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PRIME MINISTER

**INTERVIEW WITH LIFE MAGAZINE: GORBACHEV**

I attach copies of Gorbachev's main speeches on which you wanted to refresh your memory before your interview with Life Magazine. I am afraid that I cannot in all cases trace the versions you annotated. I think that you have some at least in the flat.

I also attach a biographical note prepared by the FCO Research Department. There is no harm in the interviewer reading this although she ought not to take it away. I have already sent her a published biographical article.

Finally I attach the record of your sessions on the Soviet Union.

**CHARLES POWELL**

5 August 1987





10 DOWNING STREET

~~Prime Minister~~

This is the full  
text of Mr.  
Corbett's speech.  
Much of it is  
unreadable: other  
passages of great  
interest. I have  
underlined the  
main ones so  
save you time.  
CDD

### C. GORBACHEV'S PLENUM SPEECH

Gorbachev's Speech on 25th June Published in 'Pravda'

'Pravda' 26 Jun 87 (second edition)

Text of "On the party's tasks in radically restructuring the management of the economy: Report by M.S. Gorbachev, General Secretary of the CPSU Central Committee, at the CPSU Central Committee plenum on 25th June 1987":

Comrades!

We are holding this plenum on the threshold of a most important event in the life of the party and our whole society. In a few months the country will be celebrating the 70th anniversary of the Great October Revolution.

Great October told the world of the birth of a new workers' and peasants' state, asserted the humane principles of society's socio-economic development, elevated working people and opened up scope for initiative and creativity from the masses. All this has made it possible for us to turn the country into a mighty industrial power in a very short historical period, successfully solve the most complex social problems and to create a great multinational alliance of peoples striding down the road of socialism.

Each generation of Soviet people has made its own contribution to developing, strengthening and defending the gains of October. We are rightly proud of our history and look to the future with confidence.

At the present stage the Soviet people and the party, guided by Leninist teaching and creatively developing it, are continuing the revolutionary cause via restructuring and the renewal of all spheres of society's life.

Today we will have to examine one of the cardinal matters of restructuring. It is a matter of a radical reform of the running of the economy and qualitative changes to the system governing the economic mechanism. Changes which will open up new opportunities for exploiting the advantages of the socialist system.

Before moving on to this matter, the Politburo deemed it necessary to present the Central Committee with its assessment of the progress of restructuring and the implementation of the resolutions of the 27th CPSU Congress.

#### I. Along the Road of the April Plenum

##### Some of the political results of restructuring

Comrades! The period since the April plenum has been one of the most crucial and politically rich periods in the history of our party and the people's life. It is typified by intensive theoretical and practical work and quests for and solutions to the new problems being encountered by Soviet society.

It can be said with confidence that over the last two years the political situation in the country has substantially changed. There is a deeper and deeper realisation that the need for restructuring was generated by the growing contradictions in society's development - contradictions which, as they gradually accumulate and were not resolved in good time, essentially acquired forms presaging a crisis.

Under these complex conditions the party worked out the course of restructuring. We started moving forward. The renewal process is becoming more and more specific in form, absorbing a wider and wider range of problems and encompassing new layers of social life.



Restructuring in society is deepening and growing. First and foremost it is aimed at clearing away the contradictions formed by the main components of the braking mechanism, thereby giving a powerful and irreversible boost of acceleration to social development.

It is necessary to realise clearly that we see the goals of the acceleration of socio-economic development not only in overcoming the lags and deformations that have been permitted in various spheres of society's development. These goals, dictated by historical necessity and by changing - fundamentally changing - domestic and international conditions are aimed at achieving a qualitatively new stage of socialist society.

History has not left us much time to solve this task. Socialism's potential, its practical usefulness for people and the extent to which society is socially effective will be judged precisely on the progress of restructuring and its results.

This, Comrades, defines the scale of the work being done and the extent of our responsibility.

The changes which have been taking place in society since the January plenum show particularly clearly that the country's healthy forces and working people firmly advocate restructuring, acceleration, the immediate resolution of urgent problems and the unconditional overcoming of stagnation and conservatism.

The process of the democratisation of all aspects of life is developing and deepening extensively in the country. Social organisations are acting with greater initiative. Democratic initiatives in the administration of production are gaining ground. Public opinion is making itself felt clearly and weightily. The mass media have started working more actively in the interests of restructuring. An offensive against bureaucratism is under way and management methods involving the imposition of administrative policies are gradually being overcome. Important changes are taking place in cadre work and cadre complements are being renewed by an influx of new blood.

The experience of democratisation convincingly shows that we are on the right road. This opens up good prospects for improving our political system and society as a whole.

The current outburst of spiritual activeness can be called an achievement of restructuring. Public interest in the processes taking place in science, literature and the arts, and press, radio and television reporting has increased. People want to know more about our country's past, present and future, and sharper and closer attention is being devoted to public and state affairs and to philosophical, moral and ethical problems.

In embarking on a reform of secondary and higher education we are taking the first step toward the creation of a modern education system. All this reveals new reserves for further developing and deepening restructuring.

If we are talking about a political assessment of the processes taking place in the economy, I would highlight people's changing attitude to work and the fulfilment of their production duties. This is largely determined by the fact that working people support the line of restructuring and the acceleration of socio-economic development through their work. That is the first thing.

Second, it is linked with the transition of many economic branches to new management methods, complete financial autonomy and self-financing while simultaneously developing progressive forms of work organisation, above all the collective contract.

The new situation has also affected economic results to a definite extent. Labour productivity growth rates have increased. On average over the past two years, they have exceeded the average annual indicators in the 11th Five-Year Plan by 30% in industry and construction, by 100% in agriculture and by 200% in rail transport. On



average in 1985-86 growth rates were 4.4% in industrial production and 3% in agriculture. A positive trend has been discernible in such an important sector as capital construction, which had been in a very difficult position. Positive changes have also come about - not without difficulty and struggle, but they have come about - in other branches of the economy too.

Additional opportunities have been found for strengthening the material base of the social sphere. Almost R 40 billion over and above what was laid down in the Five-Year Plan have been allocated for these purposes. The growth rate of capital investment in the development of the social sphere is 200% higher than in the national economy as a whole.

Obviously you will agree, comrades, that the period since the January plenum of the Central Committee requires special analysis and political assessment. What is it important to note above all in this area?

It can be said that a new stage has opened up in restructuring - the stage of the resolution of specific tasks in all avenues and all spheres of society's life.

The January plenum gave a powerful boost to work and social activeness. It became obvious that nobody could stand aside from restructuring - everyone has to take a stand. During these months Soviet people have sensed particularly acutely the complexity of the accumulated problems and are becoming more and more clearly aware of the need for really fundamental changes and the consistent implementation of the line of renewal. At the same time the realisation has deepened in the party and society that restructuring is a complex and contradictory process.

The revolutionary transformations in society have brought to the fore the contradictions between the demands of renewal, creativity and creative initiative on the one hand and conservatism, inertia and selfish interests on the other. One manifestation of this real contradiction is the disparity between the masses' growing activeness on the one hand and the bureaucratic style of activity which is still alive in various spheres and the attempts to freeze restructuring on the other. Swift and resolute measures are needed to overcome this contradiction - both in cadre policy and in the assertion of new approaches and norms of party, state and public life.

What does the Politburo see as the most effective means of resolving this contradiction? The answer is unambiguous and definite - the extensive development of democracy. Today - and this has been proved by life yet again - it is the running of society in the form of administrative directives which is retarding our progress. Democratic, and only democratic, forms are capable of imparting powerful acceleration to our progress.

Experience of restructuring and its initial stage also prompts us to take a close look at the really existing conflicts of interests between various groups of the population, collectives, departments and organisations. Undoubtedly, socialism eradicates antagonistic interests. This thesis is well-known and true, but in no way does it mean that eliminating antagonistic interests is the same as unifying them or levelling them out.

Take the attitude to restructuring. On the whole there is a general realisation of the impossibility of living and working in the old way and of the objective need for restructuring and profound transformations. But as soon as restructuring started to turn sharply towards work, to imbue all strata of society and to reach individuals, we saw how a contradiction surfaces between immediate, narrow interests and even the egotistical motives of certain individuals and groups on the one hand and the interests of all society and working people's long-term interests on the other.

We can clearly see the difficulties restructuring is encountering in party, soviet and economic organs. And can we fail to sense how reluctantly it is received in certain central departments? The complexities of restructuring are arrested by the experience of the state acceptance system, the struggle against drunkenness and alcoholism and the



efforts to instill order and discipline. They are also attested by the first steps in introducing financially autonomous initiatives and asserting principles whereby pay is wholly linked with end results. All these, comrades, are real processes and actual contradictions. And we must be aware of them and take them into account.

Society cannot be led by its own selfish interests and actions. These must be resolutely combated. Here too a worthy example is shown by the working class and labour collectives, particularly at those enterprises where state acceptance has been introduced. As is well known, this is not a simple matter, it concerns the interests of millions. Nonetheless, the working class has clearly defined its position: State acceptance is necessary, it is needed by all society, the entire people and each individual.

The working class is boldly striding down the road of renewal. I would say that in all its actions the working class is in the van of restructuring. And this is of decisive importance for its success. Labour collectives are using their initiative in tackling the resolution of key questions of the country's socio-economic development by spotlighting the timely and good-quality fulfilment of contractual commitments for output deliveries. The competition in honour of the 70th anniversary of Great October is gaining momentum. In short, the working class is charging restructuring with high-intensity energy.

The behaviour of those who for their own selfish ends are hampering social transformations and standing in the way of restructuring looks particularly unseemly against the back-drop of the genuinely civic-minded position of the working class. I think that labour collectives and party and social organisations should be firm in their attitude to such people and not tolerate them. That is the demand of life. That is our understanding of the matter in the Politburo.

Under the conditions of restructuring the problem of the harmonisation of social and personal interests emerges once again. The search for the correct relationship between the two is of enormous importance - it is a task of living practice. It is a matter of taking account of the entire range of interests - the interests of individuals, collectives, classes, nations, ethnic groups and social and professional groups, and the complex dialectics of their interrelation - in order to guarantee society's dynamic development.

Interests must be fostered and channelled through the new economic management mechanism, through democratic institutions and through policy, ideology and culture. The meaning of restructuring ultimately lies in taking account of interests, influencing interests and ensuring management of and through interests.

The contradictions we encountered in the sphere of labour and distributive relations when we started switching to complete financial autonomy, to payment for end results and to collective and family contracts must also be discussed. What happened here? The fact is that the fundamental socialist principle of "From each according to their abilities, to each according to their labour" is in practice often sacrificed to a simplistic concept of equality. These questions are currently being discussed actively - and not only on an economic level, but on a moral and ethical level, too.

It would seem to be clear that equality does not mean levelling down. But in practice something else often happens. The trend towards levelling down has doggedly gained ground. It has engendered parasitism, had a detrimental affect on the quantity and quality of work, and reduced the incentive to boost labour productivity.

It must be stressed again and again that genuine equality can only be ensured through the totality of the political, economic, social and legal means at socialism's disposal.

We are proud of the high level of social welfare provided for people in our country. This is what makes socialism what it is - a system of the workers and for the workers. But the fundamental material and moral condition of people in socialist society should be labour, and labour alone. Creative, highly productive labour, talent and



people's real contribution to the common cause must be encouraged in every possible way. And, on the contrary, passivity, inactivity, low working standards and anti-social phenomena must be assessed in the corresponding manner - socially and economically. Therein lies the socialist content of social justness.

Comrades, I have touched on only some of the problems which most tangibly reflect the contradictory nature of the phenomena which are taking place. The newness and scale of the tasks demand constant attention to scientific analysis of the progress and the socio-economic consequences of restructuring and the contradictions inherent in this complex social process. We urgently need a principled breakthrough on the theoretical front based on a stringent analysis of the totality of the facts of social life and a scientific substantiation of the goals of prospects for our progress. It is impossible to make successful progress by trial and error. That will cost society dear. The art of political leadership requires the ability to reveal and effectively resolve contradictions, not to suppress and accumulate them but to turn them into a source of progress and self-development.

We have been left inspiring examples of boldness in theory and profound breakthroughs to the future by the founders of Marxist-Leninist teaching. The experience of the Paris Commune gave Marx the opportunity to develop the matter of ways of moving from capitalism to communism. On the basis of the experience of the first years of socialist transformations in Soviet Russia, V.I. Lenin developed and enriched the theory of building a socialist society. We must now interpret profoundly the practices of socialist development and the wealth of experience accumulated in all its diversity by both ourselves and the fraternal countries. Work in this direction has started and we have already obtained certain important results on which we are relying in formulating and implementing our policy. But the main work is still to come.

On the whole, Comrades, despite all the complexities, difficulties and obstacles, today at the plenum we can say with complete justification that restructuring has won an ideological and moral victory, spreading both vertically and horizontally.

But in making such a responsible assessment we must not permit exaggeration, much less complacency. We are now essentially only on the first wave of restructuring. This wave has stirred up the stagnant water.

The party has awoken the masses' activeness. Our duty is to prevent the dissipation of this elan, to develop it and to bring it to full fruition. It is all the more necessary to say this because working people are still concerned about the fate of restructuring. People continue to advise and, I would say, demand that we do not stop but keep on going down the road of change. During my recent trip to Baykonur, in a conversation with working people in the town of Leninsk, I was asked when restructuring would reach them. I replied that the leaders of the republic and the oblast were there, they were listening to our conversation and that they should ponder why such a question was being asked and learn the relevant lessons from it.

(1) Or take, for example, letters of the CPSU Central Committee, the Presidium of the USSR Supreme Soviet, the USSR Council of Ministers, the editorial offices of central newspapers, journals, radio and television. Their content is the same. People write that they support restructuring but see no changes around them. Restructuring has not affected the work collectives, towns and villages where they live and work. Many people conclusively confirm this with facts. Thus despite tremendous efforts, restructuring has not really reached many places. This, comrades, is a very serious symptom. The Politburo cannot ignore the situation which has come about. It has been discussed many times when preparing for this plenum

What conclusion do we reach?

Restructuring began on the party's initiative and is being carried out under its leadership. The party has roused the country, attracted millions of people by its ideas and engendered tremendous hopes. And if working people today are concerned at the slowness of the transformations, then that means that we are allowing slackness in our work.



An alarming trend has taken shape, comrades, and this is shown by the facts - namely, that a number of party organisations lag behind the prevailing mood and the dynamic processes which are developing within society. Obviously, this matter must be examined at our plenum. This is the crucial feature in our work today. How the party is going to act also determines the course that restructuring will take.

When we demanded two years ago that leading party, soviet and economic cadres organise efficient work, the reply we often heard was: We understand the new tasks, but give us time to evaluate the situation, master the new methods and forms of work and apply them in practice.

The Politburo responded to that sympathetically. We said at the time that everyone is being given both time and the opportunity to restructure. But, comrades, things do not stand still. Restructuring within the party cannot be allowed to lag behind the economic, social and spiritual processes that are taking place; the changes in people's lives and feelings cannot be allowed to outstrip the understanding of those processes within the party, and in particular within its leading organs.

Working people justly write that those who wanted restructuring have already done something about it and joined in the work. But those who did not understand the new tasks and who continue to cling to the old ways are effectively sabotaging restructuring by their own inactivity. Thus the Politburo puts in concrete terms the question of increasing the responsibility of communists and leaders of party, soviet and economic organs for the state of affairs, for the real solution of the urgent problems and for the course of restructuring.

There must be greater exactingness at all levels. But we must begin with ourselves - the Politburo, the Secretariat, the government and members of the Central Committee.

At the present crucial stage in society's development a tremendous responsibility rests on the Politburo of the Central Committee. It goes without saying that assessing this activity is the Central Committee's prerogative. I should like to assure you that the Politburo has a thorough understanding of its responsibility to the Central Committee, the party and the people for the solution of the new and complex tasks. Large-scale work has been launched in a short time in all areas of social transformations.

I can state that within the leadership of the party and the country there is a unity of views on the fundamental matters of restructuring and of domestic and foreign policy. This unity makes it possible to take and confidently implement the decisions dictated by the times. I believe that this is always important but even more so in the crucial stages of development.

On the Politburo's behalf I must state self-critically that we also see weaknesses in our practical activity. There have been instances when important decisions on major matters of the country's development have been implemented slowly and less than fully. There has been a principled and frank discussion about this in the Politburo. Now, as a rule, and as a form of monitoring, at sessions of the Politburo of the Central Committee and Secretariat we have begun to hold regular examinations of the course of the implementation of the most important resolutions adopted since the April plenum of the Central Committee and the 27th CPSU Congress.

The USSR Council of Ministers is working from active positions in conditions of restructuring. However, it must also continue to improve its activity in the management of the economy and the implementation of social policy tasks, combining concern for development prospects with the solution of current tasks. The restructuring of central departments is proceeding more slowly than practice requires.

It is clear to us that the transformations we are carrying through are impossible without active work from local party, soviet and economic bodies and all leading cadres. They bear a great responsibility for the practical solution of specific issues of restructuring. What we now regard as positive is connected to a considerable extent with the work



of local organisations. But I believe that you will agree that restructuring at local level is only just beginning and not proceeding uniformly everywhere. In some places "preserves" of inertia and lack of initiative persist. All this is also the reality that we have no right to ignore, just as we have no right to leave those factors unattended in the party's assessment.

#### Paramount tasks of the present stage of restructuring

Comrades! Our task is to take a critical look at the state of affairs and to analyse objectively the successes and weaknesses of restructuring. A principled and frank discussion, specific proposals and constructive ideas are needed.

Let us start with the development of the national economy. The Politburo drew attention in good time to the complexity and responsibility of this year's tasks. It seemed that everyone understood that. However, in the first months of the year grave errors were committed which led to disruptions in many areas of the economy. Both the Politburo and the government had to take urgent measures to rectify the situation. Even though the situation is returning to normal, considerable harm has nevertheless been done.

Yet what happened at the beginning of the year could have been anticipated and prevented. But that did not happen and the prime responsibility for that is borne by the USSR State Planning Committee, (Chairman - Comrade N.V. Talyzin) and the USSR State Committee for Material and Technical Supply, (Chairman - Comrade L.A. Voronin).

But they were not the only bodies to make mistakes. The Ministry of Ferrous Metallurgy (Minister - Comrade S.V. Kolpakov) and the Ministry of the Chemical Industry (Minister - Comrade Yu.A. Bespalov) failed to take the necessary measures in time. The non-fulfilment of contract deliveries by enterprises in those ministries led to disruptions in the pace of work in other branches of the national economy, above all in machine building.

The plan for the supply of equipment to collective and state farms by the Ministry of Machine Building for Animal Husbandry and Fodder Production (Minister - Comrade L.I. Khitrin) in terms of the results of the first five months of the year was not fulfilled. The reasons for that are the low level of organisation of work of many enterprises in the branch, particularly with regard to current output quality. The potential created within the branch is not yielding the proper return.

Or take light industry, which has switched to new conditions of economic management. Citing objective difficulties, the branch's leadership refused to accept many trade orders and proceeded to reduce its output. Yet real opportunities for growth do exist. What was needed was to set to work seriously to begin producing popular goods, those that the customer wants, in place of goods not in demand. The position of the Ministry of Light Industry and its Minister, Comrade V.G. Klyuyev, is an example of how departmental interests can rise above society's needs and, thus, the people's interests. There can be no other assessment here.

In this connection I would like to lay particular stress on the central management organs' responsibility for restructuring. It must be enhanced in every way in the light of the new tasks.

We have, for example, a programme for modernising Soviet machine building. This is a major task. Large-scale work has been launched here with the aim of achieving considerable end results.

But it must be said bluntly that we are worried by the position in machine-tool making and in the Ministries of Heavy and Transport Machine Building, the Electrical Equipment Industry and Machine Building for the Light and Food Industry and Household Appliances. We are still far from achieving a breakthrough in instrument making, although some efforts are being made there, too.



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Modernisation tasks are being tackled slowly in other machine building ministries, too. We understand, of course, that the machine builders have encountered great complexities and difficulties. This is a matter of the fundamental restructuring of the work of the entire machine building complex. But it is hard to understand why many ministers and ministry party committees and apparatuses are acting as though they are resolving everyday questions. In the situation which has come about there is clearly insufficient activeness and efficiency in the work of the Buro for Machine Building (Chairman - Comrade I.S. Silayev), the State Planning Committee and the State Committee for Material and Technical Supply, and some CPSU Central Committee departments. Clearly, the situation in the machine-building complex should be examined by the Politburo and the USSR Council of Ministers.

Comrades! I have already said that by no means all local party and soviet organs have actively joined in restructuring. It is marking time in Armenia, for example. The republic's working people are showing great alarm at the situation which has taken shape there in the economy and particularly in the ideological and moral sphere. At the same time, the CP of Armenia's leadership and above all Comrade K. S. Demirchyan, First Secretary of the Central Committee, think that the situation in the republic is quite satisfactory. Furthermore, there are actually some who claim that restructuring began in Armenia even before the April plenum of the CPSU Central Committee. It is hard to say just what they mean by that.

There is a totally unjustified air of calm in the republic and a lack of the proper exactingness towards cadres, and an effective struggle has not been mounted against bribery, speculation and favouritism. The CP of Armenia Central Committee must analyse in depth the state of affairs both in the party organisation and the republic as a whole, examine it from the standpoint of principle, and tackle the restructuring not in words but in deeds.

Nor are there many noticeable improvements taking place in a very large oblast party organisation like that of Gorkiy Oblast. Many vitally important matters are being resolved here unsatisfactorily. The Oblast's powerful potential is not being used properly and the social sphere and the agrarian sector of the economy are developing poorly. It is to be presumed that the Oblast Party Committee (First Secretary - Comrade Yu. N. Khristoradnov) and all the Oblast's party organisations will draw conclusions from the criticism and rectify the situation.

CPSU Central Committee departments are also called on to act in a new way in the new situation by exerting a deeper influence on the state of affairs in the republic, kray and oblast party organisations and ensuring the monitoring of the implementation of CPSU Central Committee resolutions.

Comrades, it is understood in the party and society that restructuring is a long-term policy and that the task of raising Soviet society to new heights cannot be achieved overnight. But it seems that some comrades have taken this correct and realistic guideline to mean that restructuring is not part of our general strategic guideline on acceleration, that it can be implemented at a leisurely pace, without special care, even without troubling oneself much at all. This is a profound error for at least two reasons.

First, we have lost years, even decades that way; second, there can be no "beautiful tomorrow" unless we work today by the sweat of our brow, change our way of thinking, overcome inertia and master new approaches. Talk to the effect that "restructuring will wait" is harmful and dangerous. The Politburo sees the matter in these terms: right now, in the initial stage of restructuring, and in every area of work, everyone in the sphere of his own activity must strive for perceptible practical results.

Soviet people understand that the achievement of many of restructuring's goals will take a long time. But they rightly ask: Why are the urgent and comparatively easy tasks which would considerably improve the conditions of work, life and everyday activity and correct the moral and spiritual atmosphere not being resolved now?



Our people have also noticed that in some areas not only is progress not being made but that the advances made at an earlier stage are even being lost. Take the campaign for discipline and order, for instance. It is a fact, after all, that in many places the momentum has been lost and work is proceeding extremely sluggishly. The incidence of drunkenness has increased again and idlers, parasites and pilferers - people who live at the expense of others - again feel at liberty. This worries working people. And that is a justified concern, comrades.

The fact that discipline is lax and the proper order is lacking is indicated by the periodic recurrence of major accidents. As a rule, the causes are the same: indiscipline, slipshod work, negligence and irresponsibility. That fact is shown by the violation of Soviet air space and the landing in Moscow by a West German light aircraft. The incident was unprecedented, whichever way you look at it. It is a reminder yet again of just how strong and tenacious are the negative phenomena exposed by the April plenum of the Central Committee and the 27th Party Congress in our society, even in the Army. This emphasises the need to increase vigilance, act even more resolutely and enhance discipline, organisation, responsibility and efficiency at all levels and everywhere. On behalf of the Politburo and the Defence Council, I firmly state that there must be no doubt, either in the party or among the people, of the USSR Armed Forces' ability to defend the country.

Comrades, when we speak about tasks of a paramount nature and about urgent matters, we are presuming that the obvious, widespread shortcomings will be removed first of all and that there will be greater order in trade, the service sphere, health care and municipal services, that is to say, in those areas of the economy which directly affect people's daily lives.

Of course, these matters must be at the centre of attention at government level, but it is also necessary to be more demanding towards the situation in republic, kray, oblast, okrug, town and rayon organs of power. It is now necessary, unfortunately, to deal with a situation in which there is much talk about the benefit of restructuring but little practical action to satisfy people's most simple needs. Parasitism has become deep-rooted among many local workers. Even in those places where quite a small effort and the minimum of attention is needed people still blame the centre and wait for help from a higher level. Such a stand is totally unacceptable. It must be resolutely condemned and eradicated. That is where the party's gaze and party exactingness and monitoring are needed! But those things are patently lacking.

At today's plenum, I should particularly like to single out among the priority tasks those of providing our people with food, housing, consumer goods and services.

It must be said that here we already have concrete experience and concrete results.

Take the food problem. Here the situation is improving. The figures in this respect are mainly well known. I will only mention a few which characterise the changes in the last two years. Compared with 1984, grain production has increased by 37,000,000 t, meat (carcass weight) by 1,000,000 t, milk by 4,300,000 t and eggs by 4,200 million.

We can speak of a revival of economic life in the countryside. This has become possible thanks to the change in economic conditions and economic management methods, first and foremost the introduction of full financial autonomy and the collective and family contract.

The Politburo believes that at the present stage all the objective conditions have been created for what I would call a kind of leap forward in increasing the production of agricultural produce. The potential for radical improvement exists on every collective and state farm.

In this context where is it important to focus special attention? First and foremost on the assimilation of intensive techniques in the production of crop farming



and livestock breeding products, the wider introduction of the collective and family contract and the more active resolution of the countryside's social problems. This, Comrades, is one aspect of the matter.

The other is resolutely to stop those who are continuing to interfere in the work of collective and state farms without taking material responsibility for it. At the recent conference at the CPSU Central Committee, collective and state farm leaders asked us to guard against precisely this kind of unlawful interference in the farms' activity. It is our duty to help the rural workers to call to order those who cannot part with their former methods of working.

Thanks to the change in the procedure for planning deliveries to union-republican stocks, the interest of republics, krais, oblasts and rayons in increasing output of agricultural produce has increased immeasurably today. But at the same time their responsibility for supplying food has also increased. It should be said that this has given a powerful boost to initiative locally. Wherever people have quickly grasped the real nature of the changes and assessed the opportunities which have opened up, quite good results can already be seen. Krasnodar Kray, for instance, on the results of the first six months of the year, coped successfully with deliveries of livestock products to union-republican stocks. On top of this they procured 15,000 t of meat and 59,000 t of milk were added to the basic allocations for local needs. There is a similar situation in Ivano-Frankovsk, Poltava, Cherkassy and Chernovtsy oblasts in the Ukraine. In these four oblasts the supplement to the meat allocations totalled around 20,000 t. The oblasts of Belorussia have earned an additional 25,000 t of meat and 260,000 t of milk to improve local supplies. The same can be said of the Baltic republics and Kurgan, Orenburg, Saratov, Ulyanovsk and a number of other oblasts in the RSFSR.

Every support must be given to the desire of oblast, kray and republican organisations to increase the output of agricultural produce in the public sector so as to exceed the Five-Year-Plan targets and on this basis ensure unconditional fulfilment of deliveries to state stocks and substantially improve supplies to the local population. This is the main avenue. The collective and state farms should increase the return on investments channelled into the development of the countryside in recent years.

But all the reserves must be used. We should return once again to the matter of the role of the personal subsidiary plot. Locally, there are different views of this and different attitudes towards the use of the potential of the personal subsidiary plot.

Here is an example. In Omsk Oblast in the last 10 years the production of meat in personal plots has increased from 27,000 to 60,000 t, an increase of 120%. Here virtually every family living in rural localities raises cattle, pigs and poultry. The population are given all-around assistance with young animals, feed and the provision of appropriate services. Last year the co-operative system bought 20,000 t of meat from the population. Prices for fresh meat in the oblast's markets are no higher than R 3.5 per kilogram.

But here are some examples of a different nature. Vladimir Oblast has great industrial and agrarian potential. Nonetheless last year the oblast produced only 46 kg of meat (carcass weight) per head of the population, and as a result one-fifth of the meat products sold here are brought in from other regions of the country. The situation is no better with the supply of dairy and meat products in such major agricultural oblasts as Vinnitsa, Kirovograd, Nikolayev and Yaroslavl.

Much could be done on the basis of local initiative not only to increase the production of agricultural products but also to develop the food industry. Why, for instance, do Uzbekistan, Kirghizia, Tajikistan and Turkmenia import between 25 and 50% of their confectionery from other republics, although they have very rich raw material resources? Only 30% of supplies of canned fruit and vegetables to the population of Kazakhstan are accounted for by local production, while the rest is shipped in. What good is that?



Comrades! In the next two to three years it is necessary to satisfy the population's requirements for orchard and garden plots. It is time we stopped citing the shortage of land. This is not in accordance with reality, the land is there. And where there is indeed a lack of vacant land, we should move in the direction of allocating a portion of the land belonging to collective farms, state farms and enterprises. Let us agree once and for all: It is necessary fully, to satisfy all the working people's needs and remove unjustified restrictions and obstacles in this matter.

I think we should also resolve more rapidly the matter of the use of houses and farmstead plots which have lain empty for many years or even decades in a number of rural regions of the country, especially the non-black soil. The number of abandoned houses has today reached nearly 800,000. Around them is neglected land.

People do not understand this attitude to land and buildings. In appeals to the Central Committee and other organisations they ask permission to acquire these houses and use the land. I think it would be right if collective and state farms were to lease abandoned houses and plots to townspeople who so wish. And in many cases this could be done on a contractual basis, so that the land is used for the production of agricultural products.

Another example of the lack of resourcefulness in tackling the food problem is the situation regarding the transport, storage and processing of agricultural raw materials. It was stressed at the 27th Party Congress that the elimination of these losses would make it possible to increase consumption resources by 20 to 30% and save substantial funds. This arithmetic should be clear to a fourth-grade student.

However, in 1986 the USSR State Agro-Industrial Committee, Ministry of the Fish Industry and Ministry of Grain Products failed to utilise R 450 million of funds allocated for the development of processing sectors.

Think about this fact, comrades: The plan for construction in these sectors was not fulfilled by the majority of union and autonomous republics, krais and oblasts. That is graphic evidence of how we approach the resolution of a vitally important problem. It appears that the produce that we struggle to create will continue to spoil, because there are not enough storehouses or capacities at processing enterprises and then the losses will be made good through imports. It is time we stopped viewing such things impassively. The USSR State Agro-Industrial Committee (Comrade V.S. Murakhovskiy), together with the local organs, must find out why this happens and, where necessary, impose elementary order and, most important, set a firm course toward the speediest, fundamental resolution of the storage and processing problem.

I must say that all this prompts very serious thoughts. In recent years an attitude of dependence in the resolution of food matters has flourished vigorously in our country. The leaders of many regions have approached this matter lightly. If there is not enough feed, they send telegrams to the Central Committee and the government; not enough agricultural produce - they cable the centre.

I am, of course, far from wishing to paint everything the same colour and oversimplify the problem. Many troubles are associated with the general state of affairs in the country, but all the same, a spirit of dependence has seized many of our cadres in the resolution of these matters.

In general, comrades, this is what the Politburo thinks: We have the real potential to substantially change the food supply situation in the next two to three years.

Life gives us striking examples testifying to the vast reserves which exist everywhere. Numerous instances demonstrate the possibility of a breakthrough both in labour productivity and in the rate of growth of agricultural production. This was demonstrated



by the intensive work collectives created relatively recently, to which land and other means of production are assigned for a long period. Last year they produced an average per person of 700-800 tonnes of grain and produce worth R 70,000 to 100,000 or more in all.

Unfortunately, there are still too few of these collectives. And the family contract is not being disseminated widely enough, although the effectiveness of these forms of labour organisation and remuneration is relatively high.

Of course, a rapid increase in the production of output also requires good-quality machinery, chemicals and varieties which are resistant to unfavourable conditions. But above all what is needed are people who are responsible for the task in hand and have a boundless interest in the results of their work.

For a long time we tried to lead the economy on the basis of enthusiasm and sometimes by force of decree. But we forgot Lenin's precepts - that production growth can be ensured on the basis of personal interest and material commitment, with the help of enthusiasm.

Characteristically, the first participants in the intensive work collectives in Novosibirsk Oblast, the Kozhukhov brothers from the Bolshevik collective farm in Ordynskoye Rayon, say that what they like about this collective is not only the high wages, but also, to no less an extent, the autonomy, awareness of their own human significance and pride in doing a very necessary job.

If a mass movement for highly organised, committed, intensive labour is added to the highly productive machinery and other resources that our country has at its disposal today, things will go better. Life shows that in every rayon and oblast there are people capable of ensuring this breakthrough.

Here are some examples. A.A. Volochenskiy, machine operator at the Artemovskiy state farm in Pskov Oblast's Pytalovo Rayon and a member of the CPSU, asked the state farm director to allocate land to him and give him some bullocks for fattening. Under a contract, he was allocated 40 ha of land, including 10 ha of arable land and 20 ha of hayfields. A.A. Volochenskiy repaired a combine and two tractors that had been written off and restored an abandoned calf-house in which he housed 20 bullocks.

He is helped in his work by his son and daughter, who are students, and by his wife, a bookkeeper at the state farm in her time off. Over the year as a whole it is planned to obtain more than 11 t of meat. The proceeds will be more than R 31,000. Payment for the young animals provided by the state farm, fertiliser, seed, fuel and other resources, at intra-farm prices, will total R 23,000, and the wages will be R 8,000.

I think, comrades, that this approach will help to lead the villages of the non-black-soil zone forwards. After all, there is so much abandoned land there!

When the debate on the means of collectivisation was under way, even then it was said that large collective farms open up great opportunities for the use of machinery, fertiliser and scientific achievements, but contain the danger of the peasant's becoming cut off from the land. On the other hand, farms [Russian: *fermerskiye khozyaystva*] on small plots tie the worker to the land but do not offer opportunities for the maximum use of the achievements of science and technology.

In our country large collective farms and state farms have been created and are in operation, and they have at their disposal a strong material and technical base and experienced specialists. In these conditions it is important skilfully to organise the collective and family contract on the basis of contractual commitments and to link the interests of individual workers more closely to the interests of the collective and concern for the land and other means of production.



How can this be contrary to the principles of socialism, how can this work method spoil the working person? It was, rather, the old practice whereby negligence in work was covered out of the budget that corrupted the tiller of the soil.

The new approach offers convincing examples of efficient work. Still in Pytalovo Rayon, the young First Secretary, Comrade N.N. Vorobyev, recently became head of the party organisation. With the help of scientists, the rayon's communists have elaborated measures to boost the farms' economy. After the war the rayon had 46,000 inhabitants; now only 17,000 remain. There is nobody to do the work. They thought the situation over and decided to introduce the collective contract widely. Since the beginning of this year eight livestock units on the rayon's collective and state farms have been operating on the family contract system. In five months, using the same feed, livestock weight gains have doubled, reaching 800 to 1,000 g a day. Nearly 40% of crop farming in the rayon has been transferred to forms of work organisation based on small groups. The spring sowing was carried out in six days instead of the usual 15 to 18 days. The rayon organisations and farm leaders have abandoned decrees, reprimands and tight monitoring of the progress of work. Such leadership methods are simply not necessary now.

Another example. Lidiya Dmitriyevna Bryzga, candidate member of the CPSU Central Committee, and her husband moved from the leading Zhdanov collective farm to a lagging livestock unit on the Pamyat Iyicha collective farm in Brest Oblast's Brestskiy Rayon and for two years they have headed a contract link [Russian: zveno] of six people. That unit has been assigned 100 dairy cows and 50 ha of pasture. Lidiya Dmitriyevna alone does the milking, and her husband and daughter procure feed and tend the livestock. The milk yield per cow has increased from 2,917 kg to 5,580 kg in two years.

Such examples exist everywhere. A link for fattening young cattle was set up in 1983 on the Panfilov collective farm in Pavlodar Oblast's Uspenskiy Rayon. A contract was concluded between the link and the collective farm's board. The link consists of three people: link leader A. Ya. Rudko, a first grade tractor driver, his daughter and son-in-law. Here are the indicators for 1986: 563 steers were fattened, the average daily weight gain was more than 1 kg, and output produced per member of the unit was R 167,000. The prime cost per quintal of weight gain was R 95.5, whereas on the collective farm it is R 155, and the rayon average is R 230. The average monthly wage for each member of the unit is R 534. And good luck to them! Because this wage is paid in exchange for labour and comes out of real output.

Let me ask: so has this undermined the collective farm system? No! This is socialism, living creative, labour socialism. Because the people are becoming involved widely in socialist construction - the worker's link with the collective and state farm becomes even stronger through collective forms of work. And people earn their prosperity by honest labour!

In the mechanised potato cultivation link on Zagalskiy state farm in Minsk Oblast's Lyuban Rayon, four people, led by link leader I.G. Sinitskiy, holder of three classes of the Order of Labour Glory, cultivate an area of 60 ha. The unit has been working on a contract basis for two years. In 1986 the yield was 383 q/ha. The unit achieved the lowest prime cost of potatoes, R 1.5 per quintal (in the republic it was R 9), and the lowest labour expenditure - 0.54 man-hours per quintal (the average for the republic was two man-hours).

The family contract for vegetable growing is being developed in Terbopol Oblast, too. This year, on three collective farms in Zaleshchiki Rayon - the Bogdan Khmel'nitskiy, Zolotoy Kolos and Kommunist collective farms - 15,000 t of tomatoes will be grown on farmstead plots, including 5,000 t of early varieties, instead of the 1.5 t sold by these farms last year.

The same is being done in the rayon centre. The collective farms have allocated to many families seedlings, plastic film, fertilisers, plant-protection agents and irrigation



pumps, and are providing packaging. With about 1,500-2,000 sq.m. of early tomatoes each, people harvest 7-8 kg of high quality produce per sq.m.

In Kremenets Rayon 600 families grow strawberries in their own garden plots on a contract basis, and this year there are contracts for the purchase of 800 t of berries. In the oblast as a whole, it is reported, some 25,000 families have concluded contracts for the growing of vegetables and industrial crops and the fattening of animals this year.

There are many such examples, Comrades. And they all indicate the possibility of rapid growth in agricultural production if we bring in all the reserves, all the working people and all the families and unleash people's initiative.

But what is happening now? The rural dweller has to hurry to the shops for every little thing and has become almost as much a purchaser of food as the city dweller. Some 54% of rural families have no cows, and 33% have no livestock at all.

From numerous instances we have become convinced of something even more important - unfettered human initiative and departure from over organisation and excessive centralisation make it possible - for the same resources - to ensure a breakthrough in increasing food resources.

In general, tremendous potential has accumulated in agriculture. This must now be actively utilised by combining the potential of the large public-sector farm with the potential of the collective and family contract.

Another urgent and pressing task is the resolution of the housing problem. As I have already said, at central level opportunities have been found for increasing the pace of housing construction in the country. From additional capital investments it is planned in the 12th Five-Year Plan period to increase the volume of housing construction by 60,000,000 sq.m. over the 11th Five-Year Plan period. Over the five years a total of more than 15,000,000 families will receive housing.

But that is not all. There is equal, if not greater, potential available to enterprises, collective and state farms, towns, okrugs and rayons, oblasts, krays and republics. Many local bodies - I wish to note this with satisfaction - have set about tackling in a businesslike way the task set by the congress of ensuring that practically every family has a separate flat or individual house by the year 2000. There are many who are seeking opportunities to resolve this task in an even shorter time. That is right, and should be supported in every way.

