sectors of the world economy without getting into a dependent

position from any of the regions influenced. (The totality of these features is held by F. PERROUX to be a sufficient criterion of a "dominant economy".)

The economic and technological superiority of the North American centre is overwhelming. It could claim an absolute hegemony within the capitalistic world economy, if: *a)* the American society were not divided by extremely sharp conflicts (conflict between labour and capital, the Negro problem, etc.); *b)* the centre itself were not made up of a mesh of conflicting interests of huge syndicates (regional and sectoral) which have their own foreign economic strategies and common interest systems as regards relations with other centres and syndicates there; *c)* the claim for hegemony need not be supported by world-wide military and political power efforts, which engage a considerable (and increasing) part of the free capital with rather low efficiency. The common result of these factors is a certain instability in home and foreign politics and economy, which restrains considerably the effectiveness in world economy of the centre.

2. The second largest centre after the North American, *the West European one*, cannot be considered a homogeneous effective force, but rather a conglomerate which, in spite of its division, is capable of displaying strength in a concerted direction.

As regards population, the West European centre is bigger than the North American, but as regards the volume of its production, it is smaller. Its supply with energy and basic materials is much poorer, and is thus more dependent on world economic connections. Its population density is much bigger than that of North America, therefore it is more vulnerable from the military aspect and from that of pollution. Its liquid capital reserves are much smaller. As a consequence of its disintegration, its potential in science, investment, production, foreign trade and capital exports is more divided which is in historical perspective undoubtedly a disadvantage, as regards the possibilities of keeping pace with world economy. In the short term, however, it is capable of spectacular advances, even at the expense of the American centre, by making use of the favourable market tendencies, and of possibilities originating in the above-mentioned weak points of the American centre, and relying on its traditionally foreign-trade oriented economy.

3. The third power centre of the advanced capitalist world is the *Japanese economy*, which is considerably smaller and less advanced than the two preceding ones, yet it is much more integrated and dynamically developing. It is in the "Japanese model" of capitalism that the subordination of different efforts to a small number of huge capitalist decision centres (largely co-ordinated among each other) is best realized. Therefore, the position of Japanese capitalism is much more uniform "inside" as well as "outside" than that of either the American or the European capitalism. Japan is traditionally export-oriented, since it is poor in energy, raw materials and food, while it is densely populated. Its exports have always been based on the talent, industry and the relatively undemanding nature of the people employed in manufacturing. This is why Japanese products of high technical quality are so cheap. Its liquid capital reserves are still limited: in this respect Japan cannot compete with either America or Western Europe, but it has immense experience in the organization of industry of subcontractual character which requires comparatively small and quickly returned capital investment. The vulnerable spot of the Japanese centre is its scarcity in raw materials and energy, and its comparative shortage of capital,

which allows the country to apply modern techniques and to produce competitively only with a relatively low consumption level of the population.

4. The fourth power factor of the advanced capitalist world is the totality of the multinational enterprises, although the area of these is difficult to delimit.

The advantage of these particular power centres, as opposed to national or regional centres, lies mainly in their mobility and specialization. They can manoeuvre excellently among the economic resources and financial, as well as legal, regulations of the various locations and countries. They circulate their capitals much more quickly, their decisions are more centralized, their policies more resolute, and their information systems wider. Their power is multiplied by the fact that their intellectual and material inputs are far more specialized than those of any national economy, no matter how effectively the latter draws on the international division of labour, and they work usually in production branches that are in the forefront of technical progress, holding a part of the host country's economy of key importance. Thus they can integrate the area under their control more quickly and efficiently. This special integration reaching over country borders and continents represents a power that can successfully confront any attempt of opposition on part of a country or regional integration organizations. If the interest of the multinational company so requires, it leaves out of consideration the decision of the regionally organized co-ordination centres of capitalist interests, and even crosses and influences them or subordinates them to its own objectives. Thus, parallel to the activities of the territorially organized world economic power centres there is a power working in another dimension which, representing separate interests, jeopardizes the balance of national and regional centres.

5. Although it does not belong to the active power centres of the capitalist world economy, the "third world" must be included in this list from a certain point of view. There live the absolute majority of the population of the non-socialist world, whose production and consumption represent only a small portion of that of the world; while the absolute majority of the exploitable mineral resources, water, forests and arable land of the Earth are to be found in areas where the productivity of human labour is 7 to 8 per cent of that in the advanced capitalistic world.

This sector of the world economy has almost only vulnerable points. Its human masses of working age are unskilled, the per capita social wealth is so small that supply with even the most basic means of production and subsistence causes insurmountable difficulties. The "third world" cannot be considered a homogeneous formation as regards either the degree and character of backwardness, or the possibilities of development: it is constantly differentiating, while it is lagging behind the group of advanced capitalist countries at a quickening pace. At the same time, its political importance in the world is ever increasing, and, owing to its huge human and material resources, it is potentially the most important area of the movements in the world economy.

“The metabolic disturbances” of the capitalist world economy

One aspect of the economic relation system of any society is of a material-technical character. This relation system can be demonstrated by a circle, whose starting and end point is nature. Man acquires from nature sources of energy, structural and other materials, food, water, etc. needed for the maintenance of society. Repeated processing and services are founded on exploitation. Part of the products serve for the maintenance and perfection of production, their bulk is, however, finally used up in some way by society. The circle is closed by regeneration of the balance of nature.

For the regulation of this complicated process the capitalistic society has such mechanism only as is based on the efforts and welfare of individuals and groups isolated from society, with aims and efforts of their own. However, the increasing density of population, the development of productive forces, the growing production units, the internationalization of the division of labour, etc., create such a situation in which the various (individual, enterprise, national, etc.) interests and endeavours cannot automatically add up to a social interest of a higher order and do not result in a rational economy with production factors. Instead of higher rationality it is a hegemony relying on power relations, or compromises that dominate economic decisions of the greatest portent. Therefore, the balance of the metabolism is continually disturbed by the fact that the different human groups and layers make — owing to their different positions — decisions following contradictory interests on the utilization and regeneration of the natural environment ruled by them, on the influencing of the division of labour, and on the allocation of means serving reproduction and on the distribution of goods for final uses.

The gravest asymmetry of the world economy is a result of the fact that the advanced capitalistic world with 600 million people — hardly over a quarter of the people living under non-socialist conditions — produces 84 per cent of the total output of the capitalist world and disposes of about nine-tenths of the utilized natural resources.

Thus the capitalistic world economy whose average productivity level is largely identical with that of the CMEA, can assure advanced productive forces only for a quarter of its population. Almost three-quarters of the population cannot hope for a gradual advance even in a long perspective. The developing countries are lagging increasingly behind the advanced capitalistic countries as regards labour productivity. The lagging behind of the third world can be demonstrated even for quite short periods. In 1960 the per capita national income in the developing countries amounted to 9.5 per cent of that in the advanced capitalist countries, in 1963 only to 8.7 per cent and in 1969 to 7.6 per cent. At the same time, the developing countries are increasingly dependent on the international division of labour, since their modern production sector has been built up with such objective from the start, and the traditional sectors are unable even to supply the growing population with food and other basic commodities.

Together with this *polarization crisis* grave disturbances occur in the whole of the world economy: the production of the advanced capitalistic countries is rising to astronomical figures, while the utilization of the goods produced is almost im-

possible in either consumption or accumulation. A quarter of the population living under non-socialist conditions create, following the Keynesian advice, artificial consumption conditions for themselves, just to get money out of their wealth invested in the production process and increased by profit: they prepare for war and make war, manipulate the investment and consumption spheres in order to increase purchases, and devalue their currencies to force spending at a quicker rate. In this way a part of the goods produced in the advanced countries is regularly wasted, while the same mechanism that creates overproduction and waste clings to the monopoly of high productivity concentrated in the hands of one quarter of the population, and hinders the development of the production and consumption of three quarters of the population. All this reminds of a living organism stricken with a grave metabolic disturbance, in which some tissues receive too much nutriment, a lot of which leaves the organism without use, while other tissues receive less nutriment than would be needed and, therefore, become atrophied or soon die away. The result is a maimed organism, incapable of normal functioning.

In the "overgrown tissues", i.e. in the advanced capitalistic world the productivity of labour is very high as compared with that of the developing countries; the accumulated technical and other cultures can guarantee a smooth further development, and the mass of products suitable for final use can assure proper livelihood for every citizen. (The misery of the masses in the developing world cannot be mentioned here.) But this society, too, is built on the confrontation of selfish interests. Competition necessitates to pursue the raising of productivity, first of all in the manufacturing sector: it is here that capital is forced to the most innovations, that mass production has the largest area, and that the cult of packaging and presentation develops. The results of the struggle for increasing final consumption affect the exploiting industry. The bulk of the increased investments feeds the manufacturing industrial base, the population gathers in the manufacturing and servicing activities: an ever decreasing number of people produce the energy and raw materials required in enormously growing quantities. Exploitation becomes ruthless on a global scale, but the rate of increase is still lagging behind the appetite of the manufacturing industry.

The growing probability of the raw material *exploitation crisis* is caused by several factors, identical inasmuch as the basic principle of capitalist society, the free play of various partial interests, has a role in each of them.

- The right of disposal over factors of production is a question of economic power, decided by the different power centres among themselves;
- While the exploitation is cheap and power relations are not established firmly enough, competition keeps down the prices of natural goods. This stimulates wasting, and technological development accommodates itself to this waste;
- Selection among the power centres, and a compromise among those remaining on the battle-ground ripen the possibility for the manufacturing and consumption sectors used to the wasting of natural goods to get into the hands of those extracting the raw materials.

Finally two forms of the crisis situation develop:

- the *acute* form, in which either an unexpected factor (the becoming unusable of the Suez canal, a war situation, etc.), or the "club" of the exploiters

create a sudden shortage of energy and materials: prices suddenly increase, which upset value relations and disturb the connections of the metabolic network;

- the *chronic* form, which asserts itself less dramatically, but consequently, and makes it clear that the manufacturing industry, the level and structure of consumption, and the technical quality of equipments costing several hundred thousand millions were built up on illusions: because nature does not allow its resources to be exploited to such an extent and in such composition as demanded by the whole economic-technical superstructure set up.

Neither the acute nor the chronic crisis are consequences of nature's being stingy. As a matter of fact, the energy crisis as well as the polarisation crisis are grave metabolic disturbances caused by the capitalistic functioning of society. The same symptoms may appear not only with the sources of energy but also with copper, iron, aluminium, etc. It is the general functional disturbance of the advanced capitalistic production mechanism, which necessarily appears — as a consequence of the pursuit of selfish interests — in the Keynesian-type model built up on the wasting of production factors.

The waste accumulated by mankind does not present problems as long as it does not cause an irreversible change in the balance of the biosphere. The more intensively nature "is used" by the dense population and the more the waste not consumable in the natural process of regeneration, the more organized and coordinated the activity needed to preserve the integrity of the ecological medium. In our present world this is not simply a communal problem but a part of the social reproduction process, organically fitting into the cycle of production, distribution and consumption. It is playing a role in the deterioration of the environment that a growing mass of material goods is discarded before it could have been physically used up. The chase after the consumer's money has inordinately developed the techniques of packaging; the large-scale recycling of waste is more costly than the processing of primary materials; for a long time waste could be poured onto public-property lands, into the water and the air by factories and the population without any financial or moral consequences. The "settling" of man into virgin nature is taking place to our very days without regard to the requirements of the ecological balance. If the tendencies of the last few decades are mechanically projected, an apocalyptic picture emerges: *the ecological crisis* endangers in the last resort the living conditions of mankind.

Experience has shown that because of the conflicts of interest among business circles in societies, based on private ownership relations, definite and strict rules concerning environmental protection are born with difficulties and, even in the best case, they are of compromising nature: in the course of bargaining they lose in complexity and determination. However, in order to cure the diseases deriving from wasteful management such huge capital investments — never to be returned in a business-like manner — are needed which exceed the power of communal and state budgets, particularly if a considerable part of the latter is being engaged by armaments and subsidies to capitalist ventures.

To sum up, it may be said that the social forces and mechanisms at work in the developed capitalist world accelerate the metabolism of mankind and nature

at every point and the system of economic relations embracing the whole world makes the disturbances of the metabolism world-wide. The world economic relations are impressed by the efforts of the power centres to shift the harmful consequences of these disturbances onto each other.

“Diseases of the nervous system” of the capitalist world economy₁

It can be said generally that the capitalist society is based on an overstrained system of reactions. This is natural: the motive power of progress under capitalistic conditions is uncertainty. The investment of the capitalist entrepreneur entails risk. The more complicated the “metabolism” of society, the more factors of uncertainty are in investments. The more concentrated the decision centres of the enterprises, the stronger they determine the outcome of each other's investments. The more private enterprise flees to the state offering safety, the more the centre of gravity of uncertainty shifts onto the macro-economic level and the more each private enterprise depends on movements of the national economy and of the world market. The more the economy becomes internationalized, the more each enterprise depends on the balance, economic-policy decisions and world economic relations of other national economies. Finally, the more factors of uncertainty there are in the development of international economic relations, the more unbalanced the metabolic process, the bigger and less predictable the risk becomes in decisions regarding individual ventures.

Therefore, the large and modern capitalist enterprise is forced, by its position, to be ruthlessly aggressive and inclined to cautious compromises at the same time; it strives simultaneously for maximum profit in the short run and for a stabilization of its business position in the long run, and it is obliged to consider the spontaneous movement of the market as well as the economic-policy and even political and military measures of the various countries. All this increases the overstrain and nervousness of the economic relation system.

The overheated economic “nervous system” is functioning seemingly undisturbed as long as no difficulties arise in the overheated “metabolic system” of society: the supply of the production apparatus with manpower, material and energy is guaranteed, the market, even if manipulated, absorbs the output of production, capital can expand, and the power centres are competing on grounds beside each other, avoiding a direct clash. However, as soon as the metabolic process begins to be disturbed, the uncertainty of the prosperity of private enterprise and of the macro-economic unit increases, and so does the sensibility to every minute change in the system of private ownership. This is expressed in the following facts:

a) Private enterprise loses its strategic perspective and gives preference to speculative profit-making in a short time, as well as to the promotion of its stability by all means and at any price.

b) The capitalist state is obliged to solve ever more complicated tasks of control, for which its armoury is less and less suitable. This is because control with market mechanisms is successful only if it is built on the co-ordinated strategy of the largest enterprise units constituting the basis of society, and if it disposes of the material, commodity- and capacity reserves needed for the maintenance of the balance of do-

mestic and foreign economy. If strategies get mixed up, and mobilizable means are tied up in hasty speculative ventures, the relative union of interests expressed in the national economic policy will overturn and macro-economic processes become less controllable. When this happens, national economic policy is either obliged to observe great caution, or is determined to take desperate measures.

c) In this way the established order of evaluating economic activity is shaken in every country, as well as the commodity and money relations, and the comparative evaluation of extracting and manufacturing labour. Private enterprise and state decisions have unusual and unpredictable effect on the behaviour of the different enterprises, sectors and social strata. The incalculability of their reactions further increases confusion in decision-making. The confusion reacts unfavourably on the metabolic processes.

d) Private enterprises and national economies having close relations with the world economy try to counterbalance their difficulties by activities carried on in this wider environment. The more internationalized the social metabolic process and the deeper the world economy relations, the more intensive will be foreign economic activities on the eve of the crisis and the stronger is felt the confrontation of partial — confused, short-sighted and sometimes desperate — efforts in the international field.

As a consequence, faith in the orientating role of money has been shaken on an international scale. It is not known to what extent the value system has been manipulated by the huge national and international enterprises, national economic policies, regional associations and international organizations. The effect of the value system — quickly deforming and in incalculable directions — on the individual micro- and macro-economic centres is less and less clear. The main carrier and promoter of the increasing uncertainty is the shaking of the key currency on whose stability the "nervous system" of the capitalist world has been based. All this results in an "intermittent fever" on the capital markets: the inflation rates of national currencies, the instability of the key currency, and the increasingly hasty exchange rate policies of the different countries and groups deviate the international demand — and supply relations of money from the actual requirements of the metabolic process. Currencies as means of payment are functioning increasingly worse: this reacts on their functions as measure of value and means of accumulation. Therefore, the national and international turnover of goods and capital are transacted by means of such currencies which reflect a confused and shaken system of values.

e) Therefore, *inflation and the collapse of the international monetary system* are the form of appearance of one and the same crisis of the modern capitalist world. We are inclined to mystify inflation, because it is difficult to understand. In the past inflation of the currency was concomitant with an absolute shortage of goods after wars or elemental disasters. The present world-wide inflation cannot be explained with this simple cause. Probably it is rather a symptom of the fact that the Keynesian development model has become unfeasible. The Keynesian intervention into economic processes placed the maximum utilization of the human production factor into the centre and subordinated to it the rational use of other production factors. With a slow development of productivity this was in fact successful. However, the scientific-technological revolution confronted economic policies with the

fact of a rapidly increasing productivity, and they reacted to the change by stimulating waste and organizing it on a national level in order to maintain full (or almost full) employment and to avoid the spasmodic and cyclical overproduction crises. The capitalistic centres of world economy put the accumulating reserves of production factors partly at the service of their policies aimed at expansion.

In abstract terms it is in the interest of society to be parsimonious, but a capitalist society could promote this only by restoring the pre-Keynesian model, the first result of which would be a larger unemployment than the actual one. Such careful application of the Keynesian model as would not lead to excessive demand, while guaranteeing full employment and growth without cycles amidst confronting interests and efforts has remained so far beyond the economic policy capabilities of all the advanced capitalist countries. At the same time, any radical measure against inflation threatens immediately employment and the growth without cycles. Therefore, inflation cannot be stopped: it is such a necessity for the momentary balance of the "nervous system" of the capitalist countries as is the gradually increasing heroin portion for the peace of mind of the drug addict.

f) Similarly to the expression in prices of harmony or tension between inputs and the social value system, in the rate of exchange the relation between national economy, i.e. the productivity of national labour, and the world market valuation system is expressed. Exchange rates are therefore important means of confronting partial interests in the world economy.

However, the inflation rates of countries maintaining close economic relations are not necessarily coordinated. The uneven growth rate of inflation causes permanent tension in the monetary system. An inflation faster than the average — in case it is not followed continually by the devaluation of the national currency — slows down the exporting capacities of the country and augments the profit of importers, that is, finally it would slow down inflation itself. It would be *in the interest of* a country with a quickly inflating currency to keep the rate of exchange. This, however, would increase the uncertainty of the international monetary system. On the other side, it is the basic interest of a country having a currency with a comparatively stable purchasing power — if it needs the markets of countries more quickly inflating — to shake the established structure of the exchange rates, particularly if the prices of its imported articles rise faster than those of its export articles abroad.

Therefore, the internationally developed multilateral balance of the exchange rates of convertible currencies is constantly disturbed by the uneven pace of the inflation of national currencies. All this becomes much complicated on the side of the capital market owing to the differing tax-, credit- and interest policies of the various countries. A country with a strongly inflating currency tries to slow down investments, imposes increased taxes on capitalist incomes and investments, raises the rate of interest, and accelerates government contribution to the investments of private capital. This as a whole creates unfavourable conditions for the growth of the investment market, slows down the growth of employment and, therefore, it is anti-inflationary but, at the same time, an anti-welfare policy. From such countries capital likes to flee to foreign countries, taking with it speculation, excessive demand for investment, and finally, inflation.

By this short presentation of a few well-known problems of the capitalistic

monetary system, my intention was just to illustrate that the monetary crisis phenomena are not temporary and incidental troubles but signs of the disintegration of the capitalistic system of economic values and are in close interaction with the grave metabolic disturbances that have been mentioned and, therefore, they cannot be cured by mere financial regulations.

Chances for a further development of the capitalist world economy

It would be early to draw the conclusion from the preceding that the last hour of world capitalism is approaching. Capitalist society is more virulent than one would expect, simply because it can quite flexibly adapt itself to changes which require to include in its mechanism elements "alien to the system", quite different from its original character. The Keynesian model itself contradicts the natural mechanism of capitalism in many respects: the intensive government and regional intervention developed according to the Keynesian model, the pumping over — on the American or Swedish model — of a considerable part of incomes into the budget, its redistribution, the subsidy policies involving several thousand million dollars are all such "system-alien" elements that have become by now assurances of the existence and maintenance of the system. Therefore, the statement that the present "disturbances of metabolism and the nervous system" are a result of the nature and functioning of the capitalistic system has the meaning that the capitalist society will be forced to a further revision of its mechanism and organizational structure in order to save its substance, i.e. the capitalist private ownership, further delaying thereby the radical cure of the troubles through socialist revolutionary transformation.

The following will be examined in connection with the future chances for development of the capitalist world economy.

- What is the direction of the necessary and possible important changes in the capitalist system of world economy and what can the latter preserve from the model of Ricardo-Say or of Keynes?
- What is the nature and size of imminent shocks implied by these changes?
- How much can the change stabilize the capitalist system in general, and the world economic system in particular?
- Direction of the changes and possibilities of their realization.

The starting point is that the temporary and relative adjustment of the system of private ownership — by means of state capitalism and regional integration — to the functional and development conditions of production forces requiring social appropriation has quickly become out-of-date. The chances of state capitalism were strictly constrained by the framework of nation-states developed in the last century, and those of regional integration by the slowness and inconsistency of integration: economic conditions became more universal before the consolidation of a regional framework. The United States, and in a certain aspect also Japan, have such great advantage over Western Europe because they can — without worrying about economic re-arrangement within regions — step out on the global stage, which increasingly determines the basic conditions of reproduction and even of the whole metabolic

process. From among the power centres the one will have a greater chance for stabilization and strengthening that is more capable of global action both in the field of energetics and raw material economy, and in that of manufacturing and environmental protection.

The multinational enterprise sector mentioned as the "fourth power centre" has the advantage that it is already thinking and acting i.e., managing its economy on a global scale, as opposed to the power centres with many branches and of regional nature which are capable of complex economy mostly within their own geographical limits only. The disadvantage of these empires of enterprises lies in their inability to approach the *metabolic process* in a complex way. Therefore, the interests and efforts of the multinational corporation are, even if in other dimensions than those of the "geographical" power centres, also partial.

We assume that the now emerging "acute" period of the crisis does not menace the existing power centres of the actual capitalist world economy and they will continue to exist within the limits of a compromise forced on them by the new power relations developing among them. It is unlikely that any of the power centres could assure for itself a complete and long-lasting hegemony; a "world monopoly" will most probably remain a utopian dream. The strengthening of the multinational enterprise empires in the basic sectors of production asserts its effect *in itself* only towards a renaissance of the anarchy preceding state monopoly capitalism, but this tendency will be constantly checked by the self-defence of the national and regional power centres. Thus the chance is very slight that an efficient global capitalistic economic policy, planned economy or an effective economic policy co-ordination should be created in the foreseeable future. The capitalist world economic relations will be governed by price and monetary mechanisms also in the foreseeable future. Since the functioning of these could be finally improved only by eliminating the basic disturbances of the metabolic process, the requirements of a global economy will assert themselves only ulteriorly, through the temporary curing of the troubles of the monetary system and through various compromises. The emerging crisis may force the advanced capitalist world to compromises in three fields.

a) The international monetary system will be reformed in such a way that the rules of the money- and capital market should react more flexibly to shifts in the centre of gravity among the power centres. This requires from the currently most powerful ones a "wise self-restraint", i.e. not to try to exploit quickly all advantages of their situation and, in case of a conflict, rather to decide for measures aimed at stability then for steps bringing larger profit but implying global risks.

A monetary system supported by several key currencies and important international credit resources may slow down the tendency towards power competition among the Western power centres taking the form of a growth competition. It may reduce inflation, render rates of exchange and the capital market more balanced, and may slow down to a certain extent also the enlarged reproduction of the present capitalistic economic structure.

Such a reform of the international monetary system, however, is not unequivocally in the interest of the advanced capitalist countries. The economic systems used to the Keynesian "narcotics" will be exposed to the danger of an overproduction crisis and unemployment i.e. of a complete collapse, unless they are able to find such

new methods for the massive utilization of the mass products as will not further increase the metabolic disturbances. What is meant are investment into environmental protection, capital exports to the developing countries serving efficient industrialization, and the intensification of economic relations between East and West. The success of the reform of the monetary system depends partly on whether the capitalist world finds an area on which it can still use the Keynesian idea of "have a hole dug and fill it".

b) It is expectable that in the advanced capitalistic world the area recently given the name of "quality of life" will come gradually into the centre of attention, that is, the improvement of social services, the development of public mass transportation, environmental protection, improvement of housing conditions, etc. All this will create important new markets in the fields of final consumption, producer goods and infrastructure. A particularly large amount of work will be absorbed by the elimination of the consequences of pollution and by the prevention of further ones. This may affect the whole development of production forces: the directions of scientific-technological research will undergo modification, as well as the structure of investment, the training of manpower and the regional distribution of production. Huge production capacities will have to be eliminated and replaced by new ones; consumer customs will have to be changed.

Transition will most probably be extremely difficult. Such a change is contrary to the interest of almost the whole private ownership sector. In the capitalist world today there is no automatism to induce the development of environmental protection, the social benefits system, public mass transportation, etc. A private enterprise is willing to manufacture oxygen mask for the citizens of large cities, because these can be sold, but it is not willing to manufacture seawater-purifying equipment, if environmental purity cannot be transformed into a saleable commodity. Therefore, institutions that serve the "quality of life" can be established only if they are ordered by some public body. And public bodies can find the investment amounts sufficient for the elimination and prevention of pollution only by raising taxes to an extent that would strongly reduce the profits of private enterprise.

Thus the role of social and environmental factors is growing continually in reproduction, and this raises such problems as the capitalist economy is unable to solve. Only a much more far-reaching state intervention could bring result, and this would require to centralize such power in the hands of the state as would be a burden to private enterprise.

c) The capitalist world should take efficient steps to solve the problems of the developing countries. This would necessitate two kinds of changes: production and financial measures to prevent catastrophes menacing the developing countries; such development programmes and financial regulators as would considerably accelerate the economic and social development of the "third world". Neither is realizable without an active contribution by the developing countries.

As regards measures to be taken in order to prevent catastrophes, the most important among them are: a radical improvement of the nutrition and health conditions, and the creation of the purchasing power necessary for an adequate food supply in the developing countries. It is not enough to grant food-aid — although this is also necessary e.g. in such a case as the famine in the Sahel zone — but a solid basis of livelihood must be created for the active population. Such agricultural tech-

niques must be introduced in the developing countries — with the aid, of course, of mostly imported equipment, seed, fertilizers, etc. — as will suit the local socio-economic conditions. It is not enough to train a few hundred or a few thousand agricultural specialists yearly at European and American universities — although this is also very important — but assistance must be given to the developing countries in crediting their national systems of higher education, general agricultural knowledge, and the training of skilled workers.

The securing and stabilization of the conditions of livelihood are a complicated task, which the UNO is unable to solve alone, however huge the amount at its disposal for the purpose: the financial and technical help of the UNO can complement and make more systematical the efforts of the developed and developing countries, but cannot replace them. It is vitally important to increase the revenues of the developing countries, among them the income from foreign trade. The rising prices of the products of the extracting industry assert their effects spontaneously in this direction, but a considerable part of the price gains do not increase the incomes of the developing sector, but that of the oil- and other extracting industrial monopolies; what remains in the developing world is unevenly divided: the bulk of the profit adds to the incomes of a few countries with low population, it is not used, and through the network of banks it will filter back to the advanced sector; the rising prices of raw materials and basic materials only add to the payment difficulties of those developing countries which do not produce but import these materials. Therefore, it cannot be said that the price rise caused by the energy and raw materials crisis is such a development as can help in the general solution of the problems of the developing world.

The radical and general changes in the world market price structure in favour of the export articles and the developing world could, in principle, much improve the situation: but, of course, the results of such a price revolution would be again mostly enjoyed by the big monopolies, and the advanced countries draw back a growing portion of the actual price gains through the exports, as the capitalist world market inflation is growing, among others through the rising food prices. For the developing countries, however, an inflationary tendency originating in the rising prices of raw materials and followed by those of the manufactured goods is still more advantageous than an inflation stimulated by the manufacturing industry.

The interests of the advanced capitalist countries are, of course, opposed to this. Although the big extracting industrial monopolies gain profit by the inflation originating in the rising prices of raw materials, this kind of inflation so much increases the inflationary phenomenon induced in the advanced countries that it frustrates every other less drastic and finely regulated measure against inflation. Besides, the additional incomes of the international extracting industrial monopolies, and an important part of the increased foreign exchange earnings in the developing countries become "hot money", and make the curing of the troubles of the international monetary system more difficult.

In the foreseeable future only imperfect solutions may be expected in remedying the troubles of the developing countries. The amounts that international organizations can spend on the food supply and on the foundation of the health organization and educational systems of the developing countries will be probably increasing, and the

world market terms of trade may be improving as regards the totality of the developing countries, but only in a highly differentiated manner and against the permanent opposition of the advanced capitalist world. Yet it is not likely that within a generation an international programme should be formulated to manage systematically the food production of the whole world. No radical change is to be expected in the solution of the most important problem of the developing countries, even though the advanced capitalistic countries will be forced to do more for the solution than has been done so far.

What would be the radical change? If such development were to begin in the majority of the developing countries as would lead them within a generation to reach the development level of the periphery of the industrialized world in the early 1970s. This would require a fourfold increase of the per capita national income in thirty years, i.e. about the same rate of growth as was attained by the CMEA countries between 1950–1974. Within this the least developed countries should be advancing through a generation at such rate as Japan has been doing in the last decade, while the countries having the most developed productive forces should reach the growth rate of Western Europe. This is almost impossible. Even the most optimistic prognoses reckon with only half of that rate, and in a reverse order: the most backward countries will be developing slower than the less backward ones.

Nevertheless, the advanced capitalist world becomes increasingly interested in the industrialization of the developing countries. Capital is attracted by cheap and ample manpower, raw materials, energy resources, and by the income-, price- and taxation-policies prompting capital imports of the governments of the developing countries. From the advanced capitalistic countries a considerable amount of manufacturing industrial capital is flowing already into the developing world: it is the "removal" mainly of work processes difficult to mechanize and not requiring high skills, first of all into the developing countries with manpower that can be easily trained, and whose governments support foreign enterprises. This process will probably gather strength during the coming decades, but it involves difficulties from two aspects: first, it differentiates the developing world — some countries, such as Iran and Brazil etc., will probably reach the level of the edge of the advanced capitalist world; second, in other countries this kind of industrialization is so much hindered by basic problems such as food supply and others that the process cannot even start. All this only adds to the inner tension of the developing world.

Therefore, the polarization crisis cannot be solved within the framework of the capitalist world economy. In the coming one or two decades the developing world will become most probably further differentiated and in the South-Asian, African and Latin-American countries, constituting its majority, stable living conditions will not be possible to create. Nevertheless, the economic and political importance of the developing world will considerably grow, since the advanced world will exhaust, in its small circle, the possibilities of the Keynesian economic policy, and will be obliged to start enlarging the markets of the developing world, even if in a grotesque and contradictory form; the parallel increase of transportation costs and raw material prices will force the capitalists to an increasing removal of the manufacturing industry to the developing world: and, finally, the political measures of the developing countries will work to the same effect.

Possibilities of conflicts in the "acute period"

The capitalistic power centres try to solve the acute crises by strategies and tactics contrary to each other to a certain extent: one of the most important common elements of these policies is the shifting of the actual symptoms of the crisis onto the partners in order to stabilize for the future their own position. This, of course, leads to conflicts. In this respect conflict is an open clash of the economic, political or military efforts of the power centres. When the conflicts come about, and of what character they will be, we cannot, naturally, foresee. Here only the most important sources of tension which may produce conflicts can be reviewed, and among them only those that are not directly connected to the tensions between the two world systems.

a) The basic source of inner conflict in the capitalist world becomes increasingly the antagonism between the advanced and the developing sectors, and this for three reasons:

- here are condensed the problems of the food crisis, unemployment and poverty;

- the developing countries will make efforts to obtain control over their raw material resources, they will try to raise the prices of primary products and to be more 'politic' in their deliveries and in using the financial means at their disposal;

- the advanced capitalistic world will use in defence its financial power, and its means deriving from its technological monopolistic situation, while political and military blackmail cannot be excluded either.

The position of both parties may be considerably weakened by their division and inner conflicts.

b) Conflict may arise between the United States and some of its advanced capitalist partners. It has been mentioned that the factors important from the aspect of power relations and effective in the long run are more advantageous for the United States, while in certain historical periods factors effective in the short or medium range may turn the scale in favour of Western Europe or Japan. In a strained situation of world economy any important shift of balance may grow into a monetary and trade "war" between the power centres of Western Europe and Japan on the one side, and that of North-America on the other side, in the course of which also the use of political weapons is to be expected, particularly by the party that has got into a disadvantageous economic position. One of the main stakes of the fight among the advanced power centres will be by all means the West European integration. In the eyes of the USA the West European integration will become a "red rag" if, in its progress toward economic union, it can offer a more attractive partnership to the developing countries and perhaps to Canada than the USA, reducing in this way the chances for world power of the American capital. On the other side, American hegemony will become unbearable for the West European capital if a) it hinders development of the European capital in industrial branches of key importance from the technological aspect; b) it increases its economic and political control over the sources of raw material and energy available for the capitalist world; c) it shifts the equilibrium disturbances originating in inner economic and political instability upon its advanced partners through financial channels. Thus, the manoeuvres of the USA will be generally of an aggressive character, even if sometimes they emerge from a

weakened position, while the West European behaviour will probably continue to be characterized by a defensive protectionism: this will determine the character of the integration, insofar as the integration remains a tool of a power centre independent of the USA and competing with it.

It may happen that the present acute period of the crisis will end in such a consolidation of the world economic position of the USA that *a)* will make it impossible for any other capitalist group to use the sources of energy and raw materials without the consent of the USA or against their will; *b)* will permeate international finances with dollar (Eurodollar or oil dollar) to such an extent as will exclude any possibility of arrangement in disharmony with the economy of the USA from the outset; *c)* will cause such grave inner political weakening of some of the European capitalist countries that the ruling circles will have to resort to American economic and political aid against the progressing left-wing "danger". Such a situation may push the West European integration toward an opening in the Atlantic direction. In exchange for the abandonment of economic independence American politics can offer the support of a political-military union oriented towards opposing the socialist camp and of firmly right-wing political regimes — particularly if it is an American administration of the Democratic party. A short- or medium-range assertion of the American economic hegemony concomitant with the Atlantisation tendency of the integration would undoubtedly destroy the West European economic power centre, even if this happened in a less drastic form than in the period following the Marshall aid. Such a turn, however, cannot be lasting: West European economic forces today cannot accommodate themselves to a lasting restoration of the policies of Dulles; American economic hegemony would become acceptable to today's European capital only if it were the lesser evil, i.e. if in Western Europe the capitalist social system started really to disintegrate.

c) The weakness zones of the world economic positions of the West European centre seriously endanger — from the capitalistic point of view — the inner political situation of certain countries. A zone particularly endangered is the Mediterranean periphery and Italy, where even the Keynesian strategy could not suppress the direct and everyday conflicts between labour and capital; and so are the "medium powers" of the area: France, England and the German Federal Republic, in which the medium power status may become doubtful for direct reasons totally different from each other. Thus, almost any country of key importance in Western Europe may become a centre of conflict in the world economy and even in world politics.

d) Finally, the contrasting interests of multinational cooperations and the governments of some advanced or developing countries may become the hotbed of tensions at several places and lead finally to conflicts. For the multinationals the processes taking place in the world economy create more advantageous conditions for expansion than for the advanced countries of average or smaller size. The more advantageous conditions originate primarily in the power of capital, mobility, and in the fact that these enterprises work in branches of key importance from the point of view of development. Therefore, it is likely that the multinationals will come out of the acute period of the crisis comparatively stronger, so that after it they will urge, with increasing vigour, the sectoral integration of the capitalist world economy. This may produce, as a consequence, a strong national or regional protectionism if it is

contrary to the interests of the local capital or infringes the independence of a country. The governments will make the international movement of capital, the remittance of incomes more difficult, and they may introduce a stricter price control, etc. The fight between multinational and national capital may add to the confusion of the already confused power lines of capitalist world economy.

The socialist world economy and the crisis phenomena

In this analysis the role of the socialist world economy, i.e. the role of the group of socialist countries united in the CMEA or in close co-operation with it, has been so far deliberately not mentioned. The processes taking place in the capitalistic world economy can be analyzed, for the time being, without regard to the effects of the socialist sector, since *a*) the latter has used so far the bulk of its energies to its own strengthening and has not aspired to an active and directly determining role in the world economic processes; *b*) if the goods of socialist origin or those destined for the socialist countries making up a few per cent of the capitalist world trade have an effect on the world processes, this effect is of a stabilizing character. With its important basic material deliveries the socialist world appeases objectively the appetite for raw materials and with its solid buyer's market it augments sales possibilities. Both in their bilateral economic and political relations and on international forums the socialist countries work in the interest of a division of labour based on an effective equality of rights, and in their co-operation with each other they show a practical example of planned economy with production factors and of a gradual levelling of differences in development level. In this sense the socialist world has an *indirect* effect on the world economic processes, and this indirect effect is stronger than the direct one.

On the other side, the effect of the capitalistic world economy on the socialist world is of a dual character. 35 to 40 per cent of the foreign trade turnover of the socialist community is transacted with the capitalist world, and in this turnover an important part is represented by intellectual products, equipments and basic materials — also food in some years of exceptionally bad harvest. In this respect the metabolic disturbances, the radical price changes and changes in the credit terms affect considerably the economy of socialist countries, particularly that of the small European socialist countries (among them most that of Yugoslavia). At the same time, the scientific-technological revolution taking place also in the capitalist world economy and the resulting abundance of commodities affect the economic development of socialist countries. A historical competition is fought between the two social systems in developing the production forces and raising the living standards of the population.

The socialist countries try — partly with the aid of their foreign trade and foreign exchange monopolies and partly by co-operation preferences granted to each other — to ward off the destructive effects of the market fluctuations of the capitalist world, of the undesirable division of labour originating in differences in development level, and of the deliberate politically motivated economic discrimination. It still remains to be worked out, how the strategy and tactics of the socialist world should react on the new types of crisis phenomena of the capitalistic system.

It is an absolute necessity to formulate a world economic strategy for the socialist community, and co-ordinated national foreign economic policies based on it. This strategy must be built on a clear recognition of the facts that *a)* the socialist world, although its social structure is totally different from that of the capitalistic world, is also sensitive, for other reasons, to polarization, as well as to shortages of raw materials, energy and food, and to inflation, moreover, its monetary system is undeveloped; *b)* therefore, socialist economy must be protected against the crisis phenomena of the capitalist world economy, and this protection cannot assume today the form of seclusion, since isolation is harmful economically, while politically it might lead to unforeseeable consequences.

