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CENTRAL COMMITTEE CONFERENCE ON THE ECONOMY

SUMMARY

1. THE REPORT ON LAST WEEK'S CENTRAL COMMITTEE CONFERENCE ON ECONOMIC REFORM REVEALS THAT THE LEADERSHIP HAS NOT BEEN ABLE TO REACH AGREEMENT ON THE KEY ISSUE OF THE ROLE OF THE CENTRAL PLANNING ORGANS IN TIME FOR THE PLENUM WHICH WILL TAKE PLACE AT THE END OF THE MONTH.

DETAIL

2. THE REPORT ON THE CENTRAL COMMITTEE CONFERENCE OF 8-9 JUNE ON RADICAL RESTRUCTURING OF THE ECONOMY WAS PUBLISHED IN PRAYDA OF 13 JUNE. IT IS CLEAR FROM THE REPORT AND ESPECIALLY GORBACHEV'S CLOSING REMARKS THAT PREPARATIONS FOR THE PLENUM WHICH HE CONFIRMED WOULD TAKE PLACE AT THE END OF THE MONTH, HAVE RUN INTO PROBLEMS OVER THE ISSUE OF THE ROLE OF THE MINISTRIES AND THE CENTRAL PLANNING ORGANS. GORBACHEV SAID THAT 12 DOCUMENTS HAD BEEN PREPARED AND DISCUSSED BY THE POLITBURO BUT WOULD NOT BE ADOPTED UNTIL FURTHER DISCUSSION AT THE PLENUM AND SUPREME SOVIET SESSION. THIS SEEMS TO REPRESENT SOMETHING OF A SET BACK FOR GORBACHEV WHO HAD EVIDENTLY PLANNED TO HAVE A COMPLETED 'INTEGRAL ECONOMIC MECHANISM' APPROVED BY THE PLENUM AND GIVEN LEGAL SHAPE BY THE SUBSEQUENT SESSION OF THE SUPREME SOVIET. THE PLENUM AND SUPREME SOVIET SESSION WILL ENDORSE THE LAW ON THE SOCIALIST ENTERPRISE BUT AS GORBACHEV POINTED OUT THE LAW 'WILL NOT FUNCTION IF WE DO NOT RESOLVE THE QUESTIONS OF MANAGING THE ECONOMY FROM THE CENTRE'.

SUMMARY OF CONFERENCE PROCEEDINGS

3. IN HIS OPENING REMARKS GORBACHEV ASKED FOR THE VIEWS OF THE CONFERENCE ON THREE QUESTIONS:

A) THE PROGRESS OF PERESTROIKA IN THE SOCIETY AND THE ECONOMY.

B) THE LAW ON THE STATE ENTERPRISE

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C) THE ROLE OF THE CENTRAL ECONOMIC ORGANS.

GORBACHEV HIMSELF FOCUSED ON THE QUESTION OF THE CENTRAL ORGANS STRESSING THAT THERE HAD BEEN A GREAT DEAL OF DISCUSSION AT ALL LEVELS, INCLUDING THE POLITBURO, OF THIS DIFFICULT QUESTION.

SLYUNKOV'S REPORT

4. THE MAIN POINTS IN THE REPORT TO THE CONFERENCE DELIVERED BY THE CENTRAL COMMITTEE SECRETARY FOR THE ECONOMY SLYUNKOV WERE:

A) HE IDENTIFIED AS THE MAIN SOURCES OF INEFFICIENCY IN THE SOVIET ECONOMY THE DICTATORSHIP OF THE PRODUCER OVER THE CONSUMER, WHICH LED TO SHORTAGES AND LOW QUALITY SEMICOLON MASSIVE SUBSIDIES, EASY CREDIT AND THE EXISTING PRICE SYSTEM. ENERGY PRICES WERE 2-3 TIMES BELOW WORLD LEVELS WHILE FOOD PRICES WERE ON AVERAGE HALF THE COST OF PRODUCTION.

B) HE CALLED FOR A RADICAL RESTRUCTURING OF THE MINISTRIES, WHICH SHOULD BE DEPRIVED OF THEIR OPERATIONAL CONTROL OVER ENTERPRISES. THE PART OF THE APPARAT WHICH EXERCISES OPERATIONAL ECONOMIC FUNCTIONS WOULD BE ELIMINATED.