But it must be said frankly, comrades, that there has not yet been a radical breakthrough in housing construction, and this is due to a significant extent not only to the shortage of resources but also to the attitude of many party, soviet and economic organs and leadership cadres. General talk is not always followed by enterprising, persistent work and the quest for reserves to resolve this pressing task.

One of ten hears that there are not enough capacities for the fulfilment of growing volumes of housing construction. But nobody can be satisfied with this explanation: first, if there are not enough capacities, then they must be created; and second, at present 20% of the capacities of the country's house-building enterprises are not being used at all. These figures are the average for the country. But in Azerbaijan, Armenia, Kazakhstan, Turkmenia and Uzbekistan enterprises of this kind are working to only 65-70% of their capacity, while in Krasnodar and Khabarovsk Krays and Ivanovo, Penza, Rostov, Smolensk, Tashkent and Tselinograd Oblasts and in Buryatia and Kabardino-Balkaria the figure is 50-65%.

And another thing. It is scarcely possible to understand or justify a situation where there is a shortage of housing and construction materials in the country, yet the majority of construction industry enterprises work on the basis of one-and-a-half shifts, with two days off a week. As a result up to 50% of calendar time is wasted. Could they



not be transferred to continuous operation? After all, that is how the metallurgists, chemical workers, power workers and food industry workers operate. The machine builders are going over to a multiple shift system.

But not only do we make poor use of the capacities of house-building combines. The country's brick works are also working to only 80% of their capacity. And this at a time when a shortage of bricks is being experienced everywhere. These capacities are poorly used in the RSFSR, the Ukraine and Kazakhstan. In Altay and Krasnoyarsk Krays, for instance, these plans are only used to 57-69% of capacity.

If we are really worried about the housing problem, how can we tolerate a situation where many ministries and departments have assimilated only 70-80% of capital investments allocated for increasing the capacities for the production of large-panel housing?

I think that at the plenum today we have a right to demand that the union republican Communist Party Central Committees and Councils of Ministers, ministries and departments - especially the Ministries of the Construction Materials Industry (Comrade S.F. Voenushkin) and the Timber, Cellulose and Paper and Woodworking Industry (Comrade M.I. Busygin) - resolutely change their attitude towards housing construction.

Comrades, let us think things over and consult with the working people. Since we have set about resolving this vitally important problem, we must tackle it, so to speak, all together.

I would even say this: the working people will not understand us if, in developing restructuring, we fail to find real opportunities to accelerate the resolution of the housing question. Housing construction is a nation-wide task. That is the standpoint from which it must be approached.

Now, comrades, on to consumer goods and the service sphere and the situation in the consumer market. In view of the significance of this matter, a targeted state programme has been drawn up. But that in itself is no solution, so to speak. It is necessary to ensure its implementation in practice. Unfortunately, it must be noted that the attitude toward this very important social task is far from uniform. Some people have really taken advantage of the preconditions which have been created and are actively engaged in the quest, increasing the production of goods and services. One can cite the example of Belorussia, Lithuania, Estonia, Leningrad and Ulyanovsk Oblasts, and other oblasts. Their experience is known throughout the country.

However, many are continuing to act according to old, simplified models, counting chiefly not on their own efforts but on assistance from the centre and on deliveries from other regions. Of course, I do not want to say that each of our oblasts or republics must start up a non-monetary economy [Russian: *naturalnoye khozyaystvo*]. But when people stop thinking of utilising local resources and put their trust just in receipts from elsewhere, this is nothing but parasitism once again. And this phenomenon has become quite widespread.

I do not think that it is necessary to go into all the details of the problem at the plenum, but when you familiarise yourself with the goods in everyday demand which certain republics, krays and oblasts bring in from other regions, you are amazed at the extent to which some of our workers have lost the sense of responsibility for meeting the people's needs. They bring in over vast distances the most elementary things, including ones that could be produced on the spot without any difficulty. They bring in things for which no funded resources, new equipment, special production capacities or trained cadres are needed. Comrades, we must have the public pass judgment on this flawed practice. The press, radio and television must regularly show how these tasks are being resolved by economic and soviet organs locally. Let everyone know both those who are really solicitous towards people and those who are indifferent and lacking in initiative. Working people must know everything and keep this important work under control.



It must also be said at the Central Committee plenum that far from all ministries have addressed the needs of consumer goods production: some 18 branches failed to cope with last year's targets for production of cultural, consumer and household products, particularly the ministries headed by Comrades E.K. Pervyshin, P.S. Pleshakov, V.M. Velichko and A.A. Yezhevskiy. [Communications Equipment Industry, Radio Industry, Power Machine Building, and Tractor and Agricultural Machine Building respectively].

Certain ministries adopt a formal attitude to consumer goods production as something secondary, and in some places consumer goods are seen just as a burden. Comrades must understand that they are badly mistaken, and the sooner they put an end to this error, the better both for the cause and for them.

Up to now it has been said that we need more goods of better quality and wider range. But it is not just a matter of this.

See how many facts attest that the population is badly supplied even with goods which are plentiful. And if you add to this the fact that there is no proper order in many trade establishments and enterprises, the standard of service is low, there are many queues because there are not enough shops, and opening hours in the sphere of trade and services are not always convenient for the work and life of the population of towns and villages, then it becomes clear why there are such frequent complaints about their operation. These questions must be resolved by local organs in the very near future.

The country is making poor use of the potential for supplementing commodity resources through the production and procurement activities of consumer co-operatives. There are many complaints about this. This system is still being developed only slowly, and much of what could be procured from the population and delivered to the consumer through co-operative organisations simply goes to waste. We have now given assistance to the Tsentrosoyuz [consumer co-operatives]. Its efforts must also be supported along the lines of local soviet organs.

Comrades, we must not tolerate sluggishness in municipal and everyday services and the unsatisfactory state of affairs in passenger transport, communications, tourism, physical culture and sport. Can it be considered normal when repairs to housing and domestic equipment and the making of footwear and clothes become a very complex problem in town and countryside?

It is no coincidence that a kind of "shadow economy" has emerged in this sphere. Just ponder this figure: Central Statistical Directorate organs report that, according to their estimates, the population pays out approximately R 1.5 billion annually to private individuals for the performance of services.

We have repeatedly drawn attention to the need to meet in full the population's demand for timber and construction materials. Resolutions on this have been adopted, but they are being implemented badly by both central and local organs.

I believe that today's plenum discussion of vitally important issues in Soviet society will be a lesson and an incentive for all workers - both at the centre and locally.

The resolution of problems of food, housing and consumer goods must be constantly in the field of vision of economic organs. This applies in full both to health care and to what we call ecology. The situation has been attracting the close attention of the Politburo and the government over the past two years. It has to be said that many negative phenomena have accumulated in the sphere of medical services and the protection of man's environment. We are taking measures to improve the situation. This is a matter of paramount significance, requiring general attention and tremendous practical work.



Democratisation is a decisive condition of restructuring

Comrades! A new moral and political atmosphere has been created in society since the April plenum of the Party Central Committee, an atmosphere of creativity, quest, the realistic assessment of reality and an uncompromising struggle against everything which hinders life. Therefore, the first conclusion stemming from the past two years' experience is to not only preserve and support but also deepen and develop in every possible way the atmosphere of publicity and openness [Russian: glasnost, otkrytost] which has taken shape in the country and which enables everyone to display his civic stand, take an active part in discussing and resolving vitally important problems of society and accelerate the processes moving in this direction.

Experience shows that success comes where party, soviet and economic organs make full use of the working people's growing political and social activeness. I will state frankly: We shall not cope with the tasks of restructuring if we do not pursue the line of democratisation firmly and consistently. Let us recall V.I. Lenin's words: "... The more profound the transformation which we want to carry out, the more we must enhance the interest in it and a conscious attitude and convince more and more millions and tens of millions of the need for this." And this is how we must act in a Leninist manner now, at the stage of restructuring.

At the same time, I must speak of the following. Press materials, familiarisation with the state of affairs locally and information coming in attest that the development of openness [glasnost] and democratism is proceeding with difficulty and, in some places, even painfully. Certain comrades have shown a lack of understanding and fear of democratic changes. This matter is so important that the plenum will, I think, discuss it and take a clear, firm stand.

As restructuring is being implemented and the process of the democratisation of all aspects of the life of our society is being deepened, new realities are emerging which we cannot disregard and simply do not have the right to disregard. Our people no longer wish to tolerate the fact that questions affecting their interests are resolved by just anyone behind their backs. Sometimes this leads to acute situations. To what do they attest? To the fact that some local party, Soviet and economic organs and a section of our leading cadres at the centre and locally have still not learned how to work under conditions of widening democracy. But this study must not be postponed until a future date; it is necessary to study persistently now. Party committees and organisations and bodies of state power must constantly keep their finger on the pulse of public opinion and check with it the decisions being adopted and their actions. Our people favour democratisation both politically and in practice.

The assimilation of new approaches in political work and organisational and ideological activity is not an easy process. Some people find it hard to embrace openness [glasnost], some people dislike criticism and press articles, some people are generally accustomed to considering that their opinion alone is "infallible". We are encountering all this now, and encountering it frequently. Let us take a look at the root of these phenomena. Those who are afraid of coming under the public control of society are displeased with democratisation. They well know that they can still excuse themselves to their bosses, but they must answer in full to the people. Democracy puts everything in its place - it becomes clear who is who and who is capable of what.

I must also speak of some alarming aspects. In any big business it is impossible to insure yourself against expenses. They have existed, do exist and will exist. Now, we, too, have encountered situations where some people would not be averse to using the atmosphere of openness and publicity not at all in the interests of restructuring, not in the interests of developing socialism and of working people, but to achieve their own narrow mercenary aims.

It is necessary to struggle against such phenomena, but struggle publicly and openly. Living and working under conditions of widening democracy means not fearing



debate or a clash of opinions and stands. All this is natural and necessary in the search for the truth, for the purpose of resolving the problems that arise and accelerating our advance.

But when we say that democracy presupposes a lively, broad, responsible debate and a comparison of different viewpoints, this means that it cannot be considered democratic when attempts are made, in the guise of struggling against one half-truth, to replace it with another. It is not democratic when, in the guise of struggling against the ambitions of one group and its claim to the truth "in the last instance", the ambitions of another group, its predilections and attachments and a subjectivist viewpoint are imposed. And we encounter this in the mass media, in art and literature and in scientific circles. Nor has this phenomenon by-passed party and public organisations.

But, on the whole, I will say this: the process of openness, criticism and self-criticism is taking place among us on a healthy basis. And it is playing a tremendous role in uniting all the forces of society on the principles of restructuring and in implementing progressive transformations in the interests of the people and socialism.

Comrades! In examining ways to further democratise society I should like in this connection to touch on the issue of control. Participants in the recent CPSU Central Committee conference said that control is undoubtedly needed, but not as it is now. Instances of abuses and crimes exposed in the economic sphere in recent years attest to the fact that the established system of control is inefficient, too fractional, squanders work time, diverts the mass of people and means, and, most important, is confined to departmental and parochial interests and largely dependent on the organisations and officials it is meant to control.

I believe that the Secretariat of the CPSU Central Committee and the government must investigate the swollen control apparatus and take decisive measures to reduce it, regularise its activity, subordinate it to the interests of the state and the whole people, and strengthen legality.

We must master fully the Leninist principle of socialist control, which combines the broadest democratism with party leadership. We see people's control both as an effective means of revealing urgent new issues and as one of the most important forms of involving the masses in the process of self-management of the affairs of society and the state.

Under modern conditions we should think of creating on the basis of the People's Control Committee a unified, integral control system which would possess broad powers throughout the country's territory, rely on maximum openness in its work and fulfil its important functions comprehensively, from the positions of the whole people, in a broad socio-political context.

Comrades! The restructuring in our society is arousing tremendous interest in the world. We sense understanding of our problems and feelings of sympathy not only among the working people of socialist countries but also among broad circles of the world public. The policy of restructuring has been taken seriously by very different political forces. This policy has substantially enhanced our country's weight, influence and prestige and demonstrates convincingly the sincere and peace-loving nature of our intentions in the international arena.

Of course, there are quite influential groups in the West, particularly in the USA, which dislike precisely this. "Openness is a challenge to American public diplomacy, and the spirit of the free world, its life today and the prospect of tomorrow's security are under threat!" - This is how certain representatives of the forces ruling in America reason. They realise it is hard to find convincing arguments against our party's policy of restructuring. Therefore they gamble chiefly on using the process of democratisation and openness to present us with false aims and declining values and to sow doubts in our people as to the correctness and sincerity of the party's policy and the line of



restructuring and improving matters in the country. There is nothing new for us here. This was only to be expected, and we foresaw it. Soviet people well know the worth of this kind of "interest" in our affairs.

We are carrying out restructuring, developing democracy and strengthening the values of socialism not in order to please anyone but so that our society scales new heights of socio-economic and spiritual progress through restructuring, through democracy. And we will not turn from the path of restructuring!

What conclusion then, comrades, follows from an analysis of the present stage of restructuring?

We must, above all, proceed from the actual ideological-political and ideological situation which has taken shape since the April plenum of the Central Committee: a complex and contradictory situation but one which, on the whole, is undoubtedly favourable for the whole cause of renewing socialism, the cause of restructuring. The life of our society is characterised by the growing civil activeness of all sections of the population, by increasing initiative in posing new questions and by the summounting of accumulated inertia. It is characterised by the ever greater development of boldness and determination and by the people's desire to assume responsibility for social affairs and for the further development of democratic principles in the life of the country.

This is accompanied by strengthening conviction as to the unshakable nature of the lofty principles of socialism and the reality of realising them not in some remote future but already today or tomorrow.

Of course, the new processes in the ideological and political sphere are not proceeding smoothly and are not producing identical results. Much that is negative has accumulated in the public consciousness as a reflection of the corresponding phenomena in life itself and, above all, of the discrepancy between word and deed. There is also a certain confusion, a lack of understanding and fear of changes, and attempts to resist what is new. It would be unwise not to see this. But it is still more unwise and even mistaken to absolutise the difficulties and shortcomings of our ideological and political development, because then doubt would be cast on restructuring itself and on the new beneficial political and ideological phenomena resulting from it in the life of the socialist society.

We have no reason to fear the novelty of problems, new discoveries or new approaches in the ideological and political process. We have sufficient reason, strength and skill to work in a Leninist manner under conditions of restructuring, without going into raptures over its every success, but neither plunging into despair, still less panic, when some negative phenomena are detected. We must learn the complex, dialectically contradictory art of restructuring.

Comrades! I believe we must reach agreement at the plenum on the following. In a month or two the report and election campaign will begin in the party's local links. It will be perfectly valid to place at the centre of attention at meetings of communists the matter of the progress in restructuring, of how party organisations are operating, and how all communists - workers, peasants, the intelligentsia, our leading cadres - are participating in this great cause of the whole people. The forthcoming reports and elections in the party must evaluate what has been done and decide what must be done to deepen and accelerate restructuring.

It is very important that the most active champions of social transformations, principled people who understand the requirements of the times, real "work super-intendents" of restructuring who are prepared to spare no effort for its success should join the leadership of party organisations at the present stage - the stage of developing large-scale practical deeds.

Obviously, it will also be correct to hold plenums of union republican Communist Party Central Committees and of kray, oblast, okrug, town and rayon party



committees at the end of the year and discuss at them the reports to the buros of the corresponding committees on their work on directing restructuring. Reports to the buro by party committees which, according to the Rules, are not being re-elected this year, are also to be heard on this same matter in primary party organisations.

The Politburo regards the present reports and elections in the CPSU as a very important stage in further galvanising the party's entire activity on the way to the all-union party conference. It is proposed to adopt a resolution on the date of the conference at this plenum. As is known, all-party conferences used to be convened in our party between congresses. There was a period until 1941 when this practice was of a regular nature. Many conferences at crucial stages in history resolved problems which went far beyond being tactical problems. In a number of instances tasks of a strategic nature were advanced at them, and changes were made to statutory norms and to the composition of the party's central organs.

The January plenum supported the proposal to convene an all-party conference next year, on the eve of the report and election campaign in party organisations.

The Politburo submits a proposal to convene the 19th All-Union Conference of the CPSU 28th June 1988.

Proceeding from the principled proposals made at the January plenum and during the preparations for this plenum, it would be possible to propose for examination at the conference the following matters.

(1) On progress in realising the resolutions of the 27th CPSU Congress on the main results of the first half of the 12th-five-Year Plan, and the tasks of party organisations in deepening the process of restructuring.

(2) On measures for the further democratisation of the life of the party and society.

As you see, the proposed agenda will make it possible to sum up the political experience accumulated in the party since the 27th Congress, assess our progress in the main avenues of economic and social development and analyse progress in implementing the radical reform in economic management and the participation of party and other public organisations and of state and economic organs in restructuring.

An analysis of progress in implementing congress resolutions, the summing up of the political results of work to fulfil the Five-Year Plan and a principled assessment of successes and shortcomings will make it possible later at report and election party meetings and conferences to examine exactly the activity and tasks of each party organisation. This will promote the process of the democratisation of internal party life and help to enhance the activeness and responsibility of communists and to deepen all restructuring.

## II. Radical Reform of Economic Management Is the Most Important Element of Restructuring

### The necessity for and essence of reform

Comrades! Today when the radical restructuring of the management of the economy is being discussed it is necessary again and again to really visualise the condition in which our national economy approached the dividing line between the 1970s and the 1980s. By that time the rate of economic growth had declined to a level which in fact signified the onset of economic stagnation. We began patently to yield one position after another, while in the enhancement of production efficiency and product quality, and also



in scientific and technical development, the gulf in comparison with the most developed countries began to widen, and not in our favour.

The economy's development assumed an unhealthy nature. Serious changes were needed in structural policy and in areas of capital investment in order to impart a greater dynamic to the development of branches which constitute the foundation of scientific and technical progress, resource saving and savings of live labour. This was not done, however. Moreover, machine building was in a state of neglect, its production apparatus had become obsolete and the products being produced were meeting world standards less and less.

The desire to hold back, by extensive methods, the fall in growth rates led to inordinate expenditure on building up the fuel and energy sectors, the accelerated involvement of new natural resources in production and their irrational use, an excessive growth in requirements for additional labour, an acute shortage of labour in the national economy and a fall in return on investment.

Against the background of economic difficulties and the fall in the rate of increase in national income, the strained financial situation in the national economy became intensified.

Take the State Budget. Everything seemed favourable on the surface. Expenditure was covered by revenue, but how was this achieved? Not through a growth in the efficiency of the national economy, but by other ways which had no economic or social justification. In particular, we embarked on the extensive sale of oil and other fuel, energy and raw material resources on the world market.

The practice of the unfounded confiscation of enterprises' and organisations' own funds into the budget used to occur, and this undermined the conditions for their normal economic activity.

And, of course, it was already totally impossible to justify the increase in the production and sale of wines and spirits. Turnover tax receipts from the sale of alcoholic beverages in the 11th Five-Year Plan period reached R 169,000 million whereas in the eighth Five-Year Plan period they amounted to R 67,000 million.

In a word, the country was approaching the 12th Five-Year Plan with a heavy financial burden. One should add to this that, given the failure to fulfil the plan targets of the last three Five-Year Plans in terms of production growth and production efficiency, expenditure on wages systematically exceeded planned levels. This means that a certain part of the money was paid out without being linked in any way to the end results of work.

Under these conditions a reduction in the deficit not only did not occur in the national economy but, on the contrary, the situation became more complex in this respect. In fact there was, and is, a shortage of everything - metal, fuel, cement, machinery and consumer goods. If one adds to this the chronic labour shortage, it becomes clear that under such conditions the economy cannot develop normally. The economic stimuli for the enhancement of quality and efficiency cease to function and conditions are created for increases in prices and a number of other negative processes.

But the most alarming thing, perhaps, is that we began to lag behind in scientific and technical development. At a time when countries in the West had begun on a broad scale the structural restructuring of the economy with emphasis on resource saving, the use of the latest technologies and other achievements of science and technology, our scientific and technical progress was retarded. And this was not because of the absence of scientific groundwork but chiefly for the reason that the national economy was not receptive to innovations. Even hard currency funds deriving from the export of oil and other raw material resources were used by us basically for solving current tasks and not for the purpose of modernising the economy. As has already been said at the January



plenum such a situation in the economy had an extremely negative impact on the living standard of the population and on the development of the social sphere. Such, comrades, are the realities.

The Politburo deems it essential once again to mention all this with the utmost frankness. And not least because time and again voices are to be heard to be saying: Is everything so bad, must we be so harsh in our evaluations, is a radical restructuring really necessary? Maybe we can simply apply a little pressure from above and carry out a few more partial measures of some kind? I think that if such sentiments were to prevail and that present policy were to be drawn up on their basis, this would entail extraordinarily grave consequences for the country and for the people.

Pulling our economy out of the pre-crisis situation in which it has found itself dictates the need for profound and genuinely revolutionary transformations. For these purposes we have drawn up a new economic strategy and have embarked on its implementation. Changes have been made to structural and investment policy, major targeted programmes have been created and the basic directions of scientific and technical progress have been defined. In the last two years the first steps have been taken in the assimilation of new methods of economic activity worked out on the basis of an analysis of the situation at the end of the 1970s and beginning of the 1980s and on the basis of a series of economic experiments.

But I would say that the improvements achieved here are neither radical nor cardinal. The braking mechanism has still not been smashed nor replaced by the mechanism of acceleration. As before, compensation for its absence has to be made by extra-economic methods and by administrative pressure.

The creation of an integral, efficient, flexible system of managing the economy now faces us as a top-priority, urgent task.

It is, as you can understand, not a simple task. The existing system of management took shape over many years and it contains numerous strata which reflect the conditions and distinctive features of various periods in the history of our country with all their achievements, contradictions and difficulties.

The foundations of the present system of management were laid down back in the 1930s. In that difficult period, our country, by no means the economically most developed, and standing alone against the capitalist world, was faced with the need to rapidly overcome the technical and economic lag and to bring about abrupt structural improvements in the national economy.

And they were brought about in an unprecedentedly short period. During the years of the pre-war Five-Year Plan, the volume of industrial output increased 6.5 times and in terms of industrial output the Soviet Union rose from fourth to first place in Europe and from fifth to second place in the world. The proportion of the branches which produced the means of production increased from 39.5 to 61%. The number of workers and employees in industry tripled during the 12 pre-war years.

In order to solve these tasks it was necessary to sharply increase the proportion of accumulation in the national economy. At the beginning of the second Five-Year Plan it exceeded 30% or twice the level at the end of the 1920s and several times the level of pre-revolutionary Russia. Through the State Budget, about 60% of the national income was redistributed. These tremendous resources were channelled on a centralised basis into the development primarily of heavy industry.

Precisely for such purposes a system of management was created which was based on rigid centralism, the detailed regimentation of work, targets for specific economic organs in the form of directives and budget appropriations. In such special conditions it ensured the solution in the briefest possible time of the kind of strategic tasks on which the developed capitalist countries had spent decades. The centralised



nature of management intensified even more in the war years. It was preserved in the main in the conditions of post-war restoration, too.

Of course this nature of management cannot in all instances be attributed to objective reasons. Erroneous approaches were also tolerated and decisions of a subjective order were made. This must be seen and taken into account when examining present-day problems. But the system of management which has taken shape has, with the passing years, come into increasingly acute conflict with the conditions and needs of economic development.

The turbulent current of the scientific and technical revolution, the sharply increased complexity of the national economy, the need to shift the centre of gravity from extensive methods to intensive ones, and from quantity to quality, the intensification of the influence of social conditions and the sharp growth of the role of the human factor have demanded radical transformations in economic management.

The restructuring of economic management was entering the agenda with increasing insistence. This matter was discussed in scientific and public circles. I may refer to an article by Academician V.S. Nemchinov in the journal 'Kommunist' in 1964. Back at that time he wrote: "A primitive understanding of the inter-relationship between macro- and micro-economic systems can create only the kind of ossified mechanical system in which all the parameters of management are set in advance and at each given moment and at each given point the whole system is subjected to quotas from top to bottom. . . Such an economic system subjected to quotas from top to bottom will retard social and technical progress and will sooner or later be broken by the pressure from the real process of economic life."

During the past decades practical attempts to change the system of management which had taken shape were made repeatedly. This was done in the 1950s, in the second half of the 1960s, and also at the end of the 1970s. However, these attempts were incomplete and inconsistent, and at best they yielded a short-term benefit but did not lead up to the necessary turning point. Meanwhile, the stimulating effect of the old economic mechanism was becoming weaker and weaker and the braking action was intensifying.

Now, at this stage of a turning point, when we have approached cardinal solutions, what is of especial importance are scientific substantiation and theoretical and ideological-political clarity in understanding the essence and basic meaning of the incipient changes and of the thrust of the restructuring of management. How should one proceed further and in what direction? What can we and what must we renounce, what must be consolidated and improved, and what must be introduced anew?

In this connection it is important to stress that each stage of our history has been filled with strenuous work by the people and has brought major achievements. The accumulated experience of economic construction is of enormous value. This experience with all its achievements, twists and also errors is a school whose lessons for us are important both for the present and for the future.

On the fundamental plane, the meaning and thrust of the radical reform of management are clear to us. They are expressed by the formula: More socialism, more democracy.

This also contains the answer to the question: Does not our restructuring represent a departure from the foundations of socialism or at any event some kind of weakening of socialism? No it does not signify that. On the contrary, what we are already doing, outlining and proposing, must consolidate socialism and eliminate everything that stands in the way of the development of socialism and which is retarding its progress, it must reveal its tremendous potential in the interests of the people, bring into play all the advantages of our social system and impart to it the most up-to-date forms.



But what does the consolidation of socialism in fact mean? The whole essence of our revolutionary teaching, our entire tremendous experience show that socialism cannot be presented in the form of some kind of frozen, invariable society, and practical work on its improvement cannot be presented as a method of hurrying on and building upon a complex reality in accordance with ideas, concepts and formulas which have been laid down once and for all.

Notions about socialism and its economy are constantly being developed and enriched, taking into account historical experience and objective conditions. We must learn from V.I. Lenin a creative approach to the development of the theory and practice of socialist construction, adopt a scientific methodology and master the art of making a specific analysis of a specific situation.

The main question in the theory and practice of socialism is how, on a socialist basis, to create more powerful stimuli, than under capitalism, for economic, scientific, technical and social progress, how to most efficiently combine planned leadership with the interests of the individual and of the collective. This is a most complex question the answer to which has been sought and is being sought by socialist thought and by social practice. At the present stage of socialism the significance of this question is increasing immeasurably.

Many problems will have to be solved here. But we regard the key to the creation of effective stimuli for the enhancement of production efficiency as lying in ensuring for the working man the status of genuine master not only, at his work place and in the collective, but in society as a whole. It is theoretically and practically indisputable that the interest of the working people as masters of production is the strongest interest, the most powerful driving force for the acceleration of socio-economic, scientific and technical progress.

But what does turning working people into real and active masters of public property actually mean? It means giving collectives and individual workers extensive opportunities to handle public property and enhance their responsibility for its effective use. It means ensuring in practice participation by the broadest working people's masses in running the economy at all levels, from the team to the national economy. It means that working people's incomes must be made dependent on work at the workplace within the context of their own enterprises, and ultimately on how things go throughout the country and in general on end results.

The democratisation of the economy is indissolubly linked with the active use of various forces of co-operation and individual labour activity alongside state ownership. We have adopted resolutions on this score. But it must be said that their practical implementation has not produced a uniform reaction. Frequently there is talk not of how to make quicker and better use of the potential that has been revealed, but of how correct these forms of economic activity are at the present stage of socialism.

Some people see co-operation and individual work activity as virtually the restoration of private economic practice. I think, Comrades, that our new experience and that of the other socialist countries attests to the usefulness of and need for the skilful exploitation of these economic forms within the socialist framework. They help to satisfy people's urgent needs more fully and remove the "black" economy and all possible forms of abuse, that is, they help the real process of improving socio-economic relations.

There also needs to be a serious re-think about the problems connected with the relationship between centralised planned leadership of the national economy and the independence of its individual components, planning and commodity-money relations. We proceed on the basis of their dialectical unity and complementarity in an integral system of economic management.

In the new economic mechanism this task is resolved, in particular, with the help of economic normatives. The transition to normative methods makes it possible to



implement as fully as possible the objective prerequisites inherent in socialism of the unity of the interests of society, collectives and individual workers.

In accordance with the scientific concept of socialism, commodity-money relations form an organic part of its economic system. Their skilful use through prices and financial and credit levers, their planned assimilation, the running of the market in accordance with their laws and the strengthening and boosting of the prestige of the rouble promote the creation of an effective, cost-conscious mechanism and the strengthening of socialism in practice.

Of course, the use of commodity-money relations in the management system in conjunction with the advantages of national economic planning is a harder task than issuing commands and directives. But our economic cadres must solve it.

The problem of economic competition and competitive initiatives occupies a central place from the standpoint of activating socialism's motive forces.

We proceed on the basis of the need to step up real competition among enterprises and organisations - including state and co-operative organisations - in order to ensure that the needs of the population and the national economy are better satisfied. The winners of this competition must receive a tangible economic advantage. This corresponds with socialist principles and is comprehensible in human terms.

Perhaps we should mention in particular the need for the extensive introduction of competitive initiatives in the scientific and technical sphere, too. The fact is that in the past the view was often aired that the existence of parallel scientific research, planning and design organisations led to a dissipation of forces, duplication and irrational expenditure. But experience has convinced us that the monopoly position of certain organisations seriously hampers scientific and technical progress and costs society much more.

I do not mean at all that we must create parallel structures along all avenues. But, in order to solve important scientific and technical problems, it would be correct and worthwhile to create various scientific collectives, including collectives not only on a permanent but also on a temporary basis. This has been welcomed with interest by engineering, technical and scientific workers, and it is already producing certain results.

To put it briefly, proceeding from the requirements of Soviet society's development at the present stage, we must renew our views of the economic forms of socialism in order to provide scope for a fundamental restructuring of the economic mechanism.

Comrades! The draft "Basic Provisions for Fundamentally Restructuring the Economy's Management", prepared by the Politburo and the government, has been distributed among you.

The concept of the restructuring of management proposed in this document pursues the goal of reorienting economic growth away from intermediate and towards end and socially significant results, toward the satisfaction of social requirements, the all-round development of man, the transformation of scientific and technical progress into the main factor of economic growth and the creation of a reliably operating cost-cutting machinery.

In order to achieve all this, it is necessary to effect a transition from primarily administrative to primarily economic methods of leadership at all levels, to broad democratisation of management and to utmost activation of the human factor. This transition involves:

First, a sharp expansion of the boundaries of the independence of associations and enterprises, their transfer to complete financial autonomy and self-financing, the enhancement of responsibility for the highest possible end results, the fulfilling of



commitments to consumers, the establishment of direct dependence of the level of a collective's income on the efficiency of its work and the broad development of collective contracts in labour relations;

second, a fundamental restructuring of the economy's centralised leadership, the enhancement of its qualitative standards, concentration on the main processes which determine the strategy, quality, pace and proportion of the entire national economy's development and its balanced nature, and simultaneously the firm detachment of the centre from interference in operational activities by lower-ranking economic links;

third, a radical reform of planning, price formation and the finance and credit machinery, the transition to wholesale trade in means of production and restructuring of the management of scientific and technical progress, foreign economic ties, work and social processes;

fourth, the creation of new organisational structures ensuring the deepening of specialisation and the enhancement of the reliability of production-sharing ties, together with the direct involvement of science in production and, on this basis, a breakthrough toward world standards of quality;

fifth, the transition from an excessively centralised command system of management to a democratic system, development of self-management, creation of a machinery for activating the potential of the human personality and the precise demarcation of functions and radical change in the style and methods of activity of party, soviet and economic organs.

#### Starting point for the restructuring of management

Comrades! We are beginning the radical transformations of the economic mechanism with the basic link of the economy - the enterprises and associations - primarily intending to create the most favourable economic environment for this link, consolidate its rights and simultaneously enhance its responsibility, and on this basis to introduce fundamental changes in the activity of all higher-ranking links of economic management.

In thus defining the consistency of restructuring we were guided by the premise that this is where the main economic processes take place, this is where people's labour creates all the output and services needed by the people, this is where scientific and technical thinking takes a material form. It is within the work collective that economic and social relations are really developed, it is there that people's interests - personal, collective and social - are intertwined. In essence, the socio-political climate in our society is largely determined by the situation prevailing within the work collectives.

What is the basic shortcoming of the currently operating mechanism for an enterprise's economic management? Primarily the weakness of internal incentives for self-development. In actual fact, the enterprise is set targets and allocated resources through the system of directive indicators. Virtually all expenditure is reimbursed. The marketing of output is essentially guaranteed. And the main point is that workers' incomes are inadequately linked with the end results of the collective's work - performance of contracts, output quality and profit. Generally speaking, the situation is as follows: Under the effect of the present mechanism, producers find it disadvantageous to use cheap raw materials and inexpensive products, they find it disadvantageous to improve output quality and they find it disadvantageous to introduce the achievements of scientific and technical progress.

Such an economic mechanism virtually eliminates the dividing line between enterprises which work well and those which are systematic laggards. Petr Vasilyevich Buderkin, general director of the Omskshina association, rightly raised all these matters at the recent conference at the CPSU Central Committee. Indeed, the Omsk association is one of the best in its branch. The vehicle tyres it produces are of excellent quality and



their useful life is 1.5 times longer than that of others. There has not been a single instance of the breaking of contractual deliveries in the last 20 years. And what does this mean for the collective? Essentially, it does not enjoy any advantages: neither as regards wage increases, nor as regards the satisfaction of social requirements.

And who is to explain the following paradox: the price paid for the Omsk association's tyres, whose quality is the best in the country, is exactly the same as the price paid for those made by other plants?

Let us also take an example from the agro-industrial complex. The prices received by poultry factories in the northern Caucasus for exactly the same output are almost 25% lower than those in other zones of the country. And yet the modern production of poultry breeding output on the basis of industrial technology, especially regards broiler production, takes place in premises built according to identical blueprints, using equipment produced by just one single enterprise in the country, and obtaining feed through one and the same system - that of the Ministry of Grain Products.

In all this we perceive the "mark" of our economic mechanism which, whether we like it or not, is geared to mediocre and even substandard work. How can the economy advance if it creates hothouse conditions for laggard enterprises and punishes the front-rankers?

Of course, comrades, we cannot carry on in this way. The new economic mechanism must put everything in its proper place. It is called upon to become a powerful lever, a stimulating force for good work driven by enterprise and initiative. This is precisely the goal we are setting. Of course, some time must pass before we attain it. Now it is very important to correctly approach the selection of basic demands to be made of the new economic mechanism.

The main result we must obtain from the introduction of the new mechanism is to grant extensive rights to enterprises and ensure their genuine economic independence on the basis of complete financial autonomy.

In actual fact, we have to implement what has already been recognised as necessary, namely, that the enterprise itself compiles its plan for the production and marketing of output proceeding from real social requirements. The basis of this plan must be provided not by a multiplicity of detailed plan targets set by directives from higher-ranking organs, but by direct orders from state organisations, financially autonomous enterprises and trade organisations for specific output in the appropriate quantity and quality.

Enterprises must be placed under conditions whereby they engage in economic competition Russian: [sorevnovaniye] for the best possible satisfaction of consumer demand. In this process, the state's interests are guaranteed by the system of state orders. But they must be subject to economic conditions involving priorities and preferential terms, must make provision for the reciprocal responsibility of the sides, and must, as a rule, be placed on a competition basis [Russian: konkursnaya osnova].

The matter of the nature and purpose of control figures arises in connection with the changing approaches towards planning. They are intended to orient enterprises in the economic situation. For this purpose, control figures must reflect the social need for an enterprise's given output, the minimum efficiency level and the tasks of a social nature - in other words, they should somehow "lead" the enterprise to the necessary level of development. Control figures ought not to have the nature of directives and fetter the labour collective when elaborating its own plan but must give it broad scope to select solutions and partners when concluding economic contracts. The fulfilment of orders and contracts must become the paramount criterion for assessing an enterprise's activity and for the collective's material incentives.

The transition of enterprises and associations to self-capitalisation and self-financing is a requirement of fundamental importance. This means that the funds they



earn must cover all current expenditures including labour remuneration and be used for investment into the expansion and reconstruction of production and the social development of work collectives. Budget financing will be retained only for the solution of the largest and most important state tasks. At the same time, enterprises are given broad opportunities to make responsible use of bank credits. Thus the work collective must bear full economic responsibility for the results of its activity.

A most important role in the new mechanism will be assigned to stable long-term normatives. These are payments into the State Budget in respect of production assets, land, water, other natural and labour resources and interest payments on credit obtained. These are normatives for the formation of wages funds and funds for the satisfaction of social and cultural needs. Prices for output produced and rates of payments for services rendered are also types of economic normatives. Normatives provide the economic methods to ensure the combination of the collective's interests and the interests of the whole people.

The new economic mechanism envisages a radical change of the system for material and technical supplies to enterprises - a transition from centralised material and technical supplies to wholesale trade in the means of production. Enterprises must be given an opportunity to use the money they have earned to acquire everything they need for the manufacture of output, for building and reconstruction and for the solution of social matters.

A powerful incentive for the display of initiative and self-motivation by working people will be provided by the work collectives' transition to self-management, whereby they will independently resolve all matters concerning the internal organisation of production, right up to the election of leaders.

These, in outline, are the main features of the new mechanism for the economic management of enterprises and associations.

Of course, a number of unusual matters may arise in the course of transition to this machinery. Some of them were already raised during the nation-wide discussion of the Law on the State Enterprise.

One such question was: What is to be done with enterprises which, due to poor economic management, find themselves unable to ensure the payments to the state and normal levels of income for the work collective? Various forms of assistance could probably be used here, whether from the sector or the bank. However, if matters fail to improve even after all measures have been taken, then - proceeding from the priority of society's interests - it would be possible to raise the issue of reorganising or terminating the enterprise's activity. Of course, this is the ultimate measure. It goes without saying that the state must show concern for ensuring jobs for working people.

Another question is also raised: Will the expansion of enterprises' independence and the rejection of the extended system of directive indicators not result in weakening the planning principle and the deterioration of the national economy's balanced nature?

We believe that such fears are groundless. It would be illusory to imagine that everything within the framework of a vast economy like ours could be envisaged at the centre. The activity of the State Planning Committee and other economic departments on balancing the national economy will be supported by the economic interests and economic responsibility of enterprises and the enhancement of the role played by economic contracts between them. Under these conditions, the achievement of balance will become much more realistic.

The basic features of the new economic mechanism are reflected in the draft Law on the State Enterprise (Association). The general opinion of production workers, scientists, representatives of central departments, party and local government officials and our public is as follows: On the whole, this is a sound document corresponding to today's requirements and new tasks. It is a sound basis for transition to the new mechanism.



The following demand was persistently expressed during the nationwide discussion of the draft: Do not retreat under pressure from the habits and ideas of inertia, march firmly forward. Do not let the new law, as often happened in the past, be encircled by a palisade of numerous instructions which could emasculate its essence and apply the brakes to restructuring.

In principle, the transition to new methods of economic management is already under way in our country. What I mean is that, starting this year, enterprises and associations in a number of sectors have switched to work under conditions of complete financial autonomy and self-financing. Of course, a period of five or six months is a rather brief one on which to display fully both the strong aspects and the shortcomings of the new economic mechanism. Especially in view of the fact that this transition is being implemented under certain specific conditions.