The socialist world must therefore review its strategy of economic protection, considering thoroughly the following questions:

— Which elements and subsystems of the technical, organizational and consumption structures built up in the capitalist sector of the world could be adapted without harming the socialist character and the progress of our society?

— By what means and to what extent should we stop at the border of our people's economies the effects harmful to socialist development and coming from the capitalistic world economy?

Since it is not in our interest to isolate ourselves from the capitalist world economy, nor is there a way to do so, it has to be considered also, what active influence we should exert over it. The basic viewpoint here is that it is by no means in our interest to promote the evolution of the crisis phenomena, not even if we can escape their direct effect. It is, however, in our interest to work out the democratic version of world economy which asserts its effect objectively towards restraining the power of the monopolies and helps in that the whole of the developing world should come out of the standstill. In order to do this the division of labour and the financial strategy of the socialist community must be revised, particularly in the following areas:

1. *Export policies:* first of all in respect of the groups of products that are apt to ease the "metabolic disturbances" of the capitalist world economy (mainly sources of energy, ores, timber, and basic foodstuffs). In the field of economy with natural resources the socialist community must first of all preserve its independence from the fluctuations of the world economy — this as a part of the defence policy. Further, it will have to be gradually attained that in the exports such countries or regions should be preferred whose foreign economy policy favours the development of international economic relations on the basis of mutual advantages, and this not only in East-West relations but in general. This principle, however, should be applied only against such countries whose activity increases the world economic tensions — independently of their political systems or trends. This kind of export policies of the socialist world must be co-ordinated with that of the raw-material exporting developing countries.

2. *Import policies:* mainly in respect of technological equipment and intellectual products. Preference must be given to the capitalist partners whose economic policy and business circles work positively for establishing a division of labour in manufacturing with the socialist and the developing countries, and to technologies whose high technical standards are accompanied by savings of raw material and energy, and which do not endanger human environment.

3. *Production co-operation*: mainly in areas in which it contributes to accelerating the development of the production forces of the socialist community. Preference must be given to the partners who deliver, in the framework of the division of labour, production bases that engage highly skilled labour and who are willing to buy the bulk of products, and to partners with whom co-operation would promote positively the industrialization of the developing countries.

4. The policy of contributing to the advancement of the developing countries is a very complicated question, of which only a few aspects will be mentioned here:

a) Increased participation in the planning activities of international organizations (UNIDO, UNCTAD, etc.) which work out development alternatives for the regions and countries of the third world;

b) Gradual establishment of such a division of labour in which the socialist world buys the raw- and basic materials of the developing countries in an ever higher processed form, i.e. buys increased quantities of manufactured industrial products, mainly in exchange for investment goods and production systems. An organic part of such a division of labour is the establishment of a scientific-technical co-operation, in whose framework socialist countries contribute already in a considerable measure to the development of the human productive force, to the training of skilled workers, technicians and engineers for the developing countries.

c) The weight of the socialist countries must be augmented in the activities of international organizations which have influence on the allocation of credits and aids to be given to developing countries, and on the foreign trading and international financial conditions.

The basic strategic principle of the socialist community towards the developing countries is the establishment of a common platform with the latter. It is contrary to our interests and ideology to enter the "club" which wants to solve the polarization crisis "above the heads" of the developing countries. We must be well aware of the fact that as regards the amount of the material means placed at the disposal of the developing countries the socialist countries will be incapable of competing with the American and the West European centre for quite a long time to come. Therefore, the importance of the help of the socialist countries to the developing countries consists mainly in the general and economic political presence of the socialist world, and the support given by them in their fight for a favourable change in the international exchange and credit terms. Though not of a large volume, the amount of credit and aid offered may be of a decisive importance in emergency situations. The most important thing is, however, to establish such exemplary division of labour with a few developing countries struggling with various types of backwardness, which may become a model for a world-wide division of labour, i.e. an inducement to the world-wide fight for a new type of division of labour.

5. *Participation in the reform of the international monetary system*: this is the most debated issue of the socialist strategy, and not without reason. The monetary system of the capitalist world (and its various international institutions) had been created without the participation of the socialist countries, and failed without their participation. There is no reason for the socialist world to take over a proportionate part of the bankruptcy, under such circumstances that the joining of these institutions

would require a one-sided adaptation to an established control system on the way to disintegration.

It is more to the purpose to wait for, and to actively promote, the strengthening of the conviction that the international financial system must be based on radically new foundations, i.e. a) the dominating role of the key currency must be eliminated and it must be prevented that one or several key currencies should get into a similar position, that is, that one or another capitalistic power centre might assert its interests one-sidedly in the monetary and credit system; b) it must be assured that capital and other financial means should flow in the direction of the "bottle-necks" of world economy, and the conditions for their effective utilization must be created. Therefore, *the reform of the monetary system must become one of the means of the general solution offering a democratic alternative to the crisis*, and, parallel with the ripening of the conditions of the solution, it would become increasingly the interest of the socialist world to join the monetary system.

The above-mentioned five items divide the tasks according to the symptoms of the emerging world economic crisis. Besides, there exist some special economic development interests of the socialist community or some of its countries which may induce action more or less deviating from the above-mentioned points of view. Since the political and economic strengthening of the socialist community is one of the basic factors — although not analyzed in this study — of the changes in today's world economy, deviation in the short or medium run from one or another of the principles laid down here is natural. The crisis may also take such a dramatic turn that the socialist community will be forced to subject everything to its policy of economic protection for a time. Power relations may change in a way that the socialist countries will not always be in a position to give preferences in exports and imports to the capitalist partners who, objectively, promote the democratic alternative. Socialist countries must acquire the necessary goods, and must realize the countervalue in exports on the world market. It would be unrealistic to build a world economic strategy on the "omnipotence" of the socialist world. It is by all means to be expected that the socialist community will grow faster in strength than the capitalist world, all the more so as the capitalist world economy is hindered in its growth by the crisis phenomena rooting in its own conditions. Therefore, it is no day-dreaming to set such strategic aims for the 1980s whose core it is to render the socialist presence more tangible in the whole world.

КРИЗИСНЫЕ ЯВЛЕНИЯ В КАПИТАЛИСТИЧЕСКОМ МИРЕ И НЕКОТОРЫЕ ВОПРОСЫ СОЦИАЛИСТИЧЕСКОЙ СТРАТЕГИИ

Ф. КОЗМА

Автор подвергает анализу нарушения метаболизма мировой капиталистической системы и указывает, что наиболее серьезным среди них является крайняя поляризация мирового капиталистического хозяйства между группой развитых стран и группой отсталых, т. н. развивающихся стран, положение которых в силу действия механизма капиталистического мирового хозяйства становится все более безнадёжным. Другим важным проявлением разлада в метаболизме капиталистического хозяйства является крайнее расточение природных ресурсов, причины которого также кроются в частнособственнических отношениях. Так на-

зываемый экологический кризис, означающий загрязнение окружающей человека природной среды, — это третий признак разлада в метаболизме капиталистического хозяйства.

Перечисленным явлениям сопутствуют разлады своего рода «нервной системы» мировой капиталистической системы. Нарушилась традиционная система экономической оценки человеческого труда. Это находит свое выражение, с одной стороны, в усиливающейся инфляции, с другой — в кризисе мировой валютной системы. Исследование стремится дать марксистское толкование явлениям инфляции, которую автор считает естественным спутником современного капиталистического мира. Радикальные меры против инфляции немедленно вызывают скрытое перепроизводство и связанные с ним циклические кризисные явления.

Причины кризисных явлений современного мирового капиталистического хозяйства кроются в самих корнях капиталистического строя, и маловероятно, что капиталистическое мировое хозяйство способно даже в течение продолжительного периода действенно разрешить кризис. Возможно, что из борьбы различных соперничающих друг с другом капиталистических группировок американская экономика и мультинациональные предприятия выйдут относительно окрепшими, однако радикального изменения в соотношении сил капиталистического мира не ожидается. Обостренный период кризиса — как в отношении явлений разлада в метаболизме капиталистического хозяйства, так и в финансово-валютном отношении, — завершится, вероятно, рядом компромиссных решений, которые, однако, будут иметь половинчатый характер.

Существование и развитие социалистического мира в период кризиса мирового капиталистического хозяйства при благоприятных политических условиях может смягчить отрицательные эффекты. Такое влияние оказывает его целенаправленная политика, стремление к развитию экономических связей между Востоком и Западом и пример его достижений. В то же время экономический кризис западного мира может оказывать неблагоприятное влияние на развитие социалистического мирового хозяйства. Социалистические страны могут устранить эту опасность глубоко продуманной, координированной внешнеэкономической стратегией. Их наиважнейшей задачей должна стать разработка такой активной экономической стратегии в области импорта, экспорта и кооперирования, которая защищает кризисные явления, поощряет демократический путь разрешения кризиса в несоциалистическом секторе мирового хозяйства. Основным условием этого является целенаправленное развитие экономических связей с развивающимся миром.

T. SZENTES

NATURE, BACKGROUND AND EFFECTS OF THE UNFOLDING CRISIS PHENOMENA IN INTERNATIONAL CAPITALISM

The author focusses his investigation onto the reallocation process in the international capitalist economy, and the disturbances of the capitalist state regulation system of economy, as the background factors of the recent crisis phenomena. As to the former he analyses why and in what sense the "colonial" pattern of international division of labour has changed, and what consequences this change has caused. As to the latter, he points to the growing contradiction between the national framework of the Keynesian system of state intervention and the internationalization process of capital and production.

The present crisis phenomena of international capitalism are — in my opinion — of different nature, level and complexity than those of the "classical" cyclical crises before the Second World War. They seem to be, on the one hand, products of the culmination of some long-run processes, which started in the past and have been unfolding recently, interfusing also with cyclical movements and, on the other, concomitant features of the beginning of a new period. Substantially — apart from a few secondary factors — they can be traced back *a)* to the crisis and reorganization of the "colonial-type" of international division of labour, i.e. a reallocation process and a modification of the centre-periphery relations, and *b)* to the crisis of the "Keynesian" system of state monopoly capitalism.

1. The crisis and modification of the colonial division of labour

As a matter of fact, the colonial pattern of international division of labour with the known functions of the dependent periphery (as raw material supplier, sheltered market for manufactured commodities and monopolized sphere for highly profitable investments) has been operating with increasing troubles, difficulties, disturbances and facing a crisis for a long time, since almost the Second World War, and particularly since the late fifties. Its crisis manifested itself extremely obviously in the international economic and political events of the last few years, particularly in the energy — "crisis" — even if the 1973–74 price increases of raw materials seemed to promise again "comparative advantages" also to the countries specialized in primary production. While the former period between the mid-fifties and sixties, of worsening terms of trade for primary exporters proved "only" that this one-sided specialization with cumulative disadvantages cannot indefinitely be maintained, the oil-embargo and price increases showed already the signs of the end (or the beginning of the end)

of the old terms and conditions of raw material supply by the periphery even if the latter has not yet substantially changed its colonial production structure.

Just like all economic phenomena and processes, the crisis and shift in the capitalist international division of labour have been related to both *material-technical*, and *socio-political* factors.

a) *The scientific and technical revolution* is, no doubt, one of the factors fundamentally influencing the reallocation process of the world capitalist economy and market, the orientation of capital export and investment patterns as well as, directly and indirectly, the position of developing countries. The development of productive forces with revolutions in science and technology, and leading to the increasing internationalisation of the reproduction process, is an objective tendency, independent of — although influenced by and also affecting — the actual socio-economic formations. Under capitalism this tendency has been interrelated with further concentration and centralization of capital, the rise and strengthening of multi- (or “trans”-) national corporations. The internationalization of production and productive forces takes the form of and has been realized through the internationalization of capital, and pushed forward by the fundamental problem of the system: marketing, and governed by its main motive force: profit.

Certain “missing links” in the “national” system of the reproduction process are getting more and more characteristic of all national economies, even the biggest and most developed ones, due to the general growth of productive forces, to the expanding *scale* of production and producing units, to the dimensional requirements of up-to-date technology (both in terms of supply and demand) as well as to the rapid expansion of demand under outside demonstration effects. These “missing links” mean horizontally the lack of entire producing branches to meet local demands, and vertically the discontinuity, the lack of full complexity in the reproduction chain. The weaker or stronger position in the capitalist system of international co-operation, and the distribution of benefits from it, depend, however, to a great extent on the *location of these missing links*. This explains why the most powerful monopolies strive for, and why the competition among the most advanced capitalist countries aims — among others — at catching and monopolizing the most important, decisive links in the expanding and more and more internationalized reproduction process — at the expense, if necessary, of leaving or even creating missing links in less important spheres. The scientific and technical revolution has changed the pattern of leading industries, given rise to new ones, and created new centres of technological research and development. It has demonstrated where the decisive links are.

Over and beyond those more or less temporary effects, which biased private capital export against investments in “periphery” countries (like the stimulus for a new, wide wave of investments within the developed sector of the world economy, coinciding, however, with other stimuli from post-war restoration process, integration and military demand), the scientific-technical revolution has resulted in far-reaching shifts in the *production structure* [1] of “centrum” countries, modifying thereby their input and output patterns, the commodity pattern of foreign trade, and also *that of demand* for products, services, marketing facilities and investment opportunities to be provided by the periphery. *Capital export* to the developing countries also shows a pattern changing accordingly, not only in terms of the composition of the exporters

(shifting in favour of MNCs) but also in that of the choice of investment sphere, choice of technique and product orientation, which indicates and realizes the restructuring of the centrum-periphery relations via the modification of the periphery's functions.*

The rapidly increasing role in economic competition of technological research, product development, and the centres of technical progress in general, has induced the most powerful companies to expand, or even specialize their activities in this field, requiring thereby expanding *markets* for the materialized knowledge and technology.

The installation of last-stage assembly or processing plants abroad with relatively capital-intensive techniques relying on the imports of equipment and know-how, the increasing proportion in trade of export products with a more or less monopolized technical advantage for the producer, the expanding export of licenses, patents, managerial and consultancy services etc. are manifestations and different aspects of the same process.

For *vertically integrated corporations* expanding their capital goods production at "home", the market interests particularly clearly suggest to promote the development of consumer goods producing industries with capital-intensive techniques abroad. Similarly, these interests also suggest the maintenance of a blockade against the development of the capital goods producing sector in the periphery, and particularly of industries which are the centres of technical progress.

In addition to, and, of course, connected with the market interests (i.e. the orientation of the capital export serving commodity export), the *profit* considerations (i.e. the orientation of capital export as direct profit source) have also changed. Instead of the "absolute" cheapness of local unskilled labour and natural resources, guaranteed in the past by the colonial (administrative and economic) machineries, it is rather the relative wage differences, i.e. as related to productivity differences and the indirect economizing on wage costs (or other, e.g. environmental costs) which are getting more and more important in the choice of investments.

But there have been changes even in the function of *raw material* supply since the scientific and technical revolution has made an impact, particularly through the synthetic substitutes, on the demand pattern of "traditional" raw materials imported from the periphery. In the post-Korean period, between the mid-fifties and mid-sixties, this impact seemed to be more or less equally negative on primary producing developing countries, and suggested an increasing self-sufficiency of the advanced sector.

Now it is quite obvious that, on the one hand, an intensively differentiating effect results from the scientific-technical revolution and the concomitant changes in production and consumption patterns. It is also clear enough that, on the other hand, the decrease of reliance of the centrum as a whole on the periphery's raw material supplies, resulting from substitution, chemicalization, by-product processing, miniaturization, new mining and agrarian technologies etc., may be (over)-compensated by the increase of demand, particularly for some crucial materials. The latter follows from the on-going wastages, the manipulated reflexes of the "consumers' society",

* For a more detailed investigation see the author's papers. [2]

the practice of accelerated amortization and quality deterioration, the expansion of military production etc.

Since the actual role of the various primary products in the technical and scientific progress is widely different (and also changing), the differentiation among the primary producing countries is a "natural" process (in-as-much as their one-sided specialization is "natural"). The double function of crude oil as (still) energy source No. 1 and basic material for the dynamic chemical industry is an important factor in the improved position of oil exporters.

Nevertheless, the effect of the scientific-technical revolution on the prices of manufactured and primary products is, in general, of rather opposite direction — even if the monopolistic factors and their different intensity and orientation in different branches are left out of consideration. In manufacturing the effect of increased productivity achieved in the *main* process of a certain use value production can hardly be realized in a diminishing value of the product (not to mention its market price, under additional forces). This is because compensating changes may take place in the nature, appearance, and objective (or subjective) quality of the product for basically the same use, which increase the required quality, complexity and the secondary supplements of the final product. Or it is because even the use value of the products may change, though designed to meet more or less the same need. In primary production, however, technical progress is mostly realized simply in the increased output of the same products, due to higher productivity or new resources. This explains, even apart from monopolistic forces, the unfavourable price scissors between manufactured and primary products. Diminishing returns and an overall exhaustion of natural resources clearly suggest an opposite trend. It is hardly reasonable, however, to assume a standstill in the technical and scientific progress which normally cancels out the "law" and opens up new resources. It must also be taken into account to what extent the increased prices of raw materials can be built into, and may reappear also in the increasing prices of the manufactured goods. This question, however, refers, particularly on the international scene, to the power relations of the trade partners.

b) *The shifts in the consumption pattern* of developed capitalist countries follow, on the one hand, the natural trend (as expressed, more or less correctly, by the Engel Law), and also the propensities created artificially or increased abnormally by the manipulated system of "consumers' society" with fashion waves, trade mark wars, quality deterioration, status symbols, hire-purchases etc. These latter push up the increasing demand for durables and luxurious goods disproportionately and detrimental at the expense of social values, and the demand for cultural and educational "products". This seems to be an important factor also behind the "energy crisis" and some raw material problems of the advanced capitalist countries.

The consequences of the shifts in question on world market prices and the terms of trade have been widely discussed in international literature. So are the problems of the demand elasticities. In this context one has to stress or add, however, that the price and income elasticities of demand of the typical primary products exported by the developing countries do widely differ according to whether the prices (or incomes) are changing upward or downward. Here again one may refer to the favourable position of oil e.g., or to the unfavourable position of the relatively luxury-food products,

such as cocoa, coffee, tea etc. which, unlike the luxury-durables, do not face an exploding demand in developed countries, nor can meet the expanding need of the Third World masses for basic necessities. This is one of the reasons of the difficulties in organizing OPEC-like strong cartels in the case of the latter.

c) *State monopoly capitalism and the integration processes* within the advanced sector of the world capitalist economy also play an important role in the international reallocation process and are connected with the growing crisis of the colonial type of the international division of labour.

Over and beyond the effect exerted by the Western-European integration with increasing state monopoly cooperation and intertwining business ties on the development of the intraregional trade and capital (and also labour) flows, there have been other important effects related to the centre-periphery relations.

State monopoly capitalism, by having developed and experienced the (Keynesian) tools and methods of intervention into national economic processes, has become, on the one hand, more capable of influencing economic processes or economic policies in the periphery *via* indirect methods (aid, credit and monetary policies etc.), and of carrying out flexible manoeuvres on international level. The transition into neo-colonialism which, of course, has been rather forced upon the metropolitan countries from "outside", by the inevitable liberation of the colonies and the changes in international military and political power relations, seems to be connected "from inside" not only with the changes in structure and interests but also with the development of state monopoly capitalism and its arsenal of economic policy.* On the other hand, however, the very intervention *via* indirect economic methods into periphery economies may – and will – meet increasing difficulties or resistance there because of the disintegration of the colonial frameworks and (bilateral) mechanisms. This manifests the contradiction between the *national* character and basis of the state monopoly intervention, and, on the other hand, its efforts to expand its sphere of action *internationally*.

The unfolding integration process has given, no doubt, a growth stimulus to and strengthened the Western European economies, rebuilding thereby to some extent the power of the (old) metropolitan centres, and creating also a certain collective neo-colonial power basis. At the same time, however, it has considerably contributed also to a certain loosening of the centre-periphery relations, and to the trend that the periphery countries try to establish some collective defence.

The bias for intra-regional trade, capital export and investments, the protectionist measures *versus* outsiders and to some extent even the associates, which follow naturally from the European integration process, have been working, in a sense, against the neo-colonial reallocation process. Though the interests of the powerful multinational companies transferring to or promoting manufacturing industries in the peripheral countries would suggest in many cases (depending on the export-orientation of the latter) a free flow of the industrial products of their subsidiaries back to the mother country, too, industrial protectionism sets obstacles to this. This

* The coincidence of the rise of the degaullist system of increased state intervention in France with the change-over of the French policy in the overseas territories from colonial to neo-colonial methods shows clearly the point.

seems to result not only from the self-defence of other capitalist groups with still vested interests in preserving the colonial pattern of the division of labour, but also from the basically national orientation of state interventions. This follows from the fact that however much the multinational companies influence the State, state monopoly capitalism still keeps its national concern, and may actually hinder the neo-colonial reallocation process, if the interests e.g. of the national trade balance require so.

These and other contradictions between the national state monopoly capitalism and the internationalization process explain a lot about the crisis of the former.

d) *The changes in the power relations and leading positions within the advanced sector of international capitalism* have also contributed in various (contradictory) ways to the disintegration of the colonial mechanisms.

The post-war hegemony of the United States in the capitalist world and the rapid penetration of American companies and political influence into the spheres formerly monopolized by the "mother" countries, promoted as a matter of fact the breaking-up of the colonial bilateralism, even where the liberation movements had not damaged it yet. But a complete, military and administrative appropriation of the former British, French, etc. colonies by the US — like that of the German ones, e.g. by Britain after the First World War — would have, on the one hand, proved to be impossible under the changed international conditions, marked by the spread of socialism and successful liberation movements, and on the other would have been also unnecessary for, or even contrary to the interests of US capitalism. Instead of the rigid and fragile system of the bilateralism of Empires, a flexible neo-colonial relation with formally independent countries, based upon US capital penetration, promised a much better solution and had actually proved to be one in Latin America much before World War II. The US economy with its rich natural resources and the most advanced agriculture needed much less of raw material supply (for in much fewer fields) than Britain or France from the colonial machinery. The shifts in the pattern of needs (including both the demand motivation and the marketing interests) of the new dynamic industries created by the scientific and technical revolution have manifested themselves, first of all in the capital export and investment policy of the very US-based companies. Consequently, neither the interests of the US national economy, nor those of the US-based multinational companies rooted in the new industries contradicted to, but rather suggested, a world-wide reorganization of the international division of labour in favour of a neo-colonial pattern. As long as the US hegemony in the capitalist world was not seriously endangered by the reviving and integrating Europe, the United States seemed to have sufficient power to carry out the reorganization and to control the shape of the centre-periphery relations and the new mechanism.

The above effects and processes, however, could unfold within certain *limits* only and with *contradictions*.

Even if we disregard such cases as the temporary boom of the raw material market, resulting from military preparations, stockpiling and particularly the Korean War itself, it is to be taken into account, that the growth of the US economy was accompanied (and made slow) by increasing wastages, unproductive squandering and expanding military production. The so called "consumers' society" with all its

extravagancies and extremities, accelerating the exhaustion of the non-renewable resources, has made headway first of all in this very leading country of the capitalist world. All these may force the US economy, however rich in natural resources it is, to rely increasingly on the raw material supplies of the periphery.

And as to the change in the capital export orientation, it has proved to be rather relative and temporary. The rising conflicts and danger areas in the Third World increasingly induced government donations, loans, and assistance funds to be channelled towards developing countries, playing thereby (though not for the same countries) a counteracting role in the period when private capital inflow lagged behind. And the making use of favourable investment opportunities in industrial countries and the sharpening competition seem to have induced a reorientation again in the private capital export.

The reconstruction of the Western-European economy and its rapid growth during the relatively long period of prosperity, supported by the integration process and the scientific-technical revolution, have not only challenged the US hegemony, but also caused shifts in the centre-periphery relations. Contrary to the former post-war or post-crisis periods, when the bilateral mechanism of commodity, capital and labour flows between the centre and the periphery were rebuilt, eliminating most of the local results of the temporary breakdown* the reconstruction period after the Second World War was hardly able to restore those old machineries. The reason — even apart from outside forces — is that the considerable structural changes, involved in it, required not only time for the periphery's readjustment but also a modification in the division of labour.

e) *The changes in the relations between metropolitan countries and dependent territories* have clearly demonstrated the crisis of the colonial structures. The collapse of the colonial power system reflected not only a shift in the political and military power relations but also the need for reorganizing the colonial division of labour getting obsolete. Typically enough, the negative *economic* effects and consequences of the colonial crisis and the reallocation process have cumulatively increased the disadvantages of the periphery with its inherited colonial structure, parallel with and contrary to a number of positive *political* changes. The latter, such as the rise of state sovereignty, the shifts in the international forums, etc. have created, however, the *possibility* for positive economic changes only in the future, while in the short-run it was rather the burdens of the crisis and reallocation which came upon the peripheral countries. The contradictory, more or less opposite development of the political and the economic situations appeared therefore as a characteristic feature of many developing countries.

Though in a few countries the policy of readjustment to a neo-colonial investment pattern resulted in a spectacular growth (without development) and certain advantages in trade and finance, most of the developing countries suffered additional losses due to the disturbances of the colonial division of labour. In some cases the cumulation of the burdens and negative consequences from both the colonial mechanism and its disturbances went so far, that the resulting indebtedness, population and food supply problems, mass unemployment etc. produce an almost chronic crisis.

* A number of such cases are presented by A. G. Frank.

The negative economic effects of the changes manifested themselves more or less generally for the Third World in the period between the mid-fifties and the mid-sixties.* The deterioration of the terms of trade, the serious marketing difficulties, the widening trade gap, the excess supply of many primary products in the world market, the sharpening competition among the primary exporters, their rapidly increasing import needs, including food imports, the fall of the share of developing countries in the world trade, the declining trend of private capital inflows, the flight of colonial capital and personnel from politically risky countries, the increasing dependence on foreign financial resources and technical assistance etc., all these created the impression (reflected also in the first UNCTAD) that imperialism would, sooner or later, be able to "write off" the periphery and do without its supply, market and investment sphere. While, at the same time, the periphery would increasingly need and rely on the assistance of the metropolitan countries.

This impression, though reflecting the grave situation resulting from the crisis, proved to be false not only in the light of later changes in the energy and raw material markets, but also in the general context. Instead of "writing off" the periphery with its colonial functions, the metropolitan centre has become interested in the modification of these functions only.

Control over the *raw material resources* of strategic importance and/or needed by the dynamic industries of the scientific and technical revolution has never ceased to be the target of imperialist aims. The unequal distribution of raw material consumption in the capitalist world** shows, anyway, the lasting interests.

Though the *marketing facilities* provided by the periphery lost a lot of their importance in the wave of the integration process, the outlined changes in the production structures and marketing interests of the centre are going to assign again an increasing role to the periphery.

And as to the orientation of the *private capital export*, its bias against the Third World in the early sixties was not only a temporary phenomenon,*** but also a weak and insufficient basis to assume a decreasing importance of the periphery as a profit source.

The modification in the functions of the periphery are affecting, however, the individual countries rather *unequally*, and contribute thereby to the acceleration of the *differentiation process* within the Third World.

The changes in the centre-periphery relations, the breaking up or disturbances of the former colonial mechanisms and the unfolding reallocation are contradictory processes in which the old structures and interests are also manifested. That is the main reason why their burdens and costs are — and can be purposefully — transferred onto the periphery itself.

* For more details see [4].

** Approximately 90 per cent of all mineral raw materials are consumed by the developed countries whose population is less than one third of the total world population. The United States alone, with about 6 per cent of the world population accounts for one third of mineral consumption. See [5].

*** The share of private capital export in the total flow of financial funds from developed capitalist countries to the developing countries increased considerably after the mid-fifties and reached again nearly 50 per cent in 1969—1971, as compared to 33—34 per cent in the early sixties.

Nevertheless, beside the grave burdens and new dangers, no doubt, real *opportunities* also open up, under changing conditions, for the local political centre (whether it is "old" or newly established by independence), to modify and divert the direction of operation and reorganization of the local economy from the colonial and neo-colonial ones. The loosening of the bilateral ties, the shifts in the international power relations and the conflicts between even the forces of the metropolitan centre, having different interests in the reallocation process, contribute to the widening of the scope of manoeuvring of the developing countries. The increasing multilateralization of the former bilateral relations, the end of the system in which the sheltered and monopolistic position of the metropolitan capital was automatically guaranteed by the state power, the increasing rivalry and competition between the foreign companies of different origin, the diversification of the foreign trade, cultural and diplomatic relations etc. may help the struggle for economic independence.

f) It can hardly be doubted that the shifts in the international power relations, the rise of new political forces, the pressure under which the old ties and mechanisms of the colonial system are broken up and the imperialist powers are forced to modify them, and also the better chances of the developing countries to utilize new economic opportunities have been connected with the birth of *socialist countries*, the rise and growth of a *socialist sector in the world economy*. The end of the monolithic character of the world economy, and of the capitalist monopoly over military power and scientific-technical development has accelerated in itself the process of the loosening and disintegration of the centre-periphery relations. The limitation, in space and time, of military aggressions, as a result of the growth of the opposite military power and the advance of peaceful coexistence, have improved the general political and military conditions for the developing countries whose bargaining position in the international economy has also strengthened.*

Over and beyond these and some other similar effects, *three direct consequences* seem to deserve attention in the context of the crisis phenomena:

One is the growing obstacle to the rise or consolidation of a hegemony in the capitalist world and to the practice of settling the conflicts of interest and power shifts manifested in the reallocation process, in the "normal" way of imperialist wars.

The neo-colonial reorganization of the centre-periphery relations and the "harmonious" operation of a new division of labour, based upon the activities of the multinational companies, certainly require internationally a central organizational power, a sort of homogenous force. The above obstacle — among other counter-acting factors — may actually prevent therefore the very reorganization process from being completed. For the same reasons, the treatment of the disturbances in the new mechanisms can never become as effective as the "old" intervention system was within the national economies or empires.

Another important consequence is the invalidation of the old capitalist "formula" of the interrelationship between economic growth and armaments. This is due to the growing obstacles to a new military redistribution of the spheres of eco-

* That the development of socialism has been also affected by the changes in the centre-periphery relations, and (political, economic, military) shifts in the capitalist centre, or the very crisis phenomena, is no less obvious, pointing to the dialectics of the process.

nomic interests, and resulting also from the development of peaceful economic competition.

In the past, for the most powerful capitalist countries armament, military expenditures, war preparations could seem to be "economically rational" not only as temporary tools of an anticyclical policy but also as methods of seizing or keeping the spheres of economic interest, i.e. as a kind of "profitable investments" with long-run returns. Under the new international conditions, however their negative effect on growth is becoming more and more obvious from every point of view.

The phenomenon called "*stagflation*", which seems to be a characteristic feature of crisis, reflects — among other things — both the inflationary (and balance-of-payments deteriorating) effect and the growth-slowness effect of the high military expenditures. Since, at the same time, the rate of economic growth has gained increasing importance both in respect of competition with the socialist economies and in the rivalry with other capitalist powers, a *dilemma* for the leading capitalist power is sharply formulated: whether (a) to renounce definitely the practice of military aggression and cold war armaments, and to focus, instead, on internal problems, economic development and mutually advantageous international economic co-operation, or (b) to make a — possibly final — attempt with incalculable consequences to realize the "economic utility" of armaments by a new imperialist expansion.

The very policy of inconsistency and hesitation between the two alternatives (as can be observed) is sharpening the problem, hinders the positive effects of the first alternative to be realized and demonstrated, increasing thereby the danger of the second, tragic choice. Nevertheless, the emergence of this dilemma as compared to the former negative rigidity of the policy of the leading power, contributes to the widening opportunities for developing countries to act more independently than before.

The dilemma is itself a component of the present crisis phenomena, particularly of the crisis of the foreign and internal policy of the United States (as manifested in Indochina, or by Watergate, etc.) with its economic side-effects.

Finally, the political support of the socialist group of countries to the legitimate claims and demands of the developing countries, their definite and powerful stand against imperialist aggressions seem to have certain direct relevances for some of those changes also testifying to the crisis. An example may be the oil-crisis itself. It would have exploded anyway, sooner or later, as a consequence of the artificial monopolistic price system [6], the robbery-like exploitation and utilization of resources, the squandering of "consumers' societies" etc., but the rapid success of the "oil weapon" was obviously connected with the risk for the other side to use real weapons against it. The conflict appeared as a part of the broader Middle-East crisis, in which direct military intervention would risk confrontation with the Soviet Union, too. The success of the oil-weapon, though damaging not only those whom it was aimed at, affected the centre-periphery relations in other spheres, too. And as the first great challenge to the metropolitan countries it has stimulated in many fields similar efforts, and demonstrated the inevitable need for new international arrangements *versus* the colonial or neo-colonial ones.

2. The crisis of state monopoly capitalism with its "conventional" system of Keynesian interventions

The present crisis phenomena of the international capitalism reflect not only the disturbances of the international division of labour of capitalism, but also those of the system and mechanism of state monopoly capitalism, which until recently has been operating quite effectively in the post-war period. The commencing breakdown of the latter — though connected also with the processes discussed above — follows in a sense from its very framework and limited character. The Keynesian system of state intervention and policies had been devised for a national economy under state sovereignty. (If over and beyond the foreign trade and currency policies of a national economy it had "external" implications at all, it concerned at best the "overseas territories" under the same State.) It had practically nothing to do with the international economy as such.*

The rise and development of this system — objectively** — resulted from the contradiction between the strengthening of the monopoly capital and the anachronistic operation of the state administration which had been still adjusted to the outworn mechanism of the laissez-faire capitalism. This contradiction increased the risk and the harmful consequences of the anarchy under the conditions of growing productive forces and the widening amplitudes of the business cycle, and thereby it worked towards the sharpening of the class conflict.

Since both the bourgeoisie, worrying about the excessive fluctuations and political risks, and the working class, frightened by mass unemployment, became increasingly interested in the prevention of economic crises, the monopoly capital was inclined to accept (within certain limits), and the labour movement actually demanded (for the improvement of living conditions and employment security) state intervention into the economy. In spite of opposite aims, this actually gave, in a narrow field, an objective basis for a "compromise" ensuring a relatively more balanced operation of the capitalist economy, temporarily less harmful for the working class, and quite needed by the monopoly capital under the pressure of class struggle. The same process of capital accumulation which has produced and strengthened monopoly capital, has also created a metropolitan labour aristocracy, by using the benefits from the colonial exploitation as well as technical progress, and by differentiating the labour class.

This provided "subjective" basis, too, for a "social contract" with the state.

The above condition seems to explain why the relatively smooth introduction and "harmonious" operation of a state intervention system based upon the "positive Keynesian principles"***, were characteristic of those countries only, where a relatively

* On the "shortcomings" of the Keynesian theory in respect of international economy see among others [7]. For a critical investigation on those theories suggesting to reform the international economy by corrected internationally applicable Keynesian methods see [8].

** Subjectively: from its recognition.

*** As it is well-known, for the practical policy almost diametrically opposite "recipes" may follow from the Keynesian theory. On the one hand, the "positive principles" (the positive variant of the implication of the Keynesian views) suggest a solution for the saving-investment gap and demand deficiencies via public investments in social welfare, public health etc., to increase

wide and stable labour aristocracy had already developed and its leadership (like the British Labour Party) achieved certain positions in the Establishment. In the countries, however, where the crisis, the sharpened class struggle and the pressure of international capitalist competition forced the rise of state monopoly capitalism in the absence of the above social and political conditions (due to the weakness of the labour aristocracy or the sharpness of the class conflict), the result was a fascist dictatorship, mobilizing by means of social and chauvinist demagoguery the other extreme side: the lumpen-elements, and applying the "negative Keynesian principles" and aggressive imperialist methods for solution. This "original" formula of fascism, reflecting thus a certain social pattern, appears in this context as a by-product (though inherent in the system) of a former transitional period. After its failure and due to the post-war period of prosperity and the changed circumstances internally as well as externally, the conditions for a (temporarily) more "harmonious" and peaceful system of state monopoly capitalism did soon come into being also in those countries (West-Germany, Italy) which gave birth earlier to fascism.

The "content" or, more precisely, the actual result of the compromise was an anticyclical policy which safeguarded, for a while, the system against deep crises, and ensured benefits for the monopoly capital, on the one hand, by state purchases, public investments, and regulated inflation etc., while reducing the size of unemployment, on the other, and giving a little share from the benefits and fruits of the "welfare state" and "consumers' society" to a relatively wide stratum of the working class.

In Western Europe the development, after the Second World War, of such a system of state monopoly capitalism actually coincided to some extent with a period of upswing, supported by reconstruction, technical progress and integration. In the case of the USA, it was her world-wide expansion and hegemony efforts which created additional upswing impulses. The relatively mild and short recessions in the United States were not (yet) synchronized with nor synchronizing the business cycle of the former. This kept the inherent contradictions concealed which are involved not only by the very nature of the "compromise" but also by the fact that this period of a relatively smooth and effective operation of state monopoly capitalism unfolding within a *national* framework was, at the same time, a period of rapid *internationalization* of production and capital, the expansion of multinational corporations, and the increasing multilateralization of the centre-periphery relations.

In-so-far, however, as this internationalization proceeded within the integrating Western Europe, the multi- or supranational institutional apparatus of the integration actually helped (or promised) to resolve the contradiction between the actual sphere of authority of the economic intervention and the expansion of the economic processes requiring regulation. The association system of the EEC (particularly if

demand for investment goods and via a shift in the income distribution in favour of the working class with low saving propensity, by higher employment and wages, to increase consumers' demand. On the other, however, for the same purposes the "negative" variant may argue for unproductive, squandering expenditures in the state bureaucracy, and armament investments, to increase demand for investment goods, and for the reduction of unemployment by military service, to increase consumers' demand.

including Britain) promised a solution for the multilateralization of the centre-periphery relations (and versus US penetration, too) *via* a collective European neo-colonialism.

In the case of the US, it seemed to be the hegemony power (hoped to be achieved) which promised to solve the contradiction (and create also a "stable" domestic class-peace, with the highest mass consumption), by expanding the sphere of action of the state intervention, parallel with the expansion of the US capital over the world economy as a whole, *via* direct political influence, leadership in the multilateral institutions, and the international monetary and fiscal policies on the basis of the Bretton-Woods agreement.

However, the more the increasing resistance against the hegemony effort of the USA manifested itself and the more its failures appeared, the more the dangers and negative consequences of the foreign activity of the US-based MNCs escaping state intervention have become obvious from the point of view of smooth operation of the domestic state monopoly capitalism itself. The runaway industries, the transfer of certain links of the industrial vertical setup to other economies, the outside production of former export products etc. exerted negative effects on economic equilibrium. By their impact on the American employment, and by the concomitant structural changes endangering also the relative stability of the labour aristocracies, they began to undermine also the very socio-political constellation in which the state monopoly capitalism was not challenged by the labour movement.