C) HE CALLED FOR A 'SYSTEM OF EFFECTIVE EMPLOYMENT' AND REDEPLOYMENT OF WORKERS WHO WERE RELEASED.

THE DEBATE

5. THE MAIN POINTS OF INTEREST FROM THE DEBATE, WHICH FEATURED FREQUENT INTERJECTIONS BY GORBACHEV, WERE SUPPLIED BY THE ACADEMIC SPEAKERS:

A) ARBATOV (USA AND CANADA INSTITUTE) SAID IT WAS WRONG TO MAKE A 'SACRED COW' OF GROWTH RATES WHEN QUALITY NOT QUANTITY WAS THE PROBLEM.

B) BOGOMOLOV (INSTITUTE FOR THE ECONOMICS OF THE WORLD SOCIALIST SYSTEM) POINTED TO THE ADVANTAGES OF LAUNCHING ECONOMIC REFORM IN THE AGRICULTURAL SECTOR FIRST, AS HUNGARY, CHINA AND CZECHOSLOVAKIA HAD DONE. HE STRESSED THE KEY ROLE OF THE MARKET, A QUESTION WHICH TENDED TO BE EVADED IN DISCUSSIONS OF THE SOVIET ECONOMY SEMICOLON AND REFERRED TO THE NEED FOR A CONVERTIBLE ROUBLE FOR THE DEVELOPMENT OF TRADE WITH SOCIALIST COUNTRIES.

C) POPOV SALE TRADE AND IDENTIFIED THE FAILURE TO PUSH THROUGH IDEAS OF WHOLESALE TRADE AS ONE OF THE FACTORS IN THE FAILURE OF THE 1965 ECONOMIC REFORM.

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| GORBACHEV'S

GORBACHEV'S CONCLUDING REMARKS

6. IN HIS INTERJECTIONS AND CLOSING REMARKS GORBACHEV RETURNED TO THE FAMILIAR THEME THAT PERESTROIKA WAS PROCEEDING WITH GREAT DIFFICULTY BUT THAT THERE WAS NO ALTERNATIVE. HE ALSO ALLUDED SEVERAL TIMES AND RATHER DEFENSIVELY TO THE WIDE-RANGING CURRENT DISCUSSION OF ECONOMIC REFORM IN WHICH SOME VERY RADICAL VIEWS ARE BEING EXPRESSED. HE CALLED FOR AN ATMOSPHERE WHICH WOULD MAKE IT POSSIBLE TO TAKE ACCOUNT OF ALL POINTS OF VIEW. THIS DID NOT MEAN THERE SHOULD NOT BE RESPONSIBILITY. THERE COULD EVEN BE MISTAKES AND THESE TOO COULD BE DISCUSSED 'BUT WE NEED DISCUSSIONS AND STATEMENTS IMBUED WITH CONCERN FOR SOCIALISM.... THOSE WHO WANT TO OFFER US ANTI-SOCIALIST ALTERNATIVES MUST BE REBUFFED'.

7. THE CONFERENCE, WHICH WAS DESCRIBED BY GORBACHEV AS THE FIRST 'TESTING-OUT' OF THE DISCUSSIONS IN THE POLITBURO AND GOVERNMENT MAY HAVE BEEN INTENDED BY HIM AS A WAY OF CIRCUMVENTING OPPOSITION AND STACKING THE CARDS AGAINST THE CENTRAL BUREAUCRACY IN ADVANCE OF THE PLENUM. THE LIST OF SPEAKERS SEEMED LOADED, - NO REPRESENTATIVE OF GOSPLAN AND ONLY THREE MINISTERS SPOKE. BUT ALTHOUGH SLYUNKOV'S REPORT AND SOME OF THE SPEAKERS IN THE DEBATE CALLED FOR REDUCTIONS IN THE POWERS OF THE MINISTRIES AND THE CENTRAL ORGANS, THE REPORT AS A WHOLE, WHICH WAS PUBLISHED AFTER A SHORT DELAY, DOES NOT PROVIDE CLEAR GUIDANCE FOR THE PLENUM.

GORBACHEV EVIDENTLY STILL HAS A FIGHT ON HIS HANDS IN OVERCOMING RESISTANCE FROM THE CENTRAL BUREAUCRACY BEFORE HE CAN FINALISE HIS PLANS FOR ECONOMIC RESTRUCTURING.

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