The activity of these enterprises is greatly affected by attendant factors, and primarily what could be described as their "insular position". This applies to enterprises' ties with suppliers and consumers operating according to the old principles, and to the leadership on the part of ministries and central economic bodies also still operating on the basis of old provisions. Enterprises' transition to the principles of complete financial autonomy and self-financing began under conditions in which the Five-Year Plan was already in effect and many indices have to be adapted to it. Even so, Comrades, this must not halt our work on implementing the new principles of economic management.

(1) Transformation of the functions of the centralised management of the economy

Comrades! In conditions of complete financial autonomy and self-management in the basic elements of the national economy, centralised leadership of the economy must also be qualitatively new.

It is essentially a matter of formulating a new concept of centralism based on working people's activeness and enterprises' independence, that is, of genuinely democratic centralism in the Leninist interpretation of the term, which is immeasurably more powerful than centralism bogged down in attempts to regulate absolutely everything.

First a few words about national economic planning. What is the "philosophy" of the statewide plan in the new conditions? It must determine the basic priorities and goals of the country's socio-economic development, directions in structural and investment policy and scientific and technical progress, and tasks in accumulating scientific, educational and cultural potential and maintaining defence capacity.

In the new conditions it is intended to increase the role of the "target" [Russian: "zadayushchiy"] part of planning, especially the concept of the country's long-term socio-economic development over a 15-year period. This part must incorporate all major programmes, balance them and determine ways of achieving strategic goals. The Five-Year Plan along with its targets broken down for the years of the Five-Year Plan period is to really become the main form of statewide planning.

In order to ensure planned proportions and balance in the economy, it is proposed to give ministries and departments, and union republics, basic data for planning. As for enterprises, the main lever for influencing them will be economic normati/es and incentives. These are called upon to place the activity of associations and enterprises in conditions ensuring that it is to their advantage, using the control figures as a reference point, to seek ways of most efficiently satisfying social needs.

An issue which perturbs many people must be maintained here. Fears are being expressed that a temporary decline in production growth rates in individual sectors, regions and even the country as a whole may take place, given the abandonment of direct directive prescription of volume indicators for associations and enterprises in conditions of complete financial autonomy.



What can be said about this matter, Comrades? If it is a matter of higher growth figures achieved by cranking up gross volumes, by means of double counting and without a real increase in end results, then society not only gains nothing from this and actually sustains losses.

But we all expect that the switch to financial autonomy and the new methods of economic management and the widespread introduction on the collective contract and other progressive forms of work organisation and incentives will make it possible to increase the people's work activity, bring hitherto untapped resources into play, increase efficiency and thereby secure a higher rate of real growth together with high output quality.

Precisely such a restructuring is natural and, moreover, absolutely essential to ensure a new quality of economic growth. While it will hit the indicators of enterprises which work inefficiently, in general such a restructuring will certainly play a positive role for the country's national economy and its development prospects, assessed in terms of end results and the extent to which social needs are satisfied.

A most important part of the restructuring of the management of the economy is the radical reform of price formation. A complete switch to the new mechanism is impossible without this.

Prices must play an important incentive role in improving the use of resources, reducing expenditure, improving output quality, accelerating scientific and technical process and rationalising the entire system of distribution and consumption. New politico-economic approaches consonant with the present stage of development must be displayed here.

The prices system which has long existed has been geared to cheap natural resources. The current prices of coal, oil, gas and power do not ensure conditions for self-financing by the fuel and energy complex. They continue to create an illusion that natural resources are cheap and inexhaustible and to orient enterprises towards further building up production, consumption and shipment of them.

Economically unjustified approaches towards price formation have led to the emergence and rapid growth of subsidies for the production and sale of all kinds of products and services. The total amount of subsidies from the State Budget today exceeds R 73 billion per year. On the other hand, an unjustifiably high level of profitability which totally fails to reflect production efficiency has emerged for many types of output. And this too is the result of distortions in price formation.

Anyone who produces output whose prices are unjustifiably low has no incentives to build up production, and anyone who makes surplus profit as a result of overly high prices has no incentives to reduce expenditure and improve efficiency. In this situation normal economic relations in the national economy are simply impossible.

This is why we are faced with the need not to carry out some kind of partial improvement of the prices system but to implement a radical reform of price formation and an interlinked restructuring of our entire "price economy" - wholesale, purchase and retail prices and tariffs.

It is a matter not only of the level of prices, but also of the procedure for establishing them. Of course, prices of the most important products need to be determined centrally, when the statewide plan is formulated and as part of that plan. But at the same time in the new mechanism it is expedient to expand the sphere of the use of contractual prices, which will help to expand enterprises' rights and economic independence.

The reform of wholesale prices is to improve the situation in the national economy and to create better conditions for the struggle for production efficiency, the



saving of resources and output quality. As for retail prices, the changes in them must not only result in a deterioration in working people's living standards but, on the contrary, must lead to an increase in those standards for certain categories of working people and to fuller implementation of social justness.

One thing must be clear - that in view of the importance and complexity of the reform of price formation, its preparation must be approached with great responsibility. A huge volume of work must be performed in a short time, and the requisite resources must be enlisted for this. We must bear in mind that unless this matter is resolved it is impossible to draw up the Five-Year Plan in the new way and to switch to an integral system of economic management.

In view of the political and social significance of the reform of price formation it must be the subject of the widest discussion in the country.

The restructuring of the national economy's system of material and technical supply is closely linked with the reform of price formation. The main direction in this is a resolute switch to wholesale trade in means of production both via direct links between suppliers and consumers and via financially autonomous wholesale bases. In this case state organs would ultimately be left with the functions of regulating and monitoring wholesale trade.

The matter of switching to wholesale trade in means of production is not new, but it is only recently that it has been possible to take the first real steps in this. We must accelerate and expand the scale of this work in order to complete it in the next few years.

Many weighty reasons urgently dictate the need for wholesale trade in means of production, above all the switching of enterprises and associations to financial autonomy. I would also like to mention another reason - the need to normalise stocks of commodity and material assets. In the main branches of the production sphere these stocks exceed R 300 billion. Considerable amounts of national wealth are immobilised in them.

This situation is largely explained by the cumbersomeness, inefficiency, and unreliability of material and technical supply, which breeds in enterprises a desire to hoard resources just in case.

See what happens with metal. Complaints of the shortage of it continue unabated. But at the same time stocks are growing. In the last six years consumers' stocks of rolled ferrous metals have increased by 2 million and as of the beginning of this year totalled 9.3 million t. So just think: Are we short of metal, or are we unable to use it thriftily? True, it is not easy to mobilise these stocks of rolled metal: after all, they are at enterprises. It may surprise you, but I must say that organisations of the State Committee for Material and Technical Supply account for only 1.5% of the stocks of goods and materials, the rest is scattered around the economy.

The following question arose at the CPSU Central Committee conference: Is it possible to introduce wholesale trade when there is a shortage of resources? This argument is always put forward when the problem of the timetable for switching to wholesale trade is being discussed. The participants in the conference cogently said that the system of funding and supply itself creates shortages. And this is borne out by specific instances. The switching of enterprises to the principles of complete financial autonomy will be of decisive importance here. Therefore the more rapidly we switch to direct links, to wholesale trade, the more rapidly we will be rid of shortages and of excessive stocks of material assets.

These are not merely desk-bound arguments. Here is a specific instance. Now, even at the very beginning of the switch of collective and state farms to the new principles of financial autonomy, their orders for agricultural equipment and other resources are declining markedly. For instance, orders for combines for next year are down by approximately 30%. Orders for certain types of tractors and other agricultural



equipment, especially obsolete and unproductive equipment, are also declining. That is the real situation. The result is that today's shortage may turn into tomorrow's over-production.

Major tasks must be resolved in the sphere of finance, credit and money circulation. Again, without this it is impossible to create the new economic mechanism. The main shortcoming in this sphere now is that the turnover of financial and credit resources and money is isolated from the movement of material assets and the national economy is over-saturated with money [Russian: platezhnyye sredstva]. Nowadays the rouble does not fully perform its role as an active means of financial control over the economy.

The country's financial system is clearly obsolete. It does not stimulate the improvement of efficiency in economic management and often pursues short-term, fiscal goals. Credit has also lost its role to a considerable extent. The line dividing it from free financing has been eroded.

Everything indicates that we cannot manage without a radical financial and credit reform. This must be aimed at placing the budget's relations with enterprises on a normative basis, closing all opportunities to obtain income before the ultimate sale of goods and comprehensively improving the financial health of the national economy.

Comrades! In the modern world no state can regard itself as economically isolated from others. Our country is no exception in this regard. The Soviet economy is part of the world economy. International trade and currency and financial relations between countries and the latest scientific and technical transformations inevitably also affect in one form or another the state of affairs in our own economy.

The measures that are being taken to improve the management of foreign economic relations are aimed, in particular, at deepening the USSR's participation in the international division of labour, which is becoming an increasingly important factor in the development of the Soviet national economy.

On the other hand, not only we and our allies but also all who are interested in co-operation with our country in new conditions which are more favourable for this would gain from successful realisation of the plans for restructuring in our country and from the modernisation of our economy. In other words, the restructuring of the Soviet economy, taking into account the Soviet Union's considerable share of the world economy, will help to develop broad international co-operation and thus to improve international economic relations.

Important and far-reaching decisions were recently taken in the sphere of foreign economic policy and the mechanism for its implementation. The restructuring of economic management opens up broad scope for improving the effectiveness of our foreign economic links and - this is especially important - for strengthening the external market's influence on the work of branches and enterprises, on the quality of their output and on scientific and technical progress.

In this connection the improvement of the productiveness of co-operation with the socialist countries is fundamentally important. The restructuring of the economic mechanism is called upon to create favourable economic and organisational and legal conditions for the profound integration of our national economy with those of the fraternal countries.

Broad opportunities for this are opened up by the granting to enterprises of the right to enter upon direct co-production [Russian: kooperatsionnyy] links with partners from the socialist countries. As the recent discussion of this matter in the Politburo showed, as yet extremely inadequate use is being made of them. One of the reasons for this is clearly the absence of any interest for financially autonomous work collectives. It is quite obvious that the success of restructuring in our country also largely predetermines the improvement of the effectiveness of economic and scientific and technical



co-operation with the fraternal countries. The Politburo and Secretariat of the Central Committee and the Council of Ministers must constantly monitor the development of economic co-operation with them.

We must carefully and profoundly study the experience of our friends and adopt everything that can be used in the interests of the USSR national economy.

In short, comrades, an important and large-scale restructuring of the activity of the centralised leadership of the national economy lies ahead. This work and the transfer of enterprises to financial autonomy constitute a single whole - the radical reform of the management of the economy.

#### Restructuring organisational structures and the work of management organs

Comrades! You understand that, in changing the economic mechanism and switching to the new methods of economic management, it is impossible to get by without also tackling thoroughly the improvement of organisational structures. What would it be possible to say in this connection concerning the basic link of the economy? Today's enterprises and associations were formed in conditions in which they were obliged to create their own billet, tool-making, casting, repair and other shops without heeding the rise in production cost, without paying attention to the primitive nature of production and low labour productivity. The excessive growth of a non-monetary economy also occurred within branches, giving rise to irrational ties and the squandering of social labour.

Despite all our efforts, the creation of production and particularly of science and production associations came to a halt. It ran up against departmental barriers and territorial boundaries, against the desire on the part of higher organs to incorporate in the associations enterprises belonging only to their own ministry, only their own chief directorate.

Which enterprises and associations do we need? Clearly, there is no unequivocal answer here. In resolving such an important issue it is impossible to act in the old manner. All the same, we must speak of certain initial ideas. First of all, the make-up of the enterprises and associations must conform to rational specialisation and co-operation and create the conditions for the application of the most progressive equipment and technology. It is important to unite in one organisation all the links of production, from applied research to series production and technical services. Here, of course, it is necessary to take the factors of manageability into account. And, finally, in the production of any given type of product, we should avoid the monopoly position of associations.

I believe that the transfer of enterprises and associations to full financial autonomy and self-financing must be combined with their being granted rights to set up joint production facilities and associations based on share ownership, as far as complete merger if economic advisability so dictates. We are sure that in the new conditions enterprises will display an interest in the formation of various types of voluntary associations linked with the creation of new equipment, collective-access computer centres, social and nature-protection facilities, transport centres, and even cadre-training and management schools.

But nor can the position of management organs here be a passive one, let alone a conservative one. It is essential to open the gates wide for various integration processes.

In the long term, several thousand major branch, inter-branch and territorial-branch associations capable of effecting through their own efforts the entire "scientific research - investment - production - marketing - servicing" cycle could become the objects of direct management from the centre in place of the current 37,000 industrial enterprises included in the state plan. Alongside these, under republican and local jurisdiction, there could be tens of thousands of medium and small enterprises, including co-operatives, geared to servicing the major associations and to the local market.



The matter of the organisational restructuring of branch management is no less important.

What must this restructuring consist of? The precise delimitation of what the ministry is answerable for and what the association and the enterprise are answerable for. The ministries must become in fact the branches' scientific-technical and planning-economic staffs; must answer to the country for the satisfaction of the national economy's requirements for the output produced by the branch and for the achievement of world standards in terms of production technology and the quality and technical standard of output; must engage actively in the development and improvement of the branch's structure and the deepening of specialisation and co-operation; and must formulate the economic normatives, levers and stimuli for the subordinate enterprises.

They have at their disposal the pilot scientific and technical organisations and the centralised funds of resources with which, as necessity dictates, new enterprises can be created and the work collectives' efforts in the major reconstruction and expansion of production can be reinforced. The overwhelming majority of branch ministries will really be able to join in foreign economic activity. A crucial task of the ministries is training, increasing skills and retraining cadres. Their role here is growing immeasurably.

In order to block attempts by ministries' apparatus to engage in administrative tutelage of enterprises, ministries must be relieved of the functions of operational-economic management by removing the relevant subdivisions and reducing the numerical strength of the apparatus of ministries and the organisations serving them. With their new functions, ministries do not need an unwieldy structure and huge staff organisations. The question of combining some ministries could arise in the course of the implementation of the proposed measures.

It is well known that we have embarked upon the shaping of a management system involving national economic complexes and groups of interconnected branches. The State Agro-Industrial Committee, the State Construction Committee, the Buro for Machine Building, the Buro for the Fuel and Energy Complex, the Foreign Economic Commission and the Buro for Social Development have been established and are functioning as permanent organs of the USSR Council of Ministers.

This system is at the establishment stage. We are still seeking the best possible distribution of functions between organs of complex management on the one hand and the USSR State Planning Committee and ministries on the other.

We must consistently pursue the line of transforming the permanent organs of government into viable organisations responsible for the development of their complexes and the solution of inter-branch problems. We know from experience that major national economic problems arise at the point where branches come in contact with one another. It is here that we encounter most of the breakdowns in co-ordination which inflict major losses on us. It is also here, however, that great reserves for the improvement of work are to be discovered.

The strengthening of the permanent organs of government will make it possible to lock ministries and departments into them and make management more effective and fruitful.

The new conditions make greater demands of the quality of work by central economic organs: the State Planning Committee, the Ministry of Finance, the State Committee for Prices, the State Committee for Material and Technical Supply, the State Committee for Science and Technology and State Committee for Labour and Social Affairs and others. The transition to complete financial autonomy, the fundamental changes in ministries' activity and the development of the system of the leadership of national economic complexes mean fundamental changes in the functions of these organs.



As regards the USSR State Planning Committee, the centre of gravity in its work must be shifted to definition of development prospects, implementation of fundamental economic and social tasks and the provision of balance at national economic level. Consequently, there must be a fundamental transformation of the State Planning Committee's structure as the country's supreme scientific and economic staff. It is important to fundamentally strengthen its consolidated subdivisions, social orientation and scientific, technical and territorial services. Of course, all this must be most closely linked with the functions of permanent organs of the USSR Council of Ministers.

It is evident, comrades, that the matter of strengthening the USSR State Planning Committee's co-ordinating role as regards the activity of other central economic departments is a pressing one.

We have already said that the new system will only be effective if it is able to unite and harmonise the diverse interests of our society, including not only the interests of enterprises and branches but also the interests of republics, krays and oblasts, towns and rayons or, as it is customary to say, territorial interests.

It must be borne in mind that unless we include local potential and initiatives in work to implement radical reform, matters may suffer greatly.

It is worth recalling, comrades, that many ideas on whose basis we have conducted important experiments and worked out a modern concept of management were born locally and found their way into practice thanks to the enterprising work of local bodies. The team contract in agriculture and construction and in industrial production, new forms of territorial economic administration, progressive undertakings in rail transport, in the services sphere and trade, the transition to self-financing and much, much else - all this was born at the initiative of work collectives with the active support of local party, Soviet and economic bodies.

A number of decisions have been taken recently to enhance the role of republican bodies and local Soviets. They have been met with approval. Nonetheless, the territorial aspect of management has still not received due attention and resolution. Radical measures are required here.

The experience that we have speaks in favour of the activity of territorial bodies being focused above all on the problem of the region's comprehensive development, on the most rational use of local resources - manpower and natural, production and economic resources. Actually, we have already taken concrete steps in this direction. I have in mind the creation of bodies for the management of the industrial complex, construction, consumer goods production and the rendering of services.

The territorial bodies can do much to create inter-branch production facilities, make better use of unique equipment and secondary resources and form the production infrastructure. There is a large field for their activity here.

The social sphere is, of course, a very important subject of territorial administration, above all on the part of the soviets. In this connection, I have two comments to make. The first concerns the defence of the interests of the social sphere in large towns. Comrades, in these towns we must halt the escalation of production construction to the detriment of their social development.

Why should we not conceive and introduce a system whereby production construction can be authorised for ministries or departments only if at the same time they earmark funds for the territorial bodies for the development of the social sphere on the basis of justified norms? I think this approach would help to introduce order in urban development.

The second [comment] concerns the role of territorial organs in organising co-operative and individual labour activity. Virtually all the necessary resolutions on this



score now exist at state level. Many working people would like to join into co-operatives to resolve particular tasks connected with satisfying people's requirements. There are many people anxious to engage in individual labour activity. Everything would seem to exist for the development of this important process. Yet it is proceeding with very great difficulty and very slowly. One reason is the lack of initiative of local organs, their lack of attention to the matter, and sometimes their reluctance to engage in it and all kinds of bureaucratic obstacles. Yet this is the direct duty of the local organs and they should be fully answerable for it.

So, whatever aspect of our economy you take, everywhere you feel the need to enhance the role of territorial organs and above all of the soviets. Here we evidently cannot do without measures of an organisational nature. In our view it is expedient to create within the oblast and kray executive committees production and economic administrations for the comprehensive elaboration of plans for the development of regions and the co-ordination of all economic activity on a given territory.

In general, comrades, we need a system of management according with the new principles of economic administration and the essence of economic methods. It should clearly demarcate the competence and responsibility of management organs at all levels and in all spheres and create the best conditions for the functioning of the basic link - the enterprise and association.

#### Social aspects of the restructuring of management

Comrades! Man, with his real interests and motives, is the focus of our economic policy and economic practice.

We must realise that the time when management boiled down to orders, bans and appeals has receded into the past. Now it is already clear to everyone that it is no longer possible to work with such methods. They are simply ineffective. Creating a powerful system of motives and incentives prompting all workers to reveal their abilities to the full, work fruitfully and make the most effective use of production resources - that is the command of the times.

Everything is extremely important here - the organisation of labour and the form of incentives, the system of employment, the situation on the consumer market and the state of socio-cultural servicing. Each of these fields should be examined from the viewpoint of the activation of the human factor.

The matter of the need for a qualitatively new approach towards the organisation of labour is acute. What we have belongs as a rule to yesterday or even the day before yesterday. We need an organisation of labour which accords with the modern requirements of scientific and technical progress, which absorbs the best of our aim and world experience and - something particularly important - which complies with the new conditions of economic management and the principles of self-administration.

Now, after a series of well-known experiments, it is clear to us all that the collective contract and other effective forms of organising and encouraging labour best accord with the new economic mechanism. Only on their basis is it possible to fully implement financial autonomy and bring it to every collective and work place.

The system of the remuneration and encouragement of labour should be structured anew. Now, on the basis of the Law on the Enterprise, the enterprise will be guaranteed the right to increase wages and salaries and to establish bonuses. The potential for effective incentive is being drastically expanded. But here it is particularly important that each worker's actual wages should be made closely dependent on his personal labour contribution to the end result and should not be restricted by any limit. There is just one criterion for fair wages - whether they have been earned or not.



The intensification of social production and the creation of the corresponding economic mechanism are prompting us to take a new look at problems of effective employment in our society.

At previous stages, under conditions of the predominantly extensive development of production, the number of work places grew rapidly. The main problem then was the search for new workers. The situation is now changing radically. Under the conditions of scientific and technical progress, the scale on which workers are being released will grow considerably. The new economic mechanism will also be conducive to this. At the same time there will be an increase in the demand for manpower resources the services sphere, culture, education, health care and leisure.

This regrouping of the workforce requires close attention and carefully considered organisational measures. We must ensure social guarantees for working people's employment and the constitutional right to work. The socialist system has this potential.

In the new situation it is necessary to expand the rights and enhance the responsibility of the state organs for labour and social issues.

I have already said that in recent years a large gulf has formed between the population's money incomes and effective demand on the one hand and their material provision on the other. In the period 1971 up to and including 1985, the quantity of money in circulation increased 3.1 times while the production of consumer goods doubled. Within the framework of the reform of economic management we must consistently and persistently continue the line towards subordinating the production of consumer goods to the population's requirements. Simply filling warehouses is not only extravagant but also absurd, whichever way you look at it. It is better to close down such production. I think this matter merits the closest attention.

But it is not only a matter of providing goods to meet the population's effective demand. We must obviously also think about enlisting the population's funds more fully to resolve a number of other tasks. Many people want to acquire housing using their own money through co-operative or individual housing construction. There has been no real progress here. On the contrary, until recently the proportion of co-operative construction had been declining markedly. This, of course, is wrong.

Considerable funds can be enlisted from the population on a loan basis to create leisure and tourism bases and to construct in residential areas sports installations charging an entrance fee. The population could also invest on specific terms in co-operatives which are now being created in the services sphere and other branches.

Here we approach yet another matter. To overcome the deformation of demand, it is necessary to accelerate drastically - to double or treble - the pace of development of the entire sphere of chargeable services, to introduce additional incentives there and provide more resources. Calculations show that, by proceeding along this path, we can ensure an annual growth in services of 15-20%.

All this and much else would make it possible in the very near future to effect an improvement in the situation on the commodity and services market and the consolidation of monetary turnover. Let those whose job it is - both centrally and locally - think about this.

In the present situation the passiveness of those leaders who fail to use the new opportunities opened up for resolving social tasks is particularly intolerable. On the one hand, the old habit of approaching the solution of social problems on the basis of the left-over principle and, on the other, the prevailing mentality of parasitism are probably still at work here. We must resolutely bid farewell to the former and the latter. Now no-one will resolve the collectives' social problems for them. We must act vigorously, sensibly, enterprisingly, in general in a proprietorial manner, in work collectives, towns and rayons, oblasts and republics.



The restructuring of management needs precise organisation  
and party-political support

Comrades! The radical reform of the system of economic management is not a single act but a process for whose completion a certain amount of time will be needed. But we can brook no delay here, so to speak. That could turn out to be the main danger. Too much time has already been lost. In any case we must enter the 13th Five-Year Plan with a new economic mechanism, although its tuning will continue even in the following Five-Year Plan period.

The Politburo considers it intolerable that the absence of reliable organisational support and dilatoriness and lack of co-ordination of actions should have led, as in the past, to the prolongation and incomplete implementation of reform.

In this connection it is proposed that the Plenum should approve the "Basic Provisions for Fundamentally Restructuring the Economy's Management" which contain both principled and specific instructions for creating a new system of management and which would be a party directive for all subsequent work in this field.

What is the organisational design of the proposed restructuring of economic management?

Its point of departure will be the USSR Supreme Soviet's adoption of the USSR Law on the State Enterprise (Association). Before the end of this year it is planned to adopt a whole "package" of specific resolutions on major matters of restructuring management in order to bring centralised management into line with the Law on the Enterprise.

As from next year, 1988, enterprises and associations producing about two-thirds of all industrial output, including all machine building and metallurgy, most enterprises of the fuel and energy branches and the chemical, timber, light, food and fishing industries, and all types of transport will work on the basis of the new principles. And in 1989 the transition to the new conditions of economic management should be completed.

The restructuring of the most important functions of economic management - planning, price formation, finances and credit, material and technical supply - will be implemented and stable long-term economic normatives for the 13th Five-Year Plan will be elaborated along parallel lines by the end of the Five-Year Plan.

The new Five-Year Plan will have to be drafted in a new way, on the basis of the system of economic management that is being introduced. Above all, enterprises should be provided with broad autonomy in concluding contracts on the basis of economic normatives and consumers' orders. All work must be organised so as to ensure the adoption of the plan for the five years before the start of the Five-Year Plan itself.

Comrades! The organisational aspect of the project transformations should include an extensive programme of legislative activity and the formalisation of the legal mechanism of economic reform.

The approach is simple: Obscure points in the matter of the legality or illegality of particular actions in the economic management sphere should be totally excluded. Wider use must be made of the common law principle: "Everything is permitted which is not prohibited by law."

Obviously, after the adoption of the Law on the Enterprise we must repeal all normative acts which contradict it and also place departmental norm creation within a strict legal framework.



A system must also be created for the rapid entry of laws and government resolutions into the labour collectives. People must know the laws regulating their lives and activity.

In this connection the tasks of the Procurator's Office supervision of the observance of the laws by all organisations and officials increase immeasurably. The role of the State Board of Arbitration in regulating economic life should be substantially enhanced.

I should particularly like to stress the need for the maximum openness and publicity [Russian: *otkrytost i glasnost*] for the entire process of drawing up and taking decisions on matters of socio-economic life and for regular and open reporting by representatives of the management organs. The publication of drafts and resolutions and broad notification of proposals which have come in on the matters under discussion should become the rule. The new Law on the Nationwide Discussion of the Most Important Matters of State Life, whose draft is being submitted at the forthcoming USSR Supreme Soviet session, is devoted to this.

The radical restructuring of our statistics is a very large and acute matter. A drastic turn towards qualitative indicators, the expansion of information on matters of regional and social development and the execution of various selective studies are needed here. Without this, serious socio-economic analysis and consequently a competent approach to problems are impossible. We must also push back the frontiers of the publishability of items on economic and social statistics.

Comrades! It is now particularly necessary to step up party influence on all avenues of our work and to achieve bold leadership of social processes and the elaboration of new creative approaches. In activity to transfer the economy to the new system of management our most important task - from Central Committee to primary party organisation - is to ensure the national economy's normal functioning. This is important precisely because in the transitional period we will have to resolve simultaneously a number of major and complex tasks of our economic development and implement the structural restructuring of the national economy, measures to accelerate scientific and technical process, the radical reform of management and the intensification of its democratic foundations.

Here we must not overlook the fact that for a certain period that will be needed for the comprehensive solution of these tasks both the new and the old methods of management will operate at one and the same time. And this will face party organisations with problems of an unusual nature and complexity. They are called on to be in the vanguard of all the transformations that are being implemented.

The reform which has been begun essentially affects all floors of our economic edifice. And it is extremely necessary that the enormous amount of varied work to transform the economic mechanism which is being performed at all levels of the national economy should be in the sphere of the constant and unremitting attention of party organisations and committees. They are the ones which must impart a political, state-wide approach toward work on the fundamental restructuring of economic management.

The role and responsibility of party organisations at enterprises and associations is particularly great. Their political maturity and militancy will be tested and their party approach and practical work will largely determine the transition to new methods of economic management and the implementation of the principles of self-management within work collectives.

We are convinced that all party organisations, all communists and all cadres will redouble their energy in tackling the solution of pressing economic problems, fully aware that our economy's restructuring is the decisive and main condition for our advance along the path of growing prosperity for the Soviet people and all-round progress for our socialist homeland.

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Comrades! These are the ideas and principles providing the basis for the planned restructuring of the management of our economy - the most far-reaching and most extensive restructuring in all the years of socialist construction. It is incumbent upon us to approach its implementation in a spirit of enormous political responsibility to the people and our country's future.

The main purpose of the reform is to provide new incentives and impetuses to our economic growth and to lay firm material foundations for Soviet society's accelerated social and spiritual progress.

The restructuring that has been launched in the country is a direct continuation of the cause of October, a consistent implementation of the ideals imprinted on the banner of our revolution, whose 70th anniversary we shall celebrate this year.

Restructuring is the response to the historical challenge of the times. Our party and our people will know how to respond to this challenge, just as they responded when they accomplished the greatest social revolution, built socialism and won world-historic victory in the Great Fatherland War.

So it has been whenever we have been faced with problems of historic choice. And so it will be now.

(The report was listened to with great attention and was accompanied by prolonged applause.)

Statements by Gorbachev and others at economic conference: corrections In SU/8596/C/5, paragraph six line two, please read: "that you have to repay the credit" (supplying dropped final word); in the next paragraph, line two, please read: "... went on. This is the most important problem. The enterprise..." (adding sentence). At the end of the fourth paragraph on page C/13, the final sentence should read: "This is the second part of planning" (substituting "second" for published "better"); at the end of the next paragraph on the same page, the last sentence should read: "That he will be paid less than last year" (substituting "less" for published "no more").

[Note: Interviewed by Czechoslovak television (1730 gmt 24 Jan 87), Nikolay Shishlin said of this conference: "Four groups of working people took part in it: the members of the Soviet leadership headed by the General Secretary, chief representatives of ministries and institutions, head representatives of associations and enterprises, and finally scientists. It is interesting that the people who were invited to the meeting were obviously ready to deliver speeches prepared previously on paper. The General Secretary, however, asked them to put aside all prepared texts and give answers to quite specific questions: How well is restructuring progressing in individual localities, what do comrades think about the current situation, and what to do next and how. As a result an important, deep, informal discussion took place, and various differing views were expressed. Nevertheless, they had a common denominator - comprehension of the fact that a radical change is necessary."]

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### Gorbachev's Concluding Speech

Soviet television 1700 gmt 26 Jun 87

Text of announcer-read report:

Comrades, we are completing the work of our Central Committee plenum. You know, and this was rightly noted in the speeches, that this plenum was awaited by the whole party and the whole country. In the first place, the present stage of restructuring has posed many problems. An evaluation of these, and conclusions for political and organisational work, were to be given by this Central Committee plenum. And secondly, the plenum was faced with the task of drawing up the basic tenets and principles for the radical reform of the management of our economy.

I think we have every ground for saying that the plenum has justified the hopes of communists and all Soviet people. It is this that defines its enormous significance. The plenum is advancing our restructuring a substantial way along the course outlined by the 27th CPSU Congress and is deepening understanding of its necessity and new methods of approaching its implementation. The plenum adopted a programme for the radical reform of management of the economy. That programme creates a powerful and effective lever for accelerating the restructuring. It has absorbed everything that practical experience has given us over the past two years, everything that scientific thought has given us, and everything that the lessons of decades of building socialism have given us. Its foundations were the experiments that we have been carrying out over the past few years, giving approval to new approaches to the economy. So the documents adopted reflect collective ideas - all the general conclusions we have reached on this matter at the current stage of development of our society.

Particular mention should be made of the atmosphere in which the plenum was held. It reflects the further development of the new situation taking shape in the party since the April plenum and the 27th CPSU Congress. It has been characterised by a sober assessment of the course of restructuring and its successes and achievements, a profound



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analysis of work, criticism of shortcomings and a free and business-like discussion of urgent problems. All this was inherent in the work of the present plenum, and all we members of the Central Committee can feel quite legitimate satisfaction.

The report and speeches stressed the idea that the process of restructuring, for all its achievements, has so far been proceeding slowly. In assessing the situation critically, we at the same time mobilise our possibilities, and we have many of them in all spheres of social life. The criticism and self-criticism which have rung out here are an expression of sensible dissatisfaction with the state of affairs and are an indicator of our strength. The principal feature of Bolshevik criticism is its concrete, businesslike and constructive nature. We can say with full justification that we are making headway both in industry and in such a complex sector of the economy as agriculture. But the most significant headway is being made in people's consciousness, in their understanding of the socio-political situation which has come about in our country of late. Our country today is a rapidly changing society. It is now a society with different sentiments and different hopes. Society is undergoing renewal, it has started to move, people have started to think and practical action is becoming more active and is bringing increasingly tangible results.

The plenum, in a way, completes the drawing up of an integral concept of restructuring, the idea of which was put forward by us in April 1985 and elaborated in the documents of the 27th Congress and the January plenum of the Central Committee. The theoretical aspect, for all its importance, is not the only thing that counts, however. The political import of the present plenum is that it puts the ideas of restructuring on a practical plane - what is more, in a decisive social sphere the economic one, which affects the first principles of the life of the people.

I should like to say again that the resolution of the plenum and the documents it adopted substantially deepen both theoretically and practically our strategic policy of acceleration and restructuring. They provide fundamental reference points for the restructuring of the economy. Practical experience will of course still give rise to a great number of suggestions. Life will lend more depth to notions of restructuring. New issues and considerable difficulties await us. Nor are we insured against mistakes, although we must work and act in such a way that there are as few of them as possible.

And yet I am convinced that the greatest mistake is the fear of making a mistake. If, out of fear of the difficulty of the current stage, some people pusillanimously sit it out in their offices and fail to react to the fact that life is knocking at the windows and doors more and more loudly, that will be the biggest mistake. We have firmly adopted the rule not to dodge problems which have come to a head, not to let things accumulate - too many have accumulated as it is. The fear of making a mistake is especially pernicious, it paralyses the will and holds back efforts to transform society. We are currently going through a sort of transitional period - particularly when it comes to the economy. We face the task of switching all enterprises and associations to full financial autonomy, preparing and implementing a radical reform of the pricing system and restructuring material and technical supply, finance, credit and the organisational structures of management [A report in the 27th June 'Pravda' (second edition) inserted "planning" before "the pricing system"]. All this will require serious and thoughtful work, and at the same time no-one is releasing us from the performance of the tasks of the 12th Five-Year Plan and from achieving the goals that we set in the Five-Year Plan.

Of course, everything must be done to prevent this transitional and complex period being drawn out and to ensure that we act at this crucial time resolutely, thoughtfully and efficiently. Everything in this is important but perhaps the most important thing is that we are beginning a radical reform of the management of the economy, which affects the economic interests of millions of people. I repeat - this is the most important, the main thing.

In all practical matters we must therefore take these interests into account. This in no way means that we can tag along with various sentiments and parasitic interests. No, comrades, I am talking about legitimate interests which we are obliged to take into account. Therefore all work on the transition to the new economic management

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mechanism must provide greater opportunity to realise these interests. It is taking these interests into account which should become the spring that will add a new dynamism to our economic system and all economic work.

On the whole, all work at the present stage must be conducted with a sense of great responsibility. A society with the party at its head, armed with experience, trained in the area of theory and organisationally cohesive, is capable of this. We must emphasise today most forcefully that the role of the party at this stage of social development and in restructuring as a whole is particularly important.

An extremely responsible task - the practical implementation of reform in all links and at all levels is incumbent on the CPSU. Speaking of this, I want to lay particular stress on the role of primary party organisations. Everything that we have planned in the main essentials will, after all, unfold in the work and production collective. The activity of all economic management bodies should be directed primarily towards the creation of the prerequisites for the successful and effective functioning of the basic economic link.

It is by virtue of the fact that the primary party organisation actually operates within a work collective that its growing role is determined at present. Party committees, starting with the CPSU Central Committee, should keep this in mind and ensure, using all possible means available, that under the new conditions the primary organisations operate effectively. This affects all aspects of party work - political, organisational and ideological.

The vast body of the country's economic cadres also faces new tasks. The party relies on their decisive contribution in carrying out the reforms. The country possesses an enormous potential in cadres; and those who comprise it must be helped to become even more profoundly aware of the novelty and scale of the present changes in connection with the reform of the economy, to join in active work on the basis of the new principles of economic management, introducing them everywhere, at all levels of the economy.

We must act in such a way that all who are on the side of restructuring, who are for reform, who are striving to devote their strength and experience to it and give their heart to this cause, that these people should enjoy active support and consideration on the part of the party bodies.

These are the basic mass of people. Moreover, if we do not overcome the calamity of leap-frogging [rapid changes in appointments] at the basic level of the cadres - I mean the managers of enterprises, construction sites, collective and state farms - then reform will make very laborious progress. Therefore let me repeat once again: all cadres that are politically on the side of restructuring and have the necessary competence must receive support. We must support them and help them in their work.

It has been correctly said at the plenum, comrades, that the 13th Five-Year Plan will be a decisive stage in the radical restructuring of economic management. By then, the reform of planning, of price-setting and of the financial and credit mechanisms will have been completed, and the transition to wholesale trade in the means of production in the main will have been carried out. As a result of all these measures, a unified system of management will be introduced.

But if that is to be achieved, the 13th Five-Year Plan itself must be put together taking into account the present time, the new ideas and a deeper understanding of the processes which are under way in the economy. In this connection there is a need for a plenum of the Central Committee to discuss the political concept of the 13th Five-Year Plan and its strategic design.

We have decided to convene the next party conference - the 19th. This will be a major political event in the life of the party and of the country. For us communists, it will be in effect a political examination on the main subject of our life - restructuring.



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We must carry out all our practical work in the sphere of the economy and in other spheres in such a way as to pass that examination with credit and bring to the conference good practical experience, real results - and from it draw lessons for the future.

Comrades, I want to emphasise once again that our economic work, and the restructuring in the national economy, can be successful only if they involve the millions of the masses of the working people. It can therefore be said that in our country, the line of radically restructuring management is in fact continuous with the line towards further democratisation: and not only in production, but in the whole of public life. Economic progress and the development of socialist democratism are inseparable.

Soon you will go back to your places of work in republics, krays, oblasts, towns and rayons, to your enterprises, and practical tasks of enormous importance ensuing from the resolutions that have been adopted will arise for the members of the Central Committee and all the participants in the plenum.

The directives and ideas of the plenum must, first of all, be brought home to communists and the broadest strata of the people. It is very important that we link skilfully the long-term tasks defined at the plenum to the solution of current tasks and, first of all, of those that were set out in the Politburo's report to this Central Committee plenum.

I think that this is the main thing now. People should feel in reality that restructuring is developing, deepening and beginning to bear palpable fruit in all the spheres of life, and, first of all, in what concerns the satisfaction of the daily and urgent needs of the working people.

Let me wish you, comrades, fruitful work in carrying out the resolutions that have been adopted by the plenum of the Central Committee.



Dear Comrades,

The 27th Congress is about to close.

It is up to history to give an objective evaluation of its importance. But already today we can say: the Congress has been held in an atmosphere of Party fidelity to principle, in a spirit of unity, exactingness, and Bolshevik truth; it has frankly pointed out shortcomings and deficiencies, and made a profound analysis of the internal and external conditions in which our society develops. It has set a lofty moral and spiritual tone for the Party's activity and for the life of the entire country.

Coming to this rostrum, delegates put all questions frankly, and did not mince words in showing what is impeding our common cause, what is holding us back. Not a few critical statements were made about the work of all links of the Party, of government and economic organizations, both at the centre and locally. In fact, not a single sphere of our life has escaped critical analysis. All this, comrades, is in the spirit of the Party's finest traditions, in the Bolshevik spirit.

More than sixty years ago, when summing up the discussion on the Political Report of the RCP(B) Central Committee to the 11th Party Congress, Lenin expressed a thought that is of fundamental importance. He said: "All the revolutionary parties that have perished so far, perished because they became conceited, because they failed to see the source of their strength and were afraid to discuss their weaknesses. We, however, shall not perish, because we are not afraid to discuss our weaknesses and will learn to overcome them."



It is in this way, in Lenin's way, that we have acted here at our Congress. And that is the way we shall continue to act!