There were, of course, other important factors in operation which also undermine the former constellation and conditions. Beside the internationalization process of capital and the multilateralization of the centre-periphery relations, here again the *scientific and technical revolution* has played a role by modifying the industrial and skill structures and thereby the stratification of the working class, the position and composition of the labour aristocracies. In addition, the concomitant dimensional growth of the productive forces and the new, often unknown dangers and consequences of the scientific-technical progress for human life and mankind, are setting new tasks and dimensions to state intervention even within a national framework. The increasing pollution and the disrupted ecological equilibrium, the extravagant manifestations of the squandering "consumers' society" in a world still stricken with hunger and misery, have not only economic effects (by increasing environmental costs, the pressure on natural resources etc.) but also social and political ones when producing e.g. the sociological phenomenon of a somewhat new type of unrest, anxiety or disillusion. (The hippy "movement" is only one extreme and impotent variant of the latter.)

And since the above "internal" effects, just like the required solutions, are increasingly outgrowing national frameworks, the need for institutionalized international regulation is reinforced from this side, too.

The application even within a national framework of economy, of the Keynesian "recipes" (both the positive and the negative variants) promised, as a matter of fact, short-run results only from the very first. (This was stressed by Keynes himself.) In the longer run and in the context of international economic relations it necessarily faces counteracting forces and failure.

The increase in employment and wage level may blunt the class struggle and

favours also the realization process of capital by increasing the purchasing power of the social strata with low saving propensity. At the same time, however, under the conditions of international wage differences and free capital flows, i.e. under the real circumstances of a capitalist world economy, it induces private capital to transfer productive units and employment facilities abroad, slowing down thereby the rise of the national wage level at home.

The price of the policy of unproductive expenditures, armament investments and military ventures, when the final economic utilization of such a policy, i.e. the acquisition of new outside economic spheres of interest, meets obstacles, turns out to be too high even internally. This high price is the slow rate of growth, the lagging behind the rivals, and the growing socio-political tensions.*

*

From whatever aspect we approach the question of state monopoly capitalism within national framework, the disturbances and limits of its operation as well as its need to be transformed appear clearly. Though it faces, maybe, only the beginning of its breakdown, now still having capacities to act, nevertheless the timely questions arise. What ways are open for its transformation? What sort of new construction would follow it? Will it be able to renew itself and operate for a while on international level or, instead, will it turn to the desperate and dangerous attempts of aggression, for preventing the rise of a new, alternative international order?

3. A few conclusions on perspectives and policies

1. Since the crisis phenomena of the contemporary international capitalism are products of different, contradictory and interfusing tendencies, the perspectives may vary according to the relations of the latter and, of course, to the strength of (sociopolitical) reactions to them. The crisis and the tendencies behind it as well as the future development have come, however, on the one hand, under the influence of factors which are *exogenous* (as against the endogenous factors of the mechanism of the capitalist system). They have largely intertwined, on the other, with a number of *global problems* of the human mankind, such as international security, natural resource management, population growth and food supply, environment and ecological equilibrium, space and sea research and exploitation etc.

As a consequence and result, the perspective development can follow the inner logics of capitalist development much less than before.

a) Nevertheless, it is not reasonable to exclude from among the possible variants of perspectives or, at least, from among the relatively short-run "solutions" the one according to the "old innervations". The state monopoly capitalism within a national framework still possesses sufficient capacities to overcome or mitigate the

* The effects of the Vietnamese War on the American society and internal political crisis show the point.

most acute phenomena of crisis, particularly those stemming from or reinforced by the "normal" business cycle.

The age of cheap resources and uninhibited squandering of the non-renewable natural resources can hardly return, however, and this fact together with the increasing uncertainties of the international economic reactions, constrains the effectiveness of the stimuli of state economic policies. Though the search for new resources and technologies open up new investment opportunities, the risk of such investments for private capital or the supporting state has been considerably increased by the international (less controllable than before) character of the very price movement (including that of the substitutes). And it is precisely the latter on which the profitability of the new resources depends. This may make actually interested in some new solutions for international regulation even the governments following the "old" pattern of the national economic policies.

b) It is possible (as shown by certain signs) that the biggest capitalist power, the United States makes stronger efforts, by using the increased vulnerability of the rivals and her relative advantage in the reallocation process, to rebuild Breton-Woods with the dollar's empire and attempts again to create an international hierarchy with her state and military power and the US-based multinational corporations, on the top. It is not only the actual position of the US companies, the never ended practice of CIA actions, subversions, blackmailing etc., and the presence of reactionary political forces in the US political circles, advocating openly the return to a consistent hard line both internationally and internally, which warn us of such a danger, but also the readiness of quite a number of partners to accept it, either because of their political need for an international gendarme, or the economic interests of the local lumpenbourgeoisie.

This variant, however, can hardly promise success, and, therefore, could hardly develop consistently. Over and beyond the obstacles and the counteracting forces raised by socialism and the national independence movements, it would meet the increasing resistance also of the rivalry and even from within. The Western European challenge to the US leadership has not ended yet, and at least there is no reason to assume a final decline of the European defence reactions, particularly under the conditions of the possible reorientations and economic cooperation with other partners, with Eastern-Europe or the upward striving Middle-East.

It is highly probable that the national rivalry among the advanced capitalist countries will increase again in which the main weapons of competition will be the transfer of capital and technology, with a more differentiated and diversified pattern than before. The dialectical contradiction between integration and disintegration remains the law of motion of international capitalism.

c) For almost the same reasons one can hardly expect a success for the variant of international integration and regulation which would rise as the hierarchical network of the "supranational" companies independent of the national states.

The complete internationalization ("globalization") of capital, though an inherent tendency of the system, which would result in fully internationalized social relations of production (eliminating thereby the national sphere of class struggle), can hardly become a reality. This very process requires the assistance of the national states and goes ahead with changing power relations and increasing inner conflicts,

which strongly question even "from within" the chance of the rise of an international (state) power centre needed by the completion of the process.

The "global strategy" of the multinationals seems to work (with the same contradictions) in the above direction. Its partial and contradictory results may lead to a considerable shift not only in the composition and the international allocation of the bourgeoisie but also in the "map" of the labour aristocracies, industrial proletariat and capitalist exploitation.

No doubt, for the (as much as) internationalized capital and bourgeoisie to achieve a smooth transition into an international state monopoly capitalism, the proper method would be to repeat the "social contract" on international level with an international(ized) labour aristocracy. The price of such a "contract", however, would be – among others – some welfare measures, including unemployment-limiting actions also in the periphery, and making the wage in the periphery a more important element of demand than before, when it was mainly or exclusively a cost element only.

In addition to the international forces of socialism and revolutionary labour movement (including a possible renaissance of the Western working class movements stimulated by the very reallocation process), a considerable obstacle to the variant in question (as well as the former variants) is raised by the fact that it is increasingly impossible to absorb and pacify under the framework of such a "contract" the explosively growing masses of the Third World, which have been "marginalized" by the neocolonial reallocation process.

d) The actual or expectable failure of the above variants and efforts at a – more or less smooth – transition into the system of an international state monopoly capitalism, may induce the capitalist powers, particularly those seriously endangered in their international position or internal regime, to turn to fascism, to a probably modified, international formula of fascism.

Though the failure of a new fascism is no less inevitable than before, and would mean the suicide of the powers attempting it, the dangers involved in the tendency alone are so wide under the conditions of modern military technique, that it has to be taken into account in the practice of international politics, diplomacy and economic relations. And this is an additional argument for the imperative need of the efforts to set up an alternative, democratic variant for the international solution of crisis, disequilibrium and inequalities.

2. The tendencies as outlined above, also make it clear why it cannot be (and has actually never been) indifferent for the *socialist countries* what happens in the capitalist part of the world.

Over and beyond the general context, namely the fact that the development of socialism has been (inversely) connected with that of capitalism both "horizontally" (i.e. its spread to newer and newer countries which break away from capitalism) and "vertically" (i.e. its growth rate, conditions, external effects, dangers and difficulties in the countries already on its way), a particular interrelationship has developed in the internationalization process of science, technology and production.

The scientific and technical achievements cannot be considered but as the *common* results and common treasury of the whole mankind, an access to which is not only a need but also a right of all countries in the world. An isolation policy nowadays,

when none of even the biggest and most advanced countries can do (keep pace) without informations about the new scientific results and technologies, would lead to an obvious failure. It would be a failure *per se* anyway, since the effects and consequences (e.g. on environment) of the scientific and technical progress, with the concomitant dimensional growth of the productive forces, do make themselves felt even in a — politically and economically — “isolated” country. And the available technical apparatus for a possible new world war is already of such a global effect that hardly any country, whether isolated before or not, would be able to avoid the tragedy once it takes place.

What follows is that the question of the side by side existence of the capitalist and the socialist regimes cannot be reduced to the political aspect of the overall aim of the socialist transformation of the world. The very latter presupposes, first of all, the survival of mankind, which is seriously endangered in case of sharp international conflicts, armament race and global cold war. The scientific and technological achievements, if monopolized by a few capitalist companies or the military technocracy, and escaping the control of other forces, can be just as dangerous as the cold war itself. Peaceful coexistence and East–West economic cooperation cannot, therefore, be assessed as a purely economic interest and the diplomatic tactics of socialist countries. Though certain economic interests also suggest them (as they have actually done it from the beginning) to develop trade relations with the advanced capitalist countries, and the importance of diplomatic efforts to keep away the imperialist aggressions should not be underestimated either (particularly in the past, when power relations were much less favourable), these make up only one of the aspects of the question which must not be taken out of its broader and historical context.

The development of East–West economic cooperation which has to serve manifold purposes, including international security as well as the benefits from international production cooperation and specialization, cannot be based but on the *mutuality* of certain economic interests.

Cooperation is, by its very nature, not a simple and problem-proof issue at all. Over and beyond the questions of its forms and spheres, acceptable from political, ideological and economic points of view, the choice of partners and the price or risk of the cooperation raise many problems of different character and changing content. For example, it is by no means an easy question to decide which partners to give priority to against others (whether to national states and to which of them, or to international enterprises, the MNCs or the smaller firms, and actually to which of them), since the motivations and the necessary considerations are manifold and contradictory.

All these show that East–West economic cooperation as the only realistic alternative of co-existence, is an extremely complex issue, for which one cannot find or suggest a simple, general and valid-for-ever recipe.

The price or risk of the trade relations and of the economic cooperation is — among others — the effect of the capitalist world market and international economy on the socialist countries. Even without the East–West trading and cooperation, the economic relations with the developing countries, i.e. with the organic (peripheral) part of the international capitalist economy would make it inevitable for the socialist economies to feel some effects of the changes in the capitalist economies.

Politically, the growing crisis phenomena of the international capitalism, in the sense of preparing the soil for socialist transformations also in the advanced capitalist countries, may coincide with the interests of the socialist countries. Even in this respect, however, one has to take into account the danger, on the one hand, of the attempts to "solve" the crisis by means of aggressions and fascism, and also the burdens and sacrifices caused by a deepening crisis for the working class of the advanced capitalist countries and the periphery, too.

Economically, the crisis phenomena with the instability of the partners, and the vehement price changes in the world market, the increasing monetary and credit problems, the return to protectionist measures etc., seem to be rather disadvantageous for the socialist countries, too, as parts of the world economy.

The wide fluctuations in the world market prices are disadvantageous, *per se*, because they make necessary to build more safety factors and reserves into the long-run plans and to make more effective use of them.

The recent price changes, the "oil-crisis" and the (temporary) boom for a number of raw materials have affected the individual socialist countries, to different extents and in rather different ways, according to their actual production and export-import structure.

A certain positive effect arising from the crisis may be referred to, namely, politically: it is a new demonstration of the diseases of the capitalist societies, of their still anarchic nature, and also of where the squandering "consumers' societies" lead to.

*

The manifold and contradictory effects or consequences of the crisis of international capitalism, both for single countries and for all of them, clearly prove its very complex character as well as the need for finding an internationally peaceful way out of it, which should serve the interests of the working masses as against those of international monopoly capital.

References

1. SIMAI M.: *Structural changes in world economy*. In: Contemporary World Economy. I. Akadémiai Kiadó, Budapest 1976.
2. SZENTES, T.: *Socio-economic effects of two patterns of foreign capital investments*. Dar es Salaam, 1972. IDEP Seminar. IDEP(ET/CS) 2367-8. and *A new, emerging pattern of international division of labour, with neo-colonial dependence. A possible strategy to escape*. Halifax, 1974. CAAS Conference, (Reprinted in Peace and the Sciences. International Institute for Peace. Vienna. Series No. 2. May 1975. pp. 72-95.).
3. FRANK, A. G.: *Lumpen-bourgeoisie and lumpen-development*. Monthly Review Press, 1972.
4. SZENTES, T.: *The political economy of underdevelopment*. Publishing House of the Hungarian Academy of Sciences, Budapest 1971 and 1973.
5. BROWN, B.: *New trends in trade and investment*. New Delhi, 1972. International Seminar on Imperialism. Paper No. 3. p. 60.
6. HASAB, F.: *The international oil price mechanism*. Acta Oeconomica. Vol. 3, No. 1. Budapest, 1968. pp. 91-107. and *The political economy of underdevelopment*. op. cit. pp. 213-219.

7. PERROUX, F.: *Indépendance de l'économie nationale et interdépendance des nations*. Paris, 1969.
 8. SZENTES, T.: *A nemzetközi gazdaság konvencionális elméletének bírálata a polgári közgazdaságtanban*. (Critique in bourgeois economics on traditional theories of international economics.) *Közgazdasági Szemle*, XXI. No. 11. 1974. pp. 1264—1278.

ПРИРОДА, ПРЕДПОСЫЛКИ И ВЛИЯНИЕ КРИЗИСНЫХ ЯВЛЕНИЙ В МИРОВОМ КАПИТАЛИЗМЕ

Т. СЕНТЕШ

Недавние кризисные явления в мировой капиталистической экономике являются, по-видимому, результатом а) кризиса и реорганизации международного разделения труда «колониального типа», то есть процесса перераспределения и изменений в отношениях между центром и периферией, и б) растущих трудностей и нарушений в «кейнсианской» системе государственного вмешательства в экономику.

а) Сдвиги в международном капиталистическом разделении труда связаны с материально-техническими и социально-политическими процессами. Научно-техническая революция, сопровождающаяся концентрацией и централизацией капитала в капиталистических странах, и усиление международных корпораций оказывают решающее влияние на процесс перераспределения, экспорт капитала и характер капиталовложений, а также на положение развивающихся стран. Отрицательные экономические влияния и последствия кризиса колониальной системы разделения труда и процесс перераспределения все больше и больше усугубляют положение периферии с ее унаследованной колониальной структурой, хотя это и сопровождается некоторыми противоположными по характеру положительными политическими переменами.

Однако эти изменения функций периферии по-разному затронули отдельные страны, способствовав тем самым ускорению процесса дифференциации в третьем мире.

Возникновение и рост социалистического сектора мировой экономики разрушили монолитное единство последней, покончили с капиталистической монополией на военное могущество и научно-техническую революцию, ускорив таким образом процесс дезинтеграции в отношениях между центром и периферией, а также дискредитировали старую капиталистическую формулу «решения» конфликтов в процессе перераспределения с помощью империалистических войн.

б) Увеличивающиеся трудности и нарушения в «кейнсианской» системе государственного вмешательства являются результатом отчасти указанного выше процесса и отчасти внутреннего характера, условий и ограниченности самой этой системы. Эта система была разработана для национальной экономики, существующей в условиях суверенитета государства.

В Западной Европе развитие этой системы государственно-монополистического капитализма после второй мировой войны более или менее совпало с периодом подъема, который основывался на реконструкции, техническом прогрессе и интеграции, тогда как в США ее экспансия во всемирных масштабах и стремления к гегемонии дали дополнительные импульсы подъему в условиях относительно слабых и кратковременных спадов.

Однако этот период относительно гладкого и эффективного функционирования государственно-монополистического капитализма в рамках отдельного государства был в то же время и периодом быстрой интернационализации производства и капитала, периодом расширения международных корпораций и увеличения многосторонности в отношениях между центром и периферией.

С политической точки зрения рост кризисных явлений в мировом капитализме может совпадать с интересами социалистических стран в том смысле, что он готовит почву для социалистических преобразований и в развитых капиталистических странах. Но и в этом отношении следует учитывать опасность, с одной стороны, попыток «решить» кризис путем агрессий и фашизма, а также опасность того, что углубление кризиса приведет к возложению бремени на рабочий класс развитых капиталистических стран и на развивающиеся страны, требуя от них больших жертв.

С экономической точки зрения кризисные явления, сопровождающиеся нестабильностью партнеров и резкими изменениями цен на мировом рынке, усугублением финансовых и кредитных проблем, возвратом к протекционистским мерам и т. д. имеют, по-видимому, неблагоприятный эффект для социалистических стран, поскольку они также являются частью мировой экономики.

Многогранные и противоречивые влияния последствия кризиса мирового капитализма как для отдельных стран, так и для всех их вместе, ясно доказывают, что он имеет весьма сложный характер, и что необходимо мирное и демократическое разрешение этого кризиса в международных масштабах в интересах рабочего класса развитых стран и развивающихся стран.

G. HIDASI

CHINA'S ECONOMY IN THE MID-1970S AND ITS DEVELOPMENT PERSPECTIVES

The study surveys the results of economic development achieved since the establishment of the People's Republic of China in 1949, the development level attained by 1974 and the dynamics of economic growth. Relying on his own computations, the author forecasts the development of the basic factors of growth for the coming quarter of the century. The physical and value indicators underlying the analysis are shown in six tables. A selective bibliography is attached to the study.

For the first time in seventeen years, in January 1975, comment has been made on the longer-term ideas and objectives of the Chinese leadership in the report given at the first session of the Fourth National People's Congress of the People's Republic of China. The relevant part of the report was published in the following wording:

"On Chairman Mao's instructions, it was suggested in the report on the work of the government to the Third National People's Congress that we might envisage the development of our national economy in two stages beginning from the Third Five-Year Plan: The first stage is to build an independent and relatively comprehensive industrial and economic system in the 15 years, that is before 1980; the second stage is to accomplish the comprehensive modernization of agriculture, industry, national defence and science and technology before the end of the century so that our national economy will be advancing in the front ranks of the world.*

This conception, published with a lapse of ten years** is the first one to give an insight into the long-term objectives and aims formed by the Chinese leaders concerning future development of the national economy after the accomplishment of the "correction". It is apparent that these aims constitute a considerable backward step from the arbitrary targets set by *Mao Tse-tung* in the first year of the 'great leap forward', which lacked any realistic grounds. This indicates that Chinese leadership – or, at least, a section of it, – had learnt from the failure of the Maoist development concept of the economy and of Maoist economic policy. Nevertheless, it should not be overlooked that the political leadership did not, and does not, give up its hopes of transforming the most highly populated country of the world into one of the lead-

* See Bibliography [40].

** The report quoted had been submitted to the Third National People's Congress in December, 1964. At that time only abstracts had been published in the press, and, among others, the above objectives had also been left out of the *communiqué*. (Cf. *Renmin Ribao*, December 31, 1964.)

ing military and industrial powers in the foreseeable future. This is fairly unambiguously reflected by the above quoted second part of the long-term development concept of the economy and it is also proven by the Chinese economic policy followed in the last ten to twelve years as well as by the efforts made at the fast development of up-to-date war industries.

We have very little information about the economic content of the above mentioned long-term economic development objectives. They are too laconic, obscure and general for us to form any sort of concrete ideas concerning their content. It is conceivable that the authors of these concepts had in mind to give precisely such an outline of their objectives that would sound attractive, making a great impact on those who hear or read them, but whose accomplishment would not be possible to assess or claim even after tens of years. This is especially true of the task to be achieved in the first step by 1980, "to build an independent and relatively comprehensive industrial and economic system". This is obviously related to the relative nearness of the 1980 deadline even for the majority of the present gerontocracy. Probably, the uncomfortable reminiscences of the "astronomical figures" advanced in 1958 are still at work. "Independence" and "relative comprehensiveness" of the industrial or economic system of a country cannot be defined scientifically, it cannot be exactly measured by indicators. Therefore, the possibility of a subjective, or even arbitrary interpretation is open to anyone, at any moment.

The case of the second stage, lasting till the end of this century, is however, somewhat different, as we have an image, a kind of basis of what may and would be understood by accomplishing "the comprehensive modernization of agriculture, industry, national defence and science and technology". The overwhelming majority of the CMEA countries have been working basically on this modernization from the mid-1960s-on. We also know that the accomplishment of this task does not seem to be feasible under a level of economic development characterized by a per capita national income of about \$ 2000 a year. For the year 2000 we can find approximate data corresponding to this development level only in the works of futurologists, but as much can be said that this minimum level will be at least the double of today's development standard. However, catching up with the "forefront of the world" does not necessarily require so much from such a highly populated country as China. For catching up it would suffice to raise the total performance of the national economy, i.e. the absolute volume of national income, to the level of the Soviet Union and of the United States, and this could be achieved with a three or four times lower level of per capita national income, as this would require to catch up with the vanguards only in leading industries and leading technologies. Still, as we shall see on the following pages, as regards China, such a target with a deadline at the end of this century belongs to the realm of utopia, not of futurology.

Before we are able to judge whether the long-term economic development objectives put forward by the Chinese leadership are realistic or not, we have to answer, if possible, by means of numerical data, the following questions. Where does the Chinese economy stand in the middle of the 1970s? What level of economic development has been attained during the last 25 years, in comparison with the economic backwardness in 1949? What prospects are open for further development in the coming quarter of our century?

A few remarks on the method followed

1. The dynamics of economic development, and the economic development level achieved can be best measured or compared by means of synthetic value indicators. In certain cases, a number of physical indicators may be just as useful even for the expression of value relationships and proportions. Accordingly, for the purpose of my analysis I compiled a set of indicators containing physical as well as value data.

2. This set of indicators has been compiled from the *latest data known to me and published by official Chinese sources* (or by sources that can be regarded as official). I consciously strove at the possibly most extensive utilization of the incomplete data, mostly lacking absolute figures, released by Chinese sources. I did so for the following reasons:

- after all, official data are released by the most authentic sources and personalities and we have no reason to suppose that the experts studying China — mostly at their desks — know Chinese reality better and more thoroughly;
- more reliable and creditable evaluation and conclusions may be made, and the danger of subjective and biased underestimation can be avoided if the analyses are based to the highest possible extent on data gathered and systematized from Chinese sources.

3. Very few *national* data are available on the different branches of the national economy for the last 15 years. I have marked these data in every table separately, their sources are indicated in the notes. I have accepted the official Chinese data, with the exception of those concerning the years of the "great leap forward", since they were obviously tendentiously exaggerated. Since 1960, the majority of the sporadically released data logically and adequately fit into a comprehensive statistical system, of which only particular elements are being published from time to time. This can be established by thorough analysis and checking. I have constructed the time series of the data attached by utilizing such partial elements, similarly to the way anthropologists or archaeologists try to reconstruct the approximative image of the prehistoric man or of a fossile object from bits of bones or fragments of an object.

4. The missing links were compiled through estimations and correlation computations, for which in the case of physical indicators the apparently most reliable foreign estimations were used; in the case of value data the computations were carried out under the assumption that certain longer-term interrelations and tendencies observed are prevailing without any interruption. As an example for the latter method I may mention the tendencies of the diminishing net-ratio of industrial and agricultural production as well as the decreasing share of grain production in the gross value of agricultural production; further, the increase of the share within the production of national income of branches other than industry and agriculture (i.e. construction, transport, communication, commerce, other productive activities) may be mentioned. I chose not to refer to the specific sources even when my estimations happened to match their data completely. Possible sources may be identified from the list of literature surveyed and utilized in this study.

5. It would be a misunderstanding to conclude that I regard these data collected by hard work and tried to be verified by endless computations as the best and un-

matched indicators reflecting the state of the Chinese economy. The method applied is but *one of the possible methods of approach*, of analyzing the problems and contradictions of Chinese economic development; it is a system of indicators that might be rather called a model than an authentic statistical image of the Chinese economy. Partial elements of this model may be substantially modified in the light of new data and new facts, new relationships; they are of course, based upon the assumption that a deliberate distortion of economic facts and data for a long time is not possible, nor is it in the interest of any, even Chinese, leadership.

6. During my study, I have been constantly aware of the snags and the unrewarding nature of my undertaking and of all the doubts that may emerge in various forms from the aspects of methodology and politics. Nevertheless, the results and failures of my similar approach some years ago* convinced me of the scientific worthwhileness of perseverance in studying this subject; especially because more and more economists studying China both in socialist and capitalist countries attempt to analyze the past development and perspectives of the Chinese economy and try to uncover reality from a similar standpoint and by a similar approach; they do so against the wish of the official Chinese circles who, in turn, try to paralyze this work by a widespread resort to prohibiting the release of data.

7. Finally, we must be aware of the fact that the Chinese data 'embargo' has mainly internal political reasons. Systematic and continual release of data would long have thrown light on the failures of the Maoist concept and policy of economic development, on the real dimensions of the recession caused by the 'great leap forward' and the 'cultural revolution', on the 'reconstruction' nature of the periods of faster development following the recessions.

It is not incidental that in the last fifteen years sporadic data releases were made during periods of 'consolidation' (1964–66; 1971–1975), when the so-called pragmatist or moderate wing that has always stressed the priority of the requirements of economic development gained more influence in the leadership of the party and the state. For these politicians regard the release of data as means of reaffirming their own position and weakening that of the so-called 'radicals'. It is remarkable that the publication of the majority of national data in the last 10–12 years is related more or less to Prime Minister *Chou En-lai*. The twelve indicators submitted to the last session of the National People's Congress were contained in the report of the Prime Minister. These, when inserted into a consistent system of indicators constructed of data fragments, give an unprecedentedly comprehensive and full image of the development of the Chinese economy between 1965–1974.

The development level attained by the middle of the 1970s

I compiled a total of six tables in order to estimate the development level attained by the Chinese economy by the mid-1970s and to assess the expectable perspective of further development. The most important physical and value data of industrial and agricultural production for the years 1957–1974 are contained, in absolute

* See Bibliography [41].

figures, by the first and second tables. The methodology and results of the computation of national income data, setting out from the group value of industrial and agricultural production, and per capita values of national income for the years analysed are contained by a separate table. These three tables served for the compilation of the fourth table, which provides a basis for estimating the growth dynamics and long-term trends of economic development in the Chinese People's Republic in different periods through selected physical and value indicators, adding estimations for the years 1975, 1980, 1990 and 2000. By applying growth indices, I computed from the data in this table average growth rates in different, short and long-term development periods of the economy of the People's Republic of China; these data are contained by Tables 5 and 6.

Having provided all this necessary information, let us inspect the tables more thoroughly, let us make them talk and let us see what answers we can extract from them to the questions put in the introduction.

Industry

It is beyond doubt that Chinese economic development has made the most remarkable achievements in this field during the last 25 years. Gross output showed an almost twenty-fivefold growth on the very low basis of 1949, with heavy industry reaching a more than 40-fold increase and light industry a 14-fold growth. Even if we compare the achievements to the last year of the reconstruction period, 1952, we find that the overall increase is about tenfold, and, in the case of the two main branches of industry, the present gross output is 13 and 6.3 times as high as it was in 1952. Physical data correspond to the increase in value terms. During the period between 1952–1974 electricity production increased by almost 15 times, coal production 5.7 times, crude oil production 146 times, steel production by almost 20 times, fertilizer production 120 times, and cotton textile production 3.6 times.

However, Table 1 also shows what serious consequences the 'great leap forward', urged by the Maoist leadership, had even in this most dynamically developing branch of the Chinese economy. Six to eight years were needed to attain again the outstanding industrial output already attained in 1960, but now keeping balance of the basic proportions of the national economy; in the case of certain products, even more time was needed. It is obvious that had the 'great leap forward' and the 'great proletarian cultural revolution' not hindered the promising dynamic development of the Chinese industry, it would now be on a considerably higher level.

In spite of the relatively fast development, the attained level is still very low, which is well illustrated by the per capita production in 1974 of the following commodities:

electricity	137 kWh
coal	486 kg
crude oil	81 kg
steel	34 kg
cement	31 kg
cotton textile	13 m

International statistics generally have lower per capita data only for India.

Table 1
Development of industry 1957–1974

Year	Electricity (thousand million kWhs)	Coal and lignite mill. metric tons)	Crude oil million metric tons)	Steel (mill. metric tons)	Cement (mill. metric tons)	Fertilizer (mill. metric tons)	Sugar (mill. metric tons)	Cotton textile (thousand mill. metres)	Total industrial output at 1957 prices thousand million yuans)
1957	19.3a	130.0a	1.5a	5.4a	6.9a	0.6a	0.9a	5.1a	70.4a
1958	27.5a	250.0	2.3a	8.0a	9.3a	0.8a	0.9a	5.7a	107.0
1959	41.5b	310.0	3.7r	13.4b	12.3b	2.0	1.1b	7.5b	137.0
1960	47.0	335.0	5.2	13.0	10.6	2.5c	1.3	5.7	140.0
1961	31.0	210.0	6.2	8.5	6.3	2.0d	1.2	4.3	85.0
1962	30.0	180.0	6.8	8.0	5.6	3.0e	1.3	4.0	83.8
1963	33.0	190.0	7.0	10.0	7.5	4.2f	1.0	4.5	93.0
1964	36.0	200.0	8.5z	12.0g	9.0	5.9h	1.3	5.7	107.0z
1965	42.0	225.0	10.6i	13.0	12.0	8.9i	1.5	6.5	122.0
1966	50.0	245.0	13.0	14.0	13.0	11.6k	1.6	6.8	146.4
1967	41.0	190.0	11.0	10.0l	11.0	10.0	1.7	7.0	122.0
1968	53.0	230.0	15.0	12.0	13.0	11.0	1.8	7.5	151.2m
1969	65.0	270.0	20.0n	15.0	14.0	12.0	1.9	8.0	189.0
1970	72.0	310.0	28.2op	17.8pr	16.0	14.0p	2.1	8.5p	216.0p
1971	85.0r	335.0s	36.3st	21.0s	18.6a	16.8s	2.2	9.0	237.6s
1972	93.0	357.0	42.6u	23.0	21.0	20.0	2.4	9.5	265.0
1973	101.0	378.0	49.9v	25.0	23.0	23.0	2.6	9.0	287.2
1974	108.0z	382.0z	64.0z	26.4z	24.0	25.4z	2.8	10.5	310.3z

a Weida de shi nian, Renmin Chubanshe, 1959, Beijing.

c Renmin Ribao, 23rd January, 1960.

c New China News Agency (NCNA), 14th May, 1961.

d Ta Kung Pao (Hong Kong), 1st October, 1962.

e 50 per cent over the previous year. *Zhongguo Xinwen*, 4th January, 1963.

f 39 per cent over the previous year. Renmin Ribao, 1st January, 1964.

g Conversation with Chou En-lai, 1964. *The Long Revolution*, by Edgar SNOW, Vintage Books, New York, 1972. p. 226.

h 1.1 million tons of import, subtracted from 7 million tons of consumption. Announced by Minister of Agriculture Wu Chen. *Asahi Shinbun*, Tokyo, 7th March, 1965.

i Several sources mention a production of about 10 million metric tons. This figure is also mentioned by Chou En-lai to Edgar Snow, and the development, put at 88 per cent, between 1965–1969 leads to the same conclusion. *Zhongguo shiyou gongye de xunmeng fazhan*. Fazhanzhong de Zhongguo. Beijing, 1974.

j 3 million tons above the 1964 level. NCNA, 6th June, 1966.

k A 30 per cent growth against 1965. NCNA, 3rd Jan. 1967.

l Several sources mention this as the lowest level during the “cultural revolution”. This figure was mentioned also by Chou En-lai during the conversation with Edgar Snow at the end of 1970.

m 12 times as high in 1968 as it was in 1949. NCNA, 11th May, 1969.

n Computed from the data referring to a 300 times’ growth in 1971 against 1949 (see note “t”), corresponding to the growth rate mentioned in note “i” against 1965.

o 40.9 per cent growth over the previous year. *Peking Review*, 1st December, 1972. Repeated in No. 1 of the *China Foreign Trade*, published in 1974.

p Disclosed by Chou En-lai to Edgar Snow at the end of 1970. Following from the above, the

prime minister mentioned the result of the previous year for 1970, although in a form of "more than 20 million tons".

See: Edgar SNOW: op. cit. pp. 154–156.

- r 18 per cent over the previous year. *Peking Review*, 14th January, 1972.
- s Indices based on 1970 and the absolute figure of 21 million tons of steel production were disclosed by several sources. *Peking Review*, 7th of January, 1972.
- t Crude oil production in 1971 was more than 300 times of that in 1949 (121 000 metric tons). *Peking Review*, 29th September, 1972.
- u More than four times the level in 1965. Sources: see Note "i".
- v During the visit of Ohira 50 million tons were mentioned by Chou En-lai. When computed from the data of 1974, we also get a similar figure as growth in 1974 was about 20 per cent above 1973. *NCNA*, 2nd January, 1975. (It is mentioned by this same source that oil production increased 6 times between 1965 and 1974.)
- z Data compiled on the basis of indices submitted in the report of the government to the Fourth National People's Congress. *Hongqi*, 1975. No. 1. p. 21.

Chinese industry employs about 50 million people presently. About half of this labour is employed in modern large-scale industry, the other half working in traditional small-scale industries. Sixty-four per cent of the industrial employment is in the state-owned sector, while 36 per cent in the cooperative or commune-sector. At the same time, 86 per cent of gross industrial output was contributed by the state sector, thus, the share of the cooperative and commune sector was but 14 per cent.* These figures point to considerable differences between the productivities of the two sectors. While the labour force of 32 million of the state sector turned out industrial products worth 267 thousand million yuans, the 18 million employees of the collectively owned industrial sector produced but 43 thousand million yuans. When we compute the production per man-year data we find that one employee in the state sector produced 8344 yuans, while one in the collective sector produced 2389 yuans annually. This means a relative productivity of 3.49 : 1. However, when we take into account that, according to the same source of information, 97 per cent of the industrial fixed assets are concentrated in the state industry and only 3 per cent is left over for the cooperative and commune-industry, then the above relative productivity may even be regarded as positive. For this latter sector mostly gets only a certain part of the totally worn out and outdated machinery of the state industry, discarded and depreciated in value, and beyond this it has to produce their means of production with its own resources and on its own technological standards.

It must also be pointed out that not all the plants of the state industry can be regarded as up-to-date, either; a great number of them are mechanized only at a low level and their production is characterized by manual work. Almost one third of the labour force in the state sector is working in such plants. Furthermore, the Chinese term for "modern" industry (*xiandai gongye*) compares with the average level of Chinese technology and not with international standards. Apart from these factories, in certain fields of Chinese industry there operate really up-to-date plants as well — especially in the war industry and related industrial branches, the development of which accounts for the expenditure of more than a third of the budget revenues. In 1974 this sum may have amounted to about 30 thousand million yuans

* See Bibliography [44].

(about 16.8 thousand million dollars) according to the official rate of exchange, computed on the assumption that the budget revenues correspond to about 40 per cent of the national income.

Agriculture

In this field the achievements of the last 25 years are much more modest. Agriculture remains to be the Achilles-tendon, the weakest point of the national economy of China, hindering not only the dynamics of economic growth but also continuously jeopardizing the balance of the basic proportions of the national economy, the satisfaction of the accumulation and consumption needs.

Although by 1974 the volume of agricultural production almost trebled in comparison with the disastrous year of 1949, with grain production having increased — according to the data contained by the government report submitted to the Fourth National People's Congress — by as much as 140 per cent to reach a level two and a half times as high as that in 1949, actual development was considerably less substantial. This is borne out by the fact that the harvest results of the Chinese economy had reached the highest average level of the pre-liberation years (1933–1936) only by 1952, with production per area and food grain per inhabitant still being below the pre-liberation averages as long as the mid-1960s — disregarding the exceptionally high crop in 1958. In 1974, the gross output of agriculture reached a level 1.9 times as high as that in 1952; grain production increased to only less than 1.7 times by the same year. During the same period, cotton production and the stock of pigs increased 3.7 times. Mechanization of agriculture improved especially in the fields of improving gravity irrigation by the construction of pumping stations, supplying villages with electricity by installing small power stations, and in the utilization of fertilizers. Nevertheless, mechanization is still very low in absolute terms. The utilization of fertilizers has reached the level of 30 million metric tons on about 160 million hectares (about 400 million acres) of sown area — this means that average fertilizer utilization is roughly 187 kilogrammes per hectare (75 kilogrammes per acre); when we convert this into effective substance we get a fertilizer utilization of 30 kilogrammes of nitrogen per hectare and 6 kilogrammes of P_2O_5 per hectare. It should be noted here that this consumption is comparable with that of Algeria or Mexico, — developing countries on a higher level than China — and it is more than double the fertilizer consumption of India or Indonesia.

The bottleneck of agricultural production remains the insufficiently growing grain production. During and after the years of the 'great leap forward' in the early 1960s, (largely due to the wrong and irrational economic policy of the time), grain production fell back to the level achieved 6–8 years before, and could not surpass the record level of the 1958 harvest until the second half of the 1960s. As population grew considerably, by almost by 200 million people during the last 16 years, per capita grain production remained by about 8 kilogrammes below the estimated 338 kilogrammes of the year 1958 even in 1974. If we take into account the computations made in 1957 by (Professor Ma Yin-chu), only 55 per cent of the grain produced in China may be used directly for alimentation purposes at most (the 45 per cent left is wasted during milling or husking, or is used directly for forage or sowing). Thus, on the aver-

age, about 180 kilogrammes could be used of the 330 kilogrammes of per capita grain production attained in 1974 as basic material for food. Of these 180 kilogrammes the share of rice was about 80 kilogrammes, the remaining 100 kilogrammes made up by about 25 kgs of wheat, by about 50 kgs of mixed cereals (barley, oat, millet seed, corn, kao-liang etc.) and a further 25 kgs by potato, sweet potato etc. which are, as is known, counted into the quantity of cereals in China according to a certain key ratio. With regard to this composition, we may assume that the average calorific value of the per capita 0.5 kgs of cereals consumed daily is about 1550 calories. If we add to this the fact that the average Chinese covers almost 80 per cent of his daily calory consumption from cereals and roots, the supreme importance of increasing cereal production becomes apparent.