The Congress has answered the vital questions that life itself has put before the Party, before society, and has equipped every Communist, every Soviet citizen, with a clear understanding of the coming tasks. It has shown that we were right when we advanced the concept of socio-economic acceleration at the April 1985 Plenary Meeting. The idea of acceleration imbued all our pre-Congress activity. It was at the centre of attention at the Congress. It was embodied in the Political Report of the Central Committee, the new edition of the Party Programme, and the amendments to the Party Rules, as well as in the Guidelines for the Economic and Social Development of the USSR for the 12th Five-Year Plan Period and for the Period Ending in the Year 2000. These documents were wholeheartedly endorsed and approved by the delegates to the Congress.

The adopted and approved general line of the Party's domestic and foreign policy—that of the country's accelerated socio-economic development, and of consolidating world peace—is the main political achievement of the 27th CPSU Congress. From now on it will be the law of life for the Party, for its every organisation, and a guide to action for Communists, for all working people.

We are aware of the great responsibility to history that the CPSU is assuming, of the huge load it has taken on by adopting the strategy of acceleration. But we are convinced of the vital necessity of this strategy. We are confident that this strategy is a realistic one. Relying on the inexhaustible potentials and advantages of socialism, on the vigorous creative activity of the people, we shall be able to carry out all the projected objectives.

**To secure the country's accelerated socio-economic development** means to provide new powerful stimuli to the growth of the productive forces and to scientific and technological progress through the improvement of socialism's economic system, and to set in motion the tremendous untapped potentials of our national economy.

**To secure acceleration** means conducting an active and purposeful social policy by closely linking the improvement of the working people's well-being with the efficiency of labour, and by combining all-round concern for people with the consistent implementation of the principles of social justice.

**To secure acceleration** means to provide scope for the initiative and activity of every working person, every work collective, by deepening democracy, by steadily developing the people's socialist self-government, and by ensuring more openness in the life of the Party and society.

**To secure acceleration** means to bring ideological and organisational work closer to the people and direct it towards the elimination of difficulties and the practical solution of our tasks by associating this work more closely with the actual problems of life, by getting rid of hollow verbiage and didacticism, and by increasing people's responsibility for their job.

Comrades, we can and must accomplish all this!

The CPSU is entering the post-Congress period better organised, more cohesive, more efficient, with a well-considered long-term policy. It is determined to act with purpose, aware of all the complexity, the great scope and novelty of the tasks it faces, undaunted by difficulties and obstacles.

It is up to us to reach every Soviet citizen and bring home the essence and spirit of the Congress decisions. Not only must we explain the basic concepts of the Congress; we must also organise in practice all work in line with present-day demands.

Very many interesting proposals were made and many profound thoughts expressed at our Congress and in the pre-Congress period. They must be carefully examined, and everything valuable and useful should be put into effect.

The most important thing now is to convert the energy of our plans into the energy of concrete action. This idea was very well expressed by a delegate to our Congress, Vasily Gorin, chairman of a Belgorod collective farm.

"All over the country," he said, "in every work collective, a difficult but, we are sure, irreversible process of renovation and reconstruction is now under way. It passes through the hearts and minds of Soviet people and calls for complete dedication on the part of each and everyone. Above all in their work."

Yes, comrades, acceleration and radical changes in all spheres of our life are not just a slogan but a course that the Party will follow firmly and undeviatingly.

Many delegates noted that departmentalism, localism, paper work, and other bureaucratic practices are a big ob-



stacle to what is new and progressive. I wish to assure you, comrades, that the Central Committee will resolutely eliminate all the obstacles standing in the way of accelerating socio-economic progress, strengthen discipline and order, and create the organisational, moral and material prerequisites for the maximum development of creative activity, bold search, and socialist enterprise. I am confident that this will meet with broad and active support on the part of the entire Party and of all working people.

The Party committees, from top to bottom, are the organisers of the work of implementing the instructions of the Congress. What we now need are a concrete, businesslike and consistent style of work, unity of words and deeds, use of the most effective ways and means, a thorough consideration of people's opinions, and efficient coordination of the actions of all social forces.

Sluggishness, formalism, indifference, the habit of letting good ideas get bogged down in empty and endless round-about discussions and attempts to "adjust to readjustment" must be completely overcome.

One of the main conclusions of the Congress is that all Party committees should act as genuine bodies of political leadership. In the final analysis, the success of all our efforts to implement the general line of the 27th Party Congress will be determined by the conscious participation of the broadest masses of the people in building communism. Everything depends on us, comrades! The time has come for vigorous and united actions. The Party calls on every Communist, every Soviet citizen, to join actively in the large-scale work of putting our plans into practice, of perfecting Soviet society, of renovating our socialist home.

Comrades, the Congress has strongly reaffirmed that socialism and peace, and peace and constructive endeavour, are indivisible. Socialism would fail to carry out its historic mission if it did not lead the struggle to deliver mankind from the burden of military threats and violence. The main goal of Soviet policy is security and a just peace for all nations. We regard the struggle against war and military preparations, against the propagation of hatred and violence as an inseparable part of the democratisation of all international relations, of the genuine normalisation of the political climate in the world.

In one respect the nuclear danger has put all states on an

equal footing: in a big war nobody will be able to stand aside or to profit from the misfortunes of others. Equal security is the imperative of the times. Ensuring this security is becoming increasingly a political issue, one that can be resolved only by political means. It is high time to replace weapons by a more stable foundation for the relations among states. We see no alternative to this, nor are we trying to find one.

Unfortunately, however, in the international community there are still some who lay claims to a special security, one that is suited only to themselves. This is illustrated by the thinking in Washington. Calls for strength are still in fashion there, and strength continues to be regarded as the most convincing argument in world politics. It looks as though some people are simply afraid of the possibility that has appeared for a serious and long-term thaw in Soviet-American relations and in international relations as a whole.

This is not the first time we have come up against this kind of situation. Now, too, the militaristic, aggressive forces would of course prefer to preserve and perpetuate the confrontation. But what should we do, comrades? Slam the door? It is possible that this is just what we are being pushed into doing. But we very clearly realise our responsibility for the destinies of our country and for the destinies of the world. We do not intend, therefore, to play into the hands of those who would like to force mankind to get used to the nuclear threat and to the arms race.

Soviet foreign policy is oriented towards a search for mutual understanding, towards dialogue, and the establishment of peaceful coexistence as the universal norm in relations among states. We have both a clear idea of how to achieve this and a concrete programme of work for maintaining and consolidating peace.

The Soviet Union is acting and will continue to act in the world arena in an open and responsible way, energetically and in good faith. We intend to work persistently and constructively to eliminate nuclear weapons, radically to limit the arms race, and to build reliable international security that is equal for all countries. A mandate to preserve peace and to curb the arms race resounded forcefully in speeches by delegates to our Congress. The Party will unswervingly carry out this mandate.

We call on the leaders of countries that have a different social system to take a responsible approach to the key issue of world politics today: the issue of war and peace.



The leadership of the CPSU and the Soviet state will do its utmost to secure for our people the opportunity to work under the conditions of freedom and a lasting peace. As reaffirmed by the Congress, our Party and the Soviet Union have many allies, supporters and partners abroad in the struggle for peace, freedom, and the progress of mankind.

We are sincerely happy to see here the leaders of the socialist countries. Allow me, on behalf of the Congress, wholeheartedly to thank the Communist Parties and peoples of these countries for their solidarity with the CPSU and the Soviet Union!

For a number of the fraternal parties in socialist countries this is also a congress year. The problems and tasks that the very course of history has set before the ruling Communist Parties are similar in many respects. And by responding to them, each party contributes to the treasure-chest of world socialism's combined experience. We wish you every success, dear friends!

The CPSU is grateful for the warm greetings addressed to it by the representatives of communist, revolutionary-democratic, socialist and social-democratic parties, of democratic, liberation, and anti-war forces and movements. We highly appreciate their understanding and support of the idea advanced by the Congress of establishing a comprehensive system of international security and the plan for eliminating nuclear arms before the end of the century. The CPSU is convinced that they are consonant with the true interests of all nations, all countries and all humanity.

Comrades, our Congress has shown that at the present stage, which is a turning point in our country's social development, the Leninist Party is equal to its historic tasks. On behalf of the delegates representing our entire Party I should like to say from this rostrum that we Communists set great store by the confidence placed in us by the workers, the farmers, the intelligentsia, by all Soviet people. We put above all else the interests of the people, of our Motherland, of socialism and peace. We will spare neither effort nor energy to translate into life the decisions of the 27th Congress of the Communist Party of the Soviet Union.

(Mikhail Gorbachev's speech was heard with great attention and repeatedly punctuated with prolonged applause.)







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Text of the Speech by M. S. Gorbachev  
in the British Parliament

Mr. Chairman,  
Honorable Members of the British Parliament,  
Ladies and Gentlemen,

First of all, allow me to thank you for this opportunity to address members of the British Parliament.

It is with keen interest that we are getting acquainted with your country, its rich history and ancient culture, its diverse traditions formed in the course of many centuries, and with your hard-working and talented people who have given the world many outstanding thinkers, scholars, writers and artists who are well known in the Soviet Union.

The Soviet people remember the ties between our peoples in the most devastating war of all time. They also remember how more than 40 years ago a British Prime Minister presented the people of Stalingrad with an honorary sword, a symbol of close cooperation between the Soviet and British people in the anti-Hitler coalition.

In other words, we think that all the good, fruitful and constructive things that our countries and peoples have acquired and accumulated in their relations over various historical periods should be carefully preserved and carried on.

It is almost ten years since a delegation of the USSR Supreme Soviet last came here. Serious changes have occurred since then in Soviet-British relations and in the international situation. This makes all the more apparent the need for such meetings as we are having today.

Hardly anyone will dispute that the future of the European nations is indivisible--both when they live in peace and concord and when clouds of storm loom over their land. We have come to your country firmly convinced of this and with the intention to discuss what can be done by our countries and parliaments to



improve Soviet-British relations and the international situation in general. The future of mankind and relations between individual states and groups of states depend on the actions and concrete moves which are being or can be undertaken today on matters of war and peace and international cooperation.

These very issues were at the focus of our discussions with your Prime Minister, Mrs Thatcher, and with other Cabinet members. We think that our exchange of opinions was businesslike, frank and fruitful. So in addressing now the members of the British Parliament we would first of all like to outline our views which we find important for improvement of the international situation and for development of bilateral relations.

It is common knowledge that in the 70s Europe became a cradle for the policy of detente. Important areas of cooperation between the countries of Western Europe, the Soviet Union and other socialist countries were found and fixed at that time. That process was then joined by the US and Canada for the signing of the Final Act of the Helsinki Conference along with the European countries.

At one time the world managed to block the channels of further proliferation of nuclear weapons. That was formalized in a corresponding international treaty signed to date by more than a hundred countries. Nuclear weapon tests in the atmosphere, outer space and underwater were stopped and banned, and talks were opened on a complete and universal ban on such tests. As a result of a series of Soviet-American agreements, certain restrictions were imposed in the field of strategic nuclear armaments and missile defence systems. An active search got under way for opportunities to curb the arms race in other areas too, involving both mass destruction weapons and conventional armaments. Political dialogue was gradually gathering momentum. There was a noticeable intensification in trade links, cultural, scientific and other contacts. No one can dispute the obvious fact that in the years of detente people came to live more easily and with greater



confidence in the future.

In short, it was a period of amelioration in the international climate. It was not a case of concessions by one side to another. It was rather a case of realism based on proper regard for the individual interests of countries with different social systems, and of understanding that one cannot build his own security by damaging the security of others.

In other words, reason and realization of the fact that war is a wrong and unacceptable method of resolving disputes and that it is impossible to win in a nuclear war just as it is impossible to win in the arms race or in confrontation got the upper hand. It became obvious that the cold war was an abnormal state of relations constantly fraught with danger of war. All that formed a foundation for the favourable course of international developments in the 70s. On that foundation, peaceful co-existence between states with different social systems, took ever deeper and stronger roots in the whole system of international affairs. We still believe that there is and can be no rational alternative to the policy of peaceful coexistence, and I would like to emphasize this point with all certainty.

The natural question arising from the aforesaid is why the danger of war so effectively forced back at that time has drawn closer once again? I would not like to go into details now. The Soviet view on this point is well known. Nevertheless, I would like to repeat that the turn for the worse - and this is confirmed by the facts - was caused by the changes in the policies of certain forces which have been trying to gain military superiority and thereby gain an opportunity to dictate their will to others.

The Soviet Union remembers perfectly the particular words and deeds which created the climate of mistrust and hostility and destabilized the international situation, but it is not to pique anyone that I am reminding you about that today.

We see our goal in joint settlement, since no one is in a position to do it single-handed, of the more important problems



which are essentially common for us. These are preventing war; stopping the arms race and proceeding to disarmament; settling existing and averting potential conflicts and crises; creating an international atmosphere which would enable each country to concentrate its attention and resources on settling its own problems (show me<sup>a</sup>/country which has no such problems); and pooling efforts in tackling such global problems as famine and disease, environmental protection or energy and rawmaterial supplies.

If Britain adheres to this line, we will be glad to cooperate with her. And if the US sticks to this line, too, and really puts its policy on the track of peaceful cooperation, it will find a reliable partner in ourselves.

This is how we see the situation and these are the views which our parliamentary delegation has brought to Britain.

If one agrees with the initial premises which I have just spoken of, the main question still remains of resolving the problems which all of us consider to be important, preventing further development of the present dangerous situation and achieving a stable and reliable situation in the world. In other words, how is one to overcome tension and the consequences of the cold war and to switch over again to detente, fruitful talks and cooperation?

Not words alone are needed for this, though words are also important in politics. Concrete deeds are needed.

As a matter of fact, this requires practical resolution of the existing problems. As we understand, now, more than ever before, it is important for each country, for its government, parliament and political and public quarters to realise their responsibility for the state of affairs in the world. We in the Soviet Union retain memories of the horrors of the past war and are well aware what a future war may result in, and we have been doing everything in our power to live up to this high responsibility.



I am not going to enumerate all our foreign-policy proposals and initiatives here. I only want to say that they envisage the most radical reduction in nuclear armaments (with a view to eventually dismantling them completely) as well as conventional arms, prohibition of chemical weapons and elimination of their stockpiles. We would like to hold a broad dialogue and to develop equal and mutually advantageous cooperation in resolving the pressing political problems, in the economic sphere, in science and technology, and in the promotion of cultural relations and exchanges.

When we speak about war and peace, we must bear in mind that the nature of present-day armaments, and first of all nuclear ones, has changed the traditional notions of these problems. Mankind is now on the threshold of a new stage in the technological revolution which is bound to tell on the further development of military technology. Those who engage in phrase-mongering about "limited", "lightning" or "protracted" nuclear wars evidently remain prisoners of the outdated stereotypes characteristic of the time when a war was a great evil but, as distinct from today, did not threaten all humankind with annihilation. The nuclear age inevitably dictates new political thinking. Preventing a nuclear war is the most burning issue for all people.

I would like to quote here the following pronouncement by the head of the Soviet state, K. U. Chernenko: "I am talking of the problem which, one may say, overshadows all others, that is-- how to remove the threat of a nuclear war, to find ways to stop the arms race, to bring about such a situation in the world wherein peoples would have no fear for tomorrow. In this endeavour no delay is admissible".

Our proposal to establish certain norms for the conduct of the nuclear powers serves exactly these aims. It is also relevant to say here that the Soviet Union has already unilaterally assumed an obligation not to make first use of nuclear weapons.



This is our fundamental line, and we proceed from these ideas in all our proposals aimed at curbing the arms race and preventing war.

Guided by this, the Soviet Union has recently advanced an initiative for holding talks with the USA on a package of issues concerning nuclear and space armaments. On the basis of this initiative, an agreement has been reached with the US administration to start entirely new talks which would embrace the question of non-militarisation of space and the questions of reducing nuclear arms, both strategic and medium-range. All these questions are to be considered and resolved in their interconnection. Of key importance in all this is prevention of a space arms race. Such a race would not only be dangerous in itself, it would give a boost to the arms race in other areas. The Soviet Union is prepared to seek and work out the most radical measures on all these issues, measures which would help advance towards complete prohibition and eventual elimination of nuclear weapons. It is now up to the United States to make a move, to take this time a realistic stand which would make for effective negotiations.

We know that everything relating to reducing the nuclear danger is being widely discussed in Great Britain and other countries in Western Europe. It goes without saying that the questions of defence and security must be decided by sovereign states by themselves. But I might state that any concrete step towards removing the threat of a nuclear war anywhere, Europe included, will find a corresponding practical response on our part.

It is true, of course, that not infrequently the stands of the Soviet Union and Great Britain on crucial international matters differ. Neither we, nor you would hide this fact. But it is our deep conviction that at the present time, more than ever before, all countries and peoples need constructive dialogue and a search for solutions to the key international issues; need spheres of accord to be found which could promote confidence among countries and create such an atmosphere in international



relations as would be free from a nuclear threat, hostility, suspicion, fear and enmity.

My country set forth its attitude in plain and unambiguous terms: tension should be overcome and disagreements and disputes resolved at the negotiating table, with due consideration for the sides' legitimate interests rather than through the threat or use of force; and interference in internal affairs should be excluded. I would put it that way: we all must tirelessly learn to live together, proceeding from the realities of our contemporary world of constant intrinsic change.

Relations among countries in Europe greatly affect the world situation. I have already said that such relations were particularly beneficial in the 1970s, especially following the adoption of the Helsinki Final Act. This document remains a spring feeding the trends towards mutual understanding and cooperation in Europe and beyond. We feel it essential to protect this spring and not to allow it to be cast with stones.

Good relations among European countries are a major guarantee of tranquility and peace in the world. The peoples of our continent paid dearly for realising that under no circumstances shall they indulge the forces which have not given up attempts to change the post-war territorial realities in Europe. These realities are the fruit of our common victory. They have been sealed in the allied agreements on the post-war European set-up, major bilateral treaties and the Helsinki Final Act. Sticking to these documents would halt those who would throw into doubt the results of the Second World War and post-war developments and the inviolability of frontiers in Europe. There can be no ambiguity on this score.

The Stockholm Conference could open up prospects for a more secure peace in Europe. The Conference is looking, among other things, at an important proposal concerning a treaty on the non-use of armed force and the maintenance of peace. We believe that major political and legal steps, backed by confidence-building measures in the military field in pursuance of the Helsinki



Final Act, would make the Stockholm Conference a success, an important contribution to security in Europe and elsewhere.

I have dwelt on some of the more pressing issues, whose resolution, would help stop the arms race and promote security on a European and world scale. I would like to stress once again that the Soviet leadership stands for forthright and honest talks to help us, on a mutually acceptable basis, <sup>limit</sup> and reduce arms, primarily nuclear weapons, and eventually eliminate them. We are ready to go here as far as our Western partners in the talks. Naturally enough, equality and equal security shall underlie any agreements in this field. And, of course, any course that seeks military superiority over the USSR and its allies is unacceptable and has no prospects.

Ladies and gentlemen, we all agree that ours is a vulnerable, fragile yet interdependent world, where we must coexist, whether we want this or not. For all that separates us, we have one planet and Europe is our common home, not a theatre of operations.

The Soviet Union is working for better relations among nations. In politics and diplomacy there is always room for reasonable compromises, and a vast field for fostering mutual understanding and trust on the basis of similar or coinciding interests, if there is only the desire to work this field. The Soviet Union and Britain do have coinciding interests, with peace being the main of them.

Going back over sixty years, the history of Soviet-British relations contains unforgettable landmarks. Since the war we have seen both years of fruitful cooperation and slump. Nowadays the relations between our countries, which develop not in political vacuum, but in the anxious atmosphere of growing danger of a nuclear war, are not on the upgrade and are far from ideal. At one time Britain ranked first in trade with the USSR. It has now gone to seventh or eighth place. I agree with those British businessmen and industrialists who say that politics must promote



trade which, in turn, must facilitate mutual understanding and confidence.

The Honorable Members know that earlier this year British statesmen went for talks to Moscow. We told them that we were ready, if Britain also wanted that, to vigorously develop Soviet-British relations over a wide range of questions. I would like to confirm this once again.

Ladies and gentlemen, the foreign policy of a nation is inseparable from developments on its domestic scene, from its socio-economic goals and requirements. As K. U. Chernenko, General Secretary of the CPSU Central Committee and President of the USSR Supreme Soviet Presidium, put it recently, the chief aim of our plans is, proceeding from the results of Soviet citizens' work which becomes more and more efficient, to raise the prosperity of the nation by boosting the living and cultural standards of the people.

Our Party and state in general emphasize economic advance through efficiency and intensive growth factors. We concentrate on the early introduction of the latest achievements of science and engineering in industry and agriculture. Using the fruits of the current revolution in science and technology, we are tackling targets to be reached by the year 2000.

The Soviet Union needs peace to implement its huge development programmes. This steady course of ours is not subject to change depending on the political situation.

Ladies and gentlemen, the political leaders, legislators, all who shape the policies of states bear great responsibility for the present and future of the world.

The statements which the USSR Supreme Soviet issued in December, 1982 and December, 1983 say that the Soviet Union does not encroach upon the security of any country, East or West. We want to live in peace with all countries on the basis of the principles of peaceful coexistence between states with different socio-political systems. The USSR's legislature expressed readiness to contribute effectively, together with the parliaments of



other countries, to settling the main problem of the day and saving mankind from nuclear catastrophe.

The world situation remains complicated and the danger of war is a reality of the day. Faced with this grim reality, we must look to the future, but not forgetting the past. To put it differently, without forgetting anything good or bad and drawing lessons from either, we must help open up new prospects for a breakthrough to peace more safe for all and genuinely secure.

We have been in Britain for several days now. We are grateful for the hospitality accorded to us and we hope that our visit, new contacts and talks will promote Soviet-British cooperation in the interests of the two nations and those of mutual understanding and peace in the world at large.

Allow me to express the Soviet people's most sincere wishes of peace, happiness and prosperity to the people of Britain.



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13 Dec 84

*Speeches 4 pl*

C. IDEOLOGICAL WORK CONFERENCE

Report by Gorbachev. "The People's Living Creativity"

'Pravda' 11 Dec 84

Text as published of Tass account of report by M.S. Gorbachev, member of the Politburo and Secretary of the CPSU Central Committee, headed as above:

The message of greetings from Konstantin Ustinovich Chernenko, General Secretary of the CPSU Central Committee, to conference participants expresses profound and principled propositions on the key problems of improving developed socialism and formulates the main tasks on the ideological front arising from the resolutions of the June (1983) plenum of the CPSU Central Committee, taking account of the present moment and the broad historical perspective. We must be guided strictly by these propositions and conclusions.

The 18 months which have elapsed have shown convincingly what a timely and major event the June Central Committee plenum was. Bringing ideological work to the fore and establishing a broad social view of ideology as a sphere of thought, action and education, the plenum elaborated an innovative and long-term concept of ideological work and opened a new chapter in the Party's ideological life.

Today, it is necessary once again to check the pulse of ideological activity against the high social criteria of its effectiveness and against the country's general labour rhythm.

The Central Committee regards the holding of the present conference as a definite milestone in work to implement the June plenum's resolutions and an important link in preparations for the next, 27th Party Congress.

Our society is living through a crucial period. Bearing in mind the main results of past years, we may say with certainty that the Party and people, steadily following the course of the 26th CPSU Congress, are confidently advancing along the path of improving all aspects of Soviet society's life, the path of peace and progress.

The Central Committee plenums held during these years have given concrete form to the strategy for our forward movement and have developed it creatively. The Party's ideological arsenal has been enriched with new propositions and conclusions.

The Central Committee and its Politburo headed by Comrade K.U. Chernenko carry out multifaceted theoretical, political and organisational work aimed at further strengthening our motherland's economic and defence power. This work is permeated by the spirit of collectivity and a high sense of responsibility to the people.

A realistic, sober and creative approach to the cause and implacability towards shortcomings are becoming ever more firmly established in the activity of Party organisations and state, local government and economic bodies. There was universal approval for the struggle launched by the Party to establish order, organisation and discipline everywhere and to enhance cadres' responsibility at all levels of management.

The implementation of a series of important measures in the economic, social and ideological spheres made it possible to break the unfavourable trends in the economy and accelerate its growth rate, and had a beneficial effect on the moral and political atmosphere in the country. As a result, the Party's prestige rose still higher and its links with the masses were strengthened.

The Party Central Committee, guided by the June plenum's instructions, increased demands on Party committees with regard to the state of affairs on the



ideological front and adopted measures to improve the activity of the mass media and strengthen the communist education of young people and patriotic and atheistic work among the working people, as well as on a number of other topical problems. The ideological activity of Party organisations and institutions is becoming more relevant, being ever more closely linked with the implementation of socio-economic tasks. Changes for the better have taken place in the training and education of cadres and in the forms, methods and style of ideological work.

Large-scale and complex tasks lie ahead of us. The forthcoming 27th CPSU Congress will open up historic new horizons for the country. As is known it will adopt a new revised edition of the Party Programme - a programme for improving developed socialism - and will set tasks for the next Five-Year Plan period.

The fundamental basis for the Party's strategic line and for further improving ideological work and all Party political work is provided by the theoretical principles and propositions put forward by Comrade K.U. Chernenko concerning the level of social maturity achieved in Soviet society. The conclusion that we are at the start of the historically lengthy stage of developed socialism was substantiated in depth. On this basis the concept of the developed socialist society elaborated by the Party is being given concrete form.

The evaluations and conclusions which have been drawn warn against running ahead too fast and confusing what is with what must be achieved. At the same time they clearly indicate that we must not be sluggish in practical actions, in dealing with urgent problems, or in overcoming shortcomings.

Profound transformations must be carried out in the economy and in the entire system of social relations and a qualitatively higher standard of living must be ensured for Soviet people. As a result, socialism will rise to a new degree of maturity.

The speaker stressed that tremendous potential for accelerating society's socio-economic development lies in the combination of the masses' initiative and enterprise with a scientifically substantiated and creative approach to the resolution of urgent problems.

Since the June plenum, the Central Committee has adopted important measures aimed at increasing the effectiveness of the social sciences. They are already yielding some results. But social scientists are still too slow and timid in setting about the resolution of the key theoretical problems of our development.

Crucial tasks face economic science. The state of affairs here was analysed critically and in detail in the CPSU Central Committee resolution on enhancing the role of the Economics Institute of the USSR Academy of Sciences in the study of theoretical problems of the economy of developed socialism. Much useful work has appeared in recent years. At the same time, the science of economics has not yet provided a detailed concept of the ways of making the transition to a dynamic and highly efficient economy and creating improved economic machinery.

Let us turn to such a vital and topical problem as that of the interaction between modern production forces and socialist production relations. Dogmatic ideas which sometimes do a disservice to our theory and practice have by no means been entirely overcome in the interpretation of this problem.

Life teaches us to examine with the greatest possible sense of responsibility the objective dialectic of the development of productive forces and production relations as a most important source of accelerating society's socio-economic development. This makes it incumbent on us to uncover in good time the contradictions which arise here and resolve them.

The requirements of the improvement of developed socialism dictate the need for the substantial enrichment of our ideas on many other major problems in the social sciences, too.



Let us turn to matters of the development of our society's political system. The profound idea of the founders of Marxism-Leninism on self-government is well known, for instance. They saw the main content of this idea in ensuring real and practical participation by an ever larger mass of working people in management and the elaboration, discussion, adoption and implementation of socio-economic decisions. Lenin never counterposed Soviet state power to self-government by the people. He valued the soviets highly, because they combine both these qualities and because they are the organs of power of the workers and peasants and ensure their unification and cohesion.

Now that much work is in progress to enhance the role and prestige of the soviets and improve our political system and all the forms and means of involving the masses in state and public affairs, we particularly need a serious study of the theoretical problems of the development of socialist self-government by the people. Such research would help the Party to resolve more successfully the practical tasks arising along this path.

M.S. Gorbachev went on to dwell on the problem of taking into account the interests of various social groups within our political system and on the scientific elaboration of the principle of democratic centralism in present-day conditions.

The development of Marxist-Leninist theory, he stressed, is a matter with which the CPSU is constantly concerned, in close co-operation with the communist and workers' parties of other countries, especially the socialist countries. Party documents - materials of congresses and central committee plenums and the speeches of Party leaders - embody the key theoretical problems and new conclusions and propositions which generalise the experience of historical development.

A very important field for the application of forces in ideological work, as in all the Party's and people's activity, was and is the economy, the speaker said. The experience of the last two years has once again shown convincingly what significant results can be achieved through the intensification of political, organisational and ideological work among the masses.

In his speech at the 15th November 1984 meeting of the Politburo of the CPSU Central Committee, Comrade K.U. Chernenko stressed that positive developments in the economy must be not only consolidated but also augmented. We must do everything possible to ensure that the lagging sectors catch up in the time remaining before the end of the Five-Year Plan and ensure the completion of the 11th Five-Year Plan in a fitting manner.

At the same time, we must today think about the prospects for the country's development. Life sets us a task of tremendous political significance, that of bringing the national economy up to a qualitatively new scientific, technical, organisational and economic level and achieving decisive progress in the intensification of social production and improving its efficiency.

The course of intensification is dictated by objective conditions and by the entire course of the country's development. There is no alternative. Only an intensive economy, developing on the latest scientific and technical basis, can serve as a reliable material base for increasing the working people's prosperity and ensure the strengthening of the country's position in the international arena, enabling it to enter the new millennium fittingly, as a great and prosperous power.

The speaker stressed that the process of intensification of the economy must be given truly nation-wide character and must have the same political resonance as the industrialisation of the country once had.

Today, the main element making it possible to achieve a decisive breakthrough in the intensification of the economy and in increasing the pace of the country's economic and social development is the substantial acceleration of scientific and technical progress. This is an exceptionally large-scale and multifaceted task.



As is well known, matters to do with accelerating scientific and technical progress will be discussed at the next plenum of the CPSU Central Committee. Paramount importance is attached to the strategy for further developing scientific technical and production potential. Priority must be given to fundamentally new and really revolutionary scientific and technical solutions capable of increasing labour productivity many times over.

There are many enterprises and scientific institutions in the country where scientific and technical problems are resolved up to the standards of the world's top achievements. But there are collectives which are satisfied with repeating what has long since been outstripped in world practice. This situation must be the target of critical analysis by the State Committee for Science and Technology, the USSR State Planning Committee, the USSR Academy of Sciences and of course, sector leaders.

Scientific and technical progress requires enhanced attention towards the cultural and technical standard of the working class and the peasantry and a radical improvement in the training and perfecting of society's main productive force. This sets the task of a major restructuring of the cadre training system from schools and vocational and technical colleges to higher education establishments. This work is already under way, and it must acquire large-scale character. In the near future, we must implement measures to strengthen the moral and material prerequisites for a significant increase in the creative output of technical specialists and for enhancing the role and prestige of the engineer.

We must take a fresh new look at many aspects of socialist competition and rid ourselves of obsolete approaches and methods. The main aims of competition today are an efficient labour rhythm, prompt fulfilment of contractual commitments, high product quality, the introduction and assimilation of new technology and the thrifty use of every minute of working time, every ton of raw material and every rouble. It is important to support by all ideological means the mass movement which is developing in the country to work for two days a year on materials, raw materials and fuel which have been saved.

Next year we shall be marking the 50th anniversary of the Stakhanovite movement, which played an outstanding role in the history of socialist construction. Continuing the traditions of the Stakhanovites means channelling the masses' energy and initiative into the resolution of the key tasks in increasing the economy's efficiency.

One of the main items on the agenda today is the restructuring of the forms and methods of economic management. The aim of this work is to create an economic machinery which meets the requirements of developed socialism. An important milestone along this path is the large-scale economic experiment in industry. It is necessary to continue still more energetically the quest for the most expedient forms and methods of combining the economic interests of society labour collectives and every worker. Here, much can be done by all components on our ideological front.

The highest purpose of the party's activity, the speaker stressed, was and is concern for the people's good and for the more complete implementation of the principles of social justice. The consistent realisation of these goals strengthens confidence in the Party amongst the broadest masses of the people and promotes the growth of their labour and political activeness.

Tremendous prospects for enhancing man's social role are inherent in the improvement of the Soviet political system and in the further development of socialist democracy. Naturally, the development of all aspects of the soviets' work is of the first importance here. Working people must know well how their soviet works and how it carries out voters' instructions and reflects and defends their interests. At the same time, it is important to ensure the strict implementation of the constitutional principles of accountability of all executive bodies as an effective means of monitoring by all the people of the state of affairs in various sectors of state, economic and cultural construction. Particular significance is attached to the concern of the soviets, state bodies of people's control and our public to ensure the strictest observance of Soviet laws by all officials and citizens.



Importance is attached to the further involvement of working people in the day-to-day discussion and resolution of matter to do with the work of enterprises, construction sites and collective and state farms. Broad scope for this is opened up by the Law on Labour Collectives. Its skilful application offers the opportunity to really galvanise people's energy and will promote the better use of all production reserves - technical, economic and social. It is necessary to arrange organisational and educational work everywhere in such a way that every collective has an active influence on the development of the creative forces of the individual. This must be the aim of the work of Party and trade union organisations and the Komsomol.

Publicity is an integral part of socialist democracy and a norm of all public life. Wide, prompt and frank information is evidence of confidence in people and respect for their intelligence and feelings and their ability to understand events for themselves. It enhances the working people's activeness. Publicity in the work of Party and state bodies is an effective means of combating bureaucratic distortions and obliges us to be more thoughtful in our approach to taking decisions and organising monitoring of their implementation, and to the rectification of shortcomings and omissions. The extent to which propaganda is convincing, the effectiveness of education and the guaranteeing of the unity of word and deed depend largely on this.

Distribution relations are of tremendous significance in the implementation of the principles of social justice. Much has been done in recent years to impose due order in this sphere, too. But there are still many problems, and they must be resolved through the joint efforts of state and economic bodies and the broad public. Comrade K.U. Chernenko spoke about this at the all-union conference of people's controllers.

Life has taught us that any deviations from the socialist principles of distribution and economic management may and do engender such serious phenomena as labour and social passivity, parasitism, moral nihilism and covert forms of redistribution of income and goods. The escapable force of law must be placed in the path of those who are not susceptible to the arguments of reason or the voice of conscience and civic duty. And the problem of distribution relations, the speaker noted, concerns not only wages, but the entire system of satisfying people's requirements, which takes place to a considerable degree on the basis of the social consumption funds.

Everyone's interests are involved in, for instance, health care. A genuinely democratic health care system has been created in our country. At the same time, it must be observed that medical services do not meet present-day requirements in every respect. Party and local government bodies must step up their attention to the work of health care institutions.

The service sphere has acquired great social weight in recent years. The Party will step up efforts to bring the service sphere into line with present-day requirements. To this end the elaboration of a comprehensive programme for the development of consumer goods production and the service sphere is being completed.

It is not only production and daily life which offer scope for man's development, but also leisure. I think the time has come to increase the responsibility of local organs for resolving issues of social and cultural construction. They now have substantial rights. But when you analyse working people's letters to the Central Committee, you can see that some people not only do not know how to take advantage of these rights, but do not want to. The proper order must be imposed here.

The Party Central Committee believes that unflagging attention to social questions, whatever aspects of life they may concern, must be the law for all state, economic and public organisations and central and local bodies. No references to objective circumstances can serve to justify a lack of attention to people's needs. This is a matter of principle for us communists.

The speaker went on to note that socialism's main influence on world development was and is exercised through its economic policy and through successes in



the socio-economic sphere. Every new step forward along this path is the most convincing argument in favour of the socialist system and the Soviet way of life. Socialist ideology incorporates the truly humanistic ideals of social progress, the development of the human personality and a world without weapons or wars, without exploitation or oppression.

It is not we but capitalism which has to manoeuvre and disguise itself, resorting to war and terror, falsification and subversion in order to ward off the implacable onslaught of time. The general crisis of capitalism is not only an exacerbation of its economic, social and political contradictions, it is also a spiritual crisis, an ideological and moral crisis.

At the same time, the ideological activity of the monopoly bourgeoisie has increased sharply in recent years. Our opponent has created a vast propaganda machine for ideological confrontation and uses sophisticated technical means and subversive and psychological methods. In its intensiveness, content and methods, the "psychological warfare" being waged by imperialism today constitutes a special kind of aggression which flouts other countries' sovereignty.

In these conditions, adherence to Party principles, a consistent class approach to the evaluation of current events and phenomena, political vigilance and intolerance of alien views, ideological work of a creative, attacking nature, effectiveness, boldness and persistence are more necessary than ever.

An attacking role on the part of our ideology does not just mean debunking bourgeois ideological myths and stereotypes. It means, first and foremost, asserting our ideals, the socialist norms of public life and genuine freedom and democracy and propagandising the historical achievement of real socialism.

An attacking role on the part of our ideology means the most active propagandisation of the peace-loving international policy of the CPSU, the Soviet state and the socialist community countries.

In the struggle for the cause of peace and social progress, the CPSU pursues a consistent course of rallying in every way the forces of the international communist and workers' movement. We uphold the historical correctness of the great ideas of Marxism Leninism and come out together with all mankind's revolutionary and peace-loving forces for social progress, the cause of peace and security for all the peoples.

Finally, an attacking role on the part of our ideology means adherence to Party principles and promptness of information. We must answer promptly and substantively the questions raised by world developments and the course of the struggle and rivalry between the two opposing systems, and make the necessary adjustments to our ideas and practice in good time, when life demands it.

In view of the acuteness and complexity of the present day ideological struggle, the June plenum set the task of improving counter-propaganda both inside the country and for the foreign audience. Party committees and the mass media must continue to deepen the content of this work and make it more up-to-the-minute.

The report devoted an important place to improving the level of Party leadership of all spheres of public life and radically improving the style of work in the light of the resolutions of the CPSU Central Committee's June plenum.

The Central Committee, the speaker said, attaches tremendous significance to the mastery of a Leninist work style by all our cadres. Only by observing a political approach, critically comparing the efforts made with the practical results and engaging in a constant creative quest is it possible to resolve questions not "bureaucratically", as Lenin put it, but in a statesmanlike way.

The facts indicate that the ability - and sometimes the persistence - to organise matters in practice is not yet in plentiful supply everywhere by a long way. The fierce



enemy of lively thought and lively action was and is formalism, whose manifestations are multifarious. Its essence is incompetence, indifference and the replacement of a Party political approach with a bureaucratic approach, when importance is attached not to getting things done but to looking good.

Of course, there are no ready-made formulas for combating formalism in every case, but the Party has always had an immutable Bolshevik principle: Judge people by their deeds, not their words, and judge work by results, not by "measures" adopted. We shall continue to follow this tried and tested principle.

The vast majority of our cadres do their Party, official and professional duty honestly and enjoy well-earned respect and prestige among the working people for their selflessness in work, personal modesty, fairness and attention to people.

Our Party will become still more cohesive and authoritative if we continue to rid ourselves of those who do not value Party principles and Party honour and get rid of moral degenerates, to this end using the CPSU Rules, the law and public opinion.

The mass media have a major role in all the matters we are discussing today. The Party values highly journalists' work, which requires profound knowledge, creative intensity, principles and sometimes boldness. Many constructive and effective items in the press, television and radio on vital issues of the economy, education and culture could be cited. At the same time, many publications and programmes still suffer from uniformity, anonymity and superficiality. The Party counts on a still more significant contribution from the mass media to the implementation of plans for socio-economic progress and for improving communist education.

The CPSU Central Committee values the labour and efforts of our whole ideological corps - agitators and propagandists, lecturers, public teachers and cultural enlightenment workers. The scientific and artistic intelligentsia do great service in forming a Marxist-Leninist philosophy, a high sense of civic-mindedness and patriotic pride in the socialist motherland and in enriching people's lives with new spiritual assets. Our intelligentsia may rest assured that everything significant, honest and truthful that their talent creates will be supported by the Party and will find a grateful response in Soviet people's hearts.