The main cause of the slow development of grain production is the general backwardness of the agricultural means of production, especially the underdeveloped technology and methods of production. With regard to the possibility of after-seeding, on 45 per cent of the land, and, at certain places, the possibility of a third seeding, the 110 million-hectare (272 million acre) tillage area of China corresponds to a sown area of 160 million hectares (400 million acres). The share in this sown area of grain and root vegetables is about three-quarters, i.e. about 120 million hectares. According to data submitted to the latest National People's Assembly, this area gave a yield of 259 million metric tons of grain, that is, 2.16 tons per hectare on the average. However, if we take into account that on about one quarter of this area, i.e. on 30 million hectares, more than 110 million metric tons of rice was produced, with an average yield of 3.7 tons per hectare, then the average yield on the remaining 90 million hectares could not have been more than 1.6 tons per hectare. In comparison with the highest yields attained before the liberation, this yield constitutes a net improvement of about 1 ton per hectare in the case of both rice and other cereals.

The fact that only a small part of the grain produced is actually being sold is a considerable problem from the aspect of the grain supply of urban areas and industrial regions. This has been exacerbated by the "rely on yourself" policy followed in relation to village people's communes and by the fact that commercial relations between the town and the village continued to shrink in the second half of the 1960s. For this reasons, coastal cities and industrial areas have been supplied for a considerable time already by grain and milling products imported from abroad, while rice, the most popular and, for its hygroscopic property, most filling food, is continually losing of its share in grain consumption.

The relative backwardness of the Chinese agriculture is well illustrated by the indicators showing output per employee. This basic branch of the national economy employs about 260 million labourers, or more than 72 per cent of the huge mass of the total number of employed, i.e. 360 million people. As we can see from the data in Table 2, in 1974 this immense labour produced a gross output worth 83 thousand million yuans, which is about 3.7 times less than the output of the approximately 50 million workers and other employees of the industry. On the basis of this indicator, any industrial employee works with a productivity 19.5 times higher than that of an agricultural labourer (6206 yuan per industrial vs. 319 yuan per agricultural employees). It is a fact, though, that the image is modified by the substantial cumulation of the output values of industrial production in the successive phases of the chain of

Table 2
Agricultural production 1957–1974

Year	Cereals (million metric tons)	Crude cotton (mill. tons)	No. of pigs (millions)	Value of grain produced (thousand mill. yuans)*	Share of the former in gross output (%)	Total agricultural gross output (thousand million yuans)
1957	185.0a	1.64a	146a	25.9	48.2a	53.7a
1958	204.0	2.00	160r	28.6	46.1	62.0
1959	182.0	1.80	150	25.5	48.1	53.0
1960	150.0b	1.02	130	21.0	51.2	41.0
1961	162.0	0.88	120	22.7	50.4	45.0
1962	174.0	1.02	110	24.4	49.0	49.2
1963	183.0	1.04c	130	25.6	49.2	52.0
1964	200.0d	1.43e	150	28.0	50.9n	55.0n
1965	200.0	1.65	170	28.0	49.1	57.0
1966	207.0	1.72	175	29.0	48.7	59.6
1967	216.0	2.20	180	30.2	47.9	63.0
1968	213.0	1.90	185	29.8	47.5	62.8
1969	223.0	2.00	190	31.2	47.1	66.3
1970	240.0f	2.10	204	33.6	46.7f	72.0f
1961	250.0g	2.22h	222i	35.0	44.2	79.2j
1972	240.0k	2.00l	248m	33.6	44.8	75.0
1973	253.0g	2.40g	230	35.4	44.3	80.0
1974	259.0n	2.53n	235	36.3	43.7	83.0n

Notes:

- * Computed at 1957 accounting prices (140 yuans per ton) published in the handbook for internal use by the Agricultural Ministry of the Chinese People's Republic in 1957. As the above grain price reflects the 1957 composition of grain production its use for computations of data of other years involves an error corresponding to the changes in the pattern of grain production in comparison with that in 1957. The difference is negligible, though, because the combined share of rice and wheat has always been around 62–70 per cent in the last 25 years.
- a Weida de shi nian, Renmin Chubanshe, Beijing, 1959.
- b Statement by Mao Tse-tung to Field-marshal Montgomery during their conference. *Times*, (London), 15th October, 1961.
- c Derived from an announced 37 per cent growth by 1964. *Renmin Ribao*, 31st December, 1964.
- d Disclosed by Chou En-lai to Edgar Snow during a conversation in 1964. *Asahi*, (Tokyo) 27th February, 1965. See also: E. Snow: op. cit. p. 225.
- e Computed from diverse data published contemporarily. Source: Kang Chao: *Agricultural Production in Communist China, 1949–1965*. The University of Wisconsin Press Madison Milwaukee and London. 1970. p. 270.
- f Disclosed by Chou En-lai to Edgar Snow in a conversation at the end of 1970. E. Snow: op. cit. pp. 154–156.
- g The first official announcement at the beginning of 1972 contained a grain production of 246 million tons. However, at the beginning of 1973 a decrease of 4 per cent together with a harvest of 240 million tons were disclosed for 1972, these data being obviously based on a 250 million ton figure. At the beginning of 1974, 1973 production was referred to as one surpassing the 250 million tons produced in 1971. Cotton production increased by more than 20 per cent in 1973. See: *Peking Review*, 4th January, 1974.
- h Five times the production in 1949 (0.44 million tons) *Peking Review*, 13th October, 1972.
- i More than twice the live-stock in 1962. *Peking Review*, 10th November, 1972.
- j The combined output of industry and agriculture increased by 10 per cent in 1971. *Peking Review*, 14th January, 1972. A week before, this same organ had published that industrial

output had increased by an identical 10 per cent, consequently, agriculture had had to produce an output 10 per cent higher as well; this is an unusually high annual growth.

k *Peking Review*, 17th August, 1973.

l 10 per cent decrease, on the basis of the disclosure "Below the 1971 level" (*NCNA*, 28th December, 1972).

m The live-stock of pigs increased 4.3 times since the period following the liberation. (In 1949 there were 57,750,000 pigs in China). *Hongqi*, 1973, No. 4. p. 49.

n Computed on the basis of growth figures submitted to the Fourth National People's Congress in the report made by the government. *Hongqi*, 1975. No. 1 p. 21.

industrial processing. On the following pages we shall compare the two sectors on the basis of net output data, free from the cumulative effects of materials used during the process of production; on the sole basis of the results of the value-creation of live labour differently equipped with machinery, and we shall see that the image only changes in its proportions but it will invariably indicate a huge gap between the two sectors of the national economy.

National income

National income is the most synthetic and most commensurable indicator available for the measurement of the development level of the national economy. For this reason, however great the difficulties of its computation may be, we cannot dispense with its computation. As I see it, a thorough analysis and knowledge of the Chinese national income computations of the 1950s may reduce the error to a tolerable level of 5–10 per cent. In practice, this means that we may make a mistake of one or, at most, two years in determining the order of magnitude of national income, which, at present, may be a difference of 10–20 thousand million yuans. On the other hand, the thorough knowledge of the components of this most important value indicator may provide a higher certainty in judging the reliability of the physical and value indicators published in various places, especially telling whether such data are based on extensively checked computations or only on guesstimations obtained from questionable sources.

The pattern which served as a basis of my computations is rather simple and, indeed, it is reflected by the structure of Table 3. It uses the gross output value data of the industry and agriculture as a basis and follows the Chinese method of computing national income data for the years 1952–1957 and for the first year of the "great leap forward", 1958. The sources of possible errors are, on the one hand, the estimation for later years of the so-called net-ratio showing the proportion of gross and net output and, on the other, the estimation of the share of productive branches other than industry or agriculture in the production of national income. As can be seen from the table, I have extrapolated the tendency of the 1950s and assumed a decrease in the net-ratio, a lesser decrease in the case of industry and a more substantial one in agriculture; the basis of this assumption was that development brings about an increase in technological equipment and in per unit consumption of raw materials, i.e. materialized labour, in both sectors of the economy. In the case of productive industries other than industry and agriculture I assumed, also with regard to the experiences of the 1950s, that their share slowly increases, especially from those years

Table 3

*Net industrial and agricultural output and
Forecasts for*

Year	Industrial production				Agricultural	
	gross output (thousand million yuans)	growth rate (index)	net ratio (%)	net output (thousand million yuans)	gross output (thousand million yuans)	growth rate (index)
1949	10.6	100.0	37.9	5.0	29.0	100.0
1952	30.9	244.9a	36.2	11.2b	43.1	148.5a
1957	70.4a	559.2a	38.8	27.3b	53.7a	185.1a
1958	107.0	152.0	35.0	37.5	62.0	115.5
1959	137.0	128.0	35.7	48.9	53.0	85.5
1960	140.0	102.2	36.0	50.4	41.0	77.4
1961	85.0	60.7	37.6	32.0	45.0	109.8
1962	83.8	98.6	38.2	32.0	49.2	109.3
1963	93.0	111.0	36.6	34.0	52.0	106.1
1964	107.0i	115.0c	35.5	38.0	55.0i	105.8
1965	122.0	114.0d	35.2	43.0	57.0	103.6
1966	146.4	120.0d	34.8	51.0	59.6	104.6
1967	122.0	90.0	34.4	42.0	63.0	104.3
1968	151.2e	123.9	34.4	52.0	62.8	99.7
1969	189.0	125.0	33.9	64.0	66.3	105.6
1970	216.0f	114.3	33.3	72.0	72.0l	108.6
1971	237.6g	110.0g	33.2	79.0	79.2	110.0g
1972	265.0	111.5	32.8	87.0	75.0	94.7
1973	287.2	108.4h	32.4	93.0	80.0	106.7
1974	310.3i	108.0	32.1	99.5	83.0i	103.8
1975	330.0	106.2	31.8	105.0	86.0	103.6
		1975 = 100				(1975 = 100)
1980	480.0	145.5	30.0	144.0	105.0	122.1
1985	680.0	206.1	27.9	190.0	130.0	151.2
1990	960.0	290.9	27.1	260.0	156.0	181.4
2000	1800.0	545.5	25.0	450.0	225.0	261.6

Notes

- a Weida de shi nian. Renmin Chubanshe. Beijing, 1959.
 b *Peking Review*, 1958. No. 6. p. 8. and *Xin-hua Banyuekan*, 1959. No. 19. p. 30. and unpublished surveys served as the data basis of computations.
 c 1964 production was 15 per cent higher than in the previous year. Disclosed by Chou En-lai. *Peking Review*, 1st January, 1975.
 d An industrial growth of 11 per cent was envisaged by the plan for 1965. According to several sources, this was overfulfilled. *Peking Review*, 1st January, 1966. Growth was put at 20 per cent for 1966. *Peking Review*, 6th January, 1967.
 e Total industrial output in 1968 was 12 times that of 1949 (12.6 thousand million yuans at 1957 prices) *NCNA*, 11th May, 1969.
 f Disclosed by Chou En-lai to Edgar Snow in a conversation at the end of 1970. See: E. Snow: op. cit. pp. 155-156.

national income data for 1949–1974

1975–2000

production		Share of productive sectors in national income production			National income	
net ratio (%)	net output (thousand million yuans)	industry (%)	agriculture (%)	other sectors (%)	value (thousand million yuans)	growth rate (index)
89.7	26.0	13.7	71.0	15.3	36.6	100.0
86.8	37.3a	18.0b	60.0b	22.0b	62.1b	169.7a
83.7	44.8b	28.8b	47.2b	24.0b	95.0b	259.7a
77.7	48.2	32.3	41.6	26.1	116.0	122.1
76.8	40.7	40.8	33.9	25.3	120.0	103.4
80.6	33.0	45.8	30.0	24.2	110.0	91.7
77.7	35.0	36.8	40.2	23.0	87.0	79.1
75.2	37.0	35.6	41.1	23.3	90.0	103.4
75.0	39.0	35.8	41.0	23.2	95.0	105.6
74.5	41.0	36.5	39.4	24.1	104.0	109.5
73.7	42.0	37.7	36.9	25.4	114.0	109.6
73.8	44.0	39.5	34.1	26.4	129.0	113.2
71.4	45.0	36.4	38.1	25.5	118.0	84.7
68.5	43.0	40.0	33.1	26.9	130.0	110.2
69.3	46.0	41.8	30.1	28.1	153.0	117.7
68.1	49.0	42.4	28.8	28.8	170.0	111.1
66.9	53.0	42.0	28.2	29.8	188.0	110.6
64.0	48.0	45.0	24.9	30.1	193.0	102.7
65.0	52.0	44.3	24.8	30.9	210.0	108.8
65.7	54.5	44.2	24.2	31.6	225.0	107.1
65.1	56.0	44.3	23.6	32.1	237.0	105.3
						(1975 = 100)
63.8	67.0	45.0	20.9	34.1	320.0	135.0
61.5	80.0	45.2	19.0	34.8	420.0	177.2
57.7	90.0	47.3	16.4	36.3	550.0	232.1
53.3	120.0	47.4	12.6	40.0	950.0	400.8

g 1971 industrial production was about 20 times of that in 1949. *Peking Review*, 29th September, 1972. Growth of both industrial and agricultural production was put at 10 per cent. *Peking Review*, 6th and 14th January, 1972.

h Combined industrial and agricultural production was more than 8 per cent above the 1972 level. *Peking Review*, 4th January, 1974.

i Computed on the basis of indices submitted in the report of the government to the Fourth National People's Congress. *Hongqi*, 1975. No. 1. p. 21.

on when economic development took a healthier turn again. Even if I do not assume this change in the composition of national income, I will get a sum of national income for the year 1974 which is greater by a mere 15 thousand million yuans, i.e. 240 thousand million, instead of 225 thousand million. This illustrates that even 10–15

years' changes in the economically determined value proportions are not so substantial as to be sources of considerable errors.

After these preliminary remarks, let us have a look at the figures. While during the period between 1949–1974 gross output of industrial and agricultural production increased 9.4 times the volume of national income increased 6.1 times at 1957 constant prices. The increase over 1952, the last year of the reconstruction period is 5.3 and 3.6 times, respectively. The national income of 225 thousand million yuans realized in 1974 amounts, at the official exchange rate for the same year (1.80 yuan = 1 US\$), to about 125 thousand million dollars, that is, a per capita national income of \$ 159.

The sources of the national income follow a rather strange pattern. The shares of branches in the production of the national income follow a pattern characteristic of considerably more developed countries — those with a per capita national income of around \$ 600–1000. This, however, is explained by an extremely serious inner disproportionateness: it is caused by the hopelessly low efficiency of agricultural production and of the despairingly low productivity of labour employed in agriculture. This branch, although it employs about 260 million, i.e. 72 per cent of the total labour of 360 million employed in the national economy, is able to contribute to the production of national income but slightly more than 24 per cent. As against this, the labour force of 50 million employed in industry produces more than 44 per cent of the national income. From the above data, the net value of output per employee is 1990 yuans in industry and 210 yuans in agriculture, a ratio of 9.5 : 1. In other words, average productivity of an industrial employee turns out to be, because of better technological equipment and more highly qualified work, 9.5 times as high as that of an agricultural labourer. In 1957 this ratio was still only 6.1 : 1 (1440 yuan : 224 yuan), and it was even worse in 1960, at the time of the disastrous recession of agricultural production (1950 yuans : 150 yuans, i.e. 10.5 : 1).

The fact that extensive development, especially increasing employment of labour has been an overwhelming source of industrial growth and an exclusive one in the increase of agricultural production during the development of the Chinese economy in the last fifteen years is also well shown by the productivity data of 1974 and 1957. (During the period from 1957–1974, a 264 per cent growth of net industrial output was accompanied by an only 38.2 per cent improvement in the productivity of labour; during the same period, the 21.6 per cent growth in agricultural net output coincided with a more than 6 per cent decrease in productivity!)

This miserable, stagnating state of agricultural production led to the disproportionate composition of the national income we have quoted above. At the same time, this state has a distorting effect also on the proportions of its utilization. On the one hand, it relatively — and sometimes absolutely — diminishes the contribution of the agricultural branches to national accumulation, on the other, it considerably limits the extension of the consumption funds in proportion with the national income produced, thus, it causes the rate of accumulation to increase continuously. The diminishing share of agriculture in the production of national income — having shrunk by almost 15 percentage points in the ten years from 1964–1974, from 39 per cent to 24 per cent — is the manifestation of this tendency which we might call forced accumulation.

If we had more detailed information about the physical composition of industrial and agricultural final output, we could estimate with satisfactory exactness what proportion of them is suitable at all for personal consumption. If, for the sake of establishing a hypothesis, we assume that 65 per cent of gross agricultural output and 50 per cent of gross industrial output went for final utilization and if we assume that 90 and 50 per cent of these, respectively, might serve personal consumption purposes, then we get a total consumption of 126 thousand million yuans, that is, only 56 per cent of the 225 thousand million yuans national income in the year 1974; consequently, the rate of accumulation turns out to be 44 per cent. With such or similar proportions utilization of the national income, a number of features of Chinese economic policy, so incomprehensible for many, becomes understandable: for instance, the tendency of freezing wages and consumption funds of the population, military expenditures amounting to 18 per cent of national income and, last but not least, the rigid refusal to publish synthetic data concerning the national economy.

The dynamics of economic development achieved so far

In Table 5 data of the 24 year development of the Chinese economy have been compiled in order to allow computations of the dynamics of economic growth for all preceding periods by using different growth indices and to allow for appropriate conclusions regarding the future rate of development. The same table contains the data estimated for the next 25 years, thus the computation of average annual growth rates for various periods of the half century concerned became possible; the results are shown in Tables 5 and 6. (See p. 372, p. 373.)

Although the overall rate of economic development achieved in the whole period of 25 years is adequate, especially when we compare it with that of a similar large and similarly backward country like India, it has been extremely fluctuating between different intervals. The first promising eight years were followed by the "great leap forward" of the industrial production between 1958–1960, involving the catastrophic recession of agricultural production. This caused such a great disparity between the proportions of these two main sectors that the restoration of the earlier standard of agricultural production between 1961–1965 became possible only at the price of restricted industrial production and a long-lasting idleness of heavy industrial production capacities created earlier. As a matter of fact, the different pace of growth had caused tensions and disproportionateness between these main sectors already in the period of the first five-year plan and this was exacerbated and carried into the extreme by the voluntaristic economic policy of the "great leap forward", motivated by great power ambitions, pursuing sham results.

The "reconstruction factor" was still present during the relatively dynamic development phase of the third five-year plan from 1966–1970, especially if we take into account that this was the period in which the "great proletarian cultural revolution" took place, causing temporary recession in several fields, together with a low exploitation of production facilities. Nevertheless, it is beyond doubt that the painful "correction" of the proportions between the basic national economic sectors made during the preceding period also contributed to the acceleration of economic growth.

Table 4
Main physical and value data of economic development; forecasts for 1975—2000

Denomination	1949	1952	1957	1960	1962	1965	1970	1974	1975	1980	1985	1990	2000
Electricity (thousand million kWhs)	4.3	7.3	19.3	47.0	30.0	42.0	72.0	108.0	115.0	175.0	260.0	365.0	700.0
Coal and lignite (million metric tons)	32.4	66.5	130.0	335.0	180.0	225.0	310.0	382.0	400.0	520.0	650.0	800.0	1160.0
Crude oil (million tons)	0.1	0.4	1.5	5.2	6.8	10.6	28.2	64.0	75.0	170.0	310.0	500.0	1000.0
Steel (million tons)	0.16	1.35	5.35	13.0	8.0	13.0	18.0	25.4	28.0	42.0	62.0	88.0	160.0
Cement (million tons)	0.66	2.9	6.9	10.6	5.6	12.0	16.0	24.0	25.0	35.0	50.0	70.0	130.0
Fertilizer (million tons)	0.00	0.2	0.6	2.5	3.0	8.9	14.0	25.4	28.0	50.0	80.0	120.0	240.0
Sugar (million tons)	0.2	0.5	0.9	0.9	1.3	1.5	2.1	2.8	3.0	4.2	5.8	7.7	13.0
Cotton textiles (thousand million metres)	1.9	3.8	5.1	6.0	4.0	6.5	8.5	10.5	11.0	14.0	18.0	23.0	30.0
Total gross output of industry (thousand million yuans)	12.6	30.9	70.4	140.0	83.8	122.0	216.0	310.3	330.0	480.0	680.0	960.0	1800.0
Cereals (million tons)	108.1	154.4	185.0	150.0	174.0	200.0	240.0	259.0	265.0	310.0	360.0	410.0	540.0
Crude cotton (million tons)	0.44	1.30	1.64	1.02	1.03	1.65	2.10	2.53	2.65	3.15	3.70	4.30	6.0
Live-stock of pigs (millions)	58	90	146	130	110	170	204	235	240	280	326	378	500

Total gross output of agriculture (thousand million yuans)	29.0	43.1	53.7	41.0	49.2	57.0	72.0	83.0	86.0	105.0	130.0	156.0	225.0
Combined output of industry and agriculture (thousand million yuans)	41.6	74.0	124.1	181.0	123.0	177.0	288.0	393.0	416.0	585.0	810.0	1116.0	2025.0
National income (thousand million yuans)	36.6	62.0	95.0	110.0	90.0	113.0	170.0	225.0	237.0	320.0	420.0	550.0	950.0
Population (millions)	500	530	591	624	635	667	732	786	800	870	940	1010	1140
Per capita national income (yuans)	73	117	161	176	142	171	232	286	296	368	447	545	833

Table 5

Development and forecast of average annual growth rates in medium range periods 1949—1990 (percentages)

Doenomination	1949—1952	1953—1957	1958—1960	1958—1962	1961—1965	1966—1970	1971—1975	1976—1980	1981—1985	1986—1990
Electricity	19.4	21.4	34.5	9.0	—2.2	11.4	9.9	8.7	8.3	7.0
Coal and lignite (tons)	27.0	14.3	37.1	6.7	—7.5	6.6	5.2	5.4	4.6	4.2
Crude oil	58.7	30.3	51.4	35.3	15.3	21.6	21.6	17.8	12.8	10.0
Steel	104.4	31.7	34.4	8.4	0.0	6.7	9.3	8.5	8.2	7.3
Cement	63.7	18.9	15.4	—4.0	2.5	5.9	9.3	7.0	7.4	7.0
Fertilizer	88.0	28.4	18.3	38.0	28.9	9.4	14.9	12.3	9.9	8.5
Sugar	35.7	12.5	0.0	7.6	10.8	7.0	7.4	7.0	6.6	5.9
Cotton textiles	26.0	6.0	5.6	—4.8	1.6	5.5	5.2	5.0	4.7	4.6
Total gross output of industry	34.8	18.0	25.8	3.5	—2.7	12.1	8.9	7.9	7.1	7.1
Cereals	12.5	4.6	—6.8	—1.2	5.9	3.7	2.0	3.2	3.0	2.7
Crude cotton	43.5	4.7	—14.7	—8.9	10.1	5.0	4.7	3.5	3.2	3.0
Live-stock of pigs	15.8	10.1	—3.8	—5.5	5.6	3.7	3.3	3.2	3.1	3.0
Total gross output of agriculture	14.1	4.5	—8.5	—1.7	6.8	4.8	3.6	4.1	4.4	3.7
Combined output of industry and agriculture	21.2	10.9	13.4	0.2	—0.4	10.3	7.7	7.1	6.7	6.6
National income	19.2	8.9	5.0	—1.1	0.5	8.5	6.9	6.2	5.6	5.6
Population	2.0	2.2	1.8	1.4	1.3	1.9	1.8	1.7	1.6	1.4
Per capita national income	17.1	6.6	3.0	—2.5	—0.6	6.3	5.0	4.5	4.0	4.1

Table 6

Development and forecast of average annual growth rates in longer range (8-10-25 years) periods 1949-2000 (percentages)

Denomination	1949-1959	1953-1960	1961-1970	1971-1980	1981-1990	1991-2000	1949-1974	1975-2000	1949-2000
Electricity	25.5	26.2	4.3	9.3	7.7	6.8	14.2	7.5	10.9
Coal and lignite	25.3	22.4	-0.8	5.3	4.4	3.8	11.6	4.4	8.0
Crude oil	41.9	38.2	18.4	19.7	11.4	7.2	29.3	11.0	20.2
Steel	25.8	32.8	3.4	8.8	7.7	6.2	13.1	7.3	10.2
Cement	35.1	17.6	4.2	8.2	7.2	6.4	16.8	6.8	11.8
Fertilizer	55.1	24.7	18.8	13.6	19.2	7.2	41.4	9.0	25.2
Sugar	18.6	7.6	8.8	7.2	6.3	5.4	11.3	6.1	8.7
Cotton textiles	14.7	5.9	3.6	5.2	4.6	3.1	7.3	4.1	5.7
Total gross output of industry	26.9	20.8	4.4	8.3	7.2	6.5	14.1	7.0	10.5
Cereals	5.3	-0.4	4.8	2.6	2.8	2.8	3.4	2.9	3.2
Crude cotton	15.1	-3.0	7.5	4.1	3.1	2.7	7.4	3.0	5.2
Live-stock of pigs	10.0	4.7	4.6	3.2	3.1	2.8	5.9	3.0	4.5
Total gross output of agriculture	6.3	-0.6	5.8	3.9	4.0	3.7	4.4	3.9	4.2
Combined output of industry and agriculture	16.4	11.9	4.7	7.4	6.7	6.3	9.6	6.6	8.1
National income	12.6	7.4	4.5	6.5	5.6	5.6	7.6	5.7	6.6
Population	2.1	2.1	1.6	1.8	1.5	1.2	1.9	1.5	1.7
Per capita national income	10.3	5.3	2.8	4.7	4.0	4.3	5.7	4.2	4.9

(It is worth noting that the contribution of about 30 per cent of the industry and about 40 per cent of agriculture to the national income during the period between 1961 – 1965 was in better harmony with the general level of economic development and with the employment structure. (See Table 3) In the final analysis, however, the period between 1966 – 1970 also failed to bring about considerable changes in the basic, main character of Chinese economic development, asserting itself from the very start and involving the gradually increasing backwardness of agriculture in relation to the needs of the national economy on the one hand, and to the development of industry and other branches of social production on the other.

This lagging behind of agricultural production recurringly exacerbates the problem of the agrarian basis, which has traditionally been, and is getting more, insufficient, and this tendency recurringly calls for the restoration of a relative balance, for the restriction of development in other fields of the national economy. We may witness this in the present period as well: the growth rate of agricultural production decreased again after the period 1966 – 1970, and it became perceivable by 1974 that a new restriction of industrial production, the freezing of wages and purchasing power followed, together with the renewed emphasis on the importance of agricultural work.

The above treated process well illustrates the *basic contradiction* of the Chinese economy unresolved as yet – and, let us add, being unresolvable for a long time to come – that exists between the necessity of increasing the accumulation and consumption funds required for fast economic growth on the one hand, and the extremely low productivity of the mostly unskilled, rural labour employed in production on the other. This leads to another conclusion as well, namely, that in China, with the present low standard of both the productive forces and of living, the basis of a diversified, balanced development can only be a substantial increase of agricultural production, a significant improvement of the productivity of agricultural labour. This, however, would demand a substantial improvement of the material-technological conditions of agricultural production, the widespread utilization of the achievements of science and agricultural engineering. The steady, dynamic growth of agriculture is the sole basis upon which an adequate, healthy proportion between accumulation and consumption may be established, thus, in the final analysis, it is the crucial factor determining the optimal overall development rate of the Chinese national economy.

As was apparent from certain measures at that time, Chinese economic leadership recognized this fundamental relationship at the beginning of the 1960s, after the grave failure of the policy of the “great leap forward”. However, the slogan “taking agriculture as the foundation and industry as the leading factor” saying this according to the teachings of Mao Tse-tung, became an empty *cliché* in a few years and, instead of actually fostering the agriculture, the movement called “In agriculture, learn from Tachai” led to the withdrawal of aids from central funds, to the increasing burdens of the commune-peasants, to the preservation of the backward state of the agricultural means of production. An actual and effective support of agricultural production would have demanded from the Chinese leadership to abstain from the development of the war industry at a forced pace, from the creation of the material and technological foundations of great power, hegemonistic ambitions.

However, the Chinese leadership did not want to forego these ambitions. On the contrary, it continually attacks those who, taking into account the objective laws

of economic development, try to strike a balance between the requirements of general development of the means of production and the great power ambitions and efforts. They even fabricated a theory to explain recurring recessions, called "the theory of wavy line development" of the national economy, taking disequilibrium for the essence of economic growth – they attempt to elevate the misconceived notion of "wavy line development" to the rank of a universal economic law of socialist development. This theoretical somersault, invented merely to justify an arbitrary economic policy practice, necessarily contravenes the requirement of planned and proportionate development of the socialist economy which, however, was deemed by at least a part of the Chinese leadership to be worth mentioning even in the new, Maoist constitution.

By analyzing the economic growth the Chinese national economy has achieved in its different periods, we may observe that, during the last 25 years, Chinese political and economic leadership has failed to establish a socialist growth model that would be able to secure the development of the means of production with optimal proportions and at an optimal rate, while continuously improving the material and cultural living standard of the working people. In other words, although the means of production are in social ownership and a system of planned economy, called socialist, is in force, the laws of socialist economy have long ceased to act. The development achieved so far has been distorted so extensively and in so different ways by the political leadership and spontaneous forces in its different periods that almost no lasting tendencies or general conclusions concerning the future may be drawn from it. We cannot be sure about any change in this situation in the short or even medium run. For this reason, I occupied a somewhat sceptic position in estimating expectable future development rates, so as to avoid the dangers of unjustified optimism.

Perspectives of Chinese economic development

Under the prevailing general international and world economic conditions, it is an extremely difficult task to establish a forecast regarding expectable long-run economic growth even in the case of national economies whose economic, financial, technological, and scientific potentials are relatively easier to know and assess. This seems to be an almost hopeless undertaking in the case of China. The fact that I chose not to give up an attempt to establish such a forecast is, in fact, due to the Chinese concept of economic development published in January, 1975, which I quoted in the introduction; this concept envisages that by the turn of the millenium "to accomplish the comprehensive modernization of agriculture, industry, national defence and science and technology" will be achieved, and, thus, set the task of elevating China into "the front ranks of the world". I simply wonder, as many others might, about the reality of such a statement made by the leaders of a country possessing more than one fifth of the labour force of the world, which has considerable natural wealth, but which possesses little and low-standard technology in the whole society and where the human capital, the number of skilled people is extremely small. It is only the study of the development of Chinese economy during several decades, and, at times its more thorough, deeper analysis that might lend the economist the courage

and the basis for taking the obvious risk of making errors on the one hand, and for trying to answer the above questions on the other.

As it may be seen from Tables 4 and 5, I assumed a decrease in the rate of growth in the Chinese economy, a greater one in industry, and a lesser one in agriculture. I think this difference needs no justification, it follows from the above treated position and role of agricultural production. However, the question why I assumed a slowing instead of an accelerating development rate is more difficult to answer. On this point I started from experiences drawn especially from the survey of economic growth in other countries, such as the temporarily higher development rate during reconstruction periods in comparison with long-run economic growth, or such as the considerable lag of the development stage of the Chinese economy behind the critical point of about \$ 600 per capita national income, the surpassing of which generally opens the way, according to international experience, for the acceleration of growth. I took into account a number of other, specific factors, to mention but one from the field of agriculture: the traditionally conservation production habits of the Chinese peasantry, its lack of confidence in new processes of agricultural technology, and the objective obstacles to expanding its technical knowledge.

But let us suppose that the picture of the future of Chinese economy is not so grim and that it will be able to maintain the pace of development achieved so far, or it may even be able to improve it. What does follow from such an assumption? I made computations with this assumption as well. If the annual average growth rate of the national income remained in the next quarter of the century on the level achieved in the past 25 years, that is, 7.6 per cent, then the Chinese national income of 125 thousand million dollars realized in 1974 would increase by 2000 — at constant prices — to about 840 thousand million dollars, instead of the 528 thousand million dollars according to my computations. This volume is in the order of magnitude the USA can achieve, with a growth rate of 3 per cent by 1978, and the Soviet Union, with a growth rate of 6 per cent, by 1983. Thus, even in this favourable case China would lag behind the two leading industrial powers of the world by 22 and 17 years, respectively. The above quoted volumes would mean a per capita income of 460 dollars in the first case, 740 dollars in the latter case to be achieved by 2000.

For the sake of interest I also computed what would happen if, by a "Chinese economic miracle", China achieved a growth rate near the 10 per cent growth of the Japanese economy in the last decades, which is so eagerly forecast on a longer range by the Japanese themselves. In this case the difference would be significant, as the national income of 125 thousand million dollars in 1974 would increase to more than 1480 thousand millions, that is, it would grow by more than 12 times, involving a per capita national income of almost 1300 dollars. I think, however, that this is utterly impossible, at least in the coming 10–15 years that can be forecast with greater certainty. The best we can expect is that, due to the worldwide progress of science and international cooperation, the development of China and of some similarly backward countries may be accelerated to reach the growth rate of national income of 8–10 per cent, realized by the presently dynamically growing countries. Even this might elevate China only to the level of development characterized by a per capita national income of only 800–1000 dollars, and she would still be far from being in the "front ranks of the world".

Whichever estimation or computation is taken for a basis, as much can be safely said that, even with the highest growth rate that can be achieved by China, a development level enabling her to fulfil completely the task of modernizing the national economy in every field, including agriculture, cannot be attained during 25 years; this would require, even by the average technological standard of the 1970s, a per capita national income of more than 2000 dollars.

In conclusion, let us regard to second part of the tasks set by the Chinese leadership: catching up with the leading countries of the world. With regard to the absolute volume of national income, China is at present surpassed by the following countries: (Soviet data for 1973)

	Thousand million dollars
United States	728
Soviet Union	454
Japan	242
German Federal Republic	196
France	139

Source: Народное хозяйство СССР в 1973 г. Издательство "Статистика", Москва, 1974 г. стр. 36

As we have mentioned above, China can at best hope to achieve by the end of this century the order of magnitude of the national income of the USA in 1978 or 1979, which corresponds to about 840–850 thousand million dollars. The countries that are presently in the front ranks will, however, develop during the coming 25 years as well, if at different growth rates; this involves that their economic activity and their net output value will also increase. Thus, the target to be approached by closing up is dynamic: it grows with time and, as we shall see from the computation and estimations to follow, it is getting farther and farther in the case of certain countries.

In the present situation of the world economy and ecology it is a difficult and risky task to forecast the economic development achievable by the presently leading countries by the turn of this millennium. Current forecasts and futurology studies tend to suggest the diminution of the growth rate, a more sensible and efficient utilization of natural resources, a qualitative transformation of our consumption pattern and habits, as against earlier forecasts preferring fast development. However, no signs of a voluntary restraint of economic development can be seen in the case of such countries as the United States or Japan, the country having developed the most dynamically so far. Economic leaders in these countries seem to be, as yet, unlikely to restrain the pace of economic development or to abstain from keeping it on the highest possible level. The Soviet Union is steadily progressing on the way of building communism and cannot renounce the politically and economically important objective of catching up with and leaving behind the most highly developed capitalist countries, with the United States among them, in economic development and the level of productivity. Japan has also set the task of catching up with the development

level of the USA in the coming decades. Thus, it may be seen that an incessant competition is going on among countries with similar and different social systems alike for keeping up the rate of development and for the retention of leading positions in world production.

The odds of a country like China in such a race are negligible. By keeping their present pace of growth, the Soviet Union, Japan and the United States would achieve by 2000 such a volume of national income that would equal 2400 thousand million dollars in the case of the Soviet Union, 2200 thousand million dollars in the case of Japan and 1500 thousand million dollars in the case of the United States at present prices. Catching up with this level is wholly impossible for China in this century, such a task may be achieved in the next century at best.

Thus, the long-term economic development concepts of the Maoist leadership are once again lacking any realistic grounds. This political leadership has been unable for almost twenty years to work out a realistic and progressive economic program for the masses of Chinese workers in order to build up a socialist society capable of progressing steadily, without serious fluctuations. Instead, by manipulating with false and obscure slogans, they follow an adventurist policy coupled with anti-Marxist, anti-socialist and sham-revolutionary demagoguery both in home and foreign policy. In order to increase the military-industrial potential at the fastest rate possible, this *régime* tends to minimize the material and cultural demands of the masses of people while requiring the highest possible efforts and sacrifices from them.

The future perspectives, or as regards its great power ambitions, the lack of a perspective of Chinese economic development are strictly related to the Maoist global political concept of speculating on worldwide war conflicts and to the adventurist home and foreign policy of the Maoist leadership. Without exaggerating the actual importance and potentials of this policy, we would like to direct some attention to this context. After all, China is the most highly populated country of the world and she does not stand alone with her problems, difficulties, and development dilemmas in this world. In many respects, these are similar to the situation, problems and dilemmas emerging in the case of several highly populated countries with a low standard of development of the forces of production. We must also take into account that problems of this magnitude can only be resolved through worldwide cooperation and coordination, and this is only possible through the further progress of socialism, with imperialism gradually losing out. The present policy of the Chinese leadership, however, tries to counter this inevitable historical tendency desirable for the progress of the whole world.

Bibliography

1. *Проблемы развития экономики Китайской Народной Республики*. (Сборник статей китайских авторов). Москва, 1958. Гос. изд-во полит. литературы. 535 стр.
2. Жамин, В. А.: *Сельское хозяйство Китая*. Москва, 1959. Гос. изд-во с. х. литературы. 287 стр.
3. Коновалов, Е. А.: *Социально-экономические последствия «большого скачка» в КНР*. Москва, 1968. Изд-во «Мысль». 100 стр.
4. *Антимарксистская сущность взглядов и политики Мао Цзе-дуна*. Сборник статей под редакцией Сладковского, М. И. Москва, 1969. Политиздат. ств. 5—51.
5. *Китай сегодня*. Москва, 1969. Изд-во «Наука». 336 стр.