We are approaching the 40th anniversary of the Soviet people's victory in the Great Fatherland War. Each new generation, setting out on life, looks to the sources of that victory, since civic and political maturity are inseparable from the country's history and its heroic past. Soviet patriotism was and is one of the greatest spiritual gains of our system, and we shall preserve and augment this asset with special care and Party attention, since there is no higher feeling than love for the fatherland and loyalty to internationalist duty.

The guarantee of success for all our initiatives M.S. Gorbachev said in conclusion, is the people's living creativity. We must do substantial work to raise the socialist society to a new and higher level and greet the 27th Congress of Lenin's Party in a fitting manner.

[Note: Extracts from Gorbachev's report were broadcast by Soviet television (1530), Moscow home service (1200 and 1600) and Tass (in Russian for abroad 1210 and in English 1143 gmt) on 10th December.]

#### Final Proceedings. Speech by Gorbachev and Message to Central Committee

(a) Moscow home service (i) 1600 gmt 10 and (ii) 1200 gmt 11 Dec 84

(i) Excerpt from report of proceedings on 10th December.

Speaking at the conference were Slyunkov, First Secretary of the CP of Belorussian Central Committee, Afanasyev, Editor-in-Chief of 'Pravda'; Rogonov,



Secretary of Moscow City CPSU Committee; Fedoseyev, Vice-President of the USSR Academy of Sciences; Kapto, Secretary of the CP of Ukraine Central Committee; Medvedev, head of the department of science and educational establishments of the CPSU Central Committee; Yegorov, Director of the Institute of Marxism-Leninism attached to the CPSU Central Committee; Fedirko, First Secretary of Krasnoyarsk Kray Party Committee; Markov, First Secretary of the Board of the USSR Writers' Union. Yeltsin, First Secretary of Sverdlovsk Oblast Party Committee. Kosolapov, Editor-in-Chief of 'Kommunist'; and Gusev, First Secretary of Saratov Oblast Party Committee.

The participants in the conference received Comrade Chernenko's greetings as the Party's word addressed to them. The speakers stressed that it gave clear directions on major problems of perfecting developed socialism, profoundly analysed the state of the ideological activity of the CPSU at the present stage and clearly defined the prospects. One of the prime tasks of the Party organisations, ideological cadres and all communists, the speakers said, is to start wide-scale mass political and organisational work in the period of the preparations for the 27th CPSU Congress and to direct the tremendous creative forces contained in the consciousness and ideological conviction of the masses to the further growth of the economic and defence power of the homeland.

The participants in the conference stressed the need to raise the effectiveness of propaganda and agitation in the conditions of the aggravated international situation, and noted that in these conditions there is immeasurable growth of the role of counter-propaganda activity whose content and character are still not always of a militant, attacking and class nature. All means of ideological influence and all propaganda cadres must take an active part in counter-propaganda.

Analysing aspects of ideological work, the speakers exchanged experience and spoke of what forms and methods produce the needed effect, and which ones are obsolete and not in keeping with the spirit of the times. They spoke of shortcomings and omissions and put forward concrete proposals directed at further perfecting the processes of communist upbringing of the working people in a spirit of ardent devotion to the cause of the Communist Party.

(ii) Excerpt from report of work in sections on 11th December:

The participants in the all-union scientific and practical conference, "on the perfection of developed socialism and Party ideological work in the light of the resolutions of the June 1983 plenum of the CPSU Central Committee" in Moscow today have examined a broad range of matters at meetings in sections.

At the section on Party leadership and ideological work "Experience, problem, special features", it was stressed that the success of ideological influence on the masses is determined not only by the content of propaganda but also by the skill with which it is conducted. Great attention was paid to the work of the section to ways of improving the organisation of practical work at all levels, particularly in the labour collective. Only good organisation of workers' labour and living conditions and rest, combined with well-thought-out and purposeful ideological education activity, guarantees high productivity and is a basic condition of high discipline and organisation and the good mood of people.

Participants in the section "Topical problems of ideological guaranteeing the economic and social policy of the Party" pointed out that in the ideological guarantee of tasks of the national economy, a central position is allotted to the development of labour and political activity of the masses. The tasks set by the Party at this stage of developed socialism must be brought into the consciousness of every member of society.

(b) Soviet television 1530 gmt 11 Dec 84

Text of report of Gorbachev's closing speech and message:

*Gorbachev's speech*

The all-union scientific and practical conference, "On the perfection of developed socialism and Party ideological work in the light of the resolutions of the June



1983 plenum of the CPSU Central Committee", ended its work today in Moscow. The work of the conference was conducted in sections during the morning. The section meetings examined a broad range of issues. Then a final plenary meeting took place. Those gathered greeted Comrades Gorbachev, Demichev and Zimyanin with prolonged applause. The closing speech at the conference was delivered by Comrade Gorbachev, member of the Politburo of the CPSU Central Committee and Secretary of the CPSU Central Committee:

[Gorbachev] Esteemed comrades, our conference is ending its work. I think that we have every reason to say also that it has passed off under the sign of profound discussion and study of the fundamentally important recommendations on further perfecting ideological, political and educational work which Konstantin Ustinovich Chernenko, General Secretary of the CPSU Central Committee, put forward in his greetings to those taking part in the conference. This document has underlined once again how important it is to make fuller and more effective use of the tremendous ideological and organising potential of Party propaganda in solving the qualitatively new tasks of developing Soviet society. It is noteworthy that in the course of the discussion which got going in the plenary sessions and in the sections on whose work Boris Ivanovich Stukalin has just delivered a report, a broad spectrum of ideological problems was embraced.

Interesting thoughts, considerations, recommendations and critical remarks were voiced, and the accumulated experience was thoroughly analysed. Most important, the attention of the participants in the conference was concentrated on what is to be done in the present and future, in order that efforts in all sectors of ideological activity and communist education should exert a more active influence on economic and cultural construction, the solution of social problems and the process of shaping man himself and his ideological, political and moral tempering.

It has been shown convincingly once again that the greatest success is achieved where the organic unity is ensured of political-educational, organisational and economic work. And today it is particularly important that the change in the public consciousness, towards the all-round intensification of production, the acceleration of scientific and technical progress and the improved use of labour and material resources, should be reliably consolidated and developed in practical deeds, in the work of all collectives. It is impossible not to agree with the comrades who noted that the forms and methods of ideological work under present-day conditions should be more varied and flexible and correspond more fully to the innovatory nature of the tasks being solved. Inertia of thinking, as a rule, generates inertia in practical deeds. Questing and creativity, sensitivity to new phenomena and processes, the decisive eradication of formalism, red tape and idle talk - such are the demands of life on all workers on the ideological front.

It is necessary to continue developing in the consciousness of Soviet people a clear understanding of the historic significance of our tremendous social gains, and at the same time to reveal the difficulties which exist and the real contradictions in the life of society, and to demonstrate the work of the Party and the people to resolve them.

Here we must also not fail to take account of the fact that a question left without an answer opens up a loophole for hostile propaganda.

The Leninist Party and its Central Committee feel profound trust in the ideological cadres and ideological activists and they have an attitude of great respect for their responsible work and for their knowledge, experience and skill. And there is no doubt that the tasks of all-round perfection of developed socialism will constantly be at the focus of all propaganda and ideological education work.

Comrade Konstantin Ustinovich Chernenko has asked me to convey to you - we had a conversation with him yesterday, and Mikhail Vasilyevich [Zimyanin] and I



reported on the results of the first day of the conference's work and he showed great interest and was pleased at the level and nature of the report and speeches at the conference about which we reported to him - he has asked me to convey to you his best wishes.

It is important for you, on returning to your local areas, to your collectives and Party organisations, to set about practical work even more energetically and implement even more persistently the resolutions of the June and subsequent plenums of the Central Committee and the Party's instructions on ideological matters. No doubt the fund of creativity gained here and that experience with which the conference has enriched us all will be of help to you in this.

The unity of word and deed has always been amongst the Bolshevik traditions of our Party. Today as well, the guarantee that our ideological front will successfully cope with the responsible tasks entrusted to it is in the unity of profound thought, true words and energetic action. I wish you all the best, dear comrades, great successes in your affairs and all the best in life. [applause]

[Announcer] The results of work in sections was summed up by Comrade Stukalin, head of the propaganda department of the CPSU Central Committee. With great enthusiasm the participants in the conference adopted a letter of greetings to the CPSU Central Committee and Konstantin Ustinovich Chernenko. It was read out by Comrade Abdullayeva, Secretary of the Central Committee of the CP of Uzbekistan:

[Abdullayeva] We participants in the all-union scientific and practical conference "On the perfection of developed socialism and Party ideological work in the light of the resolutions of the June 1983 plenum of the CPSU Central Committee," express sincere gratitude to the Party Central Committee, the Politburo of the Central Committee and personally to Comrade Konstantin Ustinovich Chernenko for the tremendous attention paid to matters of communist education, the spiritual development of the working people and to workers on the ideological front.

Konstantin Ustinovich, your greetings have had an exceptionally fruitful influence on the work of the conference. They give a clear definition of the main guidelines for ideological and theoretical as well as agitation and propaganda activity in modern conditions. The high appraisal contained in the greetings of the labour of ideological cadres encourage us and inspires us to do even more purposeful work to explain the internal and external policy of the Party and mobilise the masses to implement it.

We perceive your words, on the need for a profound understanding of the political meaning of the realistic and thoroughly balanced strategy drawn up by the Party for the perfection of developed socialism, and for the ability to link it closely with ideological and educational work, as a pivotal theoretical, propaganda and organisational task.

Our efforts will continue to be directed at using ideological means to further in every possible way the intensification of production, the acceleration of scientific and technical progress, the strengthening of the country's defence capacity, the dynamic growth of the entire economy, and the foundations for steadily improving the material well-being and cultural level of the Soviet people.

Still more consistently we shall work to form a Marxist-Leninist world outlook in Soviet people and bring up our glorious young people and all the working people in the spirit of devotion to communist ideals, a high level of civic responsibility and of Soviet patriotism and proletarian internationalism, and of irreconcilability to other people's ideologies.

We shall bring to bear every effort in order to reveal convincingly and with conviction the historic gains of socialism and its fundamental advantages over capitalism



and also to expose in a resolute and well argued way the lies and slander of bourgeois propaganda as well as the aggressive and anti-human essence of imperialism, its ideology and policy.

We shall continue tirelessly to propagandise the Leninist foreign policy course of the CPSU and the Soviet state which is directed at further consolidating the unity of the socialist community and cohesion of all revolutionary and progressive forces of the modern age in the struggle to strengthen peace and the security of the peoples and eliminate the threat of nuclear war.

Taking as the starting point the Party's directives and the ideas and theses expressed at the conference, we see our Party duty as lying in persistently and consistently enriching the content and raising the scientific level of ideological work, perfecting its style and making wise use of the very rich arsenal of forms, modes and methods for the communist education of the masses at the disposal of the Party.

The businesslike and creative discussion at the conference of matters concerning the organisation of agitation and propaganda activity has helped us to appraise in a demanding and principled way the state of affairs in each sector and to see in a better way our reserves and unused opportunities, and as a collective to outline the ways and means for the most rapid elimination of shortcomings.

We well understand that the main things now are living practice and concrete deeds. We assure the Leninist CPSU Central Committee and you, Konstantin Ustinovich, that guided by the principled directives of the Party on matters of ideology and propaganda, and enriched by front-ranking experience and new knowledge, we shall steadily raise the efficiency of all our activity, promote still more actively the successful solution of the large-scale tasks of perfecting developed socialism and do all kinds of organisational and propaganda work in preparation for the 27th CPSU Congress.

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25 Apr 85

## C. APRIL PLENUM OF THE CPSU CENTRAL COMMITTEE

### Information Report

Soviet television 1350 gmt 23 Apr 85

Text as broadcast of information report on plenum of the CPSU Central Committee:

A plenum of the CPSU Central Committee was held on 23rd April 1985. Mikhail Sergeyevich Gorbachev, General Secretary of the CPSU Central Committee, delivered a report at the plenum "On the convening of the regular 27th CPSU Congress and the tasks connected with preparing for it and holding it".

The speakers in the debates on this matter were: Comrades Shcherbitskiy, First Secretary of the CP of the Ukraine Central Committee; Grishin, First Secretary of Moscow City Party Committee; Kunayev, First Secretary of the CP of Kazakhstan Central Committee; Vorotnikov, Chairman of the RSFSR Council of Ministers; Shevardnadze, First Secretary of the CP of Georgia Central Committee; Zaykov, First Secretary of Leningrad Oblast Party Committee; Klimchenko, tool-maker of Minsk V.I. Lenin tractor works production association; Vaino, First Secretary of the CP of Estonia Central Committee; Filatov, First Secretary of Novosibirsk Oblast Party Committee; Mesyats, USSR Minister of Agriculture; Vlasov, First Secretary of Rostov Oblast Party Committee; Fedoseyev, Vice-President of the USSR Academy of Sciences; and Balmont, Minister of the Machine-Tool and Tool-Making Industry.

On the report by Mikhail Sergeyevich Gorbachev the plenum adopted a resolution which is being published in the press.

The plenum of the CPSU Central Committee examined organisational matters.

The Central Committee plenum transferred Comrade Chebrikov from candidate membership to membership of the Politburo of the Central Committee and elected Comrades Ligachev and Ryzhkov, Secretaries of the CPSU Central Committee, to membership of the Politburo of the Central Committee.

The plenum of the Central Committee elected Comrade Sokolov, member of the CPSU Central Committee and USSR Minister of Defence, to candidate membership of the Politburo of the Central Committee, and Comrade Nikonov, member of the CPSU Central Committee, to the post of Secretary of the CPSU Central Committee.

Thereupon the plenum of the CPSU Central Committee ended its work.

### Report by Gorbachev

Moscow home service 1500 gmt 23 (and Soviet central press 24) Apr 85

Text of announcer-read broadcast of report by Mikhail Sergeyevich Gorbachev, General Secretary of the CPSU Central Committee, "On the convening of the regular 27th CPSU Congress and the tasks connected with preparing for it and holding it":

Comrades, our Party, the Soviet people, the peoples of the socialist countries and all of progressive mankind festively marked yesterday the 115th anniversary of the birth of Vladimir Ilyich Lenin.

The whole of life and the entire course of history convincingly confirm the great rightness of Leninist doctrine. It has been and remains for us guidance for action, a source of inspiration and a reliable compass in determining the strategy and tactics of forward movement.

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Lenin taught communists to base themselves in all things on the interests of the working people, to examine life deeply, evaluate social phenomena realistically and from class positions and to be engaged in a constant creative search for the best ways of realising the ideals of communism.

Today we are checking our deeds and plans against Lenin and his great ideas and living and working in accordance with Lenin's behests.

Our plenum is to examine matters of great political importance - "On the convening of the regular 27th CPSU Congress and the tasks connected with preparing for it and holding it".

The Politburo moves the proposal, in accordance with the CPSU Rules, to convene the regular Party Congress on 25th February 1986. It is proposed to include the following matters on the agenda of the congress:

- (1) Report by the CPSU Central Committee and the Party's tasks.
- (2) Report by the CPSU Central Auditing Commission.
- (3) On the new revised edition of the CPSU Programme.
- (4) On changes in the CPSU Rules.
- (5) On the Basic Guidelines for the economic and social development of the USSR for 1986-90 and the period up to the year 2000.
- (6) Elections to the Party's central organs.

On the reports of the CPSU Central Committee and the CPSU Central Auditing Commission, and also on the matter of the Basic Guidelines for economic and social development, it is planned to hear and discuss appropriate reports. As regards the new revised edition of the programme and the changes in the CPSU Rules, their essence will be found in the report by the Central Committee and individual reports can be dispensed with.

It is proposed to elect one delegate to the congress for 3,670 communists, that is, a total of 5,000. This will make it possible to represent well all our Party's organisations and to reflect its social and national composition.

In the 10 months left till the congress, a comprehensive analysis and realistic assessment must be made of the results of what has been done since the 26th Congress; and the prospects for further development and the tasks of domestic and foreign policy must be determined. Very important documents must be prepared, above all such fundamental ones as a new revised edition of the CPSU Programme and the Basic Guidelines for development during the next Five-Year Plan period and to the end of this century, and these must be examined at a plenum of the CPSU Central Committee and then be widely discussed in the Party and the country. A great deal of attention will have to be devoted to carrying out at a high level the reports and elections in Party organisations, and to completing the 11th Five-Year Plan in a worthy manner.

In short, it will be a period of strenuous and multifaceted work - political, economic, organisational and ideological-theoretical.

Today, we once more confirm the continuity of the strategic course drawn up by the 26th Party Congress and subsequent Central Committee plenums. In the Leninist understanding, continuity means unwavering forward movement, revealing and solving new problems and eliminating everything that hinders development. We must rigorously follow this Leninist tradition, enriching and developing our Party policy and our overall line on perfecting the society of developed socialism.

The forthcoming 27th CPSU Congress will indisputably be a milestone in the country's development. Its significance is due to the paramount importance of the issues



submitted for discussion, the nature of the present period, and the newness and scale of the tasks facing society. This adds a special tone to all of the Party's pre-congress work and demands profound understanding of the existing situation, bold decisions and vigorous action.

The country has achieved great successes in all fields of social life. On the basis of the advantages of the new system, it has ascended to the summits of economic and social progress in a short historical period. The Soviet Union now has a powerful and comprehensively developed economy and qualified cadres of workers, specialists and scientists. In many directions of production, scientific and technical development, we firmly hold leading positions in the world.

Profound changes have taken place in social life. For the first time in history, working people have become masters of the country, creators of their own destiny. The right to work and receive reward for it are guaranteed, as are society's concern for a person from his birth to extreme old-age, broad access to spiritual culture, respect for the dignity and the rights of the individual, and the steady expansion of workers' participation in management. All these are permanent values, inalienable features of the socialist way of life. In them is a most important source of political stability, social optimism and confidence in the future.

Soviet people are rightly proud of all this. But life and its dynamism dictate the necessity of further changes and transformations, the achievement of a new qualitative condition of society, and moreover, in the broadest sense of the word. This is above all the scientific and technical renewal of production and the achievement of the highest world level of labour productivity. It is the improvement of social relations, primarily economic relations. It is profound changes in the sphere of work and of material and spiritual conditions in people's lives. It is the activation of the whole system of political and social institutions and the deepening of socialist democracy and the self-government of the people.

The development of Soviet society will to a decisive degree be determined by qualitative shifts in the economy, its transfer onto the rails of intensive growth and the comprehensive raising of efficiency. It is precisely from these positions that the situation in the national economy must be appraised and tasks for the future must be determined.

It is known that besides the successes achieved in the economic development of the country, in recent years unfavourable tendencies have intensified and not a few difficulties have arisen. Thanks to the active work of the Party, beginning from 1983, it has been possible to tighten up the work of many links in the national economy and to impose the situation somewhat. However, the difficulties have far from been overcome, and we have yet to apply no small effort to create a reliable basis for fast forward movement.

What is the cause of the difficulties? The answer to this question is, as you understand, of principled significance to the Party.

The influence of natural and a number of other outside factors has of course had an effect. But it seems that the main reason is that changes in the objective conditions of the development of production and the necessity for speeding up its intensification and for changes in methods of economic management were not duly appraised in good time and, what is particularly important, persistence was not displayed in the elaboration and implementation of major measures in the economic sphere.

Comrades, we must take cognisance of the situation as it has come about, deeply and thoroughly, and draw the most serious conclusions. The historic fate of the country and the positions of socialism in the modern world depend to a large extent on how we manage things from now on. By making extensive use of the achievements of the scientific and technical revolution and by making the forms of socialist economic management accord with the modern conditions and demands, we should achieve a considerable speeding up of social and economic progress. There is simply no other way.

This is what determines the success of the cause of socialism and communism today, and the great responsibility which is laid upon the Party, its Central Committee

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and all Party organisations in the present extremely important segment of history. And we communists are obliged to do everything to be up to this responsibility and to be equal to the great tasks dictated by times.

Now the main issue is how and by what means the country will be able to achieve the acceleration of economic development. In reviewing this issue in the Politburo, we unanimously came to the conclusion that there are real opportunities to achieve this. The tasks for accelerating the growth rate and moreover by a considerable degree are quite achievable if the intensification of the economy and the speeding up of scientific and technical progress are placed at the centre of all of our work, management and planning and structural and investment policy are restructured and the level of organisation and discipline are raised everywhere and the style of activity is radically improved.

I think that the participants in the plenum will support such a conclusion.

A relatively rapid return can be obtained if one puts into use organisational-economic and social reserves and if primarily one puts the human factor into action and ensures that everyone at his place works conscientiously and whole-heartedly.

How great the opportunities here are was related at the recent conference with workers, economic leaders, specialists and scientists in the CPSU Central Committee. The participants in that conference noted that when the need arises, by virtue alone of the collectives and their leaders pulling themselves together and beginning to work better, they manage in a short space of time to raise labour productivity to an extent which is at times comparable with the tasks planned for a whole Five-Year Plan period.

Such reserves exist at every enterprise and building site, every collective farm and state farm. No-one knows them better than the labour collectives, their Party organisations and economic leaders. Consequently, much depends on their attitude to their work, their energy and their ability to get people interested in the maximum use of all possibilities for increasing production and raising its efficiency.

An important side of the matter of responsibility and discipline is the timely and qualitative delivery of raw material, fuel, assembly components, movement of wagons, and so on. And here there are people to answer to and to answer for. A certain advance in strengthening of contract discipline in the national economy has been noted. It must be consolidated, steadily being more demanding in fulfilment of contractual obligations, without any allowances for objective conditions.

Another reserve which should be resolutely tackled is the fight against extravagance and waste. The leaders of many ministries and enterprises are trying to get a bit more capital investment, machine tools and machines, raw materials and fuel from the state. At the same time, not infrequently they are irresponsible in their attitude to their rational use. The existing equipment sometimes stands idle or is not used to the full.

And what is happening in capital construction? Many projects take an inordinately long time to build. As a result, quite a lot of material wealth is immobilised. The growth of capacity is delayed, and the country does not receive the necessary production on time.

The plan for commissioning of basic production funds is not being fulfilled satisfactorily. At depots of enterprises and new construction sites, quite a lot of uninstalled equipment has accumulated. There are considerable direct losses of material wealth as a result of negligence in carriage, storage and consumption of cement, coal, mineral fertiliser and timber, agricultural produce and foodstuffs.

Such wastefulness must be ended without delay. Evidently we cannot get by on slogans alone. There have been more than enough of them. Extra demands, including legislative ones, must be made of specific individuals for the safekeeping and correct use



of all material wealth. The necessary order must be introduced at every enterprise and construction site, every collective and state farm and every organisation. Without this there can be no question of any rational management or growth of economic efficiency.

As the main strategic lever of intensification of the national economy and better use of accumulated potential, the Party brings to the forefront the task of cardinal acceleration of scientific and technical progress. In June the CPSU Central Committee plans to hold a special conference at which this matter will be discussed. Today I should like to express certain fundamental considerations.

In the majority of industries, scientific and technical progress is flagging, it is proceeding basically in an evolutionary manner, primarily by means of improving existing technology and partial modernisation of machines and equipment. Of course, these measures provide a certain return, but it is too small. What we need are revolutionary changes, a transfer to fundamentally new technological systems, to the latest generations of machinery, giving the very highest efficiency. Essentially it is a matter of re-equipping all sectors of the national economy on the basis of modern achievements in science and technology.

The acuteness of the issue is also dictated by the fact that in recent years the country's production apparatus has aged considerably and the coefficient of renewal of fixed assets has been lowered. In the 12th Five-Year Plan period the prime concern must be a substantial rise in the coefficient of replacement of equipment.

Machine building has the final word here. It is necessary to give priority to its development, and to speed up by 50-100% the rates of growth of the industry in the 12th Five-Year Plan period. The main task is the speedy transfer to the production of new generations of machines and equipment which are capable of ensuring the introduction of progressive technology, raising labour productivity many times, lowering material inputs and raising the output-capital ratio. Prime attention must be paid to the perfection of machine-tool construction, accelerating the development of computer hardware, instrument making, electrical equipment and electronics as catalysts of scientific and technical progress.

In the light of these tasks, the fall in prestige of engineering work must not be considered normal. Not everything is in order here, and we must raise the role and prestige of craftsmen, engineers, designers and technologists and raise the material and moral incentives of their labour.

The acceleration of scientific and technical progress and growth in production efficiency are inseparable from a decisive improvement in the quality of goods. Its failure to correspond to modern technical-economic, aesthetic and all consumer requirements, and sometimes even obvious rejects - this is in essence the plundering of material resources and a waste of our people's labour. This is why an all-round rise in the quality of goods must be at the centre of economic policy. Quality, and once again quality - that is our slogan today. Having solved the problem of quality, it is also possible to solve the problem of quantity. This is the only reliable way to achieve the fuller and fuller satisfaction of the country's requirements for modern machinery, the population's growing demand for various goods and for overcoming shortages in the national economy.

Whichever issue we consider, and from whatever angle we approach the economy, in the final analysis everything rests upon the need for a serious improvement in management and the economic machinery as a whole. One had occasion to become convinced of this once again during the recent meeting at the CPSU Central Committee with workers and economic leaders, and also while visiting ZiL. The participants in the meetings spoke with great concern of how it pained them that work conditions had been made more complicated by imperfections in the management system, trivial regulations and excessive paper-pushing. There is one way out of the situation: immediate and energetic measures are needed over the whole complex of management problems.



The concept of restructuring the economic machinery is clearer to us now. In further developing centralised principles in the solution of strategic tasks, we must move forward more boldly along the path of extending the rights of enterprises and their independence, more boldly introduce financial autonomy and, on this basis, make labour collectives more accountable and interested in the final results of their work.

The results of the large-scale experiment being carried out on this direction are not that bad at all, but they cannot give complete satisfaction. The point has been reached where we must pass on from the experiment to the creation of an integrated system of economic housekeeping and management. And this means that we should also begin the practical restructuring of the work of the upper echelons of economic management, and that we should aim them first and foremost at the solution of long-term social, economic, scientific and technical tasks in the search for the most effective forms of combining science and production.

Life is raising higher demands to planning, which is the core of management. It must become an active lever for the intensification of production and implementation of progressive economic solutions, and it must ensure the balanced and dynamic growth of the economy. At the same time, the plans of associations and enterprises must be relieved of the burden of excessive numbers of indices and wider use must be made of economic norms which open up room for initiative and enterprise.

It is time to begin the perfection of organisational structures of management, eliminate superfluous links, simplify the apparatus and raise its efficiency. It is also important to do this because certain management links have become obstacles and begun to act as brakes upon progress. We must sharply restrict the number of instructions, regulations and methods which, at times, interpreting the resolutions of the Party and the government, capriciously paralyse the independence of enterprises.

It is of great importance to make all primary work units and all individual workers aware of the principles of financial autonomy. This will make it possible to combine the measures aimed at further improving the system of management from above with the development of collective forms of organisation of labour and labour incentives from below and raise the activeness of the working people.

It is just as important to raise the responsibility of republican and local bodies charged with managing construction for the economy and construction of social and cultural amenities and with satisfying the requirements of the working people. Naturally, in order to do this it is necessary to continue to extend the rights of local bodies and step up their initiative and interest in the development of production and the utilisation of resources and in putting right all fields of the services for the population. Consequently, full responsibility should be borne locally for resolving all the issues pertaining to their area of jurisdiction and the sense of being dependent ought to be disposed of more quickly.

Comrades, the CPSU sees the supreme meaning of accelerating the country's socio-economic development in raising the people's well being steadily, step by step, in improving all aspects of the life of the Soviet people and in creating favourable conditions for the harmonious development of the individual.

In this connection, it is necessary to pursue consistently a line aimed at consolidating social justice in the distribution of material and spiritual wealth and strengthening the influence of social factors on the development of the economy and on the raising of its efficiency.

This line meets with the complete approval and support of the Soviet people. The task now is to work out concrete and effective measures to purge the distribution mechanism of wage-levelling, unearned incomes and everything which runs counter to the economic norms and moral ideals of our society and ensure that the material situation of each worker and each workforce depends directly on the results of their work. The Party will continue to wage a most resolute struggle against all negative phenomena which are alien to the socialist way of life and our communist morality.



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Currently, the Social Programme that the Party will put forward at its 27th Congress is being carefully worked out. There are, however, tasks that cannot be postponed, tasks which require particular attention.

This pertains, above all, to the implementation of the food programme. Positive changes have taken place in the development of agriculture over the past few years, and supplies of foodstuffs to the population have improved somewhat. However, this is still a long way from what is needed. Collective and state farms and processing enterprises have the potential to increase the production of foodstuffs considerably. It is necessary to manage this potential carefully and to make more efficient use of it.

One sometimes comes across attempts by local bodies to place all the responsibility for food supplies, and especially the provision of fodder, on central bodies. Such a practice is unacceptable. The task is to use more fully all the reserves to increase food production both on collective and state farms and on the subsidiary plots of citizens and enterprises.

In general, comrades, we have to intensify work to implement the Food Programme and supplement it with serious measures to develop the processing industries of the agro-industrial complex and bring their enterprises closer to collective and state farms. Such instructions were given by the Politburo to the USSR State Planning Commission and relevant ministries, and they should approach their fulfilment in an entirely responsible and thorough manner.

The management of the agro-industrial complex needs further perfection, too. Far from everything has been done here. Under the influence of departmental interests, rayon and oblast associations are often unable to solve properly and in co-ordination the issues of integral development of agriculture and industries which are connected with it. If we are firmly convinced that there should be one master on the land and that the agro-industrial associations bear full responsibility for implementing the Food Programme - a fact, which, I think, nobody doubts - it is necessary to carry out measures which will make it possible to manage, plan and finance the agro-industrial complex as a single entity at all levels. That is what we agreed upon at the May 1982 plenum of the CPSU Central Committee.

A lot is to be done to more fully satisfy the demand for industrial goods and services too, fully supply the market with the products it needs and improve the quality and range of goods produced, make the price system more flexible and enhance standards of retailing. The Integrated Programme for developing consumer goods and services is directed towards solving these tasks. It envisages a substantial increase in the production of high-quality clothing and footwear, modern cultural and domestic goods and appliances and the development of many types of services.

This programme will be approved in the near future. At the same time, as you know, in a number of its directions, resolutions of the Central Committee and of the USSR Council of Ministers have already been adopted. We are talking about increasing the production of footwear, developing local industry and services in the repairing and construction of housing and improving telephone services for the population. It is important that Soviet people should sense a change for the better in the near future.

We cannot fail to take account of the changes taking place in the structure of cash-backed demand. The working people want to use their income to a greater extent for the improvement of their living and cultural and everyday conditions, for leisure, tourism and other purposes. Such needs and requirements must be satisfied more fully. This is beneficial to the state, too. But the possibilities are being poorly realised. Let us take, for example, such a specific matter as the development of orchard and allotment associations. This is a highly beneficial cause, and wide interest is being shown in it. However, it has not so far received due development. The requirement for allotments and huts, building materials and tools are far from being fully met. After discussing this matter in great detail, the Politburo ordered that appropriate measures be taken so as to go as far as possible towards meeting the demands of the people and removing unwarranted obstacles.



Areas like health care and education are acquiring ever greater importance in the life of society and of each individual and, as a consequence, in the social policy of the Party too. We have achieved a great deal in their development and ensured the equal access of all citizens to these vitally important boons. But here, too, new problems are arising today.

A substantial improvement, from the standpoint of today's demands, is needed in the material and technical base of health care, the quality of medical services and the supply of medicines to the population. The need for serious measures in this field was recently the subject of discussion in the Politburo. Provision must be made for them in the plans for the 12th Five-Year Plan period.

We have commenced the school reform, whose significance for the future of the country is difficult to overestimate. What is now required is not a formal but a meaningful approach to the tasks set, and a fundamental improvement in the quality of training and education of the rising generations and their preparation for socially useful work.

There are also numerous other matters which demand thorough consideration and for which ways to a solution must be found. These are, improving the material situation of labour veterans, especially those who went into well-deserved retirement long ago, the living conditions of young families, and maternity and child-care. Of course, it is important to continue building up efforts to resolve such social problems as the housing problem, so as, in the long term, to guarantee every family a separate flat or a well-appointed house.

We should be as attentive as possible to all man's concerns, to his work, his material well-being and his leisure. This is a key political question for us.

Now, to current matters concerning the implementation of this year's plan. We have not entirely made a good beginning. Growth of industrial production in the first quarter amounted to 2% only. Oil, metal, power and transport in particular fell back. Growth rates fell in labour productivity. The situation is not much better as regards costs, profits and other indices. The situation is being put right somewhat in April, but efforts must be redoubled in the remaining eight months in order to make up the losses. Let us speak plainly, it is not an easy task. But the matter is, the 1985 plan must be fulfilled and, moreover, without any kind of amendments. This is what socialist competition and all organisational and political work must aim at.

Responsible tasks are also facing rural workers. Their work must be carried out in such a way as to delight the country with its high results.

At the same time, it still remains to provide a qualitative elaboration of the plan for the coming year and the 12th Five-Year Plan as a whole. And for this it would be expedient to pass on control figures and norms to the ministries and departments, associations and enterprises in the near future. This will provide an opportunity for taking fuller account of the proposals of workers' collectives for mobilising reserves and, most important, to begin in an organised fashion from the beginning of next year a new 12th Five-Year Plan, which must have an energetic launch.

Comrades, solving the complex and large-scale tasks of the current stage, which touch on all facets of our life, is only possible by relying on the lively creativity of the people, on its brains, talent and labour. We must raise millions of working people to carry them out, constantly develop the initiative and energy of the working class, peasantry and intelligentsia, set in motion those inexhaustible possibilities which are at the disposal of socialist society, and more actively support all useful initiatives.

Lenin's Party, the Party of communists, has always marched and still marches in the vanguard of the people. Today it is called on to lead the movement of all the people for the speeding up of the social and economic development of the country. For this it is required that the struggle for the achievement of immediate and long-term aims be taken up by each Party organisation and each communist.



Preparations for the congress and the forthcoming reports and elections must comprehensively facilitate an upsurge in the activity and responsibility of communists, the strengthening of the fighting capacity of Party organisations, the consolidation of their links with the masses and, in the final analysis, the raising of the leading role of the Party.

The report and election campaign begins with the primary organisations, which are the Party's chief potential. It is here that Party policy is embodied in real deeds. It is here that our successes and shortcomings, our opportunities and reserves are most clearly visible.

This is why it is so important that meetings of communists should review the results of what has been done in a Leninist manner, without false idealisation and empty debate, gather together positive experience bit by bit, expose shortcomings fearlessly and pinpoint opportunities and specific ways of raising production and economic efficiency and of improving matters.

It is the duty of Party committees to display the maximum concern to ensure that meetings of primary organisations take place in a businesslike way and in an atmosphere of criticism, self-criticism and Bolshevik frankness and to ensure that awkward issues in the life of collectives and ways of eliminating all things which hold up work are discussed. It is essential to ensure that every Party member can make full use of his constitutional right to make proposals and criticisms and to ensure that not a single criticism is ignored.

The matter of reinforcing order and discipline is especially topical today. This is a pressing demand of the day which the Soviet people interpret in a broad way; including in it order in production and the services sector, in public life and at home, in each labour unit and in every town and village. And we will make every effort to ensure that order of this kind is strengthened in the country.

Life has shown the unanimous approval the people have given to measures to impose order and the weighty results these measures are producing. But it has to be bluntly stated that of late the attention given to this most important matter has lessened. In this respect it is, above all, leaders of collectives, bearing personal responsibility for discipline, who must be brought more rigorously to account. One not infrequently encounters instances where managers of enterprises forgive indiscipline in workers, hoping that subordinates will in their turn forgive their own blunders. We shall not tolerate such an attitude of mutual forgiveness.

In order to strengthen discipline and order, another indispensable condition is essential. Each individual must bear his own responsibility and conscientiously carry out his own direct duties. Substantial results cannot be achieved in any area of activities while the Party worker takes the place of the economic manager, an engineer does the work of a messenger, a scientist works at a vegetable depot and a textile worker at a livestock farm. Unfortunately, that is often the case today. It goes without saying that such a situation has not come about overnight. In some cases it is caused by well-known difficulties, and it cannot be rectified in a single day. But it must be rectified. Only then will we really be able to get rid of irresponsibility and lack of discipline.

Higher demands should be made of the tone, efficiency and strictness of the forthcoming rayon, town, oblast and kray Party conferences and the union republican communist party congresses. There must be no place at them, as sometimes happens, for eulogies and compliments, or attempts to conceal behind general words the essence of the matter and to lay the blame for shortcomings on objective circumstances or departmental misunderstandings.

It is our intention that the leading cadres, Central Committee members, and heads of ministries and departments will take direct part not only in Party conferences but also the meetings of primary organisations and do everything to ensure that the pre-congress collective meetings for discussion among communists should take place at the highest constructive and critical level.

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The main slogans of the moment which must be made the leitmotiv of our pre-congress meetings and the whole of the preparations for the 27th Party Congress, are creative labour, unity of word and deed, initiative and responsibility and being demanding of oneself and one's comrades. The example here must be set by communists. It is necessary to intensify the demands made on every Party member regarding his attitude to public duty, implementation of Party resolutions and the honest and pure outlook of a Party member. A communist is assessed according to his actions and deeds. There are no other criteria, nor can there be.

During the reports and elections the leading Party bodies will have to be formed and replenished with fresh forces, and the issues of cadres which have come to a head will have to be resolved. The recently held plenums of Party committees convincingly showed what mature cadres the Party has at its disposal. At the same time they confirmed once again the need to observe most strictly the Leninist principles of selection, deployment and education of cadres. Where these principles are violated and where the promotion of workers is allowed on the basis of personal devotion, servility or protectionism, a fading of criticism and self-criticism and weakening of links with the masses inevitably sets in and, as a result, there are failures in work.

The Politburo considers it fundamentally important to continue implementing the course of ensuring stability in Party leadership and the correct combination of experienced and young workers. But this cannot be accompanied by any kind of stagnation in the advancement of cadres. In their letters to the Central Committee, communists draw attention to the fact that certain leaders, occupying the self-same post for a long time, frequently cease to see new things and become accustomed to shortcomings. There is something to think about here: We must search for ways to move our leading cadres more actively. We must promote women and promising young workers to responsible posts with greater boldness.

And one more important conclusion prompted by plenums of Party committees which have been held: Not a single Party organisation and not a single worker should be left outside the system of control. At meetings of the Politburo and the Secretariat of the CPSU Central Committee over the past two years, reports have been presented on one issue or another by first secretaries of central committees of communist parties of many union republican and kray and oblast Party committees. Reports have been heard from leaders of a number of primary Party organisations, rayon and town committees and many ministries and departments. Such work must, naturally, continue to be conducted in future and must be actively developed in republics, krays and oblasts. This is in line with the rules of our intra-Party life.

And as we have now touched on control then there is another consideration I should like to voice: Namely, checking is necessary, control is essential, and every check must bring practical benefit and serve the interests of the matter in hand. But there can be little justification for repeated checks on one and the same matter, which is sometimes trivial, or for the numerous commissions set up for formalistic reasons which take people away from their work and generate an atmosphere of nervousness.

Report-back meetings, conferences and congresses provide an opportunity for the comprehensive assessment of the activities of elected Party bodies and a detailed look into the content and method of their work. Emphasis here must be placed primarily on analysis of how they deal with key matters concernign the life and labour of people and production collectives, and the development of the economy and of culture and how they conduct organisational work among the masses. It is essential to continue persistently the line of daily giving objective aid to lower Party organisations, getting things done in a more businesslike and expeditious way, reducing the flow of paperwork and overcoming bureaucratic styles of work and fondness for numerous meetings and conferences.

It needs to be said forthrightly: Far from everything has been done in countering these phenomena. There is no shortage of examples. Not so long ago, the CPSU Central Committee heard reports from Kalinin and Tselinograd Oblast Party Committees on



matters concerning the development of the agro-industrial complex. Serious deficiencies came to light in Party management of the economy, cadre work and educational work and in the activities of the buros and secretaries of oblast committees. The main thing that gave rise to their deficiencies was an uncritical attitude to what had been done, an inclination to exaggerate results achieved and reluctance to draw attention to negative phenomena. Appropriate measures had to be taken.

Certain heads of ministries and departments, too, still stick to the old approaches in leadership and are lacking in self-criticism. This is hindering matters. Life itself places on the agenda the need for a decisive improvement in work and making it match the demands of the present stage of development of society.

It is now no longer sufficient merely to be able to take executive action, although at times there is not enough of this, either. The significance is growing more and more of such businesslike qualities as competence, a sense of what is new, initiative, boldness, readiness to take on responsibility, ability to set a task and to see it through to the end, and not to lose sight of the political meaning of management. As is, I would say, the desire to learn how to work.

An important task of the report-back and election campaign is the further intensification of Party leadership of the soviets, trade unions; the Komsomol and other links in our political system, and all work involved in developing Soviet democracy.

We should always remember Lenin's idea that socialist democracy should never be understood in an abstract way. It has been and remains a tool of the development of the economy, of the growth of man's activeness and the communist education of the masses. The Party, in deepening the democratic nature of the Soviet system, has worked and will continue to work in precisely this key.

The preparations for the Party's 27th Congress and the discussion by the working people of the draft congress documents will undoubtedly stimulate much activity on the part of the Soviet people. Party committees are to take great care to provide publicity about how all channels of communication with the masses are to operate and about how much attention is devoted to public opinion, critical remarks and citizens' statements and letters. The CPSU Central Committee sees them as being of great assistance in its work and a clear indication of the Soviet people's interest in the affairs of their state.

The tasks of the Party's political-educational and ideological work have been discussed more than once in the Central Committee. Attention to this sector is understandable and progress has indeed been made. But I believe that by no means everything has been done to ensure that ideological work is linked with life in the closest possible way. Formalism and mere exhortations continue to get in the way. Damage is often done by idle talk and an inability to speak to people in the language of truth. And at times it happens that someone hears one thing and in reality sees another. This is a serious matter and not just an educational one but a political one, too.

Ideological-political education in all its forms must be linked to the maximum with the main task of our time - the acceleration of the country's socio-economic development. This cannot be achieved without comprehensively taking account of the totality of the conditions of internal life and the specific nature of the international situation. You know that an all-union scientific-practical conference in December last year was devoted precisely to these matters, and that it discussed the course of implementation of the resolutions of the June 1983 plenum of the CPSU Central Committee. One might recall once again today - and this should not appear paradoxical to anyone - that in propaganda and ideological work, as a whole, there should also be fewer words and more deeds.

I ought to speak, in particular, about the work of the mass information media - from factory and rayon media to the central media. The press, television and radio are effective means of organising and educating the masses and shaping public opinion. Positive changes in their work have been taking place recently, but life demands something more.

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The information media are called upon to analyse events and phenomena profoundly, raise serious problems and propose ways of resolving them, and convince through their pithiness, expeditiousness and informativeness. The wise words of the Party, addressed to man, awaken thought and develop the initiative of people and foster implacability towards shortcomings. The effectiveness of the press, television and radio rises significantly when the Party committees give them active aid and support. It is necessary only that this aid and support should always be timely and weighty. And, of course, any attempts to suppress or ignore well-founded criticism should receive a principled Party evaluation.

Literature and art play a major role in the enrichment of the spiritual life of society with new values and with the ideological and moral elevation of Soviet man. The artistic intelligentsia - writers, poets, composers, artists, workers in the theatre and cinema - enjoy high prestige and recognition. But from this springs also their enormous responsibility before society. All the best things that have been created by Soviet literature and art have always been inseparable from the main causes and concerns of the Party and people. There is no doubt either that the fresh tasks which are being resolved today will find a worthy response in artistic creation, asserting the truth of socialist life.

Comrades, we are on the threshold of the 40th anniversary of the great victory over fascism. Recalling that inconceivably gigantic price which was paid for victory by the Soviet people and the other peoples of the anti-Hitler coalition, returning again and again to the tragedy which befell mankind, the Communist Party and the Soviet government see the main significance of their foreign policy activity as the prevention of the repetition of anything similar. In particular, the prevention of nuclear catastrophe.

The Soviet Union and our Party have been and will remain unswervingly true to the sacred memory of the immortal exploits of the peoples who overcame fascism.

The Soviet Union declares again and again that it will firmly follow the Leninist course of peace and peaceful coexistence determined by our social system, our morality and world outlook.

We stand for regular, correct, if you like, civilised relations between states based on genuine respect for the norms of international law. But it must be made absolutely clear: only if imperialism renounces attempts to resolve by military means the historic argument between the two social systems can international relations be successfully directed into a channel of normal co-operation.

The cohesive community of socialist states, its economic and defence power and its unity of action in the international arena are an insuperable force in the struggle for the peaceful future of mankind. The achievement of a strategic military balance with the states of the aggressive NATO bloc is an exceptionally important historic gain for the fraternal countries of socialism. This parity must be cherished in every way for the sake of peace. It reliably restrains the aggressive appetites of imperialism.

Nor shall we in future spare any effort to ensure that the USSR Armed Forces have everything necessary for the reliable defence of our homeland and its allies, so that nobody will be able to catch us unawares.

Mankind today has at its disposal a vast potential for peace, multifaceted experience and sufficient historical and social perspective to understand where a policy of aggression can lead. This understanding is uniting peace-loving forces ever more closely, activating anti-war and anti-nuclear movements and raising more and more progressive and democratic detachments for the struggle against the threat of war. Nobody should be surprised that Washington's egoistical militaristic course is arousing more and more criticism and resistance in many countries. A tremendous contribution to the common cause of the struggle for peace is being made by communist and workers' parties, trade unions and other mass public organisations.



Not a single nation wants war. This is a source of huge reserves and potential for carrying out a policy of peace and progress. Everything should be done to ensure that the forces of militarism and aggression do not gain the upper hand in international relations.

We are convinced that it is possible to prevent world war. But, as experience shows, the struggle for preserving peace and securing general security is no easy task and demands more and more efforts. Through the fault of the imperialists, the international situation continues to be alarming and dangerous. Mankind has found itself faced by a choice: Either to further inflame tension and confrontation, or to constructively search for mutually acceptable accords which would halt the process of material preparation for a nuclear conflict.

Responsibility for the existing situation lies, primarily, with the ruling circles in the USA, and this should be plainly stated. They continue to be the initiators of the arms race and the saboteurs of disarmament, a fact of which the world community is well aware. On their initiative more and more new weapons of mass destruction are being created. Today, they are trying to extend the arms race to space. The hundreds of US military bases scattered all over the world are also destabilising the situation in the world.

The USA openly claims the "right" to interfere anywhere and in everything, and it ignores and often directly tramples underfoot the interests of other countries and peoples, and the traditions of international intercourse and existing treaties and agreements. It constantly creates hotbeds of conflict and war danger, inflaming the situation first in one, then in another part of the world. Today the USA is threatening the heroic people of Nicaragua with military reprisals, trying to deny it freedom and sovereignty, as happened in Grenada. Solidarity with the forces of progress and democracy and with the countries and peoples fighting for freedom and independence against the onslaught of reaction, is a matter of principle for us. Here our line is as clear as it always has been.

One does not need special political vision to be able to see how imperialism has intensified its subversive work and co-ordinated its activities against the socialist states in the course of the last few years. This applies to all spheres - political, economic, ideological and military. The documents of the fraternal parties have repeatedly stressed that imperialism is trying to secure social revenge on the broadest front - both with regard to the socialist community, and countries which have liberated themselves from colonial oppression, national liberation movements and the working people of capitalist countries.

The economic expansion of the USA has been broadening and becoming more active. The manipulation of bank rates, the predatory role of the transnational corporations, political limitations on trade and all sorts of boycotts and sanctions are creating an atmosphere of tension and distrust in international economic relations, disorganising the world economy and trade and undermining its legal foundations. The exploitation of ex-colonial countries and the blocking of the process of their economic decolonisation has been increased. By concentrating in its hands a growing amount of the financial and material resources of other countries, the USA is directly or indirectly putting them to the service of its gigantic military programmes.

In these conditions, ever growing interest is being aroused in the world in the idea of elaborating and implementing measures to normalise international economic relations and ensure economic security for states.

The complexity of the international situation and the sharp degree of tension obliges us to continue to attach priority importance to foreign policy issues.

Of ever increasing importance is the task of comprehensively improving and enriching co-operation and developing multi-faceted links with the fraternal countries of socialism, ensuring their close interaction in political, economic, ideological, defence and other fields and concern for the organic combination of the national and international interests of all members of the great community.



On the agenda for the joint work of the fraternal countries is the implementation of the resolutions of the economic summit conference of the CMEA member countries which took place in June last year. This is now urgently demanded by the common interests of the community, the requirements of each state's social and economic development and particular features of the international situation.

Our exchange of opinions in mid-March with the Party and state leaders of the Warsaw Treaty members makes it possible to confidently affirm that we are united in the opinion that the Warsaw Treaty organisation will continue to play an important role in the defence of the positions of socialism in Europe and the world and to serve as a reliable instrument for the prevention of nuclear war and the strengthening of international security for as long as the NATO bloc continues to exist.

The Soviet Union will purposefully and persistently strengthen mutual links and develop co-operation with other socialist countries, including the PRC. Our position in this matter is known, and it remains in force.

We are for the further expansion of multilateral co-operation with the countries of Asia, Africa and Latin America. The CPSU and the Soviet state unchangingly support the right of all peoples to self-determination of their socio-economic system in accordance with their own wishes, and to build their future without any outside interference whatsoever. To attempt to refuse the peoples this sovereign right is a lost cause.

We invariably advocate the development of normal and equal relations with the capitalist countries. It is our firm conviction that disputes and conflicts should be resolved by political means.

The Politburo bases its proceeds from the fact that the inter-state documents of the period of detente, including the Helsinki Final Act, have not lost their value. They are an example of how international relations can be conducted if one is guided by the principles of equality and equal security and by the realities which have come about in the world and if one does not strive for any advantage, but looks for mutually acceptable solutions and accords. It would appear that in connection with the 10th anniversary of the European Conference on Security and Co-operation it would be useful if, on behalf of the states which signed the Final Act, the will were expressed once again to overcome dangerous tension and develop peaceful co-operation and constructive initiatives in international life.

The Soviet Union advocates fruitful and all-round economic, scientific and technical co-operation, based on the principles of mutual advantage and excluding any discrimination; it is ready to expand and further deepen trade relations, develop new forms of economic ties, based on the sides' mutual interest in the joint development of scientific and technical and technological innovations, in the planning and building of enterprises and in the working of raw material resources.

In presenting the matter in this way it is necessary to look closely at the state of our foreign economic ties and to take a somewhat more profound look at them, taking the long term into account. Despite international tension, there are favourable opportunities here. The approach to mutually advantageous economic ties and foreign trade should be broad, large-scale and faced towards the future.

We are in favour of extensive, mutually advantageous co-operation at many levels with the states of Western Europe, Japan and other capitalist countries.

Our readiness to improve relations with the USA as well, for mutual benefit and without attempts to encroach upon the legitimate rights and interests of each other, is known. There does not exist any sort of fatal inevitability of confrontation of our two countries. If one is to interpret both the positive and the negative experience accumulated by the history of Soviet-American relations, both in remote and recent history, it should be said that the most rational thing is to look for ways of leading to the smoothing-out of relations, and to build a bridge of co-operation - but to build it from both sides.



But the first stage of the Geneva negotiations which has already been concluded provides grounds for saying that Washington is holding a course which is not directed at reaching accord with the Soviet Union. This is evident if only from the fact that it is refusing altogether to discuss the matter of stopping the spread of the arms race into space and simultaneously with discussion of the matter of limiting and reducing nuclear weapons. In this way it is violating the accord reached in January on the inter-relationship of the three directions - the prevention of the arms race in space, the reduction of strategic nuclear weapons and the reduction of medium-range nuclear weapons in Europe.

The question arises: How is such a position to be explained: It is to be explained by the fact that certain circles in the USA still want to achieve a dominant position in the world, primarily in the military regard. We have more than once drawn the attention of the American side to the fact that these arrogant plans do not have a future. The Soviet Union and its friends and allies, indeed all other states which stand for peace and peaceful co-operation, do not recognise the right of any state or group of states to supremacy and the imposition of their will on other countries and peoples.

The Soviet Union, for its part, has never set itself such tasks, and never will.

We should like to express the hope that the present position of the USA will be amended. This would open up the possibility for achieving mutually acceptable accords. Such a readiness is evident on our part.

Evidence of this is to be found in the USSR's proposal that both sides should introduce for the entire period of the talks a moratorium on the creation of space weapons and a freeze of strategic nuclear arsenals. Continuing this line, the Soviet Union unilaterally announced a moratorium on the deployment of medium-range missiles and on the build-up of other counter-measures in Europe. All over the world this decision was assessed as important and constructive, promoting the success of the talks.

I should like to remind you that this is not the only step of its kind. Since 1982 the unilateral commitment of the Soviet Union not to be the first to use nuclear weapons has been in force. And since 1983, the unilateral moratorium on being first to put anti-satellite weapons into space. The US government has not responded to even one of these initiatives with a single gesture of goodwill. On the contrary, it has been doing everything to present the actions of the USSR, directed at a reduction of the war danger and at reaching understandings, in a false light and to encourage distrust of them. In short, everything is being done to avoid positive steps in response.

One cannot help being surprised, too, at the haste with which the American administration replies with its standard and customary "No!" to our proposals, which is obvious evidence of the USA's unwillingness to steer matters towards reasonable results. I shall say one thing: An arms race and talks on disarmament cannot be combined. That is clear, if one is not to fall into hypocrisy and aim to deceive public opinion. The Soviet Union will not facilitate such a course and this should be known by all those who are now engaged in a political game and not serious policy. We would not want a repetition of the sorry experience of the previous talks.

For its part, the Soviet Union will work persistently in Geneva for concrete and mutually acceptable agreements which will make it possible not only to end the arms race but also promote the cause of disarmament. Now, as never before, political will is needed for the sake of peace on earth and for the sake of a better tomorrow.

Such, are our tasks comrades, the basic directions of home and foreign policy. Undoubtedly they will be the subject of thorough debate at the present plenum, which has to define the nature of the pre-congress activity of the whole Party and of each of its organisations.

We must conduct the work of the plenum in such a way that it may be summed up in Lenin's words:



"We now know our tasks much more clearly, concretely and graphically than yesterday; we are not afraid to point openly to our mistakes so as to correct them. We shall now devote all the forces of the Party to its better organisation, raising the quality and content of its work, creating closer ties with the masses and working out more and more correct and precise tactics and strategies of the working class."

The Party and Soviet people expect comprehensively thought-out and responsible decisions from us and it can be said with certainty that they will be supported by communists and all working people. Supported by their social motivation, their activity and their labour.

#### Resolution on 27th Congress

Moscow home service 1400 gmt 23 Apr 85

Text as broadcast of resolution of the CPSU Central Committee plenum on convening the regular 27th CPSU Congress:

Having heard and discussed a report by Comrade Gorbachev, General Secretary of the CPSU Central Committee, "On the convening of the regular 27th CPSU Congress and the tasks connected with preparing for it and holding it", the plenum of the CPSU Central Committee resolves:

- (1) To convene the regular 27th CPSU Congress on 25th February 1986.
- (2) To approve the following order of business of the Congress:
  - (i) Report of the CPSU Central Committee and the tasks of the Party - rapporteur: Comrade Gorbachev, General Secretary of the CPSU Central Committee.
  - (ii) Report by the CPSU Central Auditing Commission: rapporteur: Comrade Sizov, Chairman of the CPSU Central Auditing Commission.
  - (iii) New revised edition of the CPSU Programme.
  - (iv) Changes in the CPSU Rules.
  - (v) Basic Guidelines for the Economic and Social Development of the USSR for the period 1986-90 and for the period up to the year 2000: rapporteur: Comrade Tikhonov, Chairman of the USSR Council of Ministers.
  - (vi) Elections to central Party bodies.
- (3) To establish the norm of representation at the CPSU Congress: one delegate to 3,670 Party members.
- (4) Delegates to the 27th CPSU Congress are to be elected in accordance with the Party Rules by secret ballot at oblast and kray Party conferences and congresses of union republican communist parties. Elections of delegates to the 27th CPSU Congress from the Communist Parties of Ukraine, Belorussia, Uzbekistan and Kazakhstan are to be conducted at oblast party conferences.

Communists who are members of Party organisations in the Soviet Army, Navy, or the Internal or Border Troops are to elect delegates to the 27th CPSU Congress together with corresponding territorial party organisations, at oblast or kray Party conferences or at congresses of union republican communist parties. Communists who are members of Party organisations in units of the Soviet Army or Navy which are abroad are to elect delegates to the 27th CPSU Congress at Party conferences of the corresponding troop formations.



## Mikhail Gorbachev's report to the plenary meeting of the CPSU Central Committee

*Here follows the full text of the report "On the Party's Tasks in Fundamentally Restructuring Management of the Economy" made by Mikhail Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, at the plenary meeting of the CPSU Central Committee:*

COMRADES, we are holding this plenary meeting shortly before a most important event in the life of the party and our entire society. Several months from now the country will celebrate the 70th anniversary of the Great October Socialist Revolution.

The Great October Revolution heralded to the world the birth of a new state of workers and peasants, asserted the humane principles of society's social and economic development, elevated the man of labour and opened up scope for the initiative and creativity of the masses.

All this enabled us within the shortest period of time, in historical terms, to turn the country into a mighty industrial power, successfully solve extremely complex social problems and create the great multinational alliance of peoples advancing along the road of socialism.

Every generation of Soviet people has made its contribution to the development, strengthening and defence of the gains of the October Revolution. We justly take pride in our history and are confident about the future.

At the present stage, guiding themselves by Leninist teaching and creatively developing it, the Soviet people and the party are continuing the cause of the revolution by carrying out the restructuring, by renewing all spheres of society's life.

Today we are to study one of the cardinal questions of the restructuring. I refer to a radical reform of the management of the economy, to qualitative changes in the system of the economic mechanism — changes which will open up new possibilities for using the advantages of the socialist system.

Before moving on to this question, the political bureau believes it necessary to present to the central committee an evaluation of the course of the restructuring effort and the fulfilment of the decisions of the 27th CPSU Congress.

### I. Along the road of the April plenary meeting

#### Some political results of the restructuring

Comrades, the period since the April (1985) Plenary meeting is one of the most responsible and politically intensive in the history of our party and the life of the people. It is characterised by intensive theoretical and practical work, by the quest and solution of new problems encountered by Soviet society.

It can be said with confidence that the political situation in the country has substantially changed in these two years. The understanding is becoming ever deeper that restructuring was necessitated

by the mounting contradictions in the development of society.

These contradictions, on gradually accumulating and not being solved in time, were actually acquiring pre-crisis forms.

In these complex conditions the party worked out the course of restructuring. We have started moving forward. The process of renewal is acquiring ever more concrete forms, encompassing an ever broader range of problems and spreading to ever new strata of public life.

The restructuring in society is deepening and growing. It is directed first of all at unblocking the contradictions forming the main elements of the braking mechanism, and thereby at giving social development a mighty and irreversible impulse of acceleration.

It should be clearly understood that we see the aims of accelerating social and economic development not only in overcoming the lag that has accumulated and the deformations that have appeared in various fields of society's development.

Dictated by historic necessity and changed — cardinaly changed — conditions of an internal and international nature, they are directed at the attainment of a new qualitative state of socialist society.

History has not left us much time to solve this task. The possibilities of socialism, what it gives a person in practice and how socially effective society is will be judged exactly by the progress of the restructuring drive, by its results.

This, comrades, determines the scope of the business at hand and the measure of our responsibility.

The changes in society after the January (1987) plenary meeting show with particular clarity that the country's healthy forces, the working people, firmly demand renewal, acceleration, the prompt solution of ripe problems and the absolutely definite overcoming of stagnation and conservatism.

The process of the democratisation of all aspects of life is expanding and deepening. Public organisations are displaying more initiative. Democratic principles are gaining momentum in the management of production. Public opinion is having its clear and weighty say. The mass media has started working more actively, in the interests of the renewal drive. An offensive is in progress against bureaucratism. The administrative and pressure methods of management are being

gradually overcome. Important changes are taking place in the work of cadres, their composition being renewed by the injection of fresh forces.

The experience of democratisation convincingly shows that we are on the correct road. This opens up good prospects for perfecting our political system and society as a whole.

The explosion of spiritual activity can be named among the achievements of restructuring. The public's interest in processes taking place in science, literature and art, in the press, radio and television has increased. People want to know more about the country's past, present and future. Public interest in affairs of society and the state, in problems of world outlook and in moral and ethical problems has become keener and sharper.

Having started the reform of secondary and higher education we are taking an important step towards creating a modern system of education. All this taps new reserves for further expanding and deepening the reorganisation.

If we are to speak of a political evaluation of the processes taking place in the economy, I would mention first of all the changing attitude of people to work, to the fulfilment of their production duties. In many ways this is determined by the fact that working people are supporting in action the policy of renewal and of accelerating social and economic development. This is first.

Secondly, it is connected with the transition of many branches of the economy to new methods of management, to full cost-accounting and self-financing with a simultaneous development of progressive forms of work organisation, and first of all the collective contract.

The new situation has made its impact to a certain measure on economic results as well. The rates of increment of labour productivity have increased. They have exceeded the figures of the 11th Five-Year Plan period in industry and construction by 30 percent, in agriculture by 100 percent and in railway transport by 200 percent.

On average, during the past two years the rates of increment of industrial production amounted to 4.4 percent and in agriculture to three percent.

The positive trend has also manifested itself in such an important industry as capital construction, which was in a difficult situation. Not without difficulties and struggle, positive changes are taking place in the other branches of the economy as well.

Additional possibilities have been found for strengthening the material base of the social sphere. Almost 40 billion roubles are being allocated for these aims over and above the sum approved by the five-year plan. This year the rates of increment of capital investments in the development of the social sphere are three times greater than in the national economy as a whole.

You will probably agree, comrades, that the period after the January plenary meeting of the central committee needs a special analysis and political assessment. What is of primary importance here?

It can be said that a new stage of the restructuring has opened, the stage of solving concrete tasks along all directions and in all spheres of socie-

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ty's life.

The January plenary meeting gave powerful impulses to labour and social activity. It became obvious that no one can stand on the sidelines of the restructuring drive — every person must take his position.

During these months Soviet people have especially acutely felt the complexity of the accumulated problems and more and more clearly realise the need for really cardinal changes and a consistent pursuance of the course of renewal.

At the same time understanding has deepened in the party and in society that the restructuring is a complex and contradictory process.

The revolutionary transformations in society have brought to the fore the contradiction between the demands for renewal, creativity and constructive initiative, on the one hand, and conservatism, inertia and selfish interests on the other.

The imbalance between the growing vigour of the masses, and the still surviving bureaucratic manner of activity in most diverse fields and attempts to freeze the renewal drive is one of the manifestations of this real contradiction.

Overcoming this contradiction requires prompt and resolute measures — in personnel policy and in the assertion of new approaches and norms of party, state and public life.

What does the political bureau regard as the most effective means of solving this contradiction? The answer is clear-cut and definite — the extensive development of democracy.

Today, and this is again proved by life, it is the command-and-administrative forms of managing society that put a brake on our movement. Democratic and *only* democratic forms are capable of imparting a mighty acceleration to it.

The experience of the reorganisation, of its initial stage, also calls for a close look at the actually existing contradictions of interests of various groups of the population, collectives, agencies and organisations.

There can be no doubt that socialism removes the antagonism of interests — this is a known and correct thesis. But that does not mean in any way that the liquidation of the antagonism of interests is tantamount to unifying or smoothing them over.

Take, for instance, attitude to restructuring. On the whole there is a general understanding of the impossibility of living and working in the old way, of the objective necessity of renewal and profound transformations.

But as soon as this renewal began drastically to affect deeds, penetrate all sections of society and reach the concrete person, we saw the surfacing of the contradiction between the instant, narrowly understood, even egoistic motivations of separate individuals and groups and the interests of the whole of society, the long-term interests of working people.

We see distinctly the difficulties with which the restructuring is taking place in party, government and economic bodies. And do we not feel how painfully it is being received in some central agencies?

The difficulties of the renewal drive are illustrated by the experience of state quality control, of the struggle against drunkenness and alcoholism and of the efforts to introduce order and discipline.

It is also evidenced by the first steps to introduce principles of cost-accounting and assert such principles of labour remuneration under which it is linked entirely with end results.

All these are real processes, comrades, contradictions of life. And we must see them and taken them into account.

Society cannot take its cue from selfish interests and actions. We must resolutely struggle against them. And here a worthy example is being shown by the working class, by work collectives, especially at those enterprises where state quality control has been introduced.

As is known, this is not a simple matter and it has affected the interests of millions. Yet the working class has clearly determined its position: state quality control is necessary, it is needed by the whole of society, by the entire people and by every

single person.

The working class is boldly marching along the road of renewal. I would say that in all matters the working class is in the vanguard of the reorganisation. And this is of decisive importance for its success.

Work collectives are eagerly tackling the solution of key questions of the country's social and economic development, putting to the fore the timely and proper fulfilment of contract obligations concerning delivery of output.

Emulation in honour of the 70th anniversary of the Great October Socialist Revolution is gaining momentum in the country. In short, the working class is charging the restructuring drive with high-tension energy.

Especially unseemly — against the background of the truly civic stand taken by the working class — is the behaviour of those who for the sake of their selfish advantages are impeding social transformations and standing in the way of the drive for renewal.

I think the work collectives, the party and public organisations should display firmness in respect of such people, be implacable to them. Such is the demand of life. And this is how we in the political bureau understand this question.

There arises the problem of striking a harmony between public and personal interests on a broader plane, as well. The search for correct ratios between the former and the latter is of tremendous importance, a task of daily practice. The point here is to take into account the entire complex of interests — of the individual, the collective, the classes, nations, peoples, social and professional groups, the complex dialectics of their interrelationships — so as to ensure society's dynamic development.

Interests should also be moulded and directed through the new economic mechanism and through democratic institutes, through policy, ideology and culture. In the long run the crux of the restructuring is to take into account interests, influence and control them, and give guidance by using them.

Mention should also be made of contradictions in the sphere of labour and relations of distribution, which we encountered when beginning the transition to full cost-accounting, to remuneration for the end result and to the system of collective and family contracts.

What has happened here? The issue is that in practice the main principle of socialism — "from each according to his abilities, to each according to his work" — was often sacrificed in the name of a simplified concept of equality. These questions are actively discussed today, and not only in the economic but in the moral and ethical aspects.

It appears to be obvious that equality does not mean levelling. But in practice we often got just that. The tendency towards levelling persisted tenaciously. It generated sponging attitudes, negatively influenced the quality and quantity of work and reduced incentives to increase productivity.

It should be stressed again and again that genuine equality can be ensured only by the entire sum total of the political, economic, social and legal means at the disposal of socialism.

We take pride in the high level of social protection given to people in our country. This is what makes socialism *socialism* — a system of working people and for working people. But work and work alone should be the basis of a person's material and moral standing in socialist society.

Every encouragement should be given to creative, highly productive work, to talent, to a person's real contribution to the common cause.

And, conversely, passive attitudes, idleness, low culture of work and anti-social manifestations should be evaluated accordingly — socially and economically. The socialist content of social justice lies precisely in this.

Comrades, I have dwelt only on a part of the problems in which the contradictory nature of the current phenomena expresses itself.

The novelty and scope of the tasks require con-

stant attention to scientific analysis of the course and socio-economic consequences of the reorganisation, to the contradictions of this complex social process.

We urgently need a real breakthrough — the theoretical front, based on a strict analysis of the entire sum total of facts of social life, and a scientific substantiation of the aims and prospects of our movement. We cannot advance successfully using the trial-and-error method: it costs society dearly.

The art of political leadership requires the ability to identify and effectively solve contradictions, not to gloss them over, not to accumulate them but to turn them into a source of progress and self-development.

The founders of the Marxist-Leninist teaching have left us inspiring examples of boldness in theory, of deep insights into the future. The experience of the Paris Commune gave Karl Marx the possibility to work out the ways of transition from capitalism to communism.

Proceeding from the experience of the first years of socialist transformations in Soviet Russia, Vladimir Lenin developed and enriched the theory of building socialist society.

The task now is to make a profound analysis of the practice of socialist development — the wealth of experience accumulated by us and the fraternal countries, taken in its entire diversity.

Work in this direction has been started, and we already have some important results on which we rely in formulating and pursuing our policy. But the main work is still ahead.

On the whole, comrades, despite all complexities, difficulties and obstacles today we have every reason to say at this plenary meeting that the drive for renewal has scored an ideological and moral victory. It is spreading and penetrating deeper.

But as we make such a responsible evaluation we should not allow exaggerations, let alone complacency. We are now only actually on the first wave of the restructuring. This wave has sent ripples through stagnant water.

The party has awakened the activity of the masses. And it is our duty to prevent this upsurge from petering out. We must develop it and give it a possibility to manifest itself fully.

It is the more necessary to speak about this, so that working people continue to be worried about the destiny of the restructuring. People continue to advise — I would say, to demand — that we do not stop, and advance further along the road of changes.

Recently, in one of the conversations with working people in Leninsk during the trip to Baikunur, I was asked when the restructuring would reach them. I replied that the leaders of the republic and region were present, were hearing our conversation and should think why such a question was being asked and draw appropriate lessons for themselves.

Or take letters to the CPSU central committee, the Presidium of the Supreme Soviet of the USSR and the Council of Ministers of the USSR, to the central newspapers and magazines, radio and television: they are about the same thing. People write that they are for renewal, but that they see no changes around them.

The restructuring has not affected the work collectives or the towns and villages where they live and work — many prove this with facts. This means that, despite tremendous efforts, the restructuring drive has in actual fact not reached many localities.

This, comrades, is a very serious symptom. The political bureau cannot ignore the obtaining situation. It was discussed many times in the course of preparations for this plenary meeting.

What conclusion are we arriving at?

The restructuring was started on the initiative of the party and is being carried out under its guidance. The party has roused the country, its ideas have captivated millions of people, it has generated tremendous hopes. And if today working people are concerned about the slow course of transformations this means there are shortcomings in our work.

An alarming tendency has taken shape, comrades, and is borne out by facts — a number of party organisations are lagging behind the dominant mood and the dynamic processes now developing in society.

Obviously, this question needs to be studied at our plenary meeting. Today this is a key moment in work. The way the party acts will determine the manner in which the restructuring drive will proceed.

Two years ago, when we demanded of the leading party, government and economic cadres that they organise effective work, we often heard in reply: we understand the new tasks, but give us time to assess the situation, to understand and master the new methods and forms, and use them in practice.

The political bureau responded to this with understanding. We said at the time that everybody was being given both time and a chance to readjust. But business, comrades, brooks no delay.

We must not allow readjustment in the party to lag behind the economic, social and spiritual processes that are taking place — we cannot allow a situation where changes in life and in the mood of the people outpace the understanding of these processes in the party, especially in its guiding bodies.

Working people are correct when they write that those who wanted to readjust have already done so and have joined the work. But those who have failed to grasp the meaning of the new tasks continue to cling to the old, and by their inaction actually sabotage the restructuring.

That is why the political bureau concretely sets the question of raising the responsibility of communists, of the leaders of party, government and economic bodies for the state of affairs, for the real solution of ripe problems and for the progress of restructuring.

Exactness should be raised on all levels. But we must begin with ourselves, with the political bureau, the secretariat, the government and members of the central committee.

A tremendous responsibility rests with the political bureau of the central committee at this crucial stage in society's development. Of course, it is the prerogative of the central committee to evaluate its activity. I want to assure you that in the political bureau there is a deep understanding of responsibility to the central committee, the party and the people for the solution of the new complex tasks.

The members of the central committee know that the political bureau, the secretariat and the government are working hard. Large-scale work has been launched within a short period of time along all directions of social transformations.

I can say that in the leadership of the party and the country there is unity of views on the fundamental questions of the restructuring effort, of home and foreign policy. This unity makes it possible to adopt and confidently implement decisions dictated by the times.

I think this is always important, but especially so at crucial periods of development.

On behalf of the political bureau I must say self-critically that we also see our weaknesses in practical work. There are instances when important decisions on major questions of the country's development are being fulfilled slowly and not in full. There has been a principled and frank discussion on this score at the political bureau.

Now we have made it a rule at meetings of the political bureau and the secretariat of the central committee, regularly to study progress in fulfilling the key decisions adopted after the April plenary meeting of the central committee and the 27th CPSU Congress, as a way of controlling their fulfilment.

In conditions of the readjustment the Council of Ministers of the USSR has taken an active stand. Yet it should further improve its activities in guiding the economy and attaining the tasks of the social policy, combining concern for the prospects of development with the solution of current tasks. Reorganisation in central agencies is proceeding slower than required by life.

It is clear to us that the transformations which we are carrying out are impossible without vigorous work by local party, government and economic bodies and all leading cadres. A special responsibility rests with them for the practical solution of concrete questions of the reorganisation.

And what we note as positive today is connected in no small measure with the work of local organisations.

I think you will agree that on the local level the process of renewal is only beginning to grow in scope, and it is not proceeding uniformly everywhere. There still remain "preserves" of inertia and sluggishness.

These, too, are realities and we have no right not to notice them. Moreover, we have no right to ignore them and leave them without a party appraisal.

## Immediate tasks of the present stage of restructuring

Comrades, it is our task to critically look at the state of affairs and make an objective analysis of the successes and weaknesses of the restructuring effort. So what we need is a principled, frank and comradely discussion, concrete proposals and constructive ideas.

Let us begin with the development of the national economy. The political bureau drew attention in due time to the complexity and responsibility of this year's tasks.

It would seem that this was understandable to all. But serious miscalculations were already made in the first months of the year, leading to malfunctions in many sectors of the economy. Both the political bureau and the government had to take urgent measures to right the situation. And although it is normalising, considerable losses have been sustained.

But what happened at the beginning of the year could have been foreseen and prevented. But that was not done, and those primarily responsible for this are the USSR State Planning Committee (Comrade N. V. Talyzin) and the USSR State Committee for Material and Technical Supply (Comrade L. A. Voronin).

But miscalculations were not only made by them. The necessary timely measures were not taken by the Ministry of Ferrous Metallurgy (Comrade S. V. Kolpakov) and the Ministry of the Chemical Industry (Comrade Yu. A. Bespalov). The failure by enterprises of these ministries to make deliveries stipulated by contracts resulted in a faltering of the rhythm in other branches of the national economy, and first of all in machine-building.

The Ministry of Machine-Building for Animal Husbandry and Fodder Production (Comrade L. I. Khitrin) did not fulfil its five-month plan of delivering equipment to collective farms and state farms. This is due to the substandard organisation of work at many enterprises of this industry, especially as regards quality of output. The tremendous potential created in this industry is not pulling its weight.

Or take the light industry, which has been switched over to the new management conditions. The management of this branch, pleading objective difficulties, has declined to accept many orders placed by the trade sector, and gone to a curtailment of production at a time when there exist real possibilities for growth.

It was necessary to see to it in earnest that the manufacture of sought-after goods was started, and in necessary amounts, instead of producing goods which are not in demand.

The attitude of the Ministry of Light Industry and Minister Comrade V. G. Kluyev, is an example of how departmental interests rise above society's needs — and that means above the people's interests. There can be no other evaluation of it.

In connection with all that, I would like specially to emphasise the responsibility of central managerial authorities for the reorganisation. This responsibility should be raised in every way with due account for the new tasks.

We have got, for example, a programme for the modernisation of machine-building. This is a great cause. Work here has been started on a large scale, with an eye to achieving serious end results.

But one should say plainly: we are concerned over the state of affairs in machine-tool building, in the ministries of heavy and transport machine-building, electrical machine-building, and machine building for the light and food industries and household appliances. The state of affairs in instrument-making is still far from a fundamental change, although certain efforts are being made in this sector, too.

The modernisation tasks are being tackled slowly in other machine-building ministries, too. We understand, of course, that the machine-building workers have encountered great complexities and difficulties. It is a question of cardinal reorganisation of the operation of the entire machine-building sector.

But it is difficult to understand why many ministers, party committees and the staff of ministries are acting in this situation as if they are dealing with routine matters. In the current situation the work of the Bureau for Machine-Building (headed by Comrade I. S. Silayev), the State Planning Committee, the State Committee for Material and Technical Supply and some departments of the CPSU central committee are obviously lacking activity and efficiency.

It is obvious that the state of affairs in the machine-building sector deserves to be considered at the political bureau and the Council of Ministers of the USSR.

Comrades, I have already said that far from all party and local government bodies have actively joined in the reorganisation process.

It is marking time in Armenia, for example. The working people of the republic show great concern for the situation which has developed there in the economy and particularly in the ideological and moral sphere.

At the same time the leadership of the Communist Party of Armenia and, first of all, Comrade K. S. Demirchyan, first secretary of the party's central committee, are of the opinion that the state of affairs in the republic is quite all right.

Moreover, some people even maintain that the reorganisation process in Armenia began before the April plenary meeting of the CPSU central committee. It is difficult to say what is meant by this.

A totally unjustified tranquillity is being shown in the republic. There is no due exactness with regard to personnel, and no effective efforts are being made against bribery, profiteering and protectionism.

The central committee of the Communist Party of Armenia should profoundly analyse the state of affairs both within the party organisation and in the republic as a whole, consider it from principled positions, and begin reorganisation in practice, not in words.

Few marked changes for the better occur in some major regional party organisations, such as that of Gorky region. Many vitally important issues are tackled there in an unsatisfactory way. The powerful potential of the region is not duly utilised. The social sphere and the agrarian sector of the economy are developing weakly.

It may be presumed that the regional party committee (headed by Comrade Yu. N. Khristoradov) and all the party organisations of the region should draw conclusions from the criticism and put right the state of affairs.

The departments of the CPSU central committee are also called upon to act in a new way in the new situation, exerting deeper influence on the state of affairs in the republican, territorial and regional party organisations, and ensuring control over the implementation of the decisions of the CPSU central committee.

Comrades, the realisation that the reorganisation is a lasting policy and that the task of leading Soviet society to new advances cannot be accomplished at one go, has become established in the party and society.

But, it turns out, some comrades have



understood this correct and realistic line as meaning that the reorganisation is ostensibly not connected with our overall strategic course towards acceleration and that it can be carried out in an unhurried fashion, without particular care, and without giving oneself much trouble. This is a deep misapprehension for at least two reasons.

Firstly, we have already lost years and decades. Secondly, it may so happen that there will be no 'beautiful tomorrow' if one does not work today by the sweat of one's brow, changing the way of thinking, overcoming inertia, and mastering new approaches. Talk to the effect that "the reorganisation will wait!" is harmful and dangerous.

The political bureau puts the question as follows: today, at the initial stage of the reorganisation, in every sector of work, it is already essential for everyone to secure tangible practical results in the sphere of their activity.

Soviet people are aware that the attainment of many goals of the reorganisation will require a long period of time. But they justly put this question: Why are urgent and relatively simple tasks, which would substantially improve working and living conditions and would make the moral and spiritual atmosphere healthier, not tackled today?

The fact that there happens to be no headway in some places, and that the positions gained earlier are even being abandoned, has not passed unnoticed by our people.