6. Анисимов, Й.—Гелбрас, В.—Генисаретский, О.: *Проблемы прогнозирования социально-экономического развития китайского общества*. (Тезисы доклада). Москва, 1970, 7 стр.
7. Вятский, В.—Димин, Ф.: *Экономический авантюризм маоистов*. (О маоистском курсе в экономике). Москва, 1970. «Экономика» 149 стр.
8. Сладковский, М. И.—Сухарчук, Г. Д. (ред.) *Китайская Народная Республика. Экономика, государство и право, культура*. Москва, 1970. Изд-во «Наука», 225 стр.
9. *Критика теоретических концепций Мао Цзе-дуна*. Москва, 1970. Изд-во «Мысль». 293 стр.
10. Корбаш, Е.: *Экономические «теории» маоизма*. Москва, 1971. Изд-во политической литературы. 183 стр.
11. Волкова, Л. А.: *Изменение социально-политической структуры китайской деревни. 1949—1970*. Москва, 1972. Изд-во Дальнего Востока. 198 стр.
12. *Новейшая история Китая. 1917—1970 гг.* Москва, 1972. Институт Дальнего Востока АН СССР. 437 стр.
13. Сладковский, М. И. (ред.): *Социально-экономические проблемы в КНР*. Сборник статей. Москва, 1972. Изд-во «Наука». 282 стр.
14. Гельбрас, В. Г.: *Китай. Кризис продолжается*. Москва, 1973. «Международные отношения». 223 стр.
15. *Критика теоретических основ маоизма*. Институт философии АН СССР. Москва, 1973. Изд-во «Наука». 293 стр.
16. Наумов, И. Н.: *Продовольственная проблема в Китае*. Институт Дальнего Востока АН СССР. Москва, 1973. Изд-во «Наука». 247 стр.
17. *Опасный курс. Пекин: курс, враждебный миру, демократии и социализму*. Выпуска 5-й. Москва, 1974. Политиздат. 360 стр.
18. Сладковский, М. И. (ред.): *Проблемы и противоречия индустриального развития КНР*. Институт Дальнего Востока АН СССР. Москва, 1974. Изд-во «Мысль». 240 стр.
19. EMERSON, J. P.: *Non-agricultural employment in mainland China: 1949—1958*. Washington, 1965. U. S. Gov. Print. Office, (International population statistics reports. P. 90, ser. 21. no.) X 240 p.
20. CHEN, N. R.: *Chinese economic statistics. A handbook for Mainland China*. Chicago, 1967. Aldine, 539 p.
21. TANG, A. M.: *Agriculture in the industrialization of Communist China and Soviet Union*. Nashville, 1967. Vanderbilt University, 1118—1134 pp.
22. ECKSTEIN, A.—GALENSON, W.—UN, T. CH. (ed.): *Economic trends in Communist China*. A Monograph of the Committee on the Economy of China of the Social Science Research Council. Chicago, 1968. Aldine Publishing Company, 757 p.
23. ISHIKAWA, S.: *Agrarian reform and its productivity effect implication of the Chinese patterns*. Hitotsubashi University, Institute of Economic Research. Tokyo, 1968. 313—358 pp.
24. RICHMAN, B. M.: *Industrial Society in Communist China*. (A firsthand study of Chinese economic development and management — with significant comparisons with industry in India, the USSR, Japan and the United States). New York, 1969. Random House. XII 968 pp.
25. *An economic profile of Mainland China*. Joint Economic Committee of the U.S. Congress. New York—Washington—London, 1970. Second printing, XV 684 p.
26. DAWSON, O. L.: *Communist China's agriculture. Its development and future potential*. New York—Washington—London, 1970. Praeger, XVIII 326 p.
27. ISHIKAWA, SH.: *A hypothetical projection of the Chinese economy: 1966 to 1981*. Tokyo, 1970. Hitotsubashi University, Institute of Economic Research. Reprint ser. No. 79. pp. 249—279.
28. KANG CHAO: *Agricultural Production in Communist China 1949—1965*. Madison, Milwaukee and London, 1970. The University of Wisconsin Press, 357 p.
29. CHENG, CH.: *The economy of Communist China. 1949—1969*. Ann Arbor, Michigan 1971, Michigan papers in Chinese studies, no. 9 p. 79.
30. PERKINS, D. H.: *The economic performance of China and Japan, 1842—1969*. Cambridge, Mass. 1971. 42 p.
31. YU, C. L.: *The local industry and its impact on the agricultural development in China. A report on 23 countries in 19 provinces and 1 autonomous region*. Hamburg, 1971. pp. 321—341 (Hamburg, Institute für Asienkunde. Sonderdruck, No. 28).

32. DONNITHORNE, A.: *The budget and the plan in China: central-local economic relations* Camberra, 1972. Australian National University Pr. 19 p. (Contemporary China papers, No. 3.).
33. HEALEY, D. T.: *Chinese real output, 1950—1970*. (Stockholm University, Institute for International Economic Studies, Reprint ser, No. 25.) Stockholm, 1972. 49 p.
34. KUO, L. T. C.: *The technical transformation of agriculture in Communist China*. New York—Washington—London, 1972. Praeger, XX 266 p.
35. *Peoples Republic of China: An economic assessment*. Washington, 1972. Joint Economic Committee, XIV 382 p.
36. SNOW, E.: *The long revolution*. A Division of Random House, Vintage Books Edition, New York, 1973. 270 p.
37. SWAMY, S.: *Economic growth in China and India 1952—1970*. A comparative appraisal. Economic Development and Cultural Change, Volume 21. Number 4. Part II. July 1973, University of Chicago Press. 84 p.
38. SWAMY, S.: *Chinese economic growth: 1966—1972*. Cambridge, Mass. 1973. 28 p. (Harvard University, Harvard Institute of Economic Research, Discussion paper, No. 315).
39. WHITSON, W. W. (ed.): *The military and political power in China in the 1970's*. New York—Washington—London. 1973. Praeger, XXXIV 390. p.
40. Peking Review. January 24, 1975. p. 23.
41. HIDASI, G.: *China's economy in the early 1970s*. Acta Oeconomica, Vol. 9, No. 1 (1972) pp. 81—94.
42. GANIÈRE, N.: *The process of industrialization of China*. Analytical Bibliography. Paris, 1974. OECD. 137 p.
43. PERKINS, D.: *Growth and changing structure of China's twentieth century economy*. (Harvard University, Harvard Institute of Economic Research, Discussion Paper No. 339.) Cambridge, Mass. 1974. 110 p.
44. Renmin Ribao, April 1, 1975.
45. KAŃSKI, W.: *Chińska Republika Ludowa. Zarys rozwoju gospodarczego 1949—1969*. Warszawa, 1971. Książka i Wiedza. 275 p.
46. ROCHLIN, P. R.—HAGEMANN, E.: *Die Kollektivierung der Landwirtschaft in der Sowjetunion und der Volksrepublik China*. Deutsches Institut für Wirtschafts-Vorschung, Sonderheft 86, 1971. Duncker and Humbolt, Berlin, 1971. 175 p.
47. DELEYNE, J.: *L'économie chinoise*. Paris, 1971. Seuil, 221 p.
48. HARNISCH, H.—GLORIA, H. G.: *Die Energiewirtschaft der Volksrepublik China*. (Rohstoffwirtschaft International. 1. Bd.) Essen, 1973. Verl. Glückauf, 141 p.

ЭКОНОМИКА КИТАЯ В СЕРЕДИНЕ 70-Х ГОДОВ И ПЕРСПЕКТИВЫ ЕЕ ДАЛЬНЕЙШЕГО РАЗВИТИЯ

Г. ХИДАШИ

Каковы итоги экономического развития Китая? Какой ступени развития достиг он за последнюю четверть столетия? Какие перспективы экономического роста открываются перед этой страной с самым большим населением в мире на последующие 25 лет? На эти вопросы стремится ответить автор в данной статье.

За прошедшие 25 лет совокупная валовая продукция промышленности и сельского хозяйства Китая возросла в 9,4 раза — по неизменным ценам 1957 года — и составила в 1974 годы 393 миллиарда юаней. Из этого на промышленность приходится 310 млрд. и на сельское хозяйство — 83 млрд. юаней, что соответствует среднегодовым темпам роста в промышленности — свыше 14% и в сельском хозяйстве — 4,4%. За период 1949—1974 гг. среднегодовые темпы роста национального дохода составили в тот же период 7,6%, а его сумма в 1974 году — 225 млрд. юаней, что равноценно 125 млрд. долларов США по официальному курсу того времени. Таким образом показатель национального дохода на душу населения — численность которого, если судить по последним китайским заявлениям, до удивления невысока, — не превышает 160 долларов.

Главной проблемой экономического развития Китая является разрыв в производительности труда между промышленностью и сельским хозяйством, имеющий тенденцию к дальнейшему увеличению. Из общего числа примерно 360 млн. человек, занятых во всех производственных отраслях народного хозяйства, примерно 260 млн. человек, то есть 72% работают в сельском хозяйстве. Несмотря на это, доля сельского хозяйства в национальном доходе сократилась почти до 24% в 1974 году. В том же году 50 млн. человек, занятых в промышленности, дали свыше 44% национального дохода. Это означает, что средняя производительность труда одного работника в промышленности превышала среднюю производительность одного работника в сельском хозяйстве в 9,5 раз, считая и по чистой продукции. Эта диспропорция стала источником целого ряда других диспропорций и напряженных моментов, и в конечном счете она искажает и задерживает экономическое развитие страны.

Именно поэтому автор прогнозирует более медленные по сравнению с прежними темпы экономического роста на следующую четверть столетия: 7% в промышленности и 4% в сельском хозяйстве, что в целом составит среднегодовые темпы роста национального дохода в размере 5,7%. В соответствии с этим к 2000 году сумма национального дохода составит примерно 950 млрд. юаней (по неизменным ценам), то есть 528 млрд. долларов, и в расчете на душу населения — примерно 460 долларов. Если же в последующие 25 лет удастся сохранить темпы роста народного хозяйства Китая на уровне предшествующих 25 лет, то к 2000 году национальный доход составит в сумме 840 млрд. долларов и 740 долларов в расчете на душу населения. Однако даже такой объем национального дохода, который значительно превосходит нынешний национальный доход США в его абсолютном выражении, будет далеко недостаточен для того, чтобы Китай догнал ведущие страны мира, а также для осуществления полной модернизации сельского хозяйства, промышленности, обороны, науки и техники страны.

W. WEBER

ENVIRONMENT PLANNING

The article analyses the feasibility of various theoretically possible solutions to the problem of environment. First a general model is suggested on the connection between economy and environment and such a formula derived from Siebert of social welfare is introduced whereby protection of environment is one of the variables to be maximised. Then two suggested theoretical solutions are subjected to criticism, one based on property rights bargaining (*R. H. Coase*), the other based on taxation (*Rose-Ackerman* after *Pigou*). The author perceives expedient solution in the planned elaboration of standards pertaining to the protection of environment and in their enforcement. The article ends with an analysis of some such standards.

A. Interaction between economy and environment

1. With the help of the following diagram (Fig. 1) we shall try to gain a general view of the interdependence of the economy and the environment.

Environment puts at the disposal of the economy on the one hand, the different *consumption inputs* (arrow No. (5) in Fig. 1) such as air, water, recreational facilities, etc. On the other hand, it provides the resources or raw materials for the *production*

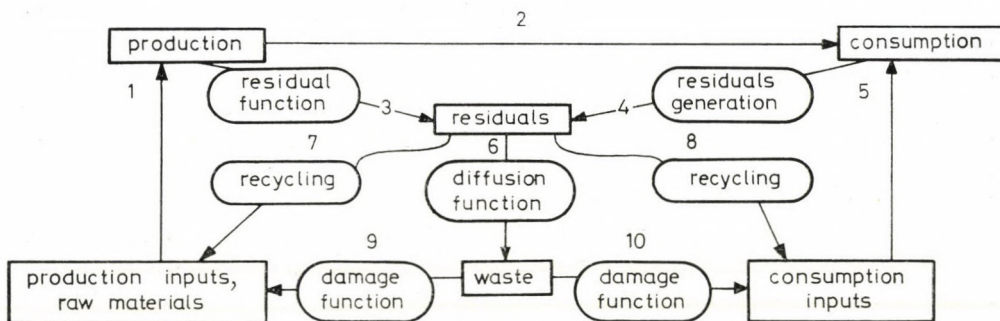


Fig. 1.

inputs: energy, minerals, metals, etc. (1). The goods produced by using these resources finally appear in consumption (2). The *joint products* resulting from production and consumption that cannot be utilized immediately are to be classified as residuals or waste products ((3) & (4)), according to the respective stage of technological knowl-

edge. Consider here e.g. water that was used for the production of energy (cooling systems for electricity), carbonmonoxide emitted by our cars, or maybe domestic waste that is daily produced by the "throw-away-societies" in the industrialized countries of the western world.

The *residuals* dumped into the environment are received by the different constituents of the environment, atmosphere, soil, water. They are partly disintegrated, accumulated, carried to other places or changed in structure. One tries to describe these processes by a so-called *diffusion function* (6) that maps residuals' emission into concentration of pollutants, i.e. noxious agents that exert a negative influence on the environment. This influence may show up as an adverse effect either on the characteristics of the inputs for consumption processes (10), e.g. exposure to noise by an airline; contamination of drinking-water by the industrial disposal of toxic agents, acids, etc.) or on the quality of the inputs for production processes (9), e.g. impairing the activity of a laundry by the smoke of a neighbouring factory). Pollutants' concentration is mapped into social (money-valued) damages by means of a so-called *damage function*. The causing of damages is an indication that environment, at least in a specifically marked-off spatial realm, has ceased to be a free public good. This means that natural resources are not inexhaustible, and their utilization for purpose A by individual X impairs, from a certain point on, their utilization for purpose B by individual Y (this is called "*social congestion*") or for purpose C or other (this is the case of "*competing uses*").

Environmental resources which are scarce but which, for institutional reasons, are not charged for to the person who uses them, will henceforth be called "*common property resources*". The result of their being used as if they were free goods is the fact that their utilization is carried beyond the socially optimal point, since the costs of utilization are disregarded in the profit- and utility-maximizing calculations of the users as they are not being charged for. *The main problem of environmental planning is, therefore, to force actual utilization of common property resources towards a well-defined point of optimal social utilization.*

Before starting a closer discussion of this, mention should be made of the insufficiently investigated and used methods of *residual management* and *recycling of residuals* (7) & (8) which would enable to fight the depletion of the natural resources and the uncontrolled growth of waste. The strategy of recycling aims, on the one hand, to initiate the return of residuals into a more or less productive, or at least tolerable state and, on the other hand, to utilize the input-value left within the residuals by the application of proper technologies, be it by the continued or repeated use within an enterprise or in various industries as a result of interindustrial action.

2. To give precision to the comments in the preceding paragraph we shall now present a simple model which is due to H. Siebert.*

Let us assume that the welfare of a given society depends on the supply of two consumer goods, X_1 and X_2 , and on the quantity U that expresses "environmental quality".

The inclusion of U into the social welfare function W indicates that planning does not simply consider the national economy's final demand (X_1 , X_2) determined in its structure by the pretended consumer's sovereignty as a "sacrosanct" quantity,

* The model is a simplified version of the model in [1].

as if the whole problem was to produce a predetermined vector of final demand with minimal negative consequences for the environment. The social welfare function to be maximized should now read:

$$(1) W = W(X_1, X_2, U) = \text{Max!}$$

When maximizing it the following restrictions should be considered: For the sake of simplification, it is assumed that in our model economy there is but one production factor N with a fixed predetermined quantity N that is shared between the productions of X_1 and X_2 according to production functions $f_i(N_i)$ ($i = 1, 2$) and some pollution abatement (S^r = residuals removal activity) $f_3(N_3)$. In producing the quantities X_1 and X_2 of consumer goods, quantities of waste S_1 and S_2 (e.g. sulfur dioxide and nitric oxide) result according to emission functions $h_i(X_i)$ ($i = 1, 2$). We therefore write down the following equations:

$$\begin{aligned} (2) X_1 &= f_1(N_1) & f_1' > 0, f_1'' < 0 \\ (3) X_2 &= f_2(N_2) & f_2' > 0, f_2'' < 0 \\ (4) S_1 &= h_1(X_1) & h_1' > 0, h_1'' \geq 0 \\ (5) S_2 &= h_2(X_2) & h_2' > 0, h_2'' \geq 0 \\ (6) S^r &= f_3(N_3) & f_3' > 0, f_3'' < 0 \\ (7) N_1 + N_2 + N_3 &= \bar{N} \\ (8) S &= S_1 + S_2 - S^r \end{aligned}$$

In comparison to reality where one activity has frequently multiple waste products as by-products, (4) and (5) are a very gross simplification.

After all, we indicate but a very simple damage function which shows how far environmental quality is impaired by waste products emitted but not removed (i.e. according to (8)):

$$(9) U = g(S) \quad g' < 0, g'' < 0$$

Again, for the sake of simplicity, a diffusion function is not being considered here.

Now we set up the Lagrangean L for our static maximization problem where the λ 's are to be interpreted as *shadow prices* associated with the constraints incorporated:

$$\begin{aligned} (10) L &= W(X_1, X_2, U) - \sum_{i=1,2} \lambda_{x_i} [X_i - f_i(N_i)] - \sum_{i=1,2} \lambda_{S_i} [S_i - h_i(X_i)] \\ &\quad - \lambda_{S^r} [S^r - f_3(N_3)] - \lambda_S [S - S_1 - S_2 - S^r] - \lambda_u [U - g(S)] \\ &\quad - \lambda_N [N_1 + N_2 + N_3 - \bar{N}] \end{aligned}$$

Partial differentiation of L with respect to the choice variables X_i, N_i, S_i ($i = 1, 2$), S^r, N_3, U, S and equating the resulting expressions to zero gives the following relations:

$$(11) x_i = \frac{\partial W_i}{\partial X_i} + h_j' \cdot \lambda_{S_i} \quad (i = 1, 2)$$

$$(12) \lambda_N = (\partial f_i / \partial N_i) \cdot \lambda_{X_i} \quad (i = 1, 2)$$

$$(13) \lambda_{S_i} = \lambda_S \quad (i = 1, 2)$$

$$(14) \lambda_{S^*} = \lambda_S$$

$$(15) \lambda_N = (\partial f_3 / \partial N_3) \cdot \lambda_{S^*}$$

$$(16) \lambda_U = \frac{\partial W}{\partial U}$$

$$(17) \lambda_S = (\partial g / \partial S) \cdot \lambda_U$$

From (11) in connection with (13) and (17) we deduce that in this model the shadow prices of the goods 1 and 2 have to be explained by considering two components, viz. (i) the social valuation of the consumption benefit, $\partial W / \partial X_i$ ($i = 1, 2$) and (ii) the environmental costs caused per unit of the good produced. These result from (α) the marginal quantity of waste emission $h'_i = dS_i / dX_i$ ($i = 1, 2$) resulting per production unit multiplied by (β) the social evaluation of a waste unit emitted, λ_{S_i} . But λ_{S_i} is equivalent to λ_S and has to be equated with (see (17)) $\lambda_U \cdot (\partial g / \partial S)$ which has a negative sign according to our specification of (9); $\lambda_U (\partial g / \partial S)$ can be interpreted — negatively — as *marginal social benefit* from waste emission reduction (i.e. pollution control in our model). On the other side, equations (14), (15) and (17) tell us that the marginal social benefit of pollution control has to be equated with *marginal pollution control costs*, $\lambda_N / (\partial f_3 / \partial N_3)$ in the optimum. Assuming that all conditions for a welfare maximum are met, the problem of environmental planning can now be rephrased as follows: Find institutional arrangements to secure that

$$\begin{aligned} \text{marginal social benefit from pollution control} &= \\ &= \text{marginal pollution control costs} \end{aligned}$$

This is a formidable and complex problem as we shall argue in the following sections.

B. Some suggested solutions to the problem of environmental planning

(a) Bargaining

3. The utilization of a scarce commodity at a price of zero results, as is well known, in an *inefficient allocation* of the resources concerned. If the scarce resource is a public good like air, water and landscape, overutilization results. Let us now assume that *property rights to the environment* could be established in a suitable form so that a positive price for the utilization of scarce environmental resources can be arrived at. Suppose a factory is contaminating a river. The legal order could then either authorize the factory owner to have his sewage run into the river and it would be left to the private initiative of the negatively affected adjoining owners to “*internalize*” the negative *external* effects, i.e. to bribe the factory owner to restrain their polluting activity or even to stop it (maybe by moving the factory). On the other hand, if the legal order safeguards the region’s right to clean water, it would be up to the factory owner to influence the adjoining owners to agree to a *partial* violation of

this right. If it can be supposed that the costs of bargaining and possibly also the litigation costs of private contracting over property rights in the environment were negligible, the assignment of property rights will influence the *distribution of income*, but not the *equilibrium allocation*.

This last statement is known as the *Coase theorem*: *If property rights are clearly defined, and transactions and litigation costs are negligible, society will arrive at a so called Pareto-optimal allocation in spite of externalities, because externalities will be internalized through the process of contract and litigation. The assignment of legal rights will affect matters only through income or wealth effects* [2]. According to the Coase Theorem, there will be no case for public intervention and regulation to restrict pollution, and *a fortiori* to prevent pollution, unless either property rights are not clearly defined and need to be re-defined at the discretion of the state or the transaction costs of contracting (and if necessary of litigation) are not sufficiently small to be regarded as negligible.

4. Let us discuss briefly the consequences of the assignment of property rights on the allocation of resources in the context of the Coase Theorem when, as usually, *transaction costs* are present. It is obvious that there must be influences on the allocation of resources, because if transactions require real resources and any transactions take place, the allocation of resources must be different from a situation where transactions cost no real resources. But, apart from that, it is useful to distinguish *two cases*:

(i) Transaction costs are an overhead cost. In this case one may refer to the concept of social surplus and argue that if the overhead cost of transactions is less than the total benefit to the transactors in the aggregate, the same transactions would occur as in the absence of transaction costs, and — aside from the resource — allocation effects of the transactions themselves — the results on allocation would influence resource allocation only through income effects.

(ii) Transaction costs are proportional, in part at least, to the amount of transactions. In this case, transaction costs constitute a tax on transactions; and since the direction of the desired transactions will be influenced by the distribution of property rights, the tax will cause transactions to fall short on one side or the other of the amount that would be socially optimal in the absence of transaction costs. Hence the distribution of property rights will influence the amount of transactions and the allocation of resources.

The real problems with the Coase-Theorem are at least threefold: *First* property rights in the environment are not clearly defined legally, so that the Coase type of contractual solution is hard to arrange. Defining well specified property rights in the environment is tedious but it seems manageable when legislative bodies reach agreement to settle the involved ethical and distributional conflicts.

Second under the "permissive law" (*E. J. Mishan*), i.e. the law which does not make the pollutor liable for damage caused, "the bargaining process opens up magnificent business prospects: any activity can be turned to profit as long as it is sufficiently annoying to someone else" (*E. Wellicz*). There would be even an incentive to use up scarce resources in deliberately developing pollution-intensive technologies in order to maximize the size of bribe from pollutees. This may well be called "blackmail", i.e. a willingness to incur costs in order to produce a non-optional wrong by privately

profitable but socially deleterious investment activities. It clearly shows an asymmetry between bribes and charges that is not recognized by the Coase-Theorem [3].

Thirdly in typical cases where pollution has dominant aspects of a "public evil" imposed by a few industrial polluters on an amorphous mass of pollutees, the claimants are so many that the transaction costs of settling compensation for externalities are extremely high. Especially, we encounter the well known *free-rider-problem*: it is not in the selfish interest of a rational individual to reveal his marginal willingness to pay correctly. We therefore turn now to solutions of the environmental planning problem that involve government intervention and resort to the state's powers of legislation.

(b) *Effluent fees in pigouvian tradition*

5. A. C. Pigou initiated an influential doctrine which proposes to achieve both the efficient level of pollution and its allocation simultaneously by means of a pure *tax system*. In terms of our model in para. 2, the optimal "Pigou-tax" imposed uniformly on each unit of good i ($i = 1, 2$) produced should be equal to $t^*_i = (\partial W / \partial U) (\partial U / \partial X_i)$ evaluated at the point of social optimal production (X^*_i). Even if we are departing from the assumption that t^*_i can be determined practically, the formulation that was just presented does not appear to be prospective in realistic situations. The economic subjects have all incentives to shift to untaxed goods and production factors. Equation (11), though, shows a possible way out, for $(\partial W / \partial U) (\partial U / \partial X_i) = h'_i \lambda_{S_i}$. Consequently, the tax can be tied to the emission residues S_i ; this is called *effluent* or *emission fees*. But again, for realistic situations one would have to consider that it will be tried to use materials and to develop technologies that substitute untaxed for taxed residual. A correct tax solution would have to depart from pollutant *concentration* (e.g. ppm-SO₂; $\mu\text{g}/\text{m}^3$ particulate matter). Most of the authors, however, are of the opinion that this would encounter practically unmanageable problems in investigating and attributing.

Further problems of a tax solution for the control of negative external effects that may be caused by the emission of a specific noxious matter, S , will be illustrated in Fig. 2.

Along the abscissa we measure the level of the pollutant emission, S . Along the ordinate we measure the marginal social benefit from pollution control which is equal to the marginal social cost from pollution (i.e. $\lambda_U (\partial g / \partial S)$ in terms of equation (17); p. 5); the marginal social cost of pollutant emission reduction (i.e. $\lambda_N / (\partial f_3 / \partial N_3)$ in terms of equation (15); p. 5); the tax t on S ; a variable T' to be explained later.

If MB is the correct marginal social benefit function from pollution control in the area concerned and MC its correct marginal cost, then t would be the correct effluent charge to be imposed uniformly on each unit of S . S^* represents the resulting optimal level of pollution, because it fulfills the necessary optimality condition that marginal social benefit from pollutional control should be equal to marginal pollution control costs (p. 5). This statement needs an important qualification. It is often the case that the marginal product of a unit of emissions in terms of pollutant concentration is very sensitive to source location; e.g., sources which are downwind or downstream of the receptor points, *ceteris paribus*, make less of a marginal contribution to

the degradation of air or water quality than do sources which are upwind or upstream. This calls for a *zonal differentiation* of effluent charges in the area concerned. Within each zone, the tax rate is the same for all emitters of a particular pollutant, but the effluent charge varies across zones according to the zone-specific forms and location of the MB- nad MC-functions shown in Fig. 2.

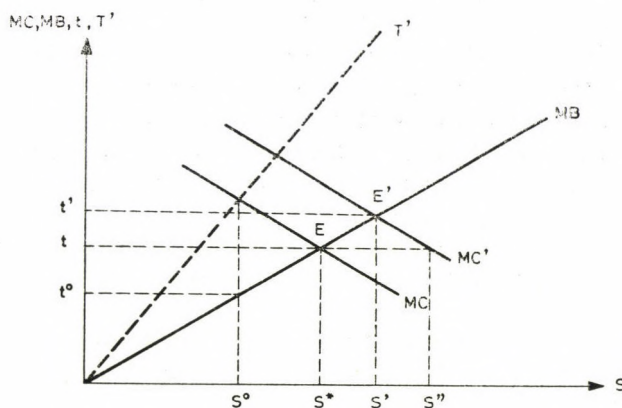


Figure 2

6. We now indicate some caveats about the paradigm as depicted in Fig. 2, following [4].

(i) The firms pay effluent charges in sum (T) corresponding to the rectangle $(OP^*)t$. But with a linear MB-function total social cost (B) imposed is the triangle OP^*E or $(OP^*)(t/2)$. Because in sum tax liabilities T are greater than social costs B , some firms may be forced to close business, even when they could have remained in business if they were required to pay just the social cost imposed by the untreated portion of their residual emissions.

(ii) Assume that *joint treatment facilities* would enable to exploit economies of a scale not accessible to single pollution control of polluters from several zones of the area. Now for optimal plant location the total residual clearly damages B , actually caused by the discharges and usually dependent on plant location are relevant, *ceteris paribus*. Yet in determining most profitable location place discharges are not concerned with B but with emission charge liabilities T in alternative locations. But, as was argued in (i), normally $B \neq T$ and so joint treatment facilities may be located in the 'wrong' places.

(iii) If, e.g., demand for final goods whose production yields residual S as a by-product increases because of, let us assume, population increase and/or by increases of the net income and no mentionable cost reduction can be achieved by new technologies of pollution control, then it becomes more expensive to maintain a given emission level S . The MC-function will move vertically upwards, e.g. as depicted by MC , and *ceteris paribus* the optimal emission level will rise to P' . Now, if tax rate t is not adjusted respectively, i.e. raised to t' , then environmental quality will deteriorate at a rate (SS'') more rapid than optimal (SS') due to the 'sticky' (and in changed conditions suboptimal) charge t . A potential way out of this problem of the growing firm is

by setting the fee "so that the discounted present value of the treatment costs plus residual damages is minimized over the period during which regulations or prices will not be changed. . . . the growing firm would treat 'too much' at first and 'too little' later. Unfortunately, however, reliable estimates of future growth and pollution control costs which are needed for this alternative approach are very difficult to obtain; indeed relatively sophisticated pollution control agencies cannot obtain good data on even current costs and pollution loads" [5].

(iv) A 'non-competitive' polluter, i.e. a polluter or a group of polluters acting as a 'pollution cartel' that is able to influence the effluent charge t by means of its residual emission load, may reason as follows: Reducing residual emission by one unit results (in the situation depicted in Fig. 2) in a tax reduction not only for this marginal unit but also for all intramarginal units of residual emission; this together is T' in Fig. 2 for each level of emissions, S . But equating marginal control costs MC with *tax savings* T' (instead with *tax rate* t) implies a suboptimal low tax rate t° and an excessive level of pollution abatement, S° . Lerner has called this phenomenon "*monopoly in reverse*" [6].

(v) Adjusting pollution control technologies to new levels of emission charges may involve considerable time lags (for a pioneering study see [7]; in the meantime over/under-utilization of existing pollution control capacities is to be expected, implying perhaps considerable welfare losses.

(vi) Discontinuities in cost and benefit functions (in the latter case due to 'threshold' levels in modes of using environmental resources as e.g. bathing; fishing; boating, according to water quality) may render marginal criteria and calculations useless. But the real crux is that there has been growing sentiment among economists that we know (not very much but) something about pollution control costs but have very little knowledge of pollution damage functions. In the whole the amount of information required to establish the optimal level of pollution seems, at least in practice, beyond our reach. Therefore, effluent charges in the pigouvian tradition which attempt to achieve the optimal level of pollution are probably unrealistic. Hence, we stick to formulations, involving alternative standard sets, i.e. desired levels of pollutions viewed as a matter of collective decision making through the political process.

(c) *Regulating environmental quality standards*

7. With politically determined emission or pollution standards, the best policy is one which can achieve the objective at minimum cost. This cost can be broken down into two components: (i) the resource costs, i.e. the costs of achieving the stated objectives, and (ii) the cost transactions, i.e. the costs of implementing and administering the desired policy. In sketching the following model we disregard transactions cost. The model [8] is a linear programming *cost-effectiveness-model* defining the allocation of activity levels which minimizes the resource cost of achieving a given set of quality standards. We now describe it for conceptional reasons and do not wish to discuss its LP-aspects:

$$(18) \quad Ux = s$$

$$(19) MEx \leq q - b, \quad x \geq 0$$

$$(20) z = c \cdot x = \text{Min!}$$

In (18) s is a $S \times 1$ -production constraint vector characterizing quantities of goods (like cement or electricity) to be produced. From the view of "joint production" of residuals s is also a source magnitude vector. For each element of s , s_i ($i = 1, \dots, S$) there may be several production technologies available differing with respect to the method of pollution control (e.g. electrostatic precipitation of particulate matter with 96.4 or 99.6 or 99.9 per cent efficiency). Hence x is defined as an $N \times 1$ -vector of control method activity levels and U is a $S \times N$ -Matrix of elements $u_{ij} = 1$ if control method j is defined for source i and $= 0$ otherwise.

For most control methods, emissions of more than one pollutant P (e.g. SO_2 and particulates in burning coal) are jointly produced. This is characterized by the $P \times N$ -Matrix of pollutant emission coefficients e_{pj} . By means of the $P \times P$ -diagonal matrix M the residual emissions Ex are then mapped into average ambient air concentration q_p of the pollutants p ($p = 1, \dots, P$) in the area X considered; q_p is an element of the $P \times 1$ -vector q . It is assumed that q_p (e.g. ppm SO_2 oder $\mu\text{g}/\text{m}^3$ particulates) is equal the diagonal element m_p of M times the annual flow of pollutant p in X area (e.g. tons of SO_2 or particulates emitted) plus a "background concentration" b_p due to non-identified point- and/or area-sources (i.e. not listed in the s -vector); b_p is an element of the $P \times 1$ -vector b . The coefficient m_p is determined by a simple calculation: Let b_p^{\max} be the highest average ambient air concentration of pollutant p in X area and RE^p total emission of pollutant p ; then $m_p = (b_p^{\max} - b_p) / RE^p$. This calculation does observe temporal and geographic differences of pollutant diffusion, at best very crudely it "emphasizes source strength and deemphasizes source location" [9].

It remains to introduce the $1 \times N$ -vector c with elements c_j giving the unit costs of control method activity j . If the costs of existing or voluntary controls are assumed to be zero then z is the value of resources devoted to "extra" emission control. Now the problem is to determine the set of control method activity levels x_j which minimizes z for a given production constraint vector s and a politically determined vector q of pollutant concentration q_p . Let us call this an *ELC* = (emission least cost)-strategy.

8. An alternative to the *ELC*-strategy is based on a model with pollution sources differentiated and emission coefficients weighted according to *source location* in the X -area. Distance from the receptor point and meteorological conditions like wind speed, direction and stability would enter the weighting calculations. The new model would link a unit of control method activity in a source point k to an ambient air concentration of pollutant p at a receptor point λ . If the relation is a linear one, we can express this *diffusion mapping* by a constant *transfer* (or diffusion) *coefficient* $h_{\lambda k}^p$. Least cost regulating now requires that the levels of control method activities in the source points k be chosen so that specified production constraints will not be violated and politically determined ambient air quality standards at each receptor point λ be achieved with minimum resource costs. Let us call this an *ALC* = (ambient least cost) strategy.

On the other hand, one might follow for the sake of administrative ease and simplicity a rather primitive strategy like this: Assume (as is done in the ELC-model) that environmental quality standards vary in proportion with total residual emissions of the area concerned. Calculate for pollutant P the coefficient m_p which maps mass emission into ambient air quality along the lines indicated in §7. The reduction required in area emissions of pollutant P is now given by $RER^p = (b_p^{\max} - q_p^*)/m_p$, where q_p^* is the desired ambient air quality standard for pollutant p . To allocate the calculated RER^p point sources are broadly classified in categories like fuel combustion, industrial process, solid waste and allowable emission rates within each category are typically determined according to plant size. This is the model underlying the procedures that are followed in the U.S.A. for state implementation of the Clean Air Act 1970; let it be called the *RB* (=rollback)-strategy.

With the *RB*-strategy there are probably the least costs of implementing and administering environmental policies. The ELC-strategy has probably higher transactions costs since it requires estimating and adapting estimates of unit costs of using alternative control methods. The ALC-strategy is probably still more costly since it requires in addition reliable diffusion models to be incorporated into the strategy. But notice that ease and simplicity of administering may have their own "social" costs: A recently published simulation study from the U.S. indicates that the opportunity (resource) costs to achieve desired standards may be about 6–10 times as high with the *RB*-strategy and about 1.3–6 times as high with the ELC-strategy as compared to the ALC-strategy which can be assumed to come closest to the intended goal of minimizing resource costs of pollution control [10].

C. Towards a strategy for a rational environmental policy

9. Our discussion so far implies that complete legal *prohibition* of environment-polluting activities is probably *never rational*; but legal *restriction* of such activities *normally is rational*. One may argue this case along the following lines: Since environmental pollution is normally a joint product the production of desired goods, complete prohibition of one implies either complete prohibition of the other or a substantial increase in its cost (to eliminate pollution), and neither of these is likely to be rational as compared with some restriction of pollution. On the other hand, the "Coase theorem" (§ 3) says that non-regulation would result in the social optimum if property rights were clearly defined and transactions costless. Since neither is the case, legal restriction is likely to be the *lowest-cost way* of moving towards the social optimum in a large number of cases. The question now is: What level of legal restriction and what strategies to achieve these levels are to be recommended?

We want to propose a three-level scheme for a rational policy of environmental planning. It offers "satisfying" though not theoretically optimal solutions.

(a) *Government (at the highest political level) is concerned with global long-term perspective planning of the environment we want to live in.* In this phase, fundamental alternatives of social and economic policy have to be outlined and chosen, based on a respectively long-termed system model. Because of "external" effects of using up raw materials and of pollution, environmental policies regularly require interregional

and, according to circumstances, international co-ordination. This is true to the same extent for the guiding image ("guide lines") towards future civilizations, especially because of the international ramifications of commerce.

International co-operation cannot be effective unless it is accompanied by a general change in the awareness of a necessity for new values and attitudes towards environment. Extensive interpretations of sovereignty would have to be abandoned just like the now sacrosanct fetish of economic growth. The "throw-away" philosophy of the affluent society (*J. K. Galbraith*) would have to give way to conscious austerity in the utilization of scarce public goods (resources).

(b) *Medium-term planning (also at the highest political level) involves political determination of environmental quality standards.* This ought to be at a level above the regional one except for crises that demand immediate changes. These standards ought to be adapted at a level above the regional one at a medium-term rate (about five years), if there is sufficient evidence to make a comparison of their actual implications with the results hoped for. As there is regularly no preference for a state at which all environmental media and all regions affected show up the same degree of pollution, a regional differentiation of the rate of contamination by the major use of a zone, e.g. industrial residential and recreational areas, will be desirable. This is to be lastingly based on political value judgements*. It could and should be secured, though, by cost-benefit-analysis of production locations, transport facilities, labor potential, health hazards by pollutant concentration, recreational facilities, etc.**

(c) *Actual measures concerning the control of the environment according to politically determined environmental quality standards* can be left over to lower-ranking authorities like an environmental protection agency whose competencies would have to be exactly stipulated by law. If the environmental quality standards are politically reached one way of implementing them consists in setting up legal enforcement schemes according to the RB-, ELC-, ALC-strategies described in paras 7 and 8. But even if one has the necessary informations on the costs of pollution control and the respective diffusion models at one's disposal in order to implement an ALC-strategy, emission standards enforcement schemes give no incentives for individual enterprises to develop new resource-saving flexible technologies to underbid the legal standards. Economists therefore prefer to recommend pricing mechanisms to achieve the predetermined standards. These schemes are called "*standards-and-pricing*"-approaches for rationing scarce environmental resources.

* "Because environmental quality is comprised of a 'mix' of elements, or environmental quality indices, and because not all the benefits, corresponding to different levels of each index of environmental quality can be estimated, what is an optimal mix of environmental quality considering the range of residuals which affect the various environmental media and their users? Is a mix involving a reduction in liquid and gaseous residuals by 85 per cent, lowering the intensity of background noise by 25 per cent, and reducing the visibility and proximity of solid residuals by 50 per cent better than, as good as, or not as good as a "mix" represented by reductions of 50 per cent, and 25 per cent, respectively — or any other combination?" [11].