Take the work for discipline and order. It is a fact that in many places enthusiasm has flagged, and work is being conducted in an extremely languid manner. Instances of drunkenness have become frequent again. Loafers, spongers and pilferers — people who live at the expense of others — again feel at ease. The working people are concerned over that, and it is a legitimate concern, comrades.

The laxness of discipline and the lack of due order are evidenced by instances of periodically recurrent extraordinary, major occurrences. The causes as a rule turn out to be the same: lack of discipline, negligence, mismanagement, and irresponsibility. The same is also evidenced by the violation of Soviet air space by the West German sports plane, and by its landing in Moscow. This is an unprecedented occurrence from all points of view.

It reminds us once again how strong and tenacious the negative trends (which were exposed by the April plenary meeting of the central committee and by the 27th Congress of the party) turned out to be in our society, and even in the army.

This emphasises the need to enhance vigilance, to act still more resolutely, to strengthen discipline, to raise the degree of organisation, to enhance responsibility and improve performance everywhere and at all levels.

On behalf of the political bureau and the Council of Defence I firmly state that there should be no doubt either in the party or among the people about the ability of the armed forces of the USSR to defend the country.

Comrades, when we speak of first-priority tasks and of urgent deeds, we proceed from the premise that in the first place, obvious and wide-spread shortcomings will be removed, and that there will be more order in trade. The service sector, the health care system and the communal services — i.e., in sectors of the economy directly connected with people's everyday life.

Of course, these matters should be the focus of attention at the government level. But the responsibility of the republican, territorial, regional, city and district authorities for the state of affairs should be raised.

At present, unfortunately, one encounters such a situation where there is much talk about the benefits of reconstruction but little is done practically to satisfy people's simplest needs.

Parasitic attitudes are deep-seated in many local officials. Even in cases where only a small effort and minimum of attention are enough to resolve the question, officials keep nodding in the direction of the central authorities, and wait for help from those higher up.

That attitude is no good. It should be resolutely condemned and overcome. This is where the party's attention, exactingness and control are needed — but are obviously lacking.

At this plenary meeting, among first-priority items, I would like especially to single out such tasks as the provision of our people with food, housing, consumer goods and services.

One should say that there are already both concrete experience and concrete results in this sphere.

Let us take the food problem. The situation here is improving. Figures on that score are known, in the main. I shall mention only a few of them which characterise changes that have taken place over the past two years. The production of grain increased by 37 million tons compared with 1984; of meat (in slaughter weight), by one million tons; milk by 4.3 million tons; eggs by 4,200 million.

We can speak of revitalisation of economic life in the countryside. That has become possible due to the change of economic conditions, management methods and, first of all, the introduction of full cost accounting and collective- and family-contract systems.

The political bureau holds that all objective conditions have been created, at the present stage I would say, for making a kind of leap in boosting the output of farm products. Possibilities for a radical change exist in all collective and state farms.

What should they pay special attention to? To begin with, they should master intensive technologies in the output of farm and livestock products, more widely introduce collective- and family-contract systems and actively solve the social problems of the countryside. This is, comrades, only one aspect of the matter.

Another aspect is in resolutely stopping those who continue to intervene in the work of collective and state farms without bearing financial responsibility for it. At the recent conference at the CPSU central committee, the leaders of collective and state farms voiced requests to protect them from precisely such illegitimate intervention in the activities of the farms.

Our duty is to help the rural workers to call to account those who are unwilling to part with the old methods of work.

Due to changing the procedure for planning the deliveries to the Union-republic stocks, the interest of the republics, territories, regions and districts in boosting the output of farm products has now been immeasurably raised.

But at the same time their responsibility for the provision of food has grown as well. One should say that this gave a powerful impetus to the initiative at the local level. Quite good results are already manifest in places where the workers promptly and properly understood the meaning of the changes and appreciated the opportunities that had opened up.

For example, Krasnodar Territory, by the results of the first half of the year, successfully coped with the delivery of livestock products to the Union-republic stock — and they procured 15,000 tons of meat for their own needs in excess of that. This is more than 35 percent with respect to the main market stock — more than 100,000 tons of milk and 65 million eggs.

Or take the Tatar Autonomous Socialist Republic: 15,000 tons of meat and 59,000 tons of milk have been procured for local consumption in addition to the main stock.

A similar situation exists in the Ivano-Frankovsk, Poltava, Cherkassy, and Chernovtsy regions of the Ukraine. In these four regions, the addition to the meat stock amounted to about 20,000 tons.

The regions of Byelorussia gained 25,000 tons of meat and 260,000 tons of milk additionally for the improvement of local supply. The same can be said about the Baltic republics, Kurgan, Orenburg, Saratov, Ulyanovsk and a number of other regions of the Russian Federation.

It is essential in every way to support the desire of regional, territorial and republic organisations to exceed the planned targets of the five-year period through an increase in the output of farm

products in the socialised sector — and on that basis to ensure the deliveries of farm products to the state stock without fail, and sharply to improve the provision of them to the local population.

This is the main direction. The collective and state farms should increase the return on the investments channelled into the development of the countryside in recent years.

But one should use all the reserves. It is necessary to return again to the question of the role of the individual small-holding which is understood in different ways at local level, and there are different attitudes to the utilisation of resources of the small-holding.

Here is one example. In Omsk region, the production of meat by small-holdings grew from 27,000 to 60,000 tons — or by 120 percent — over the past decade. There, practically every family living in the countryside keeps cattle, pigs and poultry.

All-round assistance is given to the people, with young cattle, feed and the appropriate services. Last year the co-operatives purchased 20,000 tons of meat from the population. The prices of fresh-killed meat at the markets of the region do not exceed 3.5 roubles per kilogram.

But here are examples of a different kind: Vladimir region has a major industrial and agrarian potential, but only 46 kilograms of meat (in slaughter weight) per capita was produced in the region last year. As a result, a fifth of the meat products sold there are brought from other regions of the country.

The situation in the provision of dairy and meat products in such large agricultural regions as Vinnitsa, Kirovograd, Nikolayev and Yaroslavl is no better.

Quite a lot can be done on the basis of local initiative, not only for boosting the output of farm products but for the development of the food industry.

Why are 25-50 percent of confectioneries brought to Uzbekistan, Kirghizia, Tajikistan and Turkmenia from other republics when they have the richest resources of the raw materials?

Local production ensures only 30 percent of canned fruit and vegetables for the population of Kazakhstan. The rest of the amount is brought from other places. Can this be viewed as normal?

Comrades, it is essential to meet the requirements of the population for orchard and gardening plots in the coming two or three years. It is time to cease alluding to the shortage of land. This does not conform to reality. Land is available.

In places where there really is little vacant land, one should go over to allotting part of the lands belonging to collective and state farms and to enterprises.

Let us agree finally: It is essential to fully satisfy all the requirements of the working people and to lift unfounded restrictions and remove obstacles in this matter.

I think the question of the use of houses and small-holdings that remain vacant for years and sometimes decades in a number of rural areas of the country, particularly in the non-black earth zone, should be resolved more quickly. The number of abandoned houses has now risen to almost 800,000. There is neglected land around them.

People do not understand such an attitude to land and houses. In their applications to the central committee and to other organisations they request permission to purchase those houses and to use the land.

I believe that it will be correct if collective and state farms lease the abandoned houses with small-holdings to city people. And in many cases it will be possible to do that on the basis of a contract for the lands to be used for the output of farm products.

The situation in the transportation, storage and processing of agricultural raw materials also serves as an example of sluggishness in the solution of the food programme. It was emphasised at the 27th Congress of the party that the removal of the losses of agricultural raw materials would make it possible to increase the consumption resources by 20-30

percent and to save considerable funds. Such calculations, it seems, are within the ability of a ten-year-old.

However, in 1986, the State Agro-industrial Committee, the Ministry of Fisheries and the Ministry of Bakery Products of the USSR did not utilise 450 million roubles of funds allocated for the development of the processing branches.

Just think, comrades, over this fact: the construction plan for these branches was not fulfilled by a majority of Union and autonomous republics, territories and regions.

This is graphic evidence of an attitude to the question of resolving a vitally important problem. It appears that produce, the provision of which we strive for, will continue to rot because there is a shortage of both storage and facilities of the processing enterprises, and then losses will be compensated for through imports.

Let us stop regarding such things impassively. The USSR State Agro-industrial Committee, together with local bodies, should find out why this is so, and establish common order where necessary, and — the main thing — take a firm course towards the speediest and fundamental solution to the problem of storage and processing.

I should say that everything that has been said makes one think very seriously. Parasitic tendencies in the solution of food issues have developed greatly in this country in recent years.

The leaders of many regions took up a light attitude to the cause. If there is a shortage of feed, they send telegrams to the central committee and the government. If there is a lack of farm produce resources — again they send telegrams to the central authorities.

Of course, I am far from portraying everything in one colour, or simplifying the problem. Many troubles are connected with the general state of affairs in the country, but still the spirit of parasitism in the solution of these issues has seized many of our cadres.

In general, comrades, the political bureau is of the opinion that we have real opportunities for seriously changing the situation in the food supply in the coming two or three years.

Life provides striking examples illustrative of the huge reserves available everywhere. Numerous facts indicate the possibility of a breakthrough both in labour productivity and in the rate of growth of agricultural production.

This has been proved by the intensive work collectives established comparatively recently, which had land and other means of production assigned to them long-term. Last year each produced, on average per member, 700-800 tons of grain, and put out an aggregate of 70,000-100,000 roubles' worth of produce — and sometimes more.

Unfortunately, there are still few of these collectives. The family-contract system is insufficiently widespread, although the efficiency of these forms of organisation of and payment for labour is high enough.

Of course, durable machinery, agricultural chemicals and crop varieties resistant to unfavourable conditions are needed for a rapid increase in production. But, first of all, what is needed is a person infinitely interested in the results of his work, and responsible for it.

We have long tried to manage the economy on the basis of enthusiasm, and at times by decree. But we used to forget about Lenin's precepts that the growth of production can be ensured on the basis of personal interest, material incentives and with the help of enthusiasm.

It is significant that the first members of intensive work collectives in Novosibirsk region, the Kozhukhov brothers from the Bolshevik collective farm in Ordynski district, say that what attracted them to this kind of collective was not only high wages but, in no smaller degree, independence, the realisation of their human significance, and pride that they do the necessary kind of work.

If a mass movement for highly organised, interested, and intensive labour is added to the high-performance machinery and other resources which our country has available now, the state of affairs will greatly improve. Life shows that in all districts

and regions, there are people who are able to ensure such a fundamental change.

Here are examples: A. A. Volochensky, a member of the CPSU and machinery operator at Artyomovskoye State Farm in Pytalovo district of Pskov region, requested the management of the state farm to assign a plot of land to him and give him calves for fattening.

Under a contract, 40 hectares of land (ten of them ploughland and 20 hayland) were allotted to him. Volochensky repaired a harvester and two tractors, which had already been written off, and a neglected calf shed in which he put 20 calves.

He is being assisted in his work by his son and daughter, both students, and by his wife, an accountant at the state farm, in her spare time. On the whole, it is planned to produce more than eleven tons of meat within a year. The proceeds will exceed 31,000 roubles. The payment for the young stock provided by the state farm, for fertilisers, seeds, fuel and other resources at intra-farm prices will amount to 23,000 roubles, and wages will be 8,000 roubles.

The family-contract system in vegetable growing has also been gaining ground in the Ternopol region. On three farms in the Zaleshchiki district — the Bogdan Khmel'nitsky, Zolotoi Kolos and Kommunist farms — a total of 15,000 tons of tomatoes, including 5,000 tons of early-ripening varieties (as compared with 1.5 tons marketed by these farms last year), will be grown this year on smallholdings.

The system is also being promoted in the district centre. Collective farms have allotted vegetable seedlings, hot-house film, fertiliser, pesticides, watering pumps and crates to many families. Cultivating early ripening tomatoes on 1,500-2,000 square metres each, these families gather seven or eight kilograms of quality produce per square metre.

In the Kremnets district 600 families have contracted to grow strawberries in their gardens. Agreements have been signed to supply 800 tons of berries. Contracts to grow vegetables, cultivate industrial crops or fatten cattle are reported to have been signed this year in the region by some 25,000 families.

There are many such examples, comrades. They all demonstrate a possibility for fast growth in agricultural production if we enlist all reserves, all working people and all families in this business and unfetter popular initiative.

What still happens now? Rural dwellers go to the food store for any produce and have become buyers of food to practically the same extent as urban dwellers. A total of 54 percent of rural families do not keep cows and 33 percent do not keep any stock at all.

Numerous facts have proved to us what is still more important: unshackled grassroots initiatives and departure from over-organisation and from excessive reliance on centralised management make it possible, with the same resources, to achieve a breakthrough in increasing food stocks.

In short, there is an immense potential accumulated in agriculture. It should now be actively put to use by combining the possibilities of large-scale socialised farms with the possibilities of the team and family contract method.

To solve the housing problem is another acute and urgent task. As I have already said, possibilities have been found at the central level for increasing the rate of housing construction in the country.

In the 12th five-year period, it is planned to increase the volume of housing construction by 60 million square metres as compared with the 11th five-year period, as the result of additional capital investments.

In all, more than 15 million families will be provided with apartments over the five-year period. But that is not all. No lesser resources, and maybe even greater ones, are available to enterprises, collective and state farms, cities, districts, regions, territories and republics.

Many local bodies — and I am gratified to point this out — have set about solving in a businesslike manner the Congress-advanced task: to provide

practically every family with a self-contained apartment or an individual home by the year 2000.

There are quite a number of those who are already looking for a possibility to resolve this task within a shorter period of time. This is correct, and should be supported in every way.

But it is necessary, comrades, to say frankly that no fundamental change in housing construction has occurred so far and this is accounted for to a considerable extent not only by the shortages of funds but by the attitude of many party, local government and economic bodies and executive personnel.

The general talk is not always followed by persistent work, with initiative and a search for reserves for the accomplishment of this urgent task.

Quite often one has to hear that there is a lack of facilities to meet the growing scope of housing construction. But this explanation can satisfy no one: firstly, if there is a lack of facilities, they should be created; secondly, 20 percent of the capacities of house-building plants in the country are not used at all now. These data are the country's average.

Enterprises of this kind operate at only at 65-70 percent of their capacity in Azerbaijan, Armenia, Kazakhstan, Turkmenia, Uzbekistan, and at 50-65 percent of their capacity in Krasnodar and Khabarovsk territories, Ivanovo, Penza, Rostov, Smolensk, Tashkent and Tselinograd regions as well as in Buryat and Kabardino-Balkar autonomous republics.

And something else: how can one understand and justify such a situation where there is a shortage of housing and building materials in the country while most building-industry enterprises operate in one shift and a half with two days off a week?

As a result, up to 50 percent of calendar time is lost. Can they not be switched over to a continuous cycle of operation? This is precisely what iron and steel workers, chemicals workers, power engineers and food industry workers do. Engineering workers are switching over to multi-shift work conditions.

And it is not only the capacities of the house-building plants that are inadequately utilised. Brickyards in the country operate at only 80 percent of their capacity at a time when there is a shortage of bricks everywhere. They are used inadequately in the Russian Federation, in the Ukraine and in Kazakhstan. The brickyards operate at only 57-69 percent in Altai and Krasnoyarsk territories.

If we are really concerned over the housing problem, can we put up with such a phenomenon where many ministries and departments have utilised only 70-80 percent of capital investments allocated for increasing the capacities for the making of large-panel houses?

I think, today, at the plenary meeting, we have a right to urge the central committees of the communist parties and the councils of ministers of the union republics, ministries and departments — particularly the ministries of the building materials industry (headed by Comrade S. F. Voyenushkin) and the timber, pulp-and-paper and wood-working industry (headed by Comrade M. I. Busygin) resolutely to change their attitude to housing construction.

Let us, think it over comrades, and take counsel with the working people. Once we have set about solving this vitally important problem, it should be tackled jointly.

I would even say that the working people will not understand us if while developing the reorganisation process, we do not find real opportunities for accelerating a solution to the housing problem. The construction of housing is a country-wide task, and it is precisely from these positions that it should be approached.

And now, comrades: about consumer goods and the service sector, and the situation on the consumer market. Taking into account the importance of the issue, a goal-oriented state programme has been elaborated. But this in itself is not yet a solution to the issue.

It is essential to ensure its implementation in



practice. Unfortunately, one has to state that the attitude to this very important social task is far from being single-valued.

Some people really make use of the prerequisites created, actively conduct a search for solutions and increase the production of goods and provision services. The example of Byelorussia, Lithuania, Estonia, Leningrad, Ulyanovsk and other regions can be cited. Their experience is known in the country.

However, many people continue to act according to old simplified schemes, counting mainly not on their own efforts but on assistance from the centre and on supplies from other regions.

I do not want to say, of course, that in this country every region or republic should set up a subsistence economy. But when officials cease to think of utilising local resources, and count only on those coming from elsewhere, this is none other than parasitism again. This phenomenon is rather widespread.

I do not think that at the plenary meeting it is necessary to go into every detail of the problem, but when one gets acquainted with what goods of every-day use are brought from other regions by some republics, territories and regions, one is struck by how much some of our officials have lost the sense of responsibility in meeting the needs of the people.

They bring the simplest of things from afar, including those which can be produced locally without any difficulties. They bring from other places things which do not require any allocated resources, new equipment, special production facilities or trained personnel.

Comrades, we must bring this fallacious practice up for popular verdict. The press, radio and television should systematically show how these tasks are handled by economic and local-government bodies.

Let everyone also know both those who show a really caring attitude to people, and those who are indifferent and lack initiative. People should know everything, and have this important work under control.

At the plenary meeting of the central committee, it is also necessary to say that far from all ministries have turned to the needs of the manufacture of goods for the people: 18 branches, among them the ministries headed by Comrades E. K. Pervyshin, P. S. Pleshakov, V. M. Velichko and A. A. Yezhevsky, did not cope with last year's targets for the manufacture of recreational and household goods.

Some ministries treat the manufacture of consumer goods formally as a secondary matter. In some places it is viewed only as a burden. The comrades should be aware that they are under a deep misapprehension. The quicker they get rid of this misapprehension, the better for this issue, and for themselves.

Up to now the point was that we need more goods of better quality and wider range. But the point lies not in that alone.

Just look how many facts indicate that the population is poorly provided even with goods which are in ample supply. And if one adds that there is no due order in many institutions and enterprises of trade, that service standards are low, that there are many queues because of the number of shops themselves is insufficient, and that the operating schedules in the sphere of trade and service are not always subordinated to the working and living mode of the population of towns and countryside, it becomes understandable why their work evokes criticism so often. These questions should be resolved by local bodies as soon as possible.

Possibilities for replenishing commodity resources through production and procuring activities of consumers' co-operatives are being poorly utilised in the country. There are many complaints on that score.

For the time being this system is operating slowly and much of what can be procured from the population and delivered to the consumer through co-operative organisations simply gets lost. We have rendered assistance to Centrosoyuz. Its ef-

orts should also be supported through local bodies of authority.

Comrades, we cannot put up with the lag in community and consumer services, with an unsatisfactory situation in passenger transport, communications, tourism, physical training and sport.

Can the situation be considered normal when repairs of housing and household appliances and the making of footwear and clothes both in the city and countryside become a great problem?

It is not accidental that a "shadow economy" of sorts has emerged in that sphere. Consider the following figure: divisions of the Central Statistical Administration report that, according to their estimates, the population annually pays about 1.5 billion roubles to private individuals for services.

We have repeatedly drawn attention to the need for meeting in full the population's requirements for timber and building materials. Decisions have been passed on that score, but both central and local bodies are doing a poor job implementing them.

I believe that today's discussion at the plenary meeting of vitally important problems of Soviet society will become a lesson and a stimulus for all workers both in the centre and at the local level.

The solution of problems of foodstuffs, housing and goods for the population should be constantly in the field of vision of economic bodies. This fully applies to health care and to what we call ecology. The situation in that sphere has attracted the close attention of the political bureau and the government in the past two years.

It should be said that many negative phenomena have accumulated in the sphere of health care and the protection of the human habitat. We are taking measures to improve the situation. This is a matter of paramount importance, and it demands the attention of all and calls for immense practical efforts.

## Democratisation is a decisive condition of restructuring

Comrades, a new moral and political atmosphere has been created in our society since the April plenary meeting of the party's central committee.

It is an atmosphere of creativity, constructive initiative, realistic appraisal of contemporary actuality and an uncompromising struggle against everything that is hindering life.

This is why the first conclusion that arises from the experience of the past two years is that the atmosphere of openness that has taken shape in the country and that enables every person to display his civic stance, take an active part in discussing and resolving vitally important problems of our society and accelerate processes going on in that direction should not only be preserved and maintained, but deepened and developed.

Our experience demonstrates that success is achieved at the places where party, government and economic bodies make full use of the growing political and social activity of the working people.

Let me say frankly — we will not cope with the tasks of restructuring if we fail to pursue the policy of democratisation firmly and consistently.

Let us recall the words of V. I. Lenin: "The more profound the change we wish to bring about, the more must we rouse an interest and an intelligent attitude towards it, and convince more millions and tens of millions of people that it is necessary." This is how, following Leninist principles, we should act today.

At the same time I cannot fail to make one more point. Articles appearing in the press, acquaintance with the situation at the local level and incoming information all demonstrate that the development of openness and democratisation is not a smoothly running process, and that in certain places it is even painful.

Some comrades have developed a misconception and fear of democratic changes. This matter is so important that the plenary meeting, I believe, will discuss it and take a clear and firm stand on the issue.

As the reorganisation is proceeding and the process of democratisation of all aspects of life of our society is running deeper, new realities come into existence and we cannot fail to reckon with them — we simply have no right to do so.

Our people no longer want decisions to be taken to their interests to be taken without their participation, no matter who takes them.

Sometimes this gives rise to tense situations. What do they demonstrate? They demonstrate that some local party, government and economic bodies, and a portion of our guiding cadres in the centre and at the local level, have not yet learnt how to work in conditions of greater democracy.

Learning how to do that must not be postponed till some future date — this lesson should be learnt diligently and right now. Party committees and organisations, and bodies of state authority, should constantly be in touch with public opinion and verify with its help the decisions and actions they are about to take. Our people stand for democratisation both politically and practically.

Mastering new approaches to political work and organisational and ideological activities is not an easy process. Some have difficulties with openness, others find it hard to accept criticism and unfavourable press reports, others still have come to believe that only their own opinion is "infallible".

We are encountering all this — and not infrequently, too. Let us look at the root of those phenomena. The democratisation displeased those who are afraid of finding themselves subjected to open control by society.

They understand full well that they can talk their way out when brought to account by their superiors, but that the people will hold them responsible in full measure. Democracy is putting everything in order, and it becomes clear who is who and who is capable of doing what.

I cannot fail to mention certain points that give rise to concern. It is impossible to be fully ensured against errors in any major undertaking. They have occurred, do occur and will occur.

We have now come across situations when some people would like to make use of the atmosphere of openness not in the interests of reorganisation, not in the interests of developing socialism, but for attaining their narrow self-serving aims.

Efforts should be made to combat such phenomena, openly and in public. To live and work in conditions of the extension of democracy means to have no fear of debates and of the collision of views and positions. All this is natural and essential in the quest for truth, for resolving the problems that emerge and for accelerating our progress.

But when we say that democracy presupposes spirited, wide-scale and serious discussions and the comparison of differing points of view it means that attempts at replacing one half-truth with another under the pretext of rectifying it cannot be considered democratic.

It is something undemocratic when, under the guise of countering the ambitions of some group and its claims to be always unquestionably right, the ambitions of another group, its tastes, predilections and its subjectivist point of view are imposed on all.

We are coming across such examples in the mass media, in the arts and literature as well as in the scientific community. Party and public organisations have not been immune to that phenomenon either.

But on the whole I would like to say that the process of openness, criticism and self-criticism is proceeding in our country on a sound foundation. It is playing a mighty role in rallying together all forces of society on the principles of reorganisation for bringing about progressive changes in the interests of the people and of socialism.

Comrades, in considering ways for the further democratisation of society I would like to touch on the issue of control. Those who took part in a recent meeting at the CPSU central committee have said that control is a must, there is no doubt about it — but not the kind we have at present.

Facts of abuse of office and crimes discovered in the economic sphere in recent years testify that

the existing system of control is inefficient, it has too many elements. It is wasting working hours, diverting a lot of people and funds and, most important, it is closely linked with departmental and parochial interests and largely depends on those organisations and officials which it is called upon to control in the first place.

I believe that the secretariat of the CPSU central committee and the government should deal with the bloated control apparatus and take decisive actions to trim it and regulate its activities, to subordinate it to the interests of the state and of the entire people, and to strengthen legality.

We should master in full the Leninist principle of socialist control, combining broad democratism with party leadership.

We regard people's control both as an efficient means for detecting new issues which demand urgent solution and as one of the most important forms of bringing the masses into the process of self-government, into running affairs of society and the state.

In the existing conditions we should consider the establishment on the basis of the People's Control Committee of a single and integral system of control which would have a wide range of powers throughout the territory of the country, rely on a maximum of openness in its work and discharge its important functions in a comprehensive fashion, proceeding from the point of view of the entire people and in a broad socio-political context.

Comrades, the reorganisation under way in our society causes immense interest in the world. We feel that our problems are understood not only by the working people in the socialist countries, but by broad sections of the world public, and we feel their sympathies.

The course towards reorganisation was taken seriously by very different political forces. That course substantially increased the weight, influence and authority of our country, and it is convincingly demonstrating the sincerity and peaceful nature of our intentions on the international scene.

Of course, that precisely does not sufficiently suit influential groups existing in the West, especially in the US. Some members of America's ruling quarters are arguing that glasnost is a challenge to American public diplomacy, and that the spirit of the free world, its life today and prospects for its security tomorrow and imperilled by it.

They understand that it is difficult to find convincing arguments against the course of our party towards reorganisation. This is why their main stake is on using the process of democratisation and openness for prompting us to false aims and defective values, for sowing doubt among our people concerning the correctness and sincerity of the party's policy, its course towards reorganisation and improvement of the situation in the country.

There is nothing new for us here. That was to be expected, and we foresaw that it would be so. Soviet people know well the real worth of such an "interest" in our affairs.

We are conducting the reorganisation, extending democracy and consolidating intrinsic values of socialism not for the purpose of appealing to somebody, but so that our society could scale — through reorganisation and democracy — new heights in the process of socio-economic and spiritual advancement. And we shall not steer away from the road of reorganisation.

Comrades, what conclusion can be drawn from the analysis of the current phase of reorganisation?

First of all, we should proceed from the actual political and ideological situation which has taken shape after the April plenary meeting of the CPSU central committee — a complicated and contradictory situation which, nonetheless, is on the whole undoubtedly advantageous for the entire cause of renovation of socialism and the cause of reorganisation.

The life of our society is characterised by an increased level of civic activity of all sections of the population and by initiative in raising new questions and overcoming inertia that has accumulated.

It is characterised by increased boldness and determination, by the desire of the people to

assume responsibility for the affairs of society, for the further extension of the democratic principles in the country's life.

This is accompanied by increased confidence that the lofty principles of socialism are inviolable and that they can indeed be implemented today, tomorrow and not in some distant future.

Of course, new processes in the ideological and political sphere are not proceeding smoothly and have more than one aspect as far as their results are concerned.

No small amount of negative things has accumulated in public consciousness as a reflection of certain phenomena in life itself, and first and foremost, of the gap between words and deeds.

There is a certain amount of confusion, misunderstanding and fear of changes. We are also witnessing efforts to resist new ways. It would be unreasonable not to notice that.

However, it would be far more unwise, even erroneous, to convert difficulties and shortcomings in our ideological and political development into an absolute, because that would call into question the reorganisation itself and the new felicitous political and ideological phenomena it has brought about in the life of socialist society.

We should not fear new problems, new discoveries and new approaches in the ideological and political process. We have enough reason, energy and skill to conduct ideological work Leninist-style in the conditions of reorganisation, without taking delight in every success along that way, but at the same time without losing heart or becoming panic-stricken when some negative phenomena make themselves felt. We should learn the difficult and dialectically contradictory art of reorganisation.

Comrades, I believe that we should reach agreement at the plenary meeting on the following issue: report and election meetings in the primary organisations of the party will begin in one-two months.

It will be appropriate if the course of reorganisation is put at the focus of attention of the meetings of communists, if they consider the participation of communists — workers, farmers, intellectuals and our leading cadres — in that great undertaking of the entire people.

The forthcoming report and election meetings in the party should appraise what has been done and decide what should be done for deepening and accelerating the process of reorganisation.

It is very important that the most active supporters of social change, people adhering to principles, aware of the demands of our time, real "engineers" of reorganisation, those who are ready to spare no efforts to make it a success, should become leaders of party organisations at the current stage — a stage when large-scale practical work is unfolding.

It will evidently be appropriate to hold plenary meetings of the central committees of the communist parties of the constituent republics and plenary meetings of the party committees in the territories, regions, areas, cities and districts, and to discuss reports of the bureaus of the corresponding committees about their efforts to direct and supervise reorganisation.

Primary organisations should hear reports on the same matter from party bureaus and party committees which are not scheduled for re-election this year in compliance with the rules.

The political bureau regards the forthcoming report and election meetings in the CPSU as an important stage in scaling up the entire activity of the party in the run-up to the all-union party conference.

It is proposed to pass a decision during the current plenary meeting concerning the date of the conference. As is known, in our party such conferences were called in between congresses.

There was a period before 1941 when it was a regular practice. Many conferences held at crucial stages of history solved problems going far beyond the framework of tactical ones. In some cases they tackled tasks of strategic character, made amendments in the party rules and changes in the central bodies of the party.

The January plenary meeting supported the proposal for calling the party conference next year in the run-up to the report and election meetings in the party organisations.

The politbureau is putting forward the proposal that the 19th All-Union Conference of the Communist Party of the Soviet Union be called on June 28, 1988.

Proceeding from the principled proposals put forward at the January plenary meeting and in the course of preparations for the current plenary meeting, the following questions could be considered at the conference:

1. On the course of implementation of the decisions of the 27th CPSU Congress, on the main results of the first half of the 12th Five-Year Plan period, and on the tasks of the party organisations in promoting the process of reorganisation.

2. On measures for the further democratisation of life of the party and society.

It seems that the proposed agenda will make it possible to sum up political experience accumulated by the party after the 27th CPSU Congress, appraise our progress along the guidelines for the economic and social development, analyse the course of the radical reform of economic management and the participation of party, public organisations, state and economic bodies in the reorganisation.

An analysis of the course of the realisation of the decisions of the congress, the summing up of the political results of work to attain the targets of the five-year plan, and a principled evaluation of successes and shortcomings will then make it possible to consider the activities and tasks of each party organisation at report and election party meetings and conferences in an exacting way.

This will contribute to the process of democratisation of the inner-party life, to raising the activity and responsibility of the communists, and to deepening the entire reorganisation process.

## II. A radical reform of economic management — the major element of reorganisation

### The necessity and essence of a reform

Comrades, now that the issue of a radical reorganisation of economic management is under discussion, it is essential to visualise clearly again and again what was the condition of our economy at the turn of the '80s.

By that time, the rate of economic growth had dropped to a level which virtually signified the onset of economic stagnation. We began obviously to concede one position after another, and the gap in raising the efficiency of production and the quality of output and in scientific and technological development as compared with the most developed countries began to widen not in our favour.

The development of the economy was acquiring an unhealthy character. There was need of serious changes in the structural policy and in the directions of capital investments so as to impart greater dynamism to the branches forming the basis of scientific and technological progress, resource saving and saving of human labour.

But this was not done. More than that, machine-building was in a neglected state, its production apparatus had become obsolete and its output increasingly fell behind world standards.

The desire to slow down the declining growth rates by extensive methods brought about exorbitant outlays for building up the fuel and energy branches and the hasty drawing of new natural resources into production, their irrational use, an excessive growth of demand for additional labour and its acute shortage in the national economy,



and a decline of the output-per-asset ratio.

Financial tension grew in the national economy against the background of economic difficulties and declining rates of increment of the national income.

Let us take the state budget. Outwardly everything looked fine. Spending was covered by revenue, but how was this achieved? Not by increasing the national economy's efficiency, but by other means with neither economic nor social justification.

In particular, we began to sell extensively oil and other fuel-energy and raw material resources on the world market.

Money belonging to enterprises and organisations was groundlessly taken into the budget, undermining conditions for their normal economic activity.

There is, of course, no justification for the build-up of the production and sale of wine and vodka. Liquor tax revenues amounted to 169 billion roubles in the 11th Five-Year Plan period, while in the eighth five-year period they stood at 67 billion.

In short, the country approached the 12th Five-Year Plan period with a serious financial burden.

One should add to this that although the assignments of the past three five-year plans for the growth of production and its efficiency were not fulfilled, spending on wages systematically exceeded the figures set by the plans. This means that a certain part of the money was paid out without any connection with the end results of work.

In these conditions the deficit in the national economy did not diminish. On the contrary, the situation in this respect worsened. In effect, there has been and remains a shortage of everything — metal, fuel, cement, machinery and consumer goods.

If we add to this a chronic shortage of manpower, it becomes clear that in such conditions the economy cannot develop normally.

The economic incentives of raising quality and efficiency cease to operate and the soil is created for growth of prices and a number of other negative processes.

But perhaps the most alarming thing is that we have begun to lag in scientific-technical development. At a time when the Western countries started a large-scale restructuring of their economy with emphasis on resource saving, the use of the latest technologies and other achievements of science and technology, scientific-technical progress in our country slowed down.

And not because of absence of scientific backing, but mostly because of the economy's non-responsiveness to innovations.

We even used the hard currency earned on the export of oil and other raw material resources mostly for the solution of current tasks and not for modernising the economy.

As was already said at the January plenary meeting, such a situation in the economy has had an extremely negative effect on the living standard of the population and on the development of the social sphere. Such are, comrades, the realities.

The political bureau considers it necessary to say all this in all frankness once again, not least because voices are sometimes heard asking: is everything so bad, is there a need to sharpen evaluations, and is a radical reorganisation necessary? Maybe there is simply the need to put pressure from above and to take some other partial measures?

I think that if such sentiments prevailed and the current policy were elaborated on the basis of those pronouncements, that would have been fraught with extremely hard consequences for the country and for the people.

Taking our economy out of the pre-crisis situation in which it has found itself calls for in-depth, truly revolutionary transformations. With this end in view we have worked out a new economic strategy and have begun to implement it. We have introduced changes to the structural and investment policy, created major goal-oriented programmes and determined the main directions of scientific and technological progress.

Over the past two years, the first steps have been made in mastering new methods of management worked out on the basis of an analysis of the situation at the turn of the '80s and a series of large-scale economic experiments.

But, I would say, changes that have been achieved here are not fundamental or cardinal ones. The deceleration mechanism has not yet been overcome and has not been replaced by an acceleration mechanism.

One still has to compensate for its absence by extra-economic methods, by administrative pressure.

It has now become a first-priority and urgent task for us to create an integrated, effective, and flexible system of economic management.

The task, as you understand, is no easy one. The existing management system was not built in a day, and it contains numerous strata reflecting the conditions and peculiarities of various periods in the history of our country with all their achievements, contradictions and difficulties.

The foundations of the present system of management were laid down way back in the 1930s. In that difficult period our country, which was far from being the most developed economically, and which stood alone against the capitalist world, was confronted with the necessity rapidly to overcome the technico-economic lag and to bring about quick structural changes in the national economy.

And they were effected in an unprecedentedly short period of time. Over the years of the pre-war five-year periods, gross industrial output grew 6.5 times over, and the Soviet Union moved up from the fourth to first place in Europe and from the fifth to the second place in the world.

The share of industries manufacturing capital goods increased from 39.5 to 61 percent. The number of workers and employees in industry trebled over the twelve pre-war years.

To solve these tasks it was necessary sharply to increase the share of accumulation in the national income. At the beginning of the second five-year period, it exceeded 30 percent, or twice that of the end of the 1920s, and several times that of pre-revolutionary Russia.

About 60 percent of the national income was redistributed through the state budget. The huge resources were channelled in a centralised way into the development of the heavy industry, in the first place.

It was precisely for such purposes that the management system based on rigid centralism, detailed regimentation of work, and directive assignments and budget appropriations was established.

In those special conditions it ensured the solution, within the shortest possible time, of strategic tasks which had taken capitalist countries decades to accomplish. The centralised nature of management increased still further during the war years. In the main, it was kept on in the post-war rehabilitation conditions, too.

This nature of management cannot, of course, be explained entirely by objective reasons — there have also been flawed approaches and subjectivist decisions. This should be seen and taken into account in examining present-day problems.

But as years have gone by, the management system has come into increasingly sharp collision with the conditions and requirements of economic development.

The vigorous scientific and technological revolution, the dramatically increased complexity of the national economy, the need to shift emphasis from extensive to intensive development methods and from quantity to quality, the extended influence of social conditions and the drastically increased significance of the human factor have called for thorough-going change in economic management.

The issue of reforming economic management has acquired ever greater urgency. It has been debated in scientific and public circles. I can refer you to an article by Academician V. S. Nemchinov printed by the journal *Kommunist* in 1964.

He wrote way back at that time: "A primitive understanding of relationships between big and

small economic systems can only create an ossified mechanical system in which all management parameters have been set in advance, while the system itself is limited from top to bottom at every given moment and at every point . . .

"Such an economic system limited from top to bottom will slow down social and technical progress and sooner or later break under the pressure of the real process of economic life."

Over the past few decades there have also been repeated practical attempts to change the existing system of management. They were made in the '50s, the second half of the '60s and the late '70s.

But those attempts were not all-out or consistent, they only had what was at best a short-lived effect and did not lead to the desired breakthrough. The stimulating action of the old economic mechanism, in the meantime, has been growing ever weaker, while the braking one has been gaining strength.

At the crucial moment now that we have come close to cardinal solutions, special importance belongs to scientific grounding and theoretical, ideological and political clarity in understanding the substance and main meaning of the changes that have begun and the goals of the management reform.

How and where shall we go further? What is it that we can and should give up, what needs strengthening and updating, and what should be introduced anew?

It is important to stress in this connection that every period in our history has been filled by hard work by the people and marked by major accomplishments.

The experience of economic development we have gained is of great value. This experience, with all its achievements, extremes and even mistakes, is a school whose lessons for us are important both for the present and for the future.

The general meaning and thrust of a radical management reform are clear to us. They boil down to this formula: more socialism, more democracy.

It also holds the answer to the question: "Doesn't our restructuring drive mean a departure from the foundations of socialism, or at least their weakening?" No, it doesn't.

On the contrary, what we already are doing, planning and proposing should strengthen socialism, remove everything standing in the way of its development and holding back its progress, bring out its immense potential in the interests of the people, give play to all advantages of our social system, and lend it the most modern forms.

But what does strengthening socialism mean in practice? The essence of our revolutionary teaching and all our vast experience demonstrate that socialism should not be seen as a kind of ossified, unchanging society, nor the practical work of refining it as a means of adjusting complex reality to make it fit into ideas, notions and formulas that have been adopted once and for all.

Views on socialism and its economy are developed and enriched all the time, with account taken of historical experience and objective conditions.

We should learn from Lenin his ability to take a creative approach to developing the theory and practice of building socialism, adopt scientific methods and master the art of making a specific analysis of a specific situation.

The main question in the theory and practice of socialism is how on the socialist basis to create even more powerful stimuli than under capitalism for economic, scientific, technological and social progress and how most effectively to blend planned guidance with the interests of the individual and of the collective.

This is the most difficult question that socialist thinking and social practice have been seeking to answer. At this stage of socialism the significance of the question has been growing immeasurably.