** One knows e.g. that SO₂ air pollution has "adverse health effects . . . when 24-hr average levels of sulfure dioxide exceeded 300 mg/m³ (0.11 parts per million) for three to four days . . . ; also when the annual mean level of sulfure dioxide exceeded 115 mg/m³ (0.04 ppm) . . . Visibility reduction to about five miles was observed at 285 mg/m³ (0.10 ppm), and adverse effects on materials at an annual mean of 85 mg/m³ (0.03 ppm)" (US-National Air Pollution Control Administration, Air Quality Criteria for Sulfur Oxides, Publication No. 50).

10. Although in agreement up to this point on the basic argument, the question emerges how the appropriate price should be established and maintained. There are two main proposals for implementing the basic argument:

(a) *J. H. Dales* [12] and *E. J. Mishan* [13] propose that a sort of property rights in public good resources should be created by the government and these rights be allocated by the price system in artificial markets for "pollution" or "emission" certificates.

(b) *W. J. Baumol* and *W. E. Oates* [14] argue that the appropriate price should be imposed by the government in the form of a tax on waste discharges. It is not necessary to guess the right level of this tax from the very first it can be established by trial and error. If after imposing the first trial tax rate the observed level of pollution is higher than the desired level, the tax is increased. If the desired level is higher than observed, then the tax rate can be lowered. Through this method of successive approximation the government can derive just that structure of emission tax rates that will exactly induce the politically postulated levels of pollution.

Both these methods of *indirect control* have certain important advantages in common:

(i) The proposed methods provide strong incentives for the *reduction* of the residuals within an enterprise, because each "price-relevant" emission turns into costs for the enterprise.

(ii) The cost-minimizing reduction of the residuals is induced *automatically* without overburdening the administration with complicated calculations of pollution control costs and/or without demanding direct interferences with far-reaching consequences like production quotas.

(iii) Independent from market structure and business targets, a cost-minimizing firm will, by principle, reduce its output as long as the marginal costs of a further reduction of its production will just equal the price (tax) per emission unit. As all firms are subject to the same price (tax), equality of the marginal costs for the reduction of the waste emissions would result for all firms.

In summary, the case of using either an auction market for emission certificates or a specific per unit emission tax as means of social rationing scarce public good resources rests on a theorem which states that a single per unit "price signal" on each type of waste discharge will achieve the desired standards at minimum resource cost [15]. It means that it is impossible to lower the overall costs for the warranting of a politically determined environmental standard by, let us say, prescribing an alternate production quota system. Therefore, the procedures outlined above are the cheapest methods in administering politically prescribed minimal environmental standards.

11. However, it should be kept in mind that our discussion in § 8 implies that a uniform price of emissions certificates or a uniform tax on discharge of a particular pollutant will minimize the cost of achieving a given quality standard only when the marginal physical product (in terms of pollutant concentration) of a unit of emissions of this pollutant is the same for all emitters, i.e. when the resulting pollutant concentration is independent of source location. Now this is typically not the case:

Let us now consider the tax solution (b): theoretically, one would have to fix for each emitter a tax respective to his location. This, however, is administratively

and politically impracticable. Therefore one should establish zones within which a uniform tax would be imposed on the emission of a particular pollutant. The more widemeshed this net is established, the more one will depart from the (theoretical) minimum of resources costs necessary for the maintenance of the desired standards. If the whole net, in a marginal case, has but one mesh, i.e. the whole area is treated as *one* zone and consequently a uniform emission tax is imposed, you get the case of a ELC-strategy (p. 13). Under certain circumstances, this may require considerable additional resource expenses as compared to an ALC-strategy which takes into consideration the different conditions of diffusion.

In a *zonal pricing and standards approach*, each zone has a predetermined air quality standard. Using, e.g., existing air diffusion models which express the ground level steady state concentration in a receptor zone λ as a linear function of emissions of a particular pollutant, l_k , in all other zones k by means of transfer coefficients $h_{k\lambda}$ (p. 14) one may compute the zonal pattern of emissions which is compatible with the desired air quality standards S_λ^* by solving the following system of λ linear equations:

$$(21) \quad \sum_k h_{k\lambda} \cdot l_k^0 = S_\lambda^*$$

for the l_k^0 's. Notice that the system (21) may not have a nonnegative solution vector $[l_k^0]$ despite of $h_k \geq 0$ and $S_\lambda^* \geq 0$. But suppose (21) has a unique nonnegative solution vector $[l_k^0]$. Then in the tax solution the emission rates l_k^0 become target rates and the tax level can be raised or lowered in each zone k until the actual emission rates of the pollutant considered are equal to the desired emission rates. If we interpret the l_k^0 as quantities of location differentiated "emission licences" — $l_k^0 = \sum_i l_{ik}^0$, where l_{ik}^0 is the quantity of licences (each licence giving the right to discharge one unit of the particular pollutant) in the portfolio of agent i in zone k — then there will possibly be a different price p_k for one unit licence according to the location k , where emission will be permitted.

Both schemes (a) and (b) seem to be equivalent. One may argue, though, that scheme (a), the market solution, is to be preferred. Firstly, the auction of licenses by an environmental protection agency would direct the trial and error process leading immediately to the determination of the correct price. With the tax solution, administrative inertia would provoke at least a time lag, in the necessary temporary adaptation of the effluent tax. In addition, a fluctuation of the prices of emission licenses might be more understandable for the economic agents than fluctuation of the rate of of an effluent tax determined administratively by a trial and error process. Beside these rather practical considerations, a more theoretical argument has to be taken into account. Contrary to the tax solution (b) where immediate tax incidence is always on the polluter according to his waste discharge, scheme (a) enables to distribute the quantity of emission licences l_k^0 calculated according to (21) among the polluters of region k , possibly by aiming at targets of a certain policy of distribution. Whoever owned more emission licenses than he would like to make use of could sell them profitably to other entrepreneurs of the region. If it were feasible to replace the emission licenses by defining rights that would authorize to produce a given pollutant concentration in a receptor point λ and to auction off these rights in the form of pollution licenses instead of emission licenses, the distributive degree of

freedom would be enlarged considerably. In this case, one would but have to determine the overall quantity (without zonal differentiations!) of the pollution licenses, l_λ , in a way fit to maintain the desired environmental quality standard, S_λ^* , i.e. $l_\lambda^0 \leq S_\lambda^*$. The amount l_λ^0 could then be distributed by various, e.g. distributively motivated, criteria among enterprises and/or households of the control area.

References

1. SIEBERT, H.: *Externalities, environmental quality and allocation*. In: Zeitschrift für Wirtschafts- und Sozialwissenschaften. 1975. (forthcoming).
2. COASE, R. H.: *The problem of social cost*. In: Journal of Law and Economics. Vol. 3. October 1960. pp. 1—44.
3. KAMIEN, M. J.—SCHWARTZ, N. L.—DOLBEAR, F. T. JR.: *Asymmetry between bribes and charges*. In: Water Resources Research. 1. 1966. pp. 147—157.
4. ROSE-ACKERMAN, S.: *Effluent charges: a critique*. In: Canadian Journal of Economics. 6 (1973). pp. 512—528.
5. op. cit.: p. 520.
6. LERNER, A. P.: *The 1971 report of the President' Council of Economic Advisers: priorities and efficiency*. In: American Economic Review. 61 (1971). pp. 527—530.
7. GRIFFIN, J. M.: *An econometric evaluation of sulfur taxes*. In: Journal of Political Economy. 82 (1974). pp. 669—688.
8. KOHN, R. E.: *Optimal air quality standard*. In: Econometrica. 39 (1971). pp. 983—995.
9. op. cit.: p. 986.
10. ATKINSON, S. E.—LEWIS, D. D.: *A cost-effectiveness analysis of alternative air quality control strategies*. In: Journal of Environmental Economics and Management. 1. 1974. pp. 237—250.
11. DOWER, B. T. in: Journal of the American Institute of Planners. July 1971. p. 220.
12. DALES, J. H.: *Pollution, property and prices. An essay in policy-making and economics*. Toronto, 1968.
13. MISHAN, E. J.: *The costs of economic growth*. New York, 1967.
14. BAUMOL, W. J.—OATES, W. E.: *The use of standards and pricing for the protection of the environment*. In: Swedish Journal of Economics. 73 (1971). pp. 42—54.
15. op. cit.: p. 54.

ПЛАНИРОВАНИЕ ОКРУЖАЮЩЕЙ СРЕДЫ

В. ВЕБЕР

В статье анализируются целесообразность различных решений проблемы охраны окружающей среды, одинаково возможных с теоретической точки зрения. Сначала дается общая модель связи между экономикой и окружающей средой, затем дается формула Зибберта, показывающая функцию общественного благосостояния, в которой охрана окружающей среды также фигурирует в качестве переменной, подлежащей максимизации. Вслед за этим дается критика двух теоретических концепций, в основу которых положены торги в рамках права собственности (Р. Х. Коуз) и налогообложение (Роуз-Акерман вслед за Пигу). Аргументация автора по отношению этих концепций состоит в том, что права собственности мало определены с точки зрения охраны окружающей среды, поэтому осуществление этого предложения будет затруднительным. Автор указывает при этом на то, что в данной концепции не учитывается асимметрия между величиной штрафов и затрат, а также на трудности проведения в жизнь подобного рода требований. Что же касается предложения, основанного на теории Пигу, то против нее автор возражает тем, что оно связано с неразрешимыми проблемами в области установления объекта налогообложения и сбора налогов. Автор говорит, что под-

держание оптимального уровня загрязнения окружающей среды требует такой огромной информации, которую невозможно обеспечить. Следовательно этот путь нереален.

Автор усматривает целесообразное решение этих проблем в планомерном установлении норм охраны окружающей среды, и заключение дает несколько образцов таких норм. Он предлагает схему рациональной политики в отношении планирования окружающей среды, состоящую из трех уровней: а) всеобъемлющее и долгосрочное планирование охраны окружающей среды на правительственном уровне, б) среднесрочное планирование охраны окружающей среды также на правительственном уровне, включающее политику в отношении разработки норм охраны среды, и в) фактические мероприятия по охране окружающей среды на уровне ниже правительственного, исходящие из определенных норм охраны среды. Предлагается два возможных пути осуществления этой программы, которые рассматриваются как косвенное нормирование: один путь рыночный, второй — путь налогообложения. Хотя оба пути представляются автору равноценными, он тем не менее считает более предпочтительным рыночное решение.

REVIEWS

TREND OF CONSUMER PRICES IN HUNGARY 1968–1975

Á. MARTON

In Hungary the mechanism of consumer price formation has basically changed with the 1st of January 1968: the price system in which the overwhelming majority of commodities and services had been fixed by the authorities uniformly all over the country was replaced by a freer price mechanism reacting more sensitively to market effects as well as to changes in demand and supply and in production costs than before. Consumer price movements became more vivid and the rare changes in the official prices – which, however, had been relatively considerable – were replaced by a permanent slow movement of the price level. Beside more frequent changes in the official prices, a significant role is played by changes in prices resulting from market effects.

On the basis of the available data covering more than seven years the characteristics of the development of consumer prices can be properly reviewed.

Considering, however, that the trend of prices can be properly judged from the point of view of the consumers only together with the increase of wages and other measures compensating the increase in prices, a survey of the changes in real incomes must be also given.

Main features of the consumer price system

The new price system introduced on the 1st of January 1968 had to be developed while observing the following highly important conditions and guiding principles:

- relative consumer prices should approach – apart from some exceptions – *the input relations* (e.g. the prices of beverages and tobacco etc. will invariably include high taxes and in the case of certain agricultural products certain state subvention should be reckoned with in the future, too; thus, some preferences and disadvantageous discriminations will continue to be applied, but in an ever narrower sphere);
- the price mechanism should be made *more flexible*, essentially narrowing the previous scope of official price regulation, (the direct official price regulation, products with fixed or maximized prices cover less than half of consumption, but precisely the products and services of fundamental importance);
- measures affecting consumer prices should be taken parallel with *steadily*

increasing the living standards, ensuring that the living standards of no layer of the population will decrease as a consequence of the price measures.

Thus, in the present price system there are officially fixed (price form I) and maximized (price form II) prices as well as prices moving within officially determined limits (price form III) or completely freely (price form IV) existing simultaneously. To this latter category — covering more than half of consumption — belong the fashion articles, food products of not fundamental importance, the overwhelming part of industrial products and also the prices of free-market agricultural products.

The National Office of Materials and Prices regulates by a special order to which price form the individual products belong. Special methodological prescriptions provide for the calculation principles on whose basis the prices of articles belonging to different price forms should be determined.

In the Hungarian system of consumer prices it is the turnover tax that links producer to consumer prices, expressing the desirable or historically developed preference or disadvantageous discrimination by which the relative consumer prices differ from relative producer prices. In the present consumer price system the prices of the major part of articles sold in retail trade are not determined officially. The system of turnover taxes has thus become a tool of government price policy allowing to influence the development of even completely free prices. Namely, a modification of turnover tax rates brings about a basically proportionate increase or decrease of consumer prices as a consequence of the price policy attitude of the enterprises expected from them. (The planned perspective modification of relative consumer prices and their approach to the producer price relations can be realized also by means of modifications of the turnover tax system. (C.f. [1]).

Trend of the general price level

In the first years after 1968 state planning reckoned that the increase of the average price level resulting from the movement of market prices of articles belonging to the freer price form would not exceed 2 per cent p.a.

The last comprehensive official price regulation which directly determined consumer prices was implemented with 1st of January 1968. The average price level was then reduced by more than 1 per cent. Within this, the average level of the so-called starting prices introduced at that time was by 2 per cent higher in catering and by 4 per cent in the servicing industry, while in all other commodity groups it was by about 1.5 per cent lower than the average price level of 1967.

When introducing the new price system it could not be foreseen exactly to what extent the prices of commodities belonging to the freer price form and making up about half of the turnover of retail trade would increase. This is why the central economic administration formed a reserve, as it were, with the price reductions at the beginning of the year, so that the average price level of 1968 should by no means considerably exceed that of 1967.

In the first few months of 1968 the enterprises rather refrained from changing prices. After the long period under the system of fixed official prices a certain time was necessary for them to accommodate to the new situation. The first remarkable

price increases by the enterprises could be observed in the autumn of 1968, in the clothing articles belonging to the category of free prices. Thus, as a result of the price increases in the second half of the year, the average consumer price level of 1968 basically corresponded to that of 1967.

Table 1
Changes in the consumer price index of the total population
(per cent)

Year	Food	Beverages tobacco etc.	Clothing	Other in- dustrial goods	Heating, lighting	Services	Total
1	2	3	4	5	6	7	8
Changes over the previous year							
1968 ^a	-0.5	1.5	-0.4	-2.6	-1.1	3.7	-0.3
1969	0.8	-0.2	3.0	2.5	-4.1	2.9	1.4
1970	0.9	0.5	2.3	1.7	-1.8	1.9	1.3
1971	2.0	1.3	2.4	1.5	-0.9	4.5	2.0
1972	1.1	7.3	4.0	2.3	-2.1	3.5	2.9
1973	4.7	7.7	1.8	1.2	-2.0	2.2	3.3
1974	0.5	2.3	2.0	2.4	5.6	1.8	1.8
First half of 1975 ^b	-0.3	4.6	4.1	6.3	13.1	2.3	3.5
as percentage of 1968							
1974	110.3	120.1	116.5	112.1	94.6	118.1	113.4
Average yearly change							
1968-1974	1.6	3.1	2.6	1.9	-0.9	2.8	2.1

^a The starting prices introduced on January 1st reduced the price level by about 1.5 per cent.

^b Basis of the preliminary data referring to the first half of 1975 is the same period of the preceding year

Source: A fogyasztói árak változása a lakosság főbb rétegeinél 1974-ben és 1975. I. félévében. (Changes in consumer prices with the main strata of the population in 1974 and in the first half of 1975.) Budapest, 1975. Központi Statisztikai Hivatal

No price measure considerably influencing the average price level was taken in the years 1969-1971; the increase of the consumer price index did not exceed 2 per cent in any of these years. Later the price measures taken by the Government had a price-increasing effect in 1972 and 1973, a partly moderating and partly increasing result in 1974, while in 1975, again, a price-level-increasing effect.

The price increases carried out several times from the beginning of 1968 until the middle of 1975 would have raised the price level by 8-9 per cent in their totality, while price reductions in themselves would have meant about 2 per cent. Thus, from

the about 17 per cent increase of consumer prices central price modifications accounted for 6–7 per cent in our balance. The more than 10 per cent left resulted from the so-called market effects: from the price increases made by producing and trading enterprises, which were partly justified by the rising import and other costs. It must also be taken into consideration that certain price measures of the authorities affected the increase of the market price level as well.

Development of prices and living standards

The effectiveness and success of price policy as an integral part of living standards policy can be assessed through the development of wages and living standards, as well as by international comparison.

The transformation of the domestic price system and its approach to the input proportions cannot be realized without a small increase of the price level because of the world-wide inflation and the modifications in relative prices and costs. The government ensures the steady raising of living standards by increasing wages and other incomes, as well as in certain cases by direct compensation of justified price increases, with special attention paid to the development of the expenses and incomes of different strata.

Since the beginning of 1968 the following important non-wage living-standard policy measures were taken *in connection with price increases*.

The first important measure improving living standards was taken in 1970, when pensions under 1600 forints were raised. Following this a resolution was taken on an automatic 2 per cent yearly increase of pensions with regard to the planned yearly 2 per cent increase of the consumer price level. There is a significant compensation for the increase of rents. After the raising of rents in 1971 the difference between old and new rents is paid by the employer until the rise in wages will not cover four times the difference between the two rents. (The amount of rent-compensation is reduced by 25 per cent of the increase of the wage or salary.) In 1972 the family allowance of families keeping more than two children was raised.

The increase of the prices of milk and dairy products in 1973 affected every layer of the population. Since the yearly 2 per cent increase of pensions did by no means compensate for the price increase pensions were uniformly increased by 50 forints. Simultaneously, mothercraft aid* was increased from 600 to 800 forints monthly and also the amounts of family allowance were raised. On the other hand, the price of so called baby-milk reserved for children under the age of 6, pregnant or nursing mothers did not change.

As a consequence of increased fuel prices in 1974 the expenses of the population significantly increased. To compensate this, every worker and employee as well as pensioner receives a monthly 50 forint allowance above wages. Accordingly, the amounts of mothercraft aid, family allowances and scholarships were also increased by 50 forints.

* This aid is paid to mothers bringing up a child under the age of 3 if they were in employment before the child was born, but chose to stay home for three years.

Table 2
Development of real incomes and real wages

	1967/1969	1974/1976	Yearly rate of increase, per cent	
	index numbers		1961/67	1968-74
Real incomes	132.5	145.6	4.1	5.6
Real wages	116.0	126.8	2.1	3.5

Source: Főbb népgazdasági folyamatok 1974. (Main processes in the national economy, 1974.) Budapest, 1975. Központi Statisztikai Hivatal

The considerable rise of living standards has been ensured by a dynamic increase of wages and other incomes. *On a yearly average both real wages and real incomes have increased more rapidly since 1968 than between 1960 and 1967.*

The series of important wage-increasing measures was opened by raising the wages and salaries of health workers, of the employees of the Hungarian State Railways and of local transport workers in 1970. In 1971 the salaries of pedagogues and of doctors were raised. In 1973 the wages of the workers and foremen in the state industry and in 1974 of those in the building industry were raised by 8-10 per cent on the average. In 1974 the salary of council employees was increased. From the 1st of July, 1975 pensions were raised with special regard to the lower ones which were increased to a greater extent than the average.

Comparing the development of consumer prices in Hungary to that in some capitalist countries we obtain a very favourable picture. When making comparison with the socialist countries also the *methodological deviations in the calculation of price indices* should be taken into consideration, beside several other economic-policy factors.

Consumer prices in some other countries developed as follows:

As can be seen from the above table, inflation has considerably accelerated in the developed capitalist countries and in the 1970's quite until recently an ever increasing rate can be observed.

In connection with the almost unchanged price indices of the socialist countries (except for Yugoslavia) it must be noted that the calculation of price indices is based in several countries on the consideration of central price measures. Changes in the price level resulting indirectly from quality changes and the not always proportionate price formation of new articles are not taken into account. However, these changes generally raise the price level even if not considerably.* This methodological deviation, however, does not change the fact at all that the *European CMEA-countries succeeded in realizing a relative stability of consumer prices.*

* In Hungary consumer price indices are calculated by sampling, relying on the observation of the prices of about 2300 items (commodities and services) all over the country, they are always related to the same period of the previous year. The individual representants indicate changes in the prices of a group of articles which are in close replacement relationship with each other and meet identical consumption requirements. Thus, the price indices contain also the so-called concealed price increases. Weighting takes place by using a yearly changing "basket", on the basis of continuous household budget statistics. Base indices are established by the multiplication of chain indices.

Table 3
Changes in the consumer price level

Country	1961—1967	1968—1973	1973	1974	(Yearly increase, per cent) Same period of 1975 related to that of 1974
1	2	3	4	5	6
Austria	3.7	4.8	7.5	9.5	8.6 (March)
Belgium	2.8	4.5	7.0	12.7 ^a	14.4 (April)
UK	3.4	7.0	9.2	15.9	21.1 (March)
France	3.3	5.9	7.3	13.7	13.2 (March)
Netherlands	4.0	6.5	8.1	9.7	10.3 (March)
GFR	2.9	4.1	6.9	7.0	5.9 (March)
Italy	4.3	5.0	10.8	19.1	21.2 (March)
Switzerland	3.5	5.1	8.7	9.8	9.3 (April)
Sweden	4.1	5.3	6.8	9.9	7.9 (March)
USA	1.7	4.9	6.2	11.0	10.3 (April)
Hungary	0.1	1.8	3.3	1.8	3.5 (first half)
Czechoslovakia	0.8	1.1	0.3	0.4	...
Poland	...	0.7	0.5	6.2	2.9 (first quarter)
GDR	0.0	-0.2 ^b	-0.4		
Romania	...	0.7 ^b	0.7		
USSR	...	0.0 ^b	0.0		
Bulgaria	...	0.6	0.2		
Yugoslavia	14.0	12.7	21.4	21.1	25.1 (March)

^a without rents

^b calculated from data in 1967—1972

Source: Yearbook of Labour Statistics 1974. Monthly Bulletin of Statistics 1975, Jun e

Prices of individual groups of consumer goods

Consumer prices in Hungary have developed since 1968 by major commodity groups and important articles as follows:

The retail price level of *food-products* decreased by 2.4 per cent in 1968 under the effect of central price adjustments and some other factors. Between 1969 and 1972 the price increase did not reach 1 per cent in any year. The great majority of articles belonging to this group is in the officially fixed or maximized price category and no significant official price modification took place until 1973. However, some price movements could be observed in the scope of certain articles belonging to the freer price form. In 1973 significant official price modifications took place. The prices of milk and dairy products were raised by 33 per cent on the average, and the price of butter by 20 per cent. As a result the retail price level of food-products (sold in shops) increased by 3.5 per cent against 1972.

The price movements of articles with seasonal prices were the most considerable both in the shops and on the market.

Articles with seasonal prices cost in the shops by 41 per cent more in 1973 than six years earlier. Since then — for the first time after several years — a decline of a few per cents may be observed. The price level of vegetables and fruits increased faster than the average.

The prices of articles with seasonal prices increased to a greater extent on the markets between 1967–1974 than in the shops, namely, by 53 per cent. The prices of vegetables and potato increased more than the average.

Table 4

Price indices of products with seasonal prices in the shops and on the markets
(Index: 1967–100)

Year	Live poultry		Eggs		Potato		Vegetables		Fruits		Total	
	shops	markets	shops	markets	shops	markets	shops	markets	shops	markets	shops	markets
1968	98	100	104	96	112	123	117	117	104	100	107	108
1970	86	99	90	87	117	122	148	133	106	105	114	114
1972	78	116	97	92	134	137	166	158	143	140	133	134
1974	81	109	102	93	134	164	189	198	135	149	139	153
First half of 1975*	96	104	94	91	104	91	91	87	93	98	95	92

*Related to the same period of the previous year

Within the articles with seasonal prices the average price level of poultry and eggs, i.e. of animal products less depending on the weather and producible under large-scale conditions, first decreased to some extent and then increased as compared to 1967, showing relatively small fluctuations. However, the price level of domestic fruits, potato and vegetables depending on the weather has considerably increased.

The supply of vegetables and fruits has not developed properly in recent years. In 1974 the volume of turnover in shops and on the markets, was by nearly 15 per cent less than in 1967. The turnover of potato did not grow either. On the other hand, the shop turnover of canned vegetables and fruits considerably increased, amounting to about 1.8 thousand million forints in 1974 which is much more than double of the volume of 1967.

The prices of meals in the catering trade rose between 1967 and 1974 by 1.5 per cent on annual average. Within this, by 2 per cent in 1968, by little more than 1 per cent yearly between 1969 and 1972, by 2.5 per cent in 1973 resulting from the multiplying effects of the price increase of food-products and by less than 2 per cent in 1974.

The retail price level of *beverages and tobacco* increased by a total of 23 per cent between 1967 and the first half of 1975. In 1968 the price level of non-alcoholic beverages as well as coffee and tea increased by 5 and 3 per cent, respectively, resulting first of all from the growing turnover of articles with new fancy names sold at differing prices. In 1969 only the prices of non-alcoholic beverages increased but this was compensated by the selling of wines at temporarily reduced prices. In 1970 non-alcoholic

beverages became more expensive again, (by 5 per cent), while the prices of coffee and tea decreased by 3 per cent. In 1971 the prices of alcoholic drinks increased by 2 per cent as a result of a 10–15 per cent increase of the prices of cheaper table- and dessert-wines.

There were significant official price modifications in 1972. From February 1st the price of beer increased by 20 per cent and the prices of champagne and sparkling wines were raised by 10–25 per cent from May 22nd. As a consequence, the alcoholic drinks cost by 8 per cent more than in 1971. In this year also the price level of non-alcoholic beverages increased by 3 per cent, but the price of tea decreased by 3 per cent. On the whole the price level of beverages and tobacco increased by 3.5 per cent in 1973.

As a result of official price measures further price increases took place in 1973. On January 8th the prices of spirits (brandy) and tobacco goods were raised by 15 and 25 per cent, respectively. Following the price increases the retail price level of the group as a whole increased by 9.2 per cent in 1973. In 1974 the almost 20 per cent rise in the price of coffee in March and the 17–18 per cent increase of the prices of wines in December are worth mentioning.

The prices of beverages and tobacco charged in the catering trade increased by about 30 per cent between 1967 and the first half of 1974. The already mentioned price adjustment by the authorities in 1973 resulted in a much higher, about 10 per cent, increase of average catering prices than that of retail prices, owing to the deviating commodity patterns. (Between 1968 and 1971 the prices increased only by 1–2 per cent yearly.) The price increases of 1973, again, raised the price level of these goods in the catering trade by 6.8 per cent. In 1974 the price of coffee sold in restaurants and espressos increased much less than the retail prices, only by 5–6 per cent.

The 26 per cent total price increase of beverages and tobacco during these seven years and a half has been caused mostly by official price increases implemented in the last three years.

The price level of *clothing* increased by about 21 per cent during the seven years and a half. The average of 1968 did not reach the level of 1967, nevertheless, because of the reduction of the starting prices, they started to grow in the middle of 1968. In 1969 the price index increased by 3 per cent, in spite of the moderating effect of price reductions during the seasonal clearance sales at the end of February and August which considerably exceeded that of the previous year. The 2.5 and 2.2 per cent price increases of 1970 and 1971, respectively, were essentially determined by "market" movements. In 1972 there was a greater, almost 4 per cent increase in the price level. This resulted from the increase of producer prices by more than 1 per cent, the higher price of imported products, the growing number of new models as well as from a certain animation of the price political activities of trading enterprises and cooperatives. In 1972 considerable price reductions and the seasonal clearance sales involving large volumes of goods were decided, first of all to compensate for the price increases of food-products, beverages and tobacco. In 1974 the prices of certain textile piece goods, synthetic stockings and other articles were moderated by reducing turnover taxes. In 1975 an adjustment of both producer and consumer prices of haberdashery goods and articles made mostly of synthetic fibres and materials were reduced, while

those of cotton, wool and leather products increased. The price level of clothing was not influenced by the price adjustment carried out at the beginning of 1975.

The price trend of the groups of other *industrial products* is determined basically by the prices of miscellaneous industrial products (without fuel). The prices of the latter increased in the period examined by 19 per cent. Within that, the price increase of durable consumer goods did not reach 10 per cent. The prices of refrigerators, stoves and telecommunication articles were lower in 1975 than in 1967, while the prices of household machines, gas apparatus and cars increased only by 4–6 per cent. On the other hand, the prices of furniture increased by about 45 per cent.

The prices of other miscellaneous industrial products increased twice as fast as those of durable consumer goods (by more than 20 per cent), i.e. by about 2.5–2.6 per cent on annual average. The rise of the price level has become more dynamical from 1974 on. There was a higher than average increase in the prices of building materials, iron-mongery articles, technical goods, glass, porcelain and plastic wares, jewelry and some other articles. In August 1975 the prices of some building materials were raised by 15–40 per cent, again.

The price level of *heating and lighting* was by 12 per cent lower in 1973 than in 1967. In 1969 the prices of fuel oil and fire-wood were considerably reduced (by 20 and 16 per cent, respectively). There was some reduction in the average price of electricity (with the increase of consumption the price per kWh decreases) and the modification of the tariff of gas in October 1968 had a moderating effect as well. In 1970–1971 the price level of heating and lighting further decreased, in general for the same reasons as in 1969. In 1972, beside a further decrease of the average price of electric energy, the selling of fuel at temporarily reduced prices resulted in another (2 per cent) decrease of the price level. In 1973 fuel was sold off at temporarily reduced prices, again, and the average price of electric energy, similarly to the previous years also decreased and this contributed to the 2 per cent decrease of the price level of heating and lighting. In the second half of 1974 the increase of the prices of fuel, heating and petrol raised the average price level of this group by nearly 15 per cent. In August 1975 petrol prices were raised again, by about 20 per cent.

The price index of *services* showed the most considerable increase (next to the articles with seasonal prices), it amounted to 20 per cent. In November 1968 the telecommunication tariffs were raised; postal tariffs by 36 and telegraph tariffs by 17 per cent. The repair charges of radio and television sets increased by 10 per cent in 1969. Services, in general, became 5 per cent more expensive during two years (1969–1970). In 1971 rents were increased by 58 per cent. In the development of the 104.5 per cent price index for 1971 also the increase of the building tariffs and of services connected with entertainment and recreation had a part beside rents. The 103.5 per cent index for 1972 was determined first of all by the increase of rents in the previous year, but also the price level of health and personal hygienic as well as of other cultural and holiday services increased. In 1973 the price level increased by a further 2.3 per cent. Within the main group first of all cultural and holiday services, as well as the services connected with recreation, personal hygiene and the maintenance of dwellings became more expensive. A significant price raising factor was the 8.7 per cent increase in the wages of building workers. In 1974 prices were rising basically at a rate corresponding to the previous years.

The role of different price forms

Examining the movement of consumer prices by *price forms* we can obtain some information about the effects of official price modifications and market price movements on the price indices of the individual years and on the measure of price stability in the different categories (Table 5).

Table 5

Changes of the price indices of retail sales (without catering) by price forms, percentages

Year	Price forms				Total
	Fixed	Maximized	Moving within officially estab- lished limits	Free	
Changes over the previous year					
1968	-1.5	-3.9	1.4	1.0	-0.9
1969	-0.2	1.0	2.4	3.0	1.5
1970	0.2	0.0	2.2	3.1	1.3
1971	0.3	0.8	2.7	3.1	1.6
1972	0.1	2.8	2.3	3.5	2.4
1973	6.5	2.1	2.4	2.6	3.1
1974	1.1	1.3	3.1	3.2	2.2
In percentage of 1968					
1974	108.1	108.3	116.1	119.9	112.7
Yearly average growth rate 1968-1974	1.3	1.3	2.5	3.1	2.0

The price index of products belonging to the fixed or maximized price forms may change almost exclusively only as a consequence of price modifications carried out by the authorities. Prices freely moving within the established limits and the completely free prices are influenced mostly by market effects. The effect of state intervention cannot be neglected in the sphere of these articles, either. It is realized through a modification of the turnover tax rates of certain products.

Between 1968 and 1971 the official price regulation definitely stabilized the price level of products belonging to more fixed price forms. In 1972 mostly drinks belonging to the maximized price form became more expensive as a result of official price increases. In 1973 the latter affected first of all fixed and maximized prices. In 1974 the prices of coffee, paints, primary energy and wine were raised within the framework of central price regulation.

The prices of products belonging to freer price forms have definitely risen: the *greatest increase could be observed in the completely free prices*. No price adjustment considerably influencing the price level of these commodities took place until 1972, price movements resulted basically from market effects. However, there were several official price reductions in 1973 and 1974, mostly in the scope of clothing, nevertheless the indices of freer price forms were subject to the most dynamic increase.

Table 6
Retail price indices by price forms and main commodity groups in 1974
 (1967 = 100)

	price forms				Total
	Fixed	Maximized	Moving within officially established limits	Free	
Food-products, beverages and tobacco	108.8	105.3	105.0	123.6	108.8
Clothing	—	108.6	115.1	116.5	116.0
Miscellaneous industrial articles	102.1	102.5	134.4	123.3	112.4
Altogether	106.5	104.0	117.7	121.2	111.7
Approximate distribution of the turnover, %	18	30	24	28	100

The price increase of food-products, beverages and tobacco with free prices was caused in most part by the considerable increase in the prices of articles with seasonal prices.

Within the clothing articles the price level of products belonging to freer price forms rose by 16 per cent, mostly as a consequence of market price movements. In 1973 and 1974 — as has been mentioned — the rate of price increase was moderated by official price reductions.

From among the miscellaneous industrial articles those belonging to the price form moving within officially established limits were subject to the highest price increase (34 per cent), while the prices of articles with free prices increased by 23 per cent. The changes of these price indices, mostly in the case of price form III, were rather significantly influenced by the official price measures. Eliminating their effects by approximative estimation, the measure of price movements at the market may be put at about 15 per cent in the case of miscellaneous industrial articles, too.

Prices of articles for immediate consumption and for durable use

When examining the price trends from the point of view of partly subjective consumer judgements, it may be an important criterion how the prices of continually, almost daily bought and used products and those of articles bought more rarely, but used for a longer period develop. Thus, we are going to examine retail price trends by whether the commodities are for immediate *consumption** or for durable *use*.** (When using this division there are, of course, some articles whose inclusion into one or another category is rather arbitrary, but they are not significant and do not influence the essence of the computations.)

Within the average increase of the retail price level *considerable differences*

* This group contains all food-products, beverages and tobacco and industrial products used up (e.g. fuel, cosmetics, medicines, etc.). They cover about 60—63 per cent of all purchases.

** Here belong the durable consumer goods, a great part of clothing and other industrial products utilized for a longer period; about 37—40 per cent of all purchases.

Table 7
Retail price indices by the nature of commodities
 1967 = 100

	1968	1970	1972	1974	First half of 1975 as percentage of the first half of 1974*
I. <i>Articles used up</i>	99.2	100.2	103.7	109.7	102.8
1. Food-products	98.4	98.9	100.5	104.4	100.3
of this:					
price forms I—II	98	98	98	103	
price forms III—IV	99	101	104	107	
2. Articles with seasonal prices	107.1	113.9	133.0	139.4	95.3
3. Beverages and tobacco	101.5	102.7	111.4	123.1	103.6
4. Other goods	97.1	98.0	96.8	100.3	107.8
of this:					
price forms I—II	97	95	95	99	
price forms III—IV	98	105	103	106	
II. <i>Consumer goods</i>	100.3	106.0	113.2	119.3	105.5
for durable use					
1. Durable consumer goods	99.0	100.6	104.4	106.8	102.8
2. Other goods	100.7	107.7	116.0	123.4	106.5
Retail trade, total	99.6	102.3	107.2	113.3	103.9

*Estimates

can be observed according to the nature of goods (see Table 7). The prices of articles used up, amounting to a much greater proportion of the purchases, increased much less than those of more durable consumer goods. Between 1967 and 1974 prices increased by 10 per cent in the first group, while by 19 per cent in the second one. An especially considerable difference can be observed if we examine the period 1967–1972 when the price indices were 103.7 and 113.2 per cent, respectively. Namely, there were considerable official price increases in the first group, affecting food-products, beverages and tobacco and primary energy in the period 1972–1974.

Within the articles used up, the prices of articles with seasonal prices and of beverages and tobacco showed the highest increase (39 and 23.1 per cent, respectively) between 1967 and 1974. The price increase of food-products (4.4 per cent) was much less than the average, while the price level of other goods hardly exceeded in 1974 that of the base period. We can state that food-products belonging to more flexible price forms (III and IV) showed a higher price increase (7 per cent) than those belonging to the more fixed price form (3 per cent). In the subgroup of other goods the same tendency can be observed even more sharply. Namely, the price level of articles belonging to more flexible price forms increased by 6 per cent as compared with the base period, while those belonging to the more fixed price form decreased by 1 per cent.

The higher than average increase in the prices of articles used for a relatively longer period can be explained, beside official price modifications, by the fact that the price-raising effects of market movements could be better felt in this group.

Price level and relative prices

Between 1968 and 1974 consumer prices changed — with a rising average price level — in a much wider range and more frequently than previously. *The increase of prices did not exceed the limits established by the plan.* The effects of rising production costs, world market and import prices, the development of demand and supply, etc. could be felt also directly in the price policy of the enterprises through the more flexible price forms.

The basic factors influencing the trend of the price level may be summarized as follows.

- From the about 18 per cent increase of the price level in the first half of 1975 over 1967 2 per cent can be attributed to the direct official modifications in consumer prices in 1972 and 1973, each as the balance of price reductions and increases, respectively.
- Between 1969 and 1974 the producer prices of products sold to the domestic trade by the industry (without food industry) increased by 6.5 per cent. (Indices indicating net changes in the prices without turnover tax are available only since 1969). Thus, the 14 per cent increase of the retail prices of industrial products between 1969 and 1974 may have been caused to a considerable extent by the changes in the industrial producer prices.
- There was a significant increase in the prices of articles with seasonal prices (39 per cent).
- The growing proportion of imported consumer goods in retail turnover resulted also in an increase of the price level, since the imported goods — mostly clothing — were sold, in general, at higher prices than articles with identical destination manufactured at home. Recently, also the increases in world market prices could be felt.

Relative consumer prices changed to a small extent. As can be seen from Table 1, the price level of food-products and other industrial articles increased less than the average between 1967 and 1974, while the price level of heating and lighting even decreased. However, price indices show considerable changes in this respect since 1974. The price level of other groups was rising faster than the average.

Examining the changes in relative consumer prices by main groups on the basis of the average price indices (Table 8) we may obtain a picture according to which in the last six years the price level of the already relatively expensive commodity groups (containing more turnover tax) seems to have increased faster than the average, in most cases. Through this the relative consumer prices have even more deviated from the costs relations as against the perspective economic policy conception mentioned at the beginning of the present study aimed at approximating the relative consumer prices to the costs relations. However, to judge this question, further remarks should be made concerning the development of average price indices by main commodity groups.

The prices of the overwhelming majority of food-products were officially fixed and, apart from the 1973 price increase of milk and dairy products, no official price increase took place on the basis of central measures during the seven years and a half examined. The relatively low price level is ensured by significant state subven-

Table 8

Changes in relative prices between 1967—1974

	Price index 1974/1968	Changes in relative prices 1968/74*	Consumption pattern in 1974
Food-products	109.7	97.2	28.1
Beverages of tobacco	121.5	107.6	16.4
Clothing	116.1	102.8	14.3
Other industrial articles	109.5	97.0	22.4
Heating-lighting	93.6	82.9	4.6
Services	122.4	108.4	14.2
Total	112.9	100.0	100.0

* Price index of main groups divided by the price index of total consumption (112.9)

tion. However, the prices of so-called articles with seasonal prices increased by 33 per cent, resulting partly from the rising production costs and partly from demand exceeding supply.

The price level of beverages and tobacco increased more than the average according to the concepts of central price policy in order to restrict consumption to some extent.

Clothing is relatively expensive in Hungary. In recent years there have been several central price reductions through diminishing turnover taxes. Thus, e.g. cotton cloth, shirts, synthetic stocking and socks, some underwear articles, bed-clothes, etc. became cheaper. From January 1975 on the consumer price adjustment carried out parallel with a producer price adjustment has modified these relations to some extent. However, the prices of different fashion articles, e.g. those of ready-made outerwear, shoes, material for upholstering, carpets, woollen cloths, etc. increased much more than the average of the clothing articles. Considering that the major part of clothing belong to the so-called freer price form, the changes in fashion and growing demand often had price-raising effects and these market price increases could not be compensated by price reductions through central measures.

Within the group of miscellaneous industrial products diverging tendencies can be observed. For example, in the group of durable consumer goods the prices of refrigerators, kitchen stoves, motorcycles, telecommunication apparatus, cameras decreased partly because of increased productivity and partly because of a slower increase in demand. On the other hand, the prices of furniture, building materials, iron-, technical, glass- and porcelain ware, jewelry, etc. increased faster than the average.

Thus, in the group of industrial products it can be definitely observed that the prices of certain products decrease, approaching to the costs relations, while those of others increase partly resulting from rising costs and partly as a consequence of changes in world market prices and of increased demand.

The prices of heating and lighting decreased until the first half of 1974 because of the decrease of the prices of coal-gas and electric energy. However, they increased

because of the price increase of primary energy since September 1974, and in the first half of 1975 they became 13 per cent more expensive as compared with the same period of the previous year. A similar increase may be reckoned with in the next future in the case of several other such consumer goods which become considerably and permanently more expensive on the world market. Therefore, the price level of these products will move in the next future in a way differing from past tendencies.

Reference

- VINCZE, I.: *Árak, adók, támogatások a gazdaságirányítás reformja után.* (Prices, taxes, subsidies after the reform of economic control and management.) Budapest, 1971. Közgazdasági és Jogi Könyvkiadó. 142 p.

BOOK REVIEWS

SZEKÉR, GY.: *Alumíniumiparunk és a szocialista integráció* (Hungarian aluminium industry and socialist economic integration.) Budapest, 1975. Kossuth Könyvkiadó. 230 p.

Aluminium is the metal of the 20th century. Gyula Székér begins his book with this sentence. In the last decades the aluminium industry has been one of the fastest developing industrial sectors all over the world. The Hungarian aluminium industry has been characterized by a rapid development as well. The technological standard of the Hungarian aluminium industry attains the average world-level and in certain fields — first of all in bauxite prospecting, deep mining and in alumina production — it is even in the vanguard of the world. At the beginning of the 1920's large bauxite deposits of good quality were found near the surface in Hungary and this was already at that time of great importance. In the 1930's the alumina and aluminium industries were established in Hungary, among the first ones in Europe.

The rapid spreading of aluminium was promoted, beside its favourable qualities, obviously by its concrete economic advantages. Such an advantage is that while the price of other non-ferrous metals utilized in large quantities showed a manifold increase between 1935 and 1975, that of aluminium decreased as a matter of fact, if we consider the significantly diminished purchasing power of US dollar during the last three decades.

In his book Gyula Székér gives a detailed analysis of the geological and economic conditions of bauxite mining, reviews the kinds of bauxite and the methods of its classification. He states that the world total of presently known bauxite deposits amounts to 21 thousand million tons and 80 per cent of all deposits

are found in 9 countries. The total world production of bauxite exceeded 60 million tons in 1972. With regard to the quantity of production Hungary is placed 9–10th in the world and 4th in Europe. From 1971 on Hungarian bauxite production has exceeded that of the USA.

The book presents in a separate chapter the different methods of alumina production and aluminium metallurgy. In connection with alumina production it describes the so-called Bayer-procedure being in use at present. The total world production of alumina amounted to 23.5 million tons in 1972. Among the alumina-producing countries Hungary is placed 12th.

Concerning the aluminium industry of the world the author states that it is one of the most concentrated industries of the capitalist world. Six large corporations give nearly three quarters of the world's aluminium production. Each of these disposes of all vertical stages of aluminium production. The biggest aluminium-producing companies were established near to water power sources generating large quantities of inexpensive energy. Thus the major part of aluminium production in the capitalist world is based on the energy of hydro-electric power plants. At the beginning bauxite was transported to alumina factories located near to power stations and foundries, utilizing the favourable water transport. Recently, alumina factories of great capacity are built by joint ventures in the neighbourhood of bauxite deposits. In the last 20 years even countries previously not having any aluminium industry or only a small capacity have built up their aluminium industry, although they do not have either raw material or inexpensive energy sources. In these economically developed capitalist countries the building

up of this industry was necessitated by great market demands and the requirement of getting rid of imports. Capitalist monopolies establish multi-national companies to acquire new bauxite deposits and to reduce risks.

In the following the book analyzes the development, the situation and the long-range development possibilities of the Hungarian aluminium industry. In 1973 the Hungarian industry processed 120 thousand tons of virgin aluminium and about 10 thousand tons of scrap. About 60 per cent of processed aluminium served for meeting the demands of domestic consumption and 40 per cent was exported in the form of semi-finished and finished aluminium products, partly to socialist and partly to non-socialist markets. 80 thousand tons of the 130 thousand tons processed aluminium were sold on domestic markets and 50 thousand tons were exported, out of which 30 thousand tons in the form of finished products and 20 thousand tons in that of semi-finished (intermediary) products. Also this distribution of the sales of processed aluminium shows the export orientation of the Hungarian economic life well proving at the same time that the quality of typical Hungarian aluminium products meets even the strictest world market standards. Such products are aluminium cables, radiators, propanebutane gas cylinders, tubes, aerosol cylinders, aluminium powder and different kinds of pigment pastes.

The author deals in detail with the central development programme of the aluminium industry, as one of the priority long-range industrial development projects on which the means available for development should be concentrated according to a government resolution. (The central development programmes are aimed at the solution of some key issues of the development of the national economy.) The central development programme of the aluminium industry relies, on the one hand, on the Hungarian bauxite resources as raw material base, the socialist electric energy base engaged in the framework of the Hungarian—Soviet and the Hungarian—Polish agreements on alumina and aluminium and, on the other hand, on technological experience ranging from the production of raw materials to that of finished goods as well as on the productive capacities.

The central development programme of the aluminium industry is aimed at the establishment of an industry of finished goods

as developed as possible. This endeavour is understandable, since alumina is 10 times, virgin aluminium 50–60 times and the finished goods 100–150 times as valuable as bauxite. According to the programme several enterprises participate in the production of finished goods on the basis of a co-ordinated plan. According to the expected demand of domestic consumption and foreign trade the production of finished goods will amount to 140–160 thousand tons in 1975, to 200–240 thousand tons by 1980 and to 270–320 thousand tons by 1985. This means that in 1985 the per capita production will amount to 26–30 kg which is about one and a half-fold that of the USA in 1967. According to preliminary ideas about one third of the finished goods will be exported and thus about 16–20 kg of aluminium products will remain for domestic utilization in 1985.

In his book Gyula Szekér very exhaustively analyzes the cooperation of socialist countries in the aluminium industry with special regard to the Hungarian—Soviet agreement on alumina and aluminium. According to the agreement 30 thousand tons of alumina were smelted in the USSR in 1967 and this quantity will increase to 330 thousand tons by 1980, thus Hungary repurchased 15 thousand tons of aluminium in 1967 and will buy 165 thousand tons in 1980.

According to the Hungarian—Soviet agreement on alumina and aluminium the Hungarian alumina is smelted in the aluminium foundry of Volgograd. This foundry receives cheap electric energy from one of the world's biggest hydro-electric power stations with a capacity of 2500 MW. Because of the cheap electric energy the production costs of aluminium produced in the USSR are by 20–25 per cent lower than in Hungary. This difference in production cost is so big that the transport of alumina to the USSR and that of the aluminium to Hungary is compensated even three-four times.

If we take into consideration also the investment side of the cooperation, namely, that 15 thousand million forints of investment in metallurgy, power stations and other capacities are realized by the USSR, we may regard this whole agreement as if the Soviet Union granted us 15 thousand million forints of investment credit. By means of the agreement, taking also the domestic production into consideration, there will be about 300 thousand tons of aluminium at the disposal

of the Hungarian economy by 1980. Besides, the agreement has had a pioneering part for one and a half decade in the building up of socialist economic integration.

CS. EGRSZEGI

KERÉKGYÁRTÓ, GY.: *A KGST-országok tudományos-műszaki együttműködése* (Scientific-technological cooperation among the CMEA-countries). Budapest, 1974. Kossuth Könyvkiadó. 206 p.

The international scientific-technological cooperation among socialist countries looks back upon a quarter of a century. In his book the author reviews the important achievements and also the major problems which have impeded the dynamical development of this form of cooperation in recent years.

Out of the four chapters of the book the first one deals with the necessity of scientific-technical progress and international cooperation. Here the author examines the characteristic features of the scientific-technological development and cooperation among capitalist countries. He points out the tendencies and phenomena restraining scientific-technological development which result from the capitalist production relations, but analyzes at the same time those factors, too, which stimulate scientific-technological development and cooperation in the capitalist world economy. As a closing part of the chapter the author deals with the scientific-technological cooperation among socialist countries as a specific and relatively independent field of their cooperation as well as with the objectives of this cooperation.

In the second chapter the author analyzes the development stages, main forms of the scientific-technological cooperation among socialist countries and its role in the deepening of the integration. The most valuable part of the chapter from theoretical point of view is the economic analysis of the commodity features of intellectual products. The author tries to make an approach to the exchange of intellectual products from the aspect of value and price theory. He expounds that with the development of productive forces and the social division of labour scientific research and technological development will become a specific field of social labour. The output of this "research industry" i.e. the intellectual

products appear on the market independently or embodied in concrete goods, thus they are subject to trade. Through a joint analysis of the characteristics of intellectual products as particular goods and of the changes in the terms of the scientific-technological cooperation among socialist countries the author comes to the conclusion that the free exchange of intellectual products is no longer justified from the point of view of the further development of scientific-technological development. Mentioning several views opposite to each other the author takes a stand in favour of the exchange of intellectual products against compensation.

Beside the problems resulting from the free exchange of intellectual products the author deals in detail with those tasks which — in order to improve the efficiency of scientific-technical cooperation — can and must be fulfilled by means of improving the inner system of economic control and management as well as the mechanism of international economic cooperation. He considers the coordination of interests to be of fundamental importance both in domestic and international respects, together with the development of the means of transmission promoting coordination of the national interests of the individual socialist countries and thus enabling international integration.

In the closing parts of the chapter the author comes to the conclusion in connection with the establishment of new, efficient forms of cooperation indicated in the Comprehensive Programme of CMEA-cooperation that "the establishment of international scientific research institutes and scientific-productive associations in large numbers may become topical only in a later phase of the implementation of the Comprehensive Programme, parallel with the realization of the objectives and tasks set by the Programme in the monetary, legal and patent law fields. Until then the coordination centres and sectoral permanent commissions are likely to have a greater part in the organization and direction of the many-sided scientific-technological cooperation." (pp. 117—118).

The last two chapters of the book examine the role and importance of the scientific-technological cooperation with the socialist, developed capitalist and developing countries, from the point of view of the economic development of Hungary. Within this the author deals separately with the questions of Hun-

garian—Soviet scientific-technological cooperation, since this cooperation had the most decisive part in accelerating technical progress in Hungary and in the establishment of the domestic research and development basis.

J. DEVICES

VAS-ZOLTÁN, P.: *United Nations technical assistance*. Budapest, 1972. Akadémiai Kiadó. 404 p.

In his book the author reviews and analyzes the United Nations technical assistance service. His examination covers the period between 1950 and 1964. This is also one of the shortcomings of the book. On the basis of data probably available it would have been expedient to outline at least the situation after 1964, too, even if these data are not complete.

The United Nations assistance organizations were established as the first really worldwide, international organizations of assistance to support the technological development of the developing countries. Their importance is due precisely to their comprehensive nature, since their activity facilitates the development of certain multilateral relations practically between all countries of the world, but first of all they promote, of course, the reduction of economic backwardness of the developing countries and the development of their economic independence.

Before reviewing the circumstances of establishing the technical assistance service and its organizational structure, the author deals with the problems involved by exactly defining the criteria of economic backwardness. He does not strive for giving a new definition but tries to make the essence of the problem perceptible also quantitatively, opposing the formulations of Marxist and non-Marxist authors.

International technical assistance had already existed to a limited extent previously, but its institutionalization took place only after the foundation of the UN, by creating the Expanded Programme of Technical Assistance (EPTA) in 1948. The rules establish that the administration of economic and technical assistance granted to the developing countries falls within the competence of the UN and its specialized organs, respectively, (e.g. FAO, UNESCO, WHO, etc.) which may take measures only in accordance with the governments concerned.

Relying on a summary of different views the author draws the conclusion that multilateral methods of assistance are more expedient than the rather wide-spread bilateralism. Thus, discrimination still appearing rather often seems to be avoidable. In this context the author mentions the message of President Kennedy to the US Congress dealing with the foreign assistance policy of the USA. The propagandistically neutral tone of the message completely contradicted a declaration of the State Department made almost at the same time which proclaimed straight forward discriminatory principles.

The role of the socialist countries in the UN technical assistance as well as their abstention at the beginning and their critical stand against the methods of the programme are dealt with in a special part of the book. Despite the discriminatory measures taken against them, the socialist countries actively participated in the aid programme after having joined the UNTA (generally about the middle of the 1950's). Their balance is unambiguously active since they contributed 57 million dollars to the budget of the UNTA during 15 years and received only a little more than 22 million dollars altogether in the framework of the aid programme. It must be noted, however, that the active balance results first of all from the participation of the Soviet Union (more than 43 million dollars of grants against 260 thousand dollars of aid received). From among the socialist countries mainly Yugoslavia has profited from the aid programme (4 million dollars of contribution against 15 million dollars of aid received.)

Nevertheless, the most important maintainers and supporters of the UNTA-programme are the developed capitalist countries and even among them first of all the USA. The financial subvention of the EPTA and the Special Fund (also a means of UN technical assistance) is especially advantageous for the former colonial powers since it helps them to ease the development burdens of their ex- or eventually still existing colonies. It is also advantageous for them that there is an international apparatus and financial fund available for the development, unavoidable for political reasons, of their colonies and thus the expensive creation of these means need not be realized from their own resources. Nor is it negligible that through their relatively high financial contribution they may increase their political influence, at least indirectly,

but there is a similar situation in the economic field, too, with special regard to foreign trade relations.

A significant part of the book reviews and analyzes in detail and from several aspects the numerical data of UN technical assistance between 1950 and 1964. By means of different kinds of grouping the author shows that some countries were in a more favourable situation concerning the distribution of aids (almost one sixth of all countries receiving aid), while, at the same time, another group (also about one sixth) was in a disadvantageous situation. Relying on the data available he states that a rather close correlation can be observed between the rate of participation in aids and the political direction of the developing country concerned. Countries with progressive foreign policy got into a disadvantageous situation with regard to assistance.

A greater part of the book consists of tables indicating the rate of contribution to and participation in the UNTA programme, by countries and years. The tables also show in the case of each country by which UN organ, i.e. the UNTA itself, or the ILO, WHO or UNESCO the aid was granted. The value of the book is considerably increased by this precise and detailed mass of facts probably unique in its kind.

A. TÓTHFALUSI

MÁNDI, P.: *Oktatás és gazdasági növekedés a fejlődő országokban* (Education and economic growth in the developing countries.) Budapest, 1975. Akadémiai Kiadó. 187 p.

In his book *Péter Mándi* undertook to present and analyze the role of education and the intellectual factor in general, in economic growth, the relationship between education and the manpower requirements of society and the way in which this relationship can be applied for practical purposes. These are the questions treated by a newly developing discipline of economics, more and more building up its own system, called economics of education. The author deals with questions raised by the social progress of developing countries, but at the same time contributes to the solution of debated questions of the economics of education.

His book is divided into three interrelated parts. In this way he analyzes the topics pre-

viously discussed mostly separately — theoretical principles, the planning of education and manpower, as well as educational policy — in their correlation, forming a system.

After a short review of the development of the economics of education in the first chapter entitled "Education and economic growth" the author critically examines the most important views on the economics of education, among others the concepts of the pioneer of the discipline, *Theodor W. Schultz*, as well as those of *Harbison* and *Myers*. These critiques, too, helped the author in elaborating a new classification system by which the countries can be grouped according to the development level of their educational system.

An experiment is made, relying on the examination of 117 (developing and developed) countries, details are given of the work process and tables with the final results are presented. The author warns that the harmony between the needs and possibilities of society should be emphatically taken into consideration in the developing countries and there is a danger that exactly because of the rapid development of education the experiences of other countries with an already developed educational system are badly adapted.

This thought leads on to the second chapter dealing with the planning of the development of education. The author makes an important statement saying that the planning of education without the coordination and integrity of the educational and socio-economic plans makes no sense because of the connections between education, economy and society, although the assertion of this requirement causes many troubles as yet (because of attitude and development factors). Especially important is to consider the connections between education and manpower economy.

The author presents the process of the planning of education, compares and evaluates the methods based on individual demands and affecting the future needs of society and explains the justification of the methods widely applied in the socialist countries, which are based on labour requirements. The author analyzes some concrete planning methods and plans, too (e.g. the Mediterranean regional planning, the plans of Tanzania and Uganda). As a result of his analysis he comes to the conclusion that if they wish to realize a planned development of education in harmony with the requirements of society, the developing countries may better utilize the experience in

educational planning of the socialist countries than that of the capitalist countries.

When analyzing the educational policy of the developing countries the author first presents the quantitative factors. He provides a rich documentation of the development of school enrolment and the number of teachers. He points out that the main problem of the educational system of the third world lies in the great masses of those never getting to school which, because of financial limitations, can be diminished only gradually in the 1980's and 1990's.

The qualitative deficiencies of the educational system of developing countries are shown by the very high dropping out and failure rates. The fundamental reason for this is, in the opinion of the author, that these countries suffer from a shortage of teachers and their financial possibilities are limited.

The sub-chapters dealing with the amounts and problems of teaching aid, its political importance and with the brain-drain are illuminating readings.

Finally, Péter Mándi outlines the conception of educational policy suggested for the developing countries. He considers the assertion of the interests of society as a basic criterion. He points out that educational policy has to strive for that "the rates of education should be adapted to the absorptive capacity of the society and there should be no significant time lag between the acquisition and the practical use of qualification" (i.e. this implies integrated educational and manpower planning) and at the same time, the coordination of objectives with means should be ensured. Further important elements of the conception are the following: the place of practical knowledge in education and how to formulate the quantitative and qualitative requirements of development. The author does not forget about school and adult education, training in higher education and about vocational training, either.

Z. KOLLÁR

SZABÓ, K.: *A nagyvállalati kihívás, új hullám a tőkekoncentrációban* (The challenge of big corporations. New wave in capital concentration.) Budapest, 1974. Kossuth Könyvkiadó. 283 p.

The study gives a picture of the concentration process taking place in the capitalist world

at present and of its expected consequences.

In the first chapter the author explains that the third important concentration period in the history of capitalism began in the 1960's and is going on even at present. The present concentration process starting from a higher level than ever before looks to be stronger than any previous one.

In the following the author gives a clear and acceptable definition of the notion of conglomerates, the first one in Hungarian economic literature, which she calls organic concerns and presents as follows: "... the various enterprises are bound together not simply by the common capital, still less by sterile monetary relations, but they are closely correlated in the real sphere, too, and what is more, this is an aspect of their interpenetration that cannot be neglected. The affiliated firms to be found in the different branches are run on the basis of a uniform strategy and certain central services (transport, data processing, marketing, etc.) having an ever increasing role in the enterprise life. They integrate the seemingly scattered activities of deviating character into a coherent and complex production process."

Katalin Szabó devotes a whole chapter to the explanation and analysis of conglomerates displaying far-reaching activities. In the course of this she states that such formations although they had existed previously, were mostly exceptions, while their present development — from the 1960's on — has become an imperative need.

There is a special chapter on the small plants, their difficult situation and stability. She mentions as the most characteristic type of small enterprise the so-called "satellite enterprise" fitting smoothly into the production structure of its customer. Satellite enterprises are ruined always by a big firm. This may happen in different forms. The most frequent one is the brain-drain of big firms. This includes, on the one hand, the pumping over of the best labour — workers, technical staff — from the satellite enterprise to the super-concern, and, on the other hand, the unscrupulous utilization of the technological procedures developed at the small firms and of their achievements.

When reading the book the changing picture of monopolistic development becomes more and more distinct. It will be more and more obvious that the capitalist world is looking forward to a period of domination by a

few big corporations. With their growth not even the national borders can impede the export of capital and in this way more and more international enterprises will be established. This process is dealt with in the chapter analyzing the enterprise empires.

The last chapter of the book entitled "The capitalist state as supporter of the concentration" analyzes the reasons, circumstances and the sources of the dynamism of the international enterprises. It turns out that the in-

effective measures cannot stop this development. The capitalist state, while exposed to this process on the surface, is, in fact, an active participant of multinational development.

By providing a lot of statistical data, tables, references and a bibliography of several pages the author gives high documentary value to her study presenting a review of one of the important problems in contemporary capitalist economic life.

MRS. I. GYÖRFFY

BOOKS RECEIVED*

- A társadalmi tulajdon és a szocialista vállalat (Social property and socialist enterprise.) Budapest, 1975. Akadémiai Kiadó. 192 p.
- BOGNÁR, J.: New forces and currents in the international economy. Budapest, 1975. Institute for World Economics of the Hungarian Acad. Sci. 30 p. Studies on Developing Countries No. 83.
- KOVÁCS, G.: A jövő kritikus elágazási pontjai (Crucial turning-points of future development.) Budapest, 1975. Közgazdasági és Jogi Könyvkiadó. 285 p.**
- KREHM, W.: Price in a mixed economy. Our record of disaster. Toronto (Ontario), 1975. Thornwood Publications. 255 p.
- OROSZ, Á.: Trade of African developing countries up to 1970 and prognosis to 1980. Budapest, 1975. Institute for World Economics of the Hung. Acad. Sci. Studies on Developing Countries No. 70. 98 p.
- REILLY, F. K.: Companies and common stocks as inflation hedges. New York, 1975. New York University; Graduate School of Business Administration; Center for the Study of Financial Institutions. Bulletin 1975/2, 79 p.
- SIMAI, M.: Planning and plan implementation in the developing countries. Budapest, 1975. Institute for World Economics of the Hung. Acad. Sci. Studies on Developing Countries No. 72. 54 p.
- SZABÓ, G.: A mezőgazdasági termőföld gazdasági értékelése (Economic evaluation of agricultural land). Budapest, 1975. Akadémiai Kiadó. 147 p.**
- SZENTES, T.: The structure of society and its changes in the African countries. Budapest, 1975. Institute for World Economic of the Hung. Acad. Sci. Studies on Developing Countries No. 76. 62 p.

* We acknowledge the receipt of the enlisted books. No obligation to review them is involved.

** To be reviewed in *Acta Oeconomica*.

AUTHORS

- Prof. Dr. Günther KOHLMAY, b. 1913. Doctor of Political Sci., Member of the Acad. Sci. of the G.D.R., head of department at the Institute of Economics, Acad. Sci. of the G.D.R. Author of "Außenwirtschaft und Wachstum" (1968), "Planen als Regeln und Steuern" (1968), "Vergesellschaftung und Integration im Sozialismus" (1973) and other works on the political economy of socialism and international economic relations.
- Dr. Ferenc KOZMA, b. 1931. Doctor of Econ. Sci., head of main department at the Secretariat of International Economic Relations, Council of Ministers of the Hungarian People's Republic, formerly research worker at the Institute of Economics, Hung. Acad. Sci. Author of "Quelques problèmes théorétiques de l'intégration socialiste et de l'égalisation du niveau économique (Tendances dans l'économie mondiale No. 6. 1971.), "National and international interest in economic cooperation" (Kossuth Könyvkiadó, 1973. — in Hungarian) and other books and studies in different languages.
- Dr. Tamás SZENTES, b. 1933. Doctor of Econ. Sci., Professor at the Univ. of Econ., Budapest, formerly Professor and Head of Department at the Univ. of Dar es Salaam and member of the National Development Corporation Board of Directors. Author of "The political economy of underdevelopment" (Akadémiai Kiadó, 1971.) and articles in Hungarian.
- Dr. Gábor HIDÁSI, b. 1928. Cand. of Econ. Sci., member of the Scientific Council for World Economy, outside consultant to the Center for the Institute for World Economy, Hung. Acad. Sci. Author of "China's economy in the early 1970s" (Acta Oeconomica Vol. 9, No. 1) and several other articles on China's economy.
- Prof. Dr. Wilhelm WEBER, see Vol. 9, No. 2.
- Dr. Ádám MARTON, b. 1934. Cand. of Econ. Sci., Head of Department at the Central Statistical Office. Author of "Consumer prices in Austria and Hungary 1945—1972 (Wiener Institut für Internationale Wirtschaftsvergleiche, Wien, 1974.) "Price developments in Hungary's foreign trade: 1949—1970. (Indiana Univ. Bloomington, 1972) and books in Hungarian.

TO BE PUBLISHED IN THE NEXT ISSUE

- I. HETÉNYI: Salient Features in the Development of National Economic Planning in Hungary
M. TARDOS: Enterprise Independence and Central Control
A. INZELT: Measuring the Changes in the Efficiency of the National Economy
T. SCITOVSKY: Income and Happiness
Zs. FERGE: Societal Policy and the Types of Centralized Redistribution
M. RIESZ: Some Lessons of the Functioning of the Hungarian Financial System

REVIEWS

- S. BALÁZSY: Actual Problems of the Hungarian Economy as Reflected in the Lectures of a University Session

BOOK REVIEWS

BOOKS RECEIVED

REVUE TIERS-MONDE

Tome XVI, n° 64, octobre-décembre 1975

SOMMAIRE

David SLATER: Capitalisme sous-développé et aménagement de l'espace: le Pérou, 1920—1940.

Arthur GILLETTE: L'Education en Tanzanie: une réforme de plus ou une révolution éducationnelle?

Pedro Calil PADIS: Frontière agricole et population active.

Georges COUTSINAS: A propos des deux circuits de l'économie urbaine. Un exemple algérien.

Alain PICHOT: Le système algérien de comptabilité nationale.

Rattan J. BHATIA et Anupam BASU: Présentation analytique et schématique du système monétaire de la zone du Franc de coopération financière d'Afrique centrale.

Aly TRAORÉ: Rapports agriculture-industrie et le socialisme Ujamaa en Tanzanie.

METHODOLOGIE

John ROBERTS: L'Analyse des projets par la méthode coûts et avantages: théorie et pratique. Une réponse à Marc Chervel.

Marc CHERVEL: Réponse à John Roberts.

François SAGET: Méthode pour l'élaboration d'un schéma national d'aménagement du territoire: la Côte d'Ivoire.

CHRONIQUE INTERNATIONALE

— Les Alternatives aux rôles traditionnels des sexes. — Table ronde, Dubrovnik, 16—21 juin. 1975.

— Coopération et sécurité en Méditerranée. — Colloque, Palerme, 26—28 avril 1975.

— Colloque économique Iran-Europe. — Téhéran, 15—17 mars 1975.

— Deuxième Conférence Générale de l'ONUDI. — Lima, 12—26 mars 1975.

BIBLIOGRAPHIE

Direction-Rédaction: Institut d'Etude du Développement Economique et Social 58, boulevard Arago — 75013-PARIS — (tel: 331.28.01)

Abonnements et vente: Presses Universitaires de France, 12, rue Jean de Beauvais — 75005-PARIS — (tel: 033.48.03) (CCP: PARIS n°1302—69)

1975: France, Communauté: 88 F. Etranger: 98 F.

1976

97 F.

107 F.

EST-OVEST

QUADRIMESTRALE DI STUDI SULL'EST EUROPEO

RIVISTA EDITA DALL'ISDEE — ISTITUTO DI STUDI E DOCUMENTAZIONE SULL'EST EUROPEO, TRIESTE — DIRETTORE RESPONSABILE
TITO FAVARETTO

Anno VI

N. 1/1975

INDICE

IPOTESI, STUDI E RICERCHE

Angelo MASOTTI CRISTOFOLI — Il confronto cino-sovietico e la questione dello Xinjiang.

Attilio PEDROCCHI — I rapporti tra la Cee ed il Comecon: un breve esame degli approcci e delle prospettive.

Edith JÁVORKA — Problemi riguardanti il fattore umano nel controllo economico in Ungheria.

ANALISI E DOCUMENTAZIONE

Le relazioni economiche tra l'Urss ed i paesi in via di sviluppo (P. L.)

Note sul commercio estero cinese con i paesi dell'Est Europeo (A. M. C.)

Lo sviluppo delle flotte dei paesi dell'Est Europeo (P. L.)

LIBRI RICEVUTI

Direzione, redazione e amministrazione — ISDEE — Corso Italia, 27 — 34122 TRIESTE
tel. 69130 — Abbonamento annuo L. 7.000 (per l'estero L. 10.000) Abbonamento sostenitore
L. 20.000. Prezzo di questo fascicolo L. 2.500. L'importo va versato sul c.c.b. N. 4107/3 presso
la Cassa di Risparmio di Trieste, Agenzia N. 2 — Via Carducci, 7 — 34122 TRIESTE — ITALIA.

EST-OVEST

OLADIMISTRALE DI STUDI SU EST EUROPEO

REVISTA DI STUDI EUROPEI - ISTITUTO DI STUDI E DOCUMENTAZIONE
EST-OVEST - ISTITUTO DI STUDI E DOCUMENTAZIONE
EST-OVEST - ISTITUTO DI STUDI E DOCUMENTAZIONE

EST-OVEST

Printed in Hungary

A kiadásért felel az Akadémiai Kiadó igazgatója

Műszaki szerkesztő: Botyánszky Pál

A kézirat a nyomdába érkezett: 1975. XI. 12. Terjedelem 11,75 (A/5) ív 2 ábra
76.2463 Akadémiai Nyomda V., Gerlőczy u. 2. Felelős Vezető: Bernát György

ACTA OECONOMICA

Periodical of the Hungarian Academy of Sciences

Published in two volumes a year. Papers are published in English or in Russian German and French.

Editorial Office: 1361 Budapest, P.O.B. 11

The rate of subscription is \$ 32.00 per volume.

Orders may be placed with *Kultúra* Trading Co. for Books and Newspapers (1389 Budapest, P.O.B. 149) or with its representatives abroad, listed on p. 4 of the cover.

ACTA OECONOMICA

Журнал Академии Наук Венгрии

Публикуется в двух томах в год.

Статьи публикуются на английском или на русском, немецком и французском языках.

Адрес редакции: 1361 Budapest, P. O. B. 11

Подписания цена — \$ 32.00 за том.

Заказы принимает предприятие по внешней торговле книгами и газетами *Kultúra* (1389 Budapest, P.O. B. 149.) или его заграничные агентства.

ACTA OECONOMICA

Zeitschrift der Ungarischen Akademie der Wissenschaften

Erscheint in zwei Bänden pro Jahr. Aufsätze erscheinen in englischer oder in russischer, deutscher und französischer Sprache.

Redaktion: 1361 Budapest, P.O.B. 11

Abonnementspreis pro Band: \$ 32.00

Bestellbar durch *Kultúra* Außenhandelsunternehmen für Bücher und Zeitungen (1389 Budapest, P.O.B. 149) oder bei den Vertretungen im Ausland.

ACTA OECONOMICA

Revue de l'Académie des Sciences de Hongrie

Publiée en deux volumes par an. Les essais sont publiés en anglais, ou en russe, français et allemand.

Rédaction: 1361 Budapest, P.O.B. 11

Le prix de l'abonnement est de \$ 32.00 par volume.

On s'abonne chez *Kultúra*, Société pour le Commerce de Livres et Journaux (1389 Budapest, P.O.B. 149) ou chez les représentant à l'étranger.

Reviews of the Hungarian Academy of Sciences are obtainable
at the following addresses:

AUSTRALIA

C. B. D. Library and Subscription
Service
Box 4886, G. P. O.
Sydney N. S. W. 2001
Cosmos Bookshop
145 Acland St.
St. Kilda 3182

AUSTRIA

Globus
Höchstädtplatz 3
A-1200 Wien XX

BELGIUM

Office International de Librairie
30 Avenue Marnix
1050-Bruxelles
Du Monde Entier
162 Rue du Midi
1000-Bruxelles

BULGARIA

Hemus
Bulvar Ruszki 6
Sofia

CANADA

Pannonia Books
P. O. Box 1017
Postal Station "B"
Toronto, Ont. M5T 2T8

CHINA

CNPICOR
Periodical Department
P. O. Box 50
Peking

CZECHOSLOVAKIA

Mad'arská Kultura
Národní třída 22
115 66 Praha
PNS Dovož tisku
Vinohradská 46
Praha 2
PNS Dovož tlače
Bratislava 2

DENMARK

Ejnar Munksgaard
Nørregade 6
DK-1165 Copenhagen K

FINLAND

Akateeminen Kirjakauppa
P. O. Box 128
SF-00101 Helsinki 10

FRANCE

Office International de
Documentation et Librairie
48, Rue Gay Lussac
Paris 5
Librairie Lavoisier
11 rue Lavoisier
Paris 8
Europériodiques S. A.
31 Avenue de Versailles
78170 La Celle St. Cloud

GERMAN DEMOCRATIC REPUBLIC

Haus der Ungarischen Kultur
Karl-Liebknecht-Strasse 9
DDR-102 Berlin
Deutsche Post
Zeitungsvertriebsamt
Strasse der Pariser Kommune 3-4
DDR-104 Berlin

GERMAN FEDERAL REPUBLIC

Kunst und Wissen
Erich Bieber
Postfach 46
7 Stuttgart 5

GREAT BRITAIN

Blackwell's Periodicals
P. O. Box 40
Hythe Bridge Street
Oxford OX1 2EU
Collet's Holdings Ltd.
Denington Estate
London Road
Wellingborough Northants NN8 2QT
Bumpus Haldane and Maxwell Ltd.
5 Fitzroy Square
London W1P 5AH
Dawson and Sons Ltd.
Cannon House
Park Farm Road
Folkestone, Kent

HOLLAND

Swets and Zeitlinger
Heereweg 347b
Lisse
Martinus Nijhoff
Lange Voorhout 9
The Hague

INDIA

Hind Book House
66 Babar Road
New Delhi 1
India Book House
Subscription Agency
249 Dr. D. N. Road
Bombay 1

ITALY

Santo Vanasia
Via M. Macchi 71
20124 Milano
Libreria Commissionaria Sansoni
Via Lamarmora 45
50121 Firenze

JAPAN

Kinokuniya Book-Store Co. Ltd.
826 Tsunohazu 1-chome
Shinjuku-ku
Tokyo 160-91
Maruzen and Co. Ltd.
P. O. Box 5050
Tokyo International 100-31
Nauka Ltd.—Export Department
2-2 Kanda
Jinbocho
Chiyoda-ku
Tokyo 101

KOREA

Chulpanmul
Phenjan

NORWAY

Tanum-Cammermeyer
Karl Johansgatan 41-43
Oslo 1

POLAND

Wegierski Instytut Kultury
Marszałkowska 80
Warszawa
BK WZ Ruch
ul. Wronia 23
00-840 Warszawa

ROUMANIA

D. E. P.
Bucureşti
Romlibri
Str. Biserica Amz 7
Bucureşti

SOVIET UNION

Sojuzpechatj — Import
Moscow
and the post offices in
each town
Mezhdunarodnaya Kniga
Moscow G-200

SWEDEN

Almqvist and Wiksell
Gamla Brogatan 26
S-101 20 Stockholm
A. B. Nordiska Bokhandeln
Kungsgatan 4
101 10 Stockholm 1 Fack

SWITZERLAND

Karger Libri AG.
Arnold-Böcklin-Str. 25
4000 Basel 11

USA

F. W. Faxon Co. Inc.
15 Southwest Park
Westwood, Mass. 02090
Stechert-Hafner Inc.
Serials Fulfillment
P. O. Box 900
Riverside N. J. 08075
Fam Book Service
69 Fifth Avenue
New York N. Y. 10003
Maxwell Scientific International Inc.
Fairview Park
Elmsford N. Y. 10523
Read More Publications Inc.
140 Cedar Street
New York N. Y. 10006

VIETNAM

Xunhasaba
32, Hai Ba Trung
Hanoi

YUGOSLAVIA

Jugoslovenska Kniga
Terazije 27
Beograd
Forum
Vojvode Mišića 1
21000 Novi Sad

REPERTORY

OF

VOLS. 11 TO 15

OF

ACTA OECONOMICA

PERIODICAL OF THE HUNGARIAN ACADEMY
OF SCIENCES

I. CLASSIFIED LIST OF ARTICLES AND REVIEWS*

1. Economic theory and methodology

	Vol.	No.	Page
BECSKY, GY.: An analysis of the economic growth in developed capitalist countries	11.	2-3.	247-262.
[BENET, I. - GÓCZÁN, L.] Бенет, И. - Гоцан, Л.: Попытка разработки нового способа оценки земли	11.	2-3.	191-209.
BRÓDY, A.: The logic of market behaviour	14.	1.	49- 58.
EHRlich, É.: Researches on problems of economic growth in Hungary in the years 1968-1974	15.	2.	241-257.
ERDŐS, P.: A contribution to the criticism of Keynes and Keynesianism	15.	2.	157-185.
ERDŐS, P.: The law of value and the real wages in capitalism	12.	3-4.	309-320.
ERDŐS, P.: On the returns principle of pricing	11.	4.	417-425.
ERDŐS, T.: Investments and economic growth	11.	4.	281-303.
INZELT, A.: Measuring the changes in the efficiency of the national economy	15.	1.	33- 44.
JÁNOSSY, F.: Vergangene Entwicklung als Basis der Planung	13.	2.	163-180.
KÁDAS, S. - SZAKOLCZAI, GY.: The optimal growth rate of investments and of the capital-labour ratio	12.	1.	75- 95.
NAGY, A.: Industrial projection methods in Hungary	11.	4.	381-402.
NYILAS, A.: 13 th Congress of the International Association for Research in Income and Wealth	11.	2-3.	224-235.
PÁRNICZKY, G.: Some problems of price measurement in external trade statistics	12.	2.	229-240.
SCHMIDT, Á.: Das Haushaltsgleichgewicht im Zielsystem der Volkswirtschaft	13.	1.	65- 87.
SCITOVSKY, T.: Income and happiness	15.	1.	45- 53.
STONE, R.: Economic and demographic accounts and the distribution of income	11.	2-3.	165-176.
SZABÓ, K.: Factory democracy and political economy	13.	1.	1- 18.

2. Mathematical economics, econometrics

BÁGER, G.: A system of models for medium-term planning in Hungary	12.	3-4.	321-334.
BROWN, A.A. - LICARI, J.A. - NEUBERGER, E.: A dynamic CES production function interpretation of Hungarian growth	11.	4.	305-324.
CSÁKI, Cs.: Conference on the employment of mathematical methods in agricultural economics	11.	1.	97-101.

* Articles are, if necessary, classified into more than one subject-field.

[Csáki, Cs.] Чаки, Ч.: Линейно-динамическая модель развития сельскохозяйственных предприятий	12.	3-4.	367-389.
DÁNIEL, Zs.: The "reflection" of economic growth	15.	2.	135-155.
KÁDAS, S. - SZAKOLCZAI, Gy.: The optimal growth rate of investments and of the capital-labour ratio	12.	1.	75- 95.
KOVÁCS, J.: Simplified model for level-of-living planning-consistency control	11.	2-3.	177-190.
NAGY, S.: Technical progress in an econometric model of Hungary	14.	1.	59- 73.

3. Hungarian economy: planning and policy

BÁGER, G.: A system of models for medium-term planning in Hungary	12.	3-4.	321-334.
BALASSA, Á.: Central development programs in Hungary	14.	1.	91-108.
BALÁZSY, S.: Actual problems of the Hungarian economy as reflected in the lectures of a scientific session	15.	1.	91- 99.
BEREND, I.: Long-range development policy - interrelations between economic development and capital intensity	13.	3-4.	339-361.
BEREND, T. I.: Thirty years of Hungarian socialist economic policy	14.	2-3.	163-185.
BROWN, A. A. - LICARI, J. A. - NEUBERGER, E.: A dynamic CES production function interpretation of Hungarian growth	11.	4.	305-324.
CSIKÓS-NAGY, B.: Can the accelerated economic growth be maintained?	12.	3-4.	295-308.
DARVAS, Gy.: Major implications of long-term planning on the fifth five-year plan	11.	2-3.	149-163.
DRECIN, J.: On economic growth in Hungary on the threshold of the fifth five-year plan	15.	2.	117-133.
[DRECIN, J. - HETÉNYI, I.] Дрецин, Й. - Хетэни, И.: Несколько мыслей о будущем нашего планирования	11.	2-3.	129-148.
FALUVÉGI, L.: Economic development; economic structure, new phenomena in the world economy	14.	2-3.	145-162.
[FRISS, I.] Фришш, И.: 20 лет Института Экономики ВАН и исследования экономической политики	13.	3-4.	383-395.
HETÉNYI, I.: Salient features in the development of national planning in Hungary	15.	1.	1- 15.
HOCH, R.: Choices in planning for social infrastructure and consumption	15.	3-4.	329-342.
HUSZÁR, I.: What thirty years tell	14.	1.	1- 14.
JÁNOSSY, F.: Vergangene Entwicklung als Basis der Planung	13.	2.	163-180.
Jubilee Session of the Institute of Economics of the Hungarian Academy of Sciences	13.	3-4.	397-408.
KOZMA, F.: International division of labour and the development strategy of the Hungarian national economy	13.	1.	19- 33.
LÁSZLÓ, J.: National plan for the economy and the enterprises	14.	2-3.	221-234.
LÁZÁR, Gy.: The present Hungarian economic situation and the tasks of economic policy	14.	2-3.	133-144.
MANDEL, M. - MÜLLER, J.: Aims of an export-oriented economic policy	13.	1.	35- 47.
NÉMETH, K.: Economic policy problems on the eve of the fifth five-year plan	15.	3-4.	425-440.
STARK, A.: Development of economic foresight in Hungary	13.	2.	181-200.
TARDOS, M.: Impacts of world economic changes on the Hungarian economy	15.	3-4.	277-292.
VERESS, P.: Foreign trade aspects of economic development in Hungary	12.	3-4.	335-348.

4. Management and control of the economy. Economic mechanism

[BAUER, T.] Бауер, Т.: Противоречивость в положении предприятий в венгерском хозяйственном механизме	14.	2-3.	235-249.
BIHARI-BÁN, Zs.: Social and economic stimulation of workers	12.	2.	241-246.
FALUVÉGI, L.: Economic development; economic structure, new phenomena in the world economy	14.	2-3.	145-162.
FALUVÉGI, L.: Regulation of enterprise incomes and the system of financial incentives	12.	2.	159-170.

Jubilee Session of the Institute of Economics of the Hungarian Academy of Sciences	13.	3-4.	397-408.
LAKI, M.: Competitive situation and product pattern of Hungarian enterprises on the market of consumer goods	14.	2-3.	251-267.
RÉVÉSZ, G.: Stimulation, distribution according to work, income regulation	12.	1.	55- 73.
SZIRKA-FALUS, K.: On economic competition	13.	1.	49- 64.
SZIKRA-FALUS, K.: Some aspects of material stimulation	14.	2-3.	208-219.
TARDOS, M.: Enterprise independence and central management	15.	1.	17- 32.

5. Regional, urban development, environment policy

HEGEDŰS, M.: Some factors influencing urban development in Hungary	12.	2.	171-189.
[JOZSITS, Zs. - HEGEDŰS, M.] Йожич, Ж. - Хегедюш, М.: Основные принципы и инструменты территориально-экономической политики в Венгрии	11.	2-3.	211-224.
NYITRAI-KLEKNER, R.: The 4 th International Conference of the Socialist Countries on Regional development	13.	1.	117-127.
WEBER, W.: Environment planning	14.	4.	383-397.

6. Manpower. Living standards. Consumer economics. Social policy

BIHARI-BÁN, Zs.: Social and economic stimulation of workers	12.	2.	241-246.
FERGE, Zs.: Societal policy and the types of centralized redistribution	15.	1.	55- 75.
HOCH, R.: Choices in planning for social infrastructure and consumption	15.	3-4.	329-342.
HOFFMANN, M.: The model of household management in Hungary	15.	3-4.	385-402.
KOVÁCS, J.: Simplified model for level-of-living planning-consistency control	11.	2-3.	177-190.
LACKÓ, M.: Consumer savings and the supply situation	15.	3-4.	365-384.
LENGYEL, I.: Prognosis of public social expenses for 1980	13.	3-4.	363-382.
MARTON, Á.: Trend of consumer prices in Hungary 1968-1975	14.	4.	399-413.
NYILAS, A.: 13 th Congress of the International Association for Research in Income and Wealth	11.	2-3.	224-235.
SCITOVSKY, T.: Income and happiness	15.	1.	45- 53.
STONE, R.: Economic and demographic accounts and the distribution of income	11.	2-3.	165-176.

7. Investments. Technical progress

BALASSA, Á.: Central development programs in Hungary	14.	1.	91-108.
BEREND, I.: Long-range development policy - interrelations between economic development and capital intensity	13.	3-4.	339-361.
ERDŐS, T.: Investments and economic growth	11.	4.	281-303.
[GÖNCZI, I.] Генци, И.: Влияние технического прогресса на производственную систему венгерского сельского хозяйства	14.	1.	75- 89.
KÁDAS, S. - SZAKOLCZAI, Gy.: The optimal growth rate of investments and of the capital-labour ratio	12.	1.	75- 95.
NAGY, S.: Technical progress in an econometric model of Hungary	14.	1.	59- 73.
WILCZYNSKI, J.: The East-West technological gap and the "reverse" flow of technology	15.	3-4.	293-308.

8. Monetary and fiscal policy

RIESZ, M.: Some lessons of the functioning of the Hungarian financial system	15.	1.	
SCHMIDT, Á.: Das Haushaltsgleichgewicht im Zielsystem der Volkswirtschaft	13.	1.	65- 87.
[WIESEL, I.] Визел, И.: Роль процента за кредит в социалистической валютной системе и в экономическом сотрудничестве стран-членов СЭВ	12.	1.	39- 54.

9. Industry

DRECIN, J.: Industrial policy in Hungary	14.	2-3.	187-205.
GERVAI, B.: The situation and role of private small-scale industry in Hungary	12.	1.	118-130.
VÉGSŐ, B.: "Sectoral Analysis and Sectoral Policy" - International Conference	12.	3-4.	391-398.

10. Agriculture, cooperatives

[BENET, I. - GÓCZÁN, L.] Бенет, И. - Гоцан, Л.: Попытка разработки нового способа оценки земли	11.	2-3.	191-209.
CSÁKI, Cs.: Conference on the Employment of Mathematical Methods in agricultural economics	11.	1.	97-191.
[CsÁKI, Cs.] Чаки, Ч.: Линейно-динамическая модель развития сельскохозяйственных предприятий	12.	3-4.	367-389.
CSIZMADIA, E.: New features in Hungarian agriculture in the 1970s	12.	3-4.	349-365.
FEKETE, F.: Development in livestock production and tendencies in supply and demand in the European socialist countries	13.	2.	201-212.
FEKETE, F.: The major social and economic features of co-operative farming in Hungary	11.	1.	19- 32.
[GÖNCZI, I.] Генци, И.: Влияние технического прогресса на производственную систему венгерского сельского хозяйства	14.	1.	75- 89.
GYENES, A.: Re-stratification of the agricultural population in Hungary	11.	1.	33- 49.
MÁRTON, J.: The vertical integration of the Hungarian food economy	11.	1.	81- 96.
SZABÓ, I.: Economic associations of farming co-operatives	11.	1.	51- 64.
ÚJHELYI, T.: Foreign trade in agricultural and food products - the Hungarian national economy and the world market	11.	1.	3- 18.
[VÁGI, F.] Ваги, Ф.: Основы и главные черты системы регулирования массы заработной платы	11.	1.	65- 80.

11. Home trade. Marketing. Services

HÁMORI, P.: The 26 th ESOMAR/WAPOR Congress in Budapest	11.	4.	411-416
SZABADI, B.: Relationship between the level of economic development and the services	15.	3-4.	343-364.

12. Enterprises

LAKI, M.: Competitive situation and product pattern of Hungarian enterprises on the market of consumer goods	14.	2-3.	251-267.
LÁSZLÓ, J.: National plan for the economy and the enterprises	14.	2-3.	221-234.
MEGYERI, E.: Optimal utilization of enterprise funds and some problems of measuring effectiveness	11.	4.	347-367.
[NEMÉNYI, I.] Немени, И.: «Социалистическое предприятие» как одно из главных научно-исследовательских направлений в области общественных наук	11.	4.	403-410.
On industrial big enterprises (Study of the Economic Research Institute)	12.	1.	97-117.
REVÉSZ, G.: Stimulation, distribution according to work, income regulation	12.	1.	55- 73.
SZABÓ, K.: Factory democracy and political economy	13.	1.	1- 18.
SZABÓ, K.: A few thoughts on the evolution of a uniform Marxist theory of the firm	11.	4.	325-345.
TARDOS, M.: Enterprise independence and central control	15.	1.	17- 32.

13. Foreign economic policy of Hungary

KOZMA, F.: International division of labour and the development strategy of the Hungarian national economy	13.	1.	19- 33.
MANDEL, M. - MÜLLER, J.: Aims of an export-oriented economic policy	13.	1.	35- 47.
NYERGES, J.: The effect of tariffs in Hungary	13.	3-4.	309-321.
TARDOS, M.: Impacts of world economic changes on the Hungarian economy	15.	3-4.	277-292.
ÚJHELYI, T.: Foreign trade in agricultural and food products - the Hungarian national economy and the world market	11.	1.	3- 18.
VERESS, P.: Foreign trade aspects of economic development in Hungary	12.	3-4.	335-348.

14. International economics

ÁDAM, GY.: Contribution to the study of multinational corporations	12.	2.	191-202.
ÁDAM, GY.: Some reasons for foreign investment	13.	3-4.	323-337.
BALÁZSY, S.: The Fourth World Congress of Economists	13.	2.	231-257.
BOGNÁR, J.: New factors in international economic relations	14.	1.	27- 47.
[BOGNÁR, J.] Богда́р, Я.: Обще́ственно-поли́тические и инсти́туциональные аспекты интегра́ции	13.	2.	143-162.
KOHLMEY, G.: The CMEA countries and international economic relations	14.	4.	293-311.
PÁRNICZKY, G.: Some problems of price measurement in external trade statistics	12.	2.	229-240.

15. East-West economic contacts

BOGNÁR, J.: New factors in international economic relations	14.	1.	27- 47.
BOGOMOLOV, O.: The CMEA's comprehensive program and the possibilities of economic cooperation with West-European countries	12.	1.	31- 38.
KÖVES, A.: Some observations on the development of trade between the European socialist countries and the United States	15.	3-4.	309-328.
PALÁNKAI, T.: The 4 th Hungarian-British Economic Colloquium	11.	2-3.	235-246.
SZITA, J.: On intra-European economic co-operation and East-West trade	13.	3-4.	275-294.
SZITA, J.: Perspectives of an all-European economic co-operation	12.	2.	145-147.
WILCZYNSKI, J.: The East-West technological gap and the "reverse" flow of technology	15.	3-4.	293-308.

16. Socialist integration, socialist countries

BOGOMOLOV, O.: The CMEA's comprehensive program and the possibilities of economic cooperation with West-European countries	12.	1.	31- 38.
[FRISS, I.] Фри́шш, И.: Социалисти́ческая эконо́мическая интегра́ция и постро́ение социализма́ в Венгрии	12.	1.	1- 29.
[HETÉNYI, I.] Хетени, И.: 30 лет венгеро-советских экономических связей	14.	1.	15- 25.
HIDASI, G.: China's economy in the mid-1970s and its development perspectives	14.	4.	355-381.
KOHLMEY, G.: The CMEA countries and international economic relations	14.	4.	293-311.
KOZMA, F.: Crisis phenomena in the capitalist world and some questions of socialist strategy	14.	4.	313-333.
[NYERS, R.] Ньерш, Р.: Страны-члены СЭВ на пути экономической интеграции	12.	3-4.	273-294.

[TARDOS, M.] Тардош, М.: Необходимость прямых связей между производственными предприятиями и трудности их развертывания в торговом обороте между странами-членами СЭВ	11.	4.	369-380.
[VINCZE, I.] Винце, И.: Некоторые соображения по развитию многостороннего балансирования взаимного товарооборота и повышению роли коллективной валюты в содружестве стран-членов СЭВ	13.	3-4.	295-307.
[WIESEL, I.] Визел, И.: Роль процента за кредит в социалистической валютной системе и в экономическом сотрудничестве стран-членов СЭВ	12.	1.	39- 54.

17. Capitalist economic system. Capitalist countries, integration

ÁDÁM, GY.: Contribution to the study of multinational corporations	12.	2.	191-202.
ÁDÁM, GY.: Some reasons for foreign investment	13.	3-4.	323-337.
BECSKY, GY.: An analysis of the economic growth in developed capitalist countries	11.	2-3.	247-262.
HAGELMAYER, I.: The role of gold in the capitalist monetary system	13.	2.	213-230.
KÁDÁR, B.: Specific features of development of South European countries	15.	2.	217-239.
KOHLMEY, G.: The CMEA countries and international economic relations	14.	4.	293-311.
KOZMA, F.: Crisis phenomena in the capitalist world and some questions of socialist strategy	14.	4.	313-333.
MOLNÁR, F.: The new rhythm of the American economy	12.	2.	203-228.
PETRILLI, G.: The European Economic Community in the present international situation	15.	2.	187-197.
SZENTES, T.: Nature, background and effects of the unfolding crisis phenomena in international capitalism	14.	4.	335-354.
WATRIN, CH.: Stabilization policies - the experience of the Federal Republic of Germany	15.	3-4.	403-424.
WÖHLKEN, E.: Problems of pricing in market economies	15.	2.	199-216.

18. Developing countries

KÁDÁR, B.: Main phases of development in Latin-American economy	13.	1.	89-115.
---	-----	----	---------

19. Surveys

BALASSA, Á.: Central development programs in Hungary	14.	1.	91-108.
EHRlich, É.: Researches on problems of economic development and growth in Hungary in the years 1968-1974	15.	2.	241-257.
GERVAL, B.: The situation and role of private small-scale industry in Hungary	12.	1.	118-130.
[JOZSITS, Zs. - HEGEDŰS, M.] Йожиц, Ж. - Хегедюш, М.: Основные принципы и инструменты территориально-экономической политики в Венгрии	11.	2-3.	211-224.
MARTON, Á.: Trend of consumer prices in Hungary 1968-1975	14.	4.	399-413.
NAGY, A.: Industrial projection methods in Hungary	11.	4.	381-402.
On industrial big enterprises (A study of the Economic Research Institute)	12.	1.	97-117.

20. Conferences

BALÁZSY, S.: Actual problems of the Hungarian economy as reflected in the lectures of a scientific session	15.	1.	91- 99.
BALÁZSY, S.: The Fourth World Congress of Economists	13.	2.	231-257.
BIHARI-BÁN, Zs.: Social and economic stimulation of workers	12.	2.	241-246.

CSÁKI, Cs.: Conference on the Employment of Mathematical Methods in agricultural economics	11.	1.	97-101.
HÁMORI, P.: The 26 th ESOMAR/WAPOR Congress in Budapest	11.	4.	411-416.
Jubilee Session of the Institute of Economics of the Hungarian Academy of Sciences	13.	3-4.	397-408.
[NEMÉNYI, I.] Немени, И.: «Социалистическое предприятие» как одно из главных научно-исследовательских направлений в области общественных наук	11.	4.	403-410.
NYILAS, A.: 13 th Congress of the International Association for Research in Income and Wealth	11.	2-3.	224-235.
NYITRAI-KLEKNER, R.: The 4 th International Conference of the Socialist Countries on Regional Development	13.	1.	117-127.
PALÁNKAI, T.: The 4 th Hungarian-British Economic Colloquium	11.	2-3.	235-246.
VEGŐS, B.: "Sectoral Analysis and Sectoral Policy" - International Conference	12.	3-4.	391-398.

21. Economic research organization

FOLLINUS, J.: A new quarterly: "The Hungarian Economy"	11.	1.	104-105.
FRANK, T.: The Society for Organization and Management Science	14.	2-3.	269-272.
[FRISS, I.] Фришш, И.: 20 лет Института Экономики ВАН и исследования экономической политики	13.	3-4.	383-395.
International Association of Survey Statisticians (I. A. S. S.)	12.	1.	131.
[NEMÉNYI, I.] Немени, И.: «Социалистическое предприятие» как одно из главных научно-исследовательских направлений в области общественных наук	11.	4.	403-410.
News from the life of Hungarian economic sciences	11.	1.	101-104.

22. Obituary

György ÁDÁM (1911-1974)	12.	2.	247-248.
-------------------------	-----	----	----------

23. Bibliography

Publications of Hungarian economists in foreign languages. Part three. 1. Jan. 1971-31. Dec. 1972.	13.	3-4.	409-434.
--	-----	------	----------

II. ALPHABETIC LIST OF BOOKS REVIEWED.

	Vol.	No.	Page
ÁRVAY, J.: National product, national income, national wealth. The system of national accounting in Hungary* (A. BRÓDY)	11.	2-3.	266-268.
BÁCSKAI, T. - HUSZTI, E. - SIMON, P.: Money* (É. RADNÓTI)	13.	1.	131-133.
BECK, B.: The economy of Yugoslavia* (K. A. SOÓS)	15.	3-4.	452-454.
BENET, I.: Food production and agriculture (Examination of capital intensity)* (L. BUKTA)	11.	1.	112-116.
BENKE, I.: Interests and incentives* (É. SZEBEN)	15.	1.	109-110.
BEREND, T. I. - SZUHAY, M.: History of capitalist economy in Hungary 1848-1944* (A. BRÓDY)	11.	4.	431-433.
BERÉNYI, J.: Living standard and social policy* (K. FORGÁCS)	13.	1.	129-130.
BERÉNYI, J.: Lohnsystem und Lohnstruktur in Österreich und in Ungarn (É. RADNÓTI)	14.	2-3.	282-284.
BIRÓ, J.: The Hungarian foreign trade policy. Topical problems of foreign trade in the new system of economic management* (D. HALMOSY)	11.	2-3.	269-272.

* Published in Hungarian

BRABANT, J.P.M. van: Bilateralism and structural bilateralism in intra-CMEA trade (I. SCHWEITZER)	12.	3-4.	413-416.
BRABANT, P. van: Essays on planning trade and integration in Eastern Europe (I. MAJOR)	14.	1.	115-117.
Bulletin of the Research Institute for Agricultural Economics (Á. BISZTRAY)	11.	1.	121-124.
BURGER-GIMES, A.: Economics of food production* (I. BENET)	13.	1.	133-135.
CLARK, C.: The value of agricultural land (G. SZ.)	12.	3-4.	406-407.
CROSSER, P.K.: Prolegomena to all future metaeconomics: Formation and deformation of economic thought (A. MADARÁSZ)	14.	1.	119-120.
CERNOK, A.: National income* (A. ORBÁN)	15.	2.	261-262.
CERNUS, I. cf. PÉCSI, K.			
CSETE, L. - SZABÓ, F. - TÓTH, B.: Erfahrungen der planmäßigen Regulierung in der Nahrungsgüterwirtschaft - VARGA, L.: Die jugoslawischen agrarindustriellen Kombinate - FORGÁCS, K.: Das Dilemma der kapitalistischen Agrarentwicklung* (A. TÓTHFALUSI)	14.	1.	121-126.
CSIZMADIA, E.: Introduction to food economics* (K. FORGÁCS)	11.	1.	107-110.
DIMÉNY, I.: Hungarian agriculture and technical progress* (P. SÁRKÓZI)	11.	1.	110-112.
DRECHSLER, L. - KUX, J. - NYITRAI, F.: International comparison of productivity (E. PÓCS)	14.	2-3.	279-282.
XXV лет СЭВ - итоги, задачи, перспективы (K. PÉCSI)	14.	1.	109-113.
ELLMAN, M.: Planning programs in the USSR. The contribution of mathematical economics to their solution, 1960-1971 (L. SZAMUELY)	13.	1.	135.
ERDEI, F. cf. FEKETE, F.			
ERDŐS, T.: An analysis of the economic growth in developed capitalist countries* (GY. BECSKY)	11.	2-3.	247-262.
ERDŐS, T.: Modernization of production and economic growth* (J. HOÓS)	13.	2.	263-264.
[FADDEEV, N.V.] Фаддеев, Н. В.: Совет Экономической Взаимопомощи (J. KOZMA)	15.	1.	
FALUS-SZIKRA, K.: Productivity and its motive powers* (L. TÓTH)	14.	2-3.	276-279.
FALUVÉGI, L.: Public finances and economic control* (S. NAGY)	13.	2.	260-263.
FARKAS, R.P.: Yugoslav economic development and political change (K. A. SOÓS)	15.	3-4.	454-456.
FEKETE, F. (ed.): Selected writings and speeches of F. ERDEI* (K. SZUNYOGH)	12.	1.	139-143.
FORGÁCS, K. cf. CSETE, L.			
FÖLDI, T. (ed.): Economic development and planning (Zs. JOZSITS)	14.	2-3.	274-276.
FÜLÖP, G.: Hungarian economy and the CMEA* (I. DOBOZI)	14.	1.	113-115.
GANCZER, S. (ed.): Planning and programming of the national economy* (J. HOÓS)	12.	2.	249-251.
GONCHAROUK, M. (ed.): Socialist economic integration (A. TÓTHFALUSI)	12.	1.	133-137.
GRUB, PH.D. cf. KAPOOR, A.			
GÜNTER, H. (ed.): Transnational industrial relations (GY. ÁDÁM)	11.	2-3.	274-276.
GYETVAI, L. cf. VENYIGE, M., J.			
HAGEMANN, M. - KLEMENCIC, A.: The socialist market economy of Yugoslavia (J. M. KOVÁCS)	15.	2.	264-268.
HALABUK, L. - HULYAK, K. - NYÁRY, Zs. - KOTÁSZ, Gy.: The M-2 econometric model of the Hungarian economy* (L. HUNYADI)	12.	3-4.	401-403.
HEGEDŰS, M.: Economic development and urbanization* (T. BIHALY)	12.	3-4.	410-412.
HÉTHY, L. - MAKÓ, Cs.: Worker behaviour and the economic organization* (P. VÁNYAI)	12.	1.	137-139.
HEWETT, E. A.: Foreign trade prices in the CMEA (I. MAJOR)	14.	2-3.	285-288.
HOCH, R.: Consumption and price* (P. ERDŐS)	11.	4.	417-425.
HORVÁTH, L.: Long-range plan of enterprises* (K. FORGÁCS)	11.	4.	430-431.
HULYAK, K. cf. HALABUK, L.			
HUSZTI, E. cf. BACSKAI, T.			
JÓZSA, Ö. cf. VENYIGE, M., J.			
KÁDAS, K.: Verkehrswirtschaftslehre* (G. REHBEIN)	11.	2-3.	272-274.

KAPOOR, A. – GRUB, PH.D. (eds): The multinational enterprise in transition (GY. ÁDÁM)	11.	2–3.	279.
KERÉKGYÁRTÓ, GY.: Scientific technological co-operation among CMEA-countries* (J. DEVICES)	14.	4.	418–419.
KISS, T.: The socialist international enterprise* (M. TARDOS)	13.	1.	130–131.
KLEMENČIĆ, A. cf. HAGEMANN, M.			
KOLOS, M. cf. PÉCSI, K.			
KOTÁSZ, GY. cf. HALABUK, L.			
KOVÁCS, G.: Crucial turning-points of future development* (A. SCHMIDT)	15.	2.	259–261.
KÖVESI, J.: Main tendencies and factors in the development of livestock breeding* (F. VAGI)	11.	1.	119–121.
KUX, J. cf. DRECHSLER, L.			
[LISICHKIN, G.] Лисицкий, Г.: Что человеку надо? (L. SZAMUELY)	14.	2–3.	284–285.
MADAS, A.: World consumption of wood (Trends and prognoses) (I. BENET)	13.	2.	266–268.
MAKÓ, Cs. cf. HÉTHY, L.			
MÁNDI, P.: Education and economic growth in the developing countries* (Z. KOLLÁR)	14.	4.	420–421.
MARTOS, B.: Nonlinear programming. Theory and methods (F. FORGÓ)	14.	1.	117–119.
[MÁTYÁS, A.] Матяш, А.: История современной буржуазной экономической науки (A. SIPOS)	11.	4.	427–430.
MIKESELL, R.F.: Foreign investment in the petroleum and mineral industries (GY. ÁDÁM)	11.	2–3.	276–279.
NAGELS, J.: Genèse, contenu et prolongements de la notion de Reproduction du capital selon Karl Marx, Boisguillebert, Quesnay, Leontief (K. CSATÓ)	11.	2–3.	263–266.
NEMÉNYI, I.: Thirty years of Hungarian investment policy* (L. FODOR)	15.	3–4.	448–449.
NYÁRI, Zs. cf. HALABUK, L.			
NYILAS, J.: World economy and its main development trends* (B. TÁLAS)	15.	3–4.	449–451.
NYITRAI, F.: The place of Hungarian industry in the world* (I. WIESEL)	12.	3–4.	399–401.
NYITRAI, F. cf. DRECHSLER, L.			
PÉCSI, K. – KOLOS, M. – CSERNUS, I. et al.: Economy of European socialist countries* (I. KATONA)	15.	1.	108–109.
RÁCZ, A. (ed.): Studies on modern economic statistics* (G. PÁRNICZKY)	11.	2–3.	268–269.
RÉVÉSZ, G.: Problems of incomes control and economy in the case of the collective interest at enterprises* (Z. ROMÁN)	12.	1.	134–137.
ROMÁN, Z.: Productivity in industry – How enterprises see it?* (J. MAGYAR)	12.	2.	258–261.
SÁRKÖZY, T.: The indirect control of the economy, commodity production of the enterprises and ownership rights* (S. KOPÁTSY)	12.	1.	143–144.
SIMON, P. cf. BÁCSKAI, T.			
SMITH, G.A.: Soviet foreign trade. Organization, operations and policy, 1918–1971. (A. K.)	11.	4.	434.
SPIGLER, I.: Economic reform in Rumanian industry (J. LÉVAI)	12.	2.	264–267.
STARK, A.: Plan and reality* (J. SIPOS)	12.	2.	253–258.
Studies on developing countries (J. KISS)	15.	2.	269–271.
SZABÓ, F. cf. CSETE, L.			
SZABÓ, G.: The economic valuation of agricultural land* (GY. HAJPÁL)	15.	2.	262–264.
SZABÓ, K.: The challenge of big corporations. New wave in capital concentration* (I. GYÓRFFY)	14.	4.	421–422.
SZAKASITS, D.GY.: Hungary and the scientific-technological revolution* (I. NEMÉNYI)	12.	2.	261–264.
SZAMUELY, L.: First models of the socialist economic systems. Principles and theories (T. FÖLDI)	14.	2–3.	273–274.
SZEKÉR, GY.: Hungarian aluminium industry and socialist economic integration* (Cs. EGERSEGI)	14.	4.	415–417.
SZIKRA-FALUS, K. cf. FALUS-SZIKRA, K.			
SZITA, J.: Perspectives of an all-European economic co-operation* (M. SIMAI)	15.	1.	105–108.
SZLAMENICZKY, I.: Animal products in the Hungarian and the world economy* (J. VAGÓ)	11.	1.	116–119.

SZUHAY, M. cf. BEREND, T. I.			
TIMAR, M.: Economic policy in Hungary 1967-1973* (J. WILCSEK)	13.	2.	259-260.
TINBERGEN, J.: Income distribution analysis and policies (E. FRIGYES)	15.	3-4.	441-447.
TÓTH, B. cf. CSETE, L.			
TÓTH, J.: Optimizing the usage of the factors of production in agriculture* (I. BENET)	12.	3-4.	407-410.
VÁGI, F.: Enterprise motivation and the mechanism of its realization in state farms* (I. GÖNCZI)	12.	3-4.	403-406.
VARGA, L. cf. CSETE, L.			
VAS-ZOLTÁN, P.: United Nations technical assistance (A. TÓTHFALUSI)	14.	4.	419-420.
VENYIGE, M., J. - JÓZSA, Ö. - GYETVAI, L.: Labour structure and mobility* (L. HARSÁNYI)	15.	1.	110-112.
WILCZYNSKI, J.: Profit, risk and incentives under socialist economic planning (E. GÁCS)	12.	2.	251-253.
WILCZYNSKI, J.: Technology in COMECON (E. GÁCS)	13.	2.	264-266.

III. AUTHOR'S INDEX

	Vol.	No.			
ÁDÁM GY.	11.	2-3.	EGERSZEGI Cs.	14.	4.
	12.	2.	EHRlich É.	15.	2.
	13.	3-4.	ERDŐS P.	11.	4.
BÁGER G.	12.	3-4.		12.	3-4.
BALASSA Á.	14.	1.		15.	2.
BALÁZSY S.	13.	2.	ERDŐS T.	11.	4.
	15.	1.	FALUS-SZIKRA K.	13.	1.
BÁN-BIHARI Zs.	12.	2.		14.	2-3.
BAUER T.	14.	2-3.	FALUVÉGI L.	12.	2.
BECSKY GY.	11.	2-3.		14.	2-3.
BENET I.	11.	2-3.	FEKETE F.	11.	1.
	12.	3-4.		13.	2.
	13.	1.	FERGE Zs.	15.	1.
	13.	2.	FODOR L.	15.	3-4.
BEREND I.	13.	3-4.	FOLLINUS J.	11.	1.
BEREND T. I.	14.	2-3.	FORGÁCS K.	11.	1.
BIHALY T.	12.	3-4.		11.	4.
BIHARI-BÁN Zs.	12.	2.		13.	1.
BISZTRAY Á.	11.	1.	FORGÓ F.	14.	1.
BOGNÁR J.	13.	2.	FÖLDI T.	14.	2-3.
	14.	1.	FRANK T.	14.	2-3.
BOGOMOLOV O.	12.	1.	FRIGYES E.	15.	3-4.
BRÓDY A.	11.	2-3.	FRISS I.	12.	1.
	11.	4.		13.	3-4.
	14.	1.	GÁCS E.	12.	2.
BROWN A. A.	11.	4.		13.	2.
BUKTA L.	11.	1.	GERVAI B.	12.	1.
CSÁKI Cs.	11.	1.	GÓCZÁN L.	11.	2-3.
	12.	3-4.	GÖNCZI I.	12.	3-4.
CSATÓ K.	11.	2-3.		14.	1.
CSIKÓS-NAGY B.	12.	3-4.	GYENES A.	11.	1.
CSIZMADIA E.	12.	3-4.	GYÓRFFY I.	14.	4.
DÁNIEL Zs.	15.	2.	HAGELMAYER I.	13.	2.
DARVAS G.	11.	2-3.	HÁJPÁL GY.	15.	2.
DEVICS J.	14.	4.	HALMOSY D.	11.	2-3.
DOBOZI I.	14.	1.	HÁMORI P.	11.	4.
DRECIN J.	11.	2-3.	HARSÁNYI L.	15.	1.
	14.	2-3.	HEGEDŰS M.	11.	2-3.
	15.	2.		12.	2.

HETÉNYI I.	11. 2-3.	PARNICZKY G.	11. 2-3.
	14. 1.		12. 2.
HIDASI G.	15. 1.	PÉCSI K.	14. 1.
HOCH R.	14. 4.	PETRILLI G.	15. 2.
HOFFMANN M.	15. 3-4.	PÓCS E.	14. 2-3.
HOÓS J.	15. 3-4.	RADNÓTI É.	13. 1.
	12. 2.		14. 2-3.
	13. 2.	REHBEIN G.	11. 2-3.
HUNYADI L.	12. 3-4.	RÉVÉSZ G.	12. 1.
HUSZÁR I.	14. 1.	RIESZ M.	15. 1.
INZELT A.	15. 1.	ROMÁN Z.	12. 1.
JÁNOSSY F.	13. 2.	SÁRKÓZY P.	11. 1.
JOZSITS ZS.	11. 2-3.	SCHMIDT Á.	13. 1.
	13. 1.		15. 2.
	14. 2-3.	SCHWEITZER I.	12. 3-4.
KÁDÁR B.	13. 1.	SCITOVSKY T.	15. 1.
	15. 2.	SIMAI M.	15. 1.
KÁDAS S.	12. 1.	SIPOS A.	11. 4.
KATONA I.	15. 1.	SIPOS J.	12. 2.
KISS J.	15. 2.	SOÓS K.	15. 3-4.
KLEKNER-NYITRAI R.	13. 1.	STARK A.	13. 2.
KOHLMEY G.	14. 4.	STONE R.	11. 2-3.
KOLLÁR Z.	14. 4.	SZABADI B.	15. 3-4.
KOPÁTSY S.	12. 1.	SZABÓ I.	11. 1.
KOVÁCS J.	11. 2-3.	SZABÓ K.	11. 4.
KOVÁCS J.M.	15. 2.		13. 1.
KOZMA F.	13. 1.	SZAKOLCZAI Gy.	12. 1.
	14. 4.	SZAMUELY L.	13. 1.
KOZMA J.	15. 1.		14. 2-3.
KÖVES A.	15. 3-4.	SZEBEN É.	15. 1.
LACKÓ M.	15. 3-4.	SZENTES T.	14. 4.
LAKI M.	14. 2-3.	SZIKRA-FALUS K.	13. 1.
LÁSZLÓ J.	14. 2-3.		14. 2-3.
LÁZÁR Gy.	14. 2-3.	SZITA J.	12. 2.
LENGYEL L.	13. 3-4.		13. 3-4.
LÉVAI J.	12. 2.	SZUNYOGH K.	12. 1.
LICARI J. A.	11. 4.	TÁLAS B.	15. 3-4.
MADARÁSZ A.	14. 1.	TARDOS M.	11. 4.
MAGYAR J.	12. 2.		13. 1.
MAJOR I.	14. 1.		15. 1.
	14. 2-3.		15. 3-4.
MANDEL M.	13. 1.	TÉNYI Gy.	13. 1.
MARTON Á.	14. 4.	TÓTHFALUSI A.	12. 1.
MÁRTON J.	11. 1.		14. 1.
MEGYERI E.	11. 4.		14. 4.
MOLNÁR F.	12. 2.	TÓU L.	14. 2-3.
MÜLLER J.	13. 1.	ÚJHELYI T.	11. 1.
NAGY A.	11. 4.	VÁGI F.	11. 1.
NAGY S.	13. 2.	VAGÓ J.	11. 1.
	14. 1.	VÁNYAI P.	12. 1.
NEMÉNYI I.	11. 4.	VÉGSŐ B.	12. 3-4.
	12. 2.	VERESS P.	12. 3-4.
NÉMETH K.	15. 3-4.	VINCZE I.	13. 3-4.
NEUBERGER E.	11. 4.	WATRIN CH.	15. 3-4.
NYERGES J.	13. 3-4.	WEBER W.	14. 4.
NYERS R.	12. 3-4.	WIESEL I.	12. 1.
NYILAS A.	11. 2-3.		12. 3-4.
NYITRAI-KLEKNER R.	13. 1.	WILCSEK J.	13. 2.
ORBÁN A.	15. 2.	WILCZYNSKI J.	15. 3-4.
ÖRDÖG M.	13. 1.	WÖHLKEN E.	15. 2.
PALÁNKAI T.	11. 2-3.		