Many problems are to be tackled here. We see the key to creating effective stimuli for higher production efficiency in ensuring for the worker the position of a real master in his workplace, in the

collective and in society as a whole.

From the standpoints of theory and practice, it is indisputable that the interest of working people — the masters of production is the greatest interest and the most powerful force for expediting social, economic, scientific and technological progress.

What does it mean in practice, however, to make the worker a real and active master of public property? It means giving collectives and individual workers broad possibilities to manage public property and increase their accountability for how efficiently it is used.

It means ensuring the practical involvement of the broadest masses of working people in economic management at every level — from a workers' team to the national economy.

It means that the incomes of working people should be linked to how they perform on the job, at their factories and, in the final analysis, to how things are going in the country as a whole, to the end results in general.

Democratisation in the economy is inseparably linked with the active use of various forms of co-operative and individual enterprise projects along with state property.

We have taken decisions on this score. It should be said, however, that their practical realisation has drawn varied responses. Quite often, people have talked not about how to use the opportunities being opened up more quickly and better, but about how legitimate these forms of economic activities are at this stage of socialism.

Some people even seen co-operative and individual labour activities almost as a revival of private enterprise. I think comrades, that both our own experience and the experience of other socialist countries attests to it being useful and necessary to employ these economic forms under socialism skillfully.

They help meet people's vital needs ever more fully, crowd out the "grey economy" and various forms of abuses, and thus facilitate the real process of making social and economic relations healthier.

The problems of correlation between centralised plan guidance over the national economy and the independence of the latter's individual parts and between planning and commodity-money relations deserve to be given a new serious look. We proceed from their dialectical unity and complementarity in an integral economic management system.

In the new economic mechanism the problem is solved, in particular, by means of economic norms. Changing over to norm-based methods makes it possible to realise most fully socialism's inherent objective prerequisites of the unity of the interests of society, the collective and the individual.

In accordance with the scientifically-substantiated understanding of socialism, its economic system organically includes commodity-money relations. Their skilful use through prices and finance-and-credit relations, the planned winning and controlling of the market with regard for its laws, and the enhancement of the rouble's standing help create efficient cost-wise machinery and strengthen socialism in fact.

Using commodity-money relations in the management system along with the advantages of a plan-based national economy is, of course, more difficult than issuing commands and directives. But our economic executives should cope with the job.

The problem of economic emulation and competition is a central one from the point of view of activating the motive forces of socialism.

We proceed from the need to step up real competition between factories and organisations, including that between government-run and co-operative ones, for meeting consumer and national economic requirements better.

The winners in this competition should be rewarded with tangible economic benefits. This is in line with the principles of socialism, and is readily understandable.

I should perhaps make special mention of the

need also to introduce competitive principles into the sphere of science and technology. The issue is that one opinion frequently voiced in the past was that the parallel existence of research, development and design organisations amounts to a scattering of forces, duplication of efforts and irrational spending.

But experience has convinced us that the monopoly position of individual organisations is a serious drag on scientific and technological progress and adds up to even heavier losses for society.

I do not want to say at all that we should create parallel structures in every field. But it is a right and worthwhile idea to form different scientific collectives, including not only permanent but temporary ones, for solving a number of important scientific and technological problems. It has been welcomed with interest by engineers, technicians and scientific workers and has already been bearing fruit.

In short, we should renovate our notions about the economic forms of socialism proceeding from the requirements of Soviet society's development at the present stage, so as to open scope for an economic overhaul.

Comrades, you have been provided with copies of the draft *Basic Provisions for a Radical Restructuring of Economic Management* as prepared by the politburo and the government.

The aim of the concept for a management overhaul suggested in the document is to re-orient economic growth from intermediary to final socially significant results and to satisfying public needs, promoting an all-round development of the individual, making scientific and technological progress the main factor for economic growth, and creating a reliably-operating input-restricting mechanism.

To achieve all this, it is essential to change over from predominantly administrative to predominantly economic methods of management at every level, to broad democratisation in administration, and to activating the human factor in every way.

This changeover involves: Firstly, a drastic extension of the margins of independence for amalgamations and factories, their conversion to full-scale profit-and-loss accounting and self-financing, increased responsibility for achieving the highest end results, fulfilment of obligations to clients, a direct linkage of the collective's income level to its work performance, and extensive use of the team contract in labour relations;

Secondly, radically transforming centralised economic management, raising its qualitative level and focussing it on the main issues determining the strategy, quality, pace and proportions of development of the national economy as a whole and its balance, while at the same time decisively relieving the centre of interference in the day-to-day activities of subordinate economic bodies;

Third, a cardinal reform in planning, pricing, financing and crediting, transition to wholesale trade in productive goods, and reorganised management over scientific and technological progress, foreign economic activities, labour and social processes;

Fourth, the creation of new organisational structures to ensure deeper specialisation and more reliable co-production schemes, the direct involvement of science in production and on this basis a breakthrough to world standards in quality;

Fifth, going over from the excessively centralised, command system of management to a democratic one, promoting self-administration, creating a mechanism for activating the individual's potential, clearly delimiting the functions and fundamentally changing the style and methods of work of party, local government and economic bodies.

## Starting point for management overhaul

Comrades, we begin to overhaul the economic mechanism starting with the key part of the economy — the enterprise/amalgamation — aiming first of all to provide the most favourable

economic environment for it, to formalise its rights, while increasing its accountability, and on this basis to introduce fundamental changes to the activities of all superior economic management bodies.

By setting this order of moves for the overhaul, we have taken account of the fact that it is at this level that the principal economic processes take place, it is here that all products and services needed by the people are produced and scientific and technological ideas materialise.

It is in the work collective that economic and social relations really take shape and people's interests — personal, collective and social — intertwine. The social and political climate in our society is in effect determined largely by the situation existing in work collectives.

What is the main drawback of the factory's economic management mechanism at present? First of all, it is the weakness of internal stimuli for self-development. A factory is indeed given production quotas and resources through a system of directive-like indices. Virtually all costs are covered and the marketing of products is effectively guaranteed. Last but not least, workers' incomes are connected poorly with the end result of the work by their collective — the fulfilment of a contract, product quality and profits.

In short, the situation is like this: with the present mechanism, manufacturers find it disadvantageous to use cheap and other materials and unprofitable to improve product quality and adopt scientific and technological novelties.

With this economic mechanism, the line between efficient and systematically lagging enterprises is virtually erased. The director-general of the Omskshina Amalgamation, Pyotr Vasilyevich Buderkin, raised all these issues rightly at a recent conference at the CPSU central committee.

The Omsk Amalgamation is indeed one of the best in the motor tire industry. Its products are high quality and last 50 percent longer than others'. Over the past 20 years the amalgamation has not failed to honour its contractual delivery commitments even once. Does the work collective enjoy any benefits for this, however?

In fact, it has no advantages — either in the wage growth rate or in the social field — over others.

And can anyone explain the following paradox: customers pay the same price to the Omsk Amalgamation for its tires, whose quality is the best in the country, as to other factories.

Or take an example from the agro-industrial sector. Poultry plants in the Northern Caucasus get a price nearly a quarter lower than is paid in other zones of the country for the same kind of product.

Modern poultry farming based on industrial technology, especially broiler breeding, is pursued, in the meantime, in buildings constructed to the same designs and with the use of the same equipment which is produced by the country's only factory manufacturing this kind of machinery, as well as feed from one and the same ministry of grain products.

Showing behind all this are the faults of our economic mechanism which, whether we like it or not, is geared to average or even poor work. How can an economy make progress if it offers hot-house conditions for laggards, while hitting front-runners?

We certainly may not continue in the same rut any longer, comrades. The new economic mechanism should put everything in place. It should provide a powerful lever and incentives for good, enterprising and resourceful work. This is a goal that we have put forward. To be sure, it will take time to reach. It is very important now correctly to go about selecting the main demands on the new economic mechanism.

The main thing we should achieve by adopting the new mechanism is giving broad rights to factories and ensuring their real economic independence based on full-scale profit-and-loss accounting.

The need is to do in practice what has already been recognised as essential, namely to make sure that the factory, guided by real public re-



requirements, will itself draw up its plan for turning out and marketing products.

The plan should be based not on a multitude of detailed targets handed down by superior agencies, but on direct commercial orders, placed by state organisations, enterprises operating on a self-supporting basis and trading establishments, for a specific quantity of specific products of adequate quality.

Factories should be put in such conditions as will prompt economic competition among them to meet consumer demand in the best possible way. The interests of the state will be guaranteed by a system of state commercial orders.

But they should offer priority, preferential economic terms, provide for the reciprocal accountability of the sides, and be awarded, as a rule, on a competitive basis.

In view of the changed approaches to planning, there has arisen the question of the nature and purpose of target figures. They should help the factory to know where it stands in the economic situation.

To do this, the target figures should reflect the social need for a particular kind of output, the minimum rate of efficiency and social goals, a kind of guide for the factory to the desired development level.

Target figures should not serve as directives and shackle the work collective in drafting its plan and should leave it a lot of room for manoeuvre in choosing decisions and partners when signing economic agreements.

The fulfilment of commercial orders and agreements should be the main criterion for the enterprise's performance and for rewarding it materially if it has done well.

The switchover of factories and amalgamations to the pay-your-own-way basis is of fundamental importance. This means that they should cover all their current expenses, including the payroll, and make investments in modernisation and capacity build-up schemes and social amenities for their work collectives at the expense of their own profits.

Funding from the state budget will only be preserved for tackling major and important state tasks. Factories will at the same time be granted broad possibilities to draw bank credits on their own responsibility. The work collective should thus bear full economic responsibility for the results of its activities.

A most important role in the new economic management mechanism will belong to the stable long-term norms. These will include payments to the state budget for basic assets, land, water and other natural as well as manpower resources, and interest on credits.

These include norms for forming wage funds and meeting social and cultural needs. The prices of manufactured products and the pay rates for services will also be a kind of economic norm. The collective's interests will be blended with national interests with the help of economic methods by dint of norms.

The new economic mechanism means fundamental changes to the system of material and equipment supplies to factories — transition from centralised material and equipment supplies to wholesale trade in productive goods.

Factories should have the possibility to buy with money they have earned anything they need for manufacturing products, construction and modernisation schemes, and for resolving social matters.

Transition by work collectives to self-management, whereby they will decide at their own discretion all issues of organising production at their factories up to, and including, the election of top managerial personnel, is becoming a strong stimulus for displaying initiative and independence.

Such are, it seems, the main features of the new economic management mechanism for factories and amalgamations.

Of course, a number of uncustomary questions might arise during transition to that mechanism. Some of them have already been raised during the nationwide discussion of the draft law on the state enterprise.

One of these questions is what should be done with those enterprises which because of mismanagement find themselves incapable of ensuring payments to the state and a normal level of incomes for the work collective.

I believe various forms of aid can be used here, emanating either from the particular branch of industry or the bank. But if the situation does not improve even after all these measures then, proceeding from the priority of society's interests, the question can be raised of reorganising this enterprise or terminating its activity.

Of course, this is an extreme measure. It goes without saying that the state should show concern for providing working people with jobs.

And another question is raised: will not the greater independence of enterprises, the rejection of the detailed system of mandatory indicators lead to a weakening of the principle of planning and affect the economy's balance?

We believe that these apprehensions are groundless. To think that everything can be foreseen from the centre within the framework of such a huge economy as ours means to entertain an illusion.

The activity of the State Planning Committee and other economic agencies on balancing the national economy will be backed by economic interests and economic responsibility of enterprises and by a greater role of economic contracts between them. Under these conditions achieving balance will become more realistic.

The principal traits of the new economic mechanism are reflected in the Draft Law on the State Enterprise (Amalgamation). The common view of men in production, scientists, representatives of central agencies, party and local government cadres and our public is as follows: this is a sound document meeting today's requirements and new tasks.

This is a good basis for transition to the new mechanism.

Its nationwide discussion revealed the persistent demand: not to give in to habits and notions of inertia, but to move ahead confidently. One should not allow the new law, as frequently happened in the past, to be accompanied by numerous instructions that may render it without meaning and let the reconstruction drive drop.

In principle, transition to new methods of economic management has already started. I mean that enterprises and amalgamations of several branches this year turned to work on a full cost-accounting and self-financing basis.

Five or six months are, of course, too brief a period to reveal fully both the strong points and shortcomings of the new economic mechanism. The more so, since there are specific conditions in which this transition is taking place.

The activities of these enterprises are greatly influenced by external factors, above all, their "insular situation". This applies both to ties between enterprises and suppliers and consumers adhering to old principles, and to leadership on the part of ministries and central economic bodies operating so far on the basis of old provisions.

The transfer of enterprises to principles of full cost-accounting and self-financing has begun in the conditions when the five-year plan was already in operation and many standards have to be geared to it.

Nevertheless, comrades, this should not stand in our way in the effort to introduce new principles of economic management.

## Changing functions of centralised economic management

Comrades, the conditions of full cost-accounting and self-management of the basic links of the national economy demand that centralised economic management become qualitatively new.

The point at issue is in fact the elaboration of a new concept of centralism resting on activity of working people and independence of enterprises — that is, a genuinely democratic centralism as

Lenin understood it, possessing a far greater potential than the centralism bogged down in the attempts to regulate all and everything.

Firstly, on national economic planning. What in the new conditions is the "philosophy" of national plan? It should define basic priorities and objectives of the country's socio-economic development, trends in structural and investment policy, scientific and technological progress, tasks of accumulating scientific, educational and cultural potential and maintaining the defence capability.

What is meant in the new conditions is enhancing the role of the so-called task-setting part of planning, above all the concept of the country's long-term socio-economic development for the next 15 years.

It should comprise all major programmes, balance them and determine ways for attaining strategic goals. A five-year plan defining yearly assignments should be made the basic form of national planning.

To ensure planned proportions and balance in the economy, the ministries and departments as well as the constituent republics will be given target figures.

The principal lever to be applied to enterprises will be economic norms and incentives. They should make it profitable for enterprises (amalgamations), guided by target figures, to look for ways of meeting social needs most effectively.

And now we must touch upon the question which concerns many. Concern is expressed that when, in conditions of complete cost-accounting, directive setting of volume targets for amalgamations and enterprises is discarded, there might be a temporary lowering of the rates of growth of production in separate branches, regions, and even in the country as a whole.

What can be said on this matter, comrades? If higher rates of growth through ballooning gross volumes, repeated counting, without a real increase of the end results are meant, society gains nothing from this. Moreover, it even suffers losses.

And we hoped that the transition to cost-accounting, new methods of economic management, broad introduction of a collective contract and other progressive forms of organisation and stimulation of work will make it possible to enhance the people's activity in work, to tap the resources that have not yet been used, enhance efficiency and thus achieve higher rates of real growth with high quality products.

It is precisely such a reorganisation that is natural and, moreover, absolutely necessary to ensure new quality of economic growth. And if it affects adversely the indexes of enterprises that operate inefficiently, such a reorganisation will undoubtedly play a positive role for the country's national economy as a whole, for the prospects of its development, judged by end results, for the degree of meeting social needs.

A radical reform of the pricing system is a most important part of the economic overhaul. Without it a complete transition to the new mechanism is impossible.

Price might play an important stimulating role for improving the use of resources, lowering outlays, improving the quality of products, speeding up scientific and technological progress and rationalising the entire system of distribution and consumption.

New political and economic approaches corresponding to the contemporary stage of development must be applied in this.

The available system of pricing has oriented itself at the cheapness of natural resources for a long time. The existing prices of coal, oil, gas and electricity no longer ensure the conditions for the self-financing of the fuel and energy complex.

They continue creating the illusion of cheapness and inexhaustibility of natural resources and promote the orientation to further increase of their production, consumption and export.

The economically unjustified approaches to pricing have resulted in the emergence and rapid growth of subsidies for the production and implementation of varied kinds of products and services. The total volume of subsidies from the state

budget now surpasses 73 billion roubles a year.

On the other hand, an unjustifiably high level of profitability of many types of products has formed while it does not reflect the effectiveness of production. And this is also a result of the fault in pricing.

Those who manufacture products whose prices are unjustifiably understated have no incentive for the increase of output, and those who, because of excessive prices, get surplus profits have no incentive to lower outlays, to enhance effectiveness. In this situation normal economic relations in the national economy are simply impossible.

This is why we are faced with the need to carry out not just a partial improvement of the system of pricing, but a radical reform of pricing, interconnected restructuring of our entire price system — wholesale, purchase, retail prices and tariffs.

What is involved is not just the level of prices, but also the order of their fixing. Prices of the most important products must certainly be fixed in a centralised way, alongside drafting a state plan and as part of it.

At the same time it is expedient in the new mechanism to wide the sphere of using contract prices which will promote the widening of rights and economic independence of enterprises.

The reform of wholesale prices must improve the situation in the national economy, create better conditions for the effort toward higher efficiency of production, resource saving and quality of products.

As to retail prices, their change, far from eroding the living standards of the working people, must on the contrary lead to the improvement of living standards for certain categories of the working people, for a fuller implementation of social justice.

One thing must be clear, that because of the importance and complexity of the reform of pricing, its preparation must be approached with great responsibility.

A vast volume of work should be carried out within a short period of time, and the necessary forces must be brought into play. It should be borne in mind that without solving this question it is impossible to draft a five-year plan in a new way, to embark on a comprehensive system of economic management.

In view of the political and social significance of the reform of pricing, it must become the subject of the broadest discussion in the country.

The overhaul of the system of the material and technical supply of the national economy is closely linked with the reform in pricing. Its main direction is a decisive transition to wholesale trade in means of production, both through direct contacts between suppliers and consumers and through self-sustained wholesale bases. In this case state bodies will ultimately retain the functions of regulating and controlling the wholesale trade.

The question of transition to wholesale trade in means of production is not new, but it is only of late that the first real steps have been taken in this area. We must speed up this work and widen its scope so as to complete it in the years ahead.

Many weighty reasons, above all the transition of enterprises to the cost-accounting scheme, necessitate wholesale trade in means of production.

I would like to mention another reason: the need to normalise stocks of commodity and material values. These stocks in the key branches of the production sphere have surpassed 300 billion roubles. Considerable volumes of the national wealth thus lie idle.

This situation is largely explained by the cumbersome and unwieldiness of the material and technical supply and its unreliability, which prompts enterprises to lay resources in store.

Look what happens to metal. Complaints about the shortage do not abate, while the stockpiles grow. The accumulations of non-ferrous rolled metal with consumers increased by two million tons in the past six years to reach 9.3 million tons by the beginning of this year.

So let us consider: are we short of metal, or is it that we cannot use it thriftily? True, it is not

easy to put to use the resources of rolled metal, because they piled up at the enterprises. It might surprise you, but I must say that the state supply organisations account for only 1.5 percent of commodity and material stocks, while the rest is scattered throughout the economy.

The following question arose at the conference in the CPSU central committee: is it possible to introduce wholesale trade while resources are in short supply? This argument is invariably advanced whenever the problem of schedules for the transfer to wholesale trade is discussed.

The participants in the conference said convincingly that it is the very system of resource allotment, of supply that leads to shortages. And this was confirmed by concrete examples.

The transfer of enterprises to full cost-accounting will be of decisive importance here. Therefore the sooner we establish direct ties, embark on wholesale trade, the quicker we shall be getting rid of shortages in supply and of surplus stocks of material values.

And these are not considerations arrived at at a desk. Here is a concrete fact: even at the very start of the transition of collective and state farms to new, cost-accounting principles, their orders for farm machinery and other resources decrease considerably.

For instance, orders for combines for the next year have dropped by approximately 30 percent. Orders for separate kinds of tractors and other, above all obsolete and inefficient, farm machinery decrease. This is a real situation. So what seems in short supply today might result in overproduction tomorrow.

Major problems have piled up in the field of finances, crediting and money circulation. A new economic mechanism cannot be created without resolving such problems as well.

The main shortcoming in this area now is that financial and crediting resources, monetary funds are divorced from the movement of material values, that the national economy is oversaturated with money. The rouble does not fulfil in full measure its role of an active means of financial control over the economy.

The national financial system has grown basically outdated. It does not stimulate better economic management and often pursues short-term fiscal objectives. Crediting has in large measure lost its specific role. The limits separating it from gratis financing have become eroded.

By all indications we cannot avoid a radical financial and crediting reform. It must be aimed at placing budgetary relations with enterprises on a basis of norms, at blocking all the opportunities for getting profits before the ultimate realisation of goods, and at all-round improvement of the state of finances of the national economy.

Comrades, not one state in the world today can regard itself as isolated from others economically. In this sense, our country is no exception. The Soviet economy is part of the world economy.

International commercial and financial relations of countries and the latest scientific and technological transformations invariably have an impact in one way or another on the state of affairs in our own economy.

The measures for improving the management of external economic relations, taken now, are aimed specifically at deepening the Soviet Union's participation in the international division of labour, which becomes an ever more important factor of the development of the Soviet national economy.

On the other hand, not only we and our allies, but all who are interested in co-operation with our country in new, more favourable conditions would gain from the successful implementation of the plans for the reorganisation in our country, from the modernisation of our economy.

In other words, the overhaul of the Soviet economy, considering the Soviet Union's significant share in the world economy, will promote the development of broad international co-operation and, hence, improvement of international economic relations.

Important and far-reaching decisions in the

sphere of foreign economic policy and the mechanism for its implementation have been adopted recently.

The reorganisation of economic management opens broad scope for enhancing the efficiency of our external economic ties and — particularly important — for enhancing the impact of the external market on the functioning of industries and enterprises, on the quality of their products and on scientific and technological progress.

Of fundamental importance in this connection is the increase of effectiveness of co-operation with socialist countries. The overhaul of economic mechanism is called on to create favourable economic, organisational and legal conditions for deep integration of our national economy with the national economies of fraternal countries.

Broad opportunities for this are opened by granting enterprises the right to form direct co-operation ties with partners in socialist countries. As the recent discussion of this matter in the political bureau showed, in practice they still use this right insufficiently.

One of the reasons for this is, apparently, the lack of interest of work collectives inherent in cost-accounting. It is quite apparent that the success of our reorganisation is largely determined also by the enhancement of the efficiency of the economic, scientific and technological co-operation with fraternal countries.

The political bureau, the secretariat of the central committee and the Council of Ministers should constantly follow the development of economic interaction with them.

We must study the experience of our friends closely and profoundly, and adopt everything that can be used in the interests of the national economy of the USSR.

In short, comrades, an important and broad-scope reorganisation of the activity of the centralised management of the national economy lies ahead. Alongside switching enterprises to a pay-your-own-way basis, this work constitutes a single whole, a radical reform of the economic management.

## Revamping of organisational structures and work of management bodies

You surely realise, comrades, that when altering an economic mechanism, adopting new methods of economic management, one cannot bypass the upgrading of organisational structures in earnest.

What can be said in this connection about the main link of the economy? The present enterprises and amalgamations formed in conditions when they were compelled to set up their own blanking shops, tool shops, foundries, maintenance and other shops disregarding the growth of production costs and paying no attention to the primitive nature of production and low productivity of labour. Natural economy was also amassed within industries, engendering unpractical ties and waste of social labour.

Despite all our efforts, the creation of production amalgamations and particularly the scientific-production amalgamations halted.

It came up against departmental barriers and territorial borders, the striving of the higher authorities to include into amalgamations only the enterprises of their own ministry, and at times even only of their own administration.

What enterprises and amalgamations do we need? There is no single answer here. A set pattern should not be used in resolving such an important question. And yet some initial ideas should be mentioned.

First of all, the composition of enterprises and amalgamations must be in keeping with rational specialisation and co-operation, and must be creating conditions for the use of the most progressive equipment and technology.

It is important to combine in one organisation all the links of production — from applied research

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# Main Provisions for Fundamentally Reorganising Economic Management

Here follows the full text of the document "Main Provisions for Fundamentally Reorganising Economic Management" adopted by the plenary meeting of the CPSU Central Committee:

TO accelerate the country's social and economic development, to resolutely overcome the unfavourable tendencies in the economy, impart proper dynamism to it, open scope for the initiative and creativity of the masses, for truly revolutionary transformations in society — such is the top-priority task of the Party and the entire people set forth by the April 1985 plenary meeting of the Central Committee and approved by the 27th Congress of the CPSU.

The Central Committee of the CPSU notes that in accordance with the decisions of the 27th CPSU Congress a new structural and investment policy has been formulated and is being implemented in the main sphere of society — the economy, that forces and means are being concentrated on the development of the social sphere and the key directions of scientific and technological progress and that resolute efforts to raise the efficiency of production and improve the quality of output are being taken.

A process of far-reaching changes in the management of the economy has started, being mastered are new methods of management which were worked out on the basis of an analysis of the situation that had formed late in the 1970s and early in the 1980s and of a series of major economic experiments. But so far not cardinal but only partial results have been achieved. The economy's development is being restrained by snags in the economic mechanism and system of management.

The deceleration mechanism has not yet been dismantled. Economic processes have not yet been freed from the pressure of cost-is-no-objection and gross output approaches, work to save resources is progressing slowly and a breakthrough is yet to take place in accelerating scientific and technological progress.

The main unit of the national economy — the enterprise (amalgamation) has not yet been placed in such economic conditions that would prompt it to satisfy society's requirements in its output produced with an efficient utilisation of all resources.

Only separate components of the new system of management on the level of the national economy have been formed. There is little change in the forms and methods of work of the branch ministries. They effect management mostly by administrative methods. The functions of the central economic bodies have not been changed and the accumulated problems in the field of planning, price-forming, material and technical supply, finances and credit, work organisation and remuneration are making themselves increasingly felt.

The Central Committee of the CPSU believes that the main political task of the Party in the economic field is to carry out a radical reform and create a streamlined, effective and flexible system of management making it possible to make maximum use of the advantages of socialism.

The radical reform of managing the country's economy is directed at:

— reorienting economic growth from intermediate to terminal, socially significant results, to satisfying public requirements;

— organically combining the interests of society, the collective and every worker, ensuring the all-round development of the individual and attaining a qualitatively new level of welfare of Soviet people;

— turning scientific and technological progress into the main factor of economic growth;

— ensuring balance, overcoming shortages of material resources, consumer goods and services that obstruct efficient management and intensification of production;

— giving the consumer priority in economic relations, rights and possibilities of economic choice;

— creating a reliably operating cost-restricting mechanism for the functioning of the national economy and first of all of its main unit — the enterprise (amalgamation).

The essence of the radical restructuring of managing the country's economy is the transition from predominantly administrative to economic methods of management at all levels, to management of interests and by way of interests, to an extensive democratisation of management and the utmost invigoration of the human factor.

A streamlined system of management has been worked out in accordance with the decisions of the April 1985 plenary meeting of the CPSU Central Committee and the 27th Party Congress. It includes:

— firstly, a drastic expansion of the margins of independence of enterprises (amalgamations), their transition to full cost-accounting and self-financing, enhanced responsibility for the highest end results, the fulfilment of obligations to clients, the establishment of a direct dependence between the level of incomes of the collective and the efficiency of its work, the extensive development of the collective contract in labour relations;

— secondly, a fundamental reorganisation of the centralised management of the economy and raising its qualitative level, concentration on the main processes determining the strategy, rates and ratios of development of the national economy as a whole, balanced development and simultaneously an emphatic relieving of the centre of interference in the day-to-day operation of subordinate economic units;

— thirdly, a cardinal reform of planning, price-forming, the finance and credit mechanism, transition to wholesale trading in means of production and reorganisation of management of scientific and technological progress, foreign economic ties, labour and social processes;

— fourthly, creation of new organisational structures ensuring a deepening of specialisation and raising the reliability of co-production ties, as well as direct inclusion of science in production and on this basis a breakthrough to the world standard of quality;

— fifthly, transition from the excessively centralised system of management to a democratic one, development of self-management, creation of a mechanism of activating the potential of the individual, clear-cut delimitation of functions and drastic change in the style and methods of activity of Party, government, public and economic organisations.

The reorganisation of economic management should be comprehensive. It should be completed in the main during the present five-year plan period and the plan of the 13th five-year period should be formed in full accordance with the new mechanism of economic

management.

The plenary meeting of the Central Committee of the CPSU holds that the radical reform of economic management is one of the main directions of the restructuring and renewal of socialist society and instructs the Political Bureau of the CPSU Central Committee, all Party organisations to head the activity of work collectives, soviets of people's deputies and economic agencies in implementing it in accordance with the following main provisions.

## I. To switch to the new economic mechanism of the activity of enterprises (amalgamations).

1. The Central Committee of the CPSU holds that the main unit of the economy — the enterprise (amalgamation) is the starting point of radical transformations of the economic mechanism. The most favourable economic environment should be created for it, its rights should be formalised, its responsibility enhanced and on this basis the entire system of economic management reorganised.

The plenum of the CPSU Central Committee puts forward the task of setting up a modern economic mechanism of the activity of enterprises on the basis of full cost-accounting, self-repayment and self-financing, providing for effective internal incentives for its development, stimulating work aimed at the consumer, all-round resource-saving and broad use of achievements of science and technology. This mechanism should gear most closely the interests of the enterprise to the interests of the national economy.

With these aims in view the enterprise should independently draft and endorse its five-year and yearly plans, proceeding from social requirements on the basis of state orders, direct orders of enterprises and organisations and consumer demand. This sharply increases the role of contracts in planning, assessment and material stimulation of the performance of enterprises, which implies greater mutual responsibility of the customer and the manufacturer. Control figures, long-term economic norms, state orders and allocations are the initial data and basis for drafting the state plan of the enterprise.

A provision should be made for prompt acquisition by enterprises of necessary raw and other materials, accessories, machines and equipment. With these aims in view it is necessary to turn from material and technical supply of enterprises based on limits and assets to predominantly wholesale purchase of means of production, without assets and limits, by way of the free choice of partners in economic relations — manufacturers or wholesale outlets operating on a cost-accounting basis.

2. The enterprise (amalgamation) should bear full economic responsibility for the results of its activity, and the level of incomes of the workforce should directly depend on these results. For that, all enterprises are to be put on a full cost-accounting and self-financing basis. The enterprise should use its revenues to cover all current expenses, including wages and salaries, and invest in modernisation, extension of production and social development. An order should be in operation when the state is not accountable for commitments of enterprises. Budgetary financing is, as a rule, excluded. It is preserved only for implementing the biggest

projects. Simultaneously the enterprises are given broad opportunities for responsible use of bank credits.

The cost-accounting revenue, made up of earnings from the sale of products with the deduction of material outlay, payments into the budget and to the higher authority and credit interest, is called upon to become the chief source of financing the activity of the workforce of the enterprise. The enterprise independently uses depreciation deductions directed according to a fixed norm to the fund for the development of production, science and technology or to another similar fund.

The practice of gratuitous diversion of workers of one enterprise for performing work at other enterprises — collective and state farms, building organisations, vegetable storages, and so on — should be considered as incompatible with full cost-accounting and self-financing.

It can be done only by decision of the soviets of people's deputies as an exception, provided orders are placed in the form of contracts and costs are recouped by those enterprises and organisations for whom this work is done.

3. The combination of the interests of the entire people with those of the collective is attained through long-term stable economic standards of payment to the state budget; through wage funds and funds of economic incentives as well as prices and interests on credit. They are called upon to create economic conditions which will make it profitable for enterprises to seek more effective ways of satisfying demand, boosting production and raising the quality of output, to fulfil state orders, meet target figures and vigorously implement scientific and technological processes.

Successfully to fulfil these functions, the long-term economic standards must be endorsed by enterprises before drafting their five-year plans and be stable. Attempts to set them on the initial base, divide by years and expense items, and substitute gross output targets for them should be regarded as incompatible with the new economic mechanism.

It is necessary to set the standard of payments from an enterprise's revenues or profits into the budget on the basis of the state's equal demands on the use of productive resources. Rates of payment for productive assets, labour and natural resources should be used for these purposes.

A line should be taken on introducing the single rate of payment for productive assets at all enterprises of the branch and in all branches in the future. Provision should be made enabling either to suspend it or lower for loss-making and not sufficiently profitable enterprises.

Through payment for labour resources, differentiated by the country's regions depending on the availability of labour resources, to refund the state's expenses on training schemes and providing social and communal services to workers and members of their families.

Through payment for natural resources (land, water, minerals) to deduct a differential rent which forms as a result of difference in the natural productivity of these resources.

Along with the payments for resources to the budget, to use taxation on an enterprise's revenues, left after payments for resources and interests on credit.

4. In switching over to full cost-accounting the collectives of enterprises depending on production activities can opt for either of the two models of full cost-accounting and self-financing.

The first model is based on the standard distribution of profits. The wage fund is formed on the basis of net product, and in extractive industries also on the basis of marketed product in physical terms. Profits are used to make payments into the budget and higher authorities and pay interests on credit. The remaining profit is made available to work collectives. The

remaining profits are used to form funds for the development of production, science and technology; social development; material incentives. In this cost-accounting model revenue is comprised of the wage fund and remaining profits.

The second model (collective contract model) is based on the standard distribution of profits, which are left after refunding costs from the revenue.

The profit is used to make payments to the budget and higher authorities and pay interests on credit, which leaves a cost-accounting profit. The single wage fund consists of the remaining part of an enterprise's cost-accounting profit after forming funds for the development of production, science and technology; social development, which are fixed in respect to the cost-accounting profit.

5. It is necessary to create conditions for economic emulation and competition between enterprises, including those run by the state and co-op, to meet consumer demand in the best possible way and at minimum costs; to use economic emulation as a means against the manufacturer's monopoly and diktat over the consumer.

6. To carry out a switch-over to the self-management by work collectives for the purpose of ensuring that every worker is a true master in production and to strengthen guarantees for the rights of enterprises. To make fuller use of the advantages of the self-management in order to provide people with greater incentives to take care of public property, to foster initiative and ingenuity of every worker and, at the same time, instil a sense of responsibility for the performance of their enterprise, its successes and mistakes.

To recommend to the work collectives of enterprises to be set up within 1987-1988 the councils of work collectives and hold elections of executives on a competitive basis.

## II. To raise the efficiency of centralised economic guidance on the basis of economic management methods.

The CPSU Central Committee believes that in conditions of the new economic mechanism of enterprises (amalgamations) it is necessary to overhaul the system of centralised economic guidance. It should be concentrated on issues which can and must be solved only in the centre. This concerns, first, the implementation of the state's strategy of economic, social, scientific and technical development, the adjustment of economic processes on the basis of complete and reliable economic balance. Second, the provision of necessary conditions for effective functioning of enterprises (amalgamations) and territorial administrative units. The restructuring drive must ensure the optimum unity between the centralised planned economic guidance and independence of its individual links, and the development of commodity-money relations.

The attainment of strategic goals of the economic policy of the Communist Party and the Soviet State calls in current conditions for the creation of a centralised guidance system, which is implemented through controlling interests with the use of all economic levers — plan, financial credit relations, prices, material and technical supply in their organic interrelation and unity.

The modern form of democratic centralism presupposes the reliance on the activity of working people and independence of enterprises, the wide use of economic methods.

### Planning.

The Central Committee of the CPSU points out that the planned management of the economy as a single economic complex is the major gain and advantage of the socialist economic system and the main instrument for the realisation of the Party's economic policy.

1. With a view to more fully utilising the advantages of the planned economy, it is essential to restructure the system for state planning of economic and social development of the country.

To elaborate a concept of economic and social development of the USSR for the coming fifteen years as the initial economic and political platform for consistent embodiment of the Party's economic strategy in plans and for determination of fundamental ways and means to carry it out.

Such a concept should include a set of priorities and goals of the country's development, determine the directions of the structural and investments policy, scientific and technological progress, the objectives of social and cultural development, and tasks of accumulating educational and cultural potential and maintaining the country's defence capability.

The concept serves as a scientifically valid programme for the drafting of the main guidelines for economic and social development of the USSR for the fifteen years with a detailed feasibility study of the first five years of the period.

The main guidelines should materialise the Party's strategy in specific figures and targets, determine the initial parameters of a plan for the coming five years and to substantiate possibilities and time for its implementation for each year of the coming five-year period.

2. A state five-year plan for the economic and social development of the USSR being worked out in a yearly breakdown should be made the main form of the realisation of the goals and tasks provided for by the main guidelines.

A draft state five-year plan for the economic and social development of the USSR is worked out by the USSR State Planning Committee proceeding from the main guidelines for economic and social development, draft plans of the ministries (departments) of the USSR and union republics, and determines major indicators which describe the results, proportions and efficiency of the national economy. The USSR State Planning Committee submits a draft five-year plan to the Council of Ministers of the USSR in advance, prior to the beginning of a regular five-year period.

Following the main guidelines for economic and social development and the initial planning data being adjusted by the USSR State Planning Committee, and on the strength of the plans of enterprises (amalgamations) of ministries (departments) of the USSR, the councils of ministers of the union republics work out draft five-year plans for the development of branches and union republics.

The ministries (departments) of the USSR and the councils of ministers of the union republics determine initial data for the drawing up of five-year plans by enterprises (amalgamations) under their authority: planned targets, long-term stable economic standards, state orders and allocations. In accordance with the initial data as well as with direct orders placed by users and material and technical supply agencies, the enterprises (amalgamations) conclude economic contracts, draw up and endorse their own plans.

3. A transition to economic methods of planning the activities of enterprises on the basis of planned targets, long-term stable economic standards, state orders, and allocations is the central element of the reorganisation.

Planned targets should reflect social requirements for the products made by the enterprise, and the minimum levels of the efficiency of production. They should not be of directive nature and should not restrain the work collective in the elaboration of a plan, giving it wide scope for the choice of solutions and partners when concluding economic contracts. The filling of orders and contracts should become the major criterion of an evaluation of the activities of



enterprises and of material incentives to the work collectives.

Planned targets include the indicators of output, work done, and services in terms of value (estimated) for concluding contracts, profit (income), currency revenue, and the most important general indicators of scientific and technological progress, and indicators of the development of the social sphere.

The indicators of labour productivity and materials-intensiveness can be used in the period of mastering the new economic mechanism and finalising the transition to complete cost-accounting, self-repayment and self-financing.

Stable long-term economic standards determine relationships with the budget, the formation of the funds for the remuneration of labour and economic incentives, and are, along with prices and interest on credit, the main instruments of planning and the main levers of the planning agencies' influence on enterprises, urging them to work in the interests of society and to achieve the objectives of the plan.

State orders guarantee the satisfaction of first-priority social requirements and are handed down to enterprises for putting into operation production capacities and facilities of the social sphere at the expense of state centralised capital investments as well as for the delivery of some types of products which are necessary, first of all, for the solution of state social tasks, the implementation of scientific and technical programmes, the strengthening of the country's defence capacity, and for the delivery of farm products to the all-union and republican stocks.

State orders are handed down to the enterprise by a higher authority and may be placed on a competitive basis; they are compulsory for being included in the plan. When state orders are placed, provisions should be made for mutual responsibility of the sides — the manufacturer and the customer.

Allocations for the enterprises set ceilings on state centralised capital investments for the development of inter-sectoral production units, new construction projects, and solution of particularly important tasks in accordance with the list of projects included in the state plan, the amounts of building, assembly and contractor work, and the centrally-distributed material resources.

4. Proceeding from the overall tasks of the reorganisation of the entire planning work in the country, radically to reorganise the activities of the USSR State Planning Committee and other central economic departments.

To make the USSR State Planning Committee the truly economic and scientific headquarters of the country, relieved of the current economic issues. It should concentrate efforts on strategic directions of the planned guidance of economic and social development, the formation of major economic proportions, the realisation of main scientific and technical achievements, the refinement of the structural and investment policy, and the ensurance of a balanced nature of the national economy.

Taking this into account, to restructure the staff of the USSR State Planning Committee and other planning agencies, and to strengthen their combined, socio-economic, scientific and technical, and territorial subdivisions.

Continuous adjustment of the economic mechanism and the creation of economic prerequisites for an efficient operation of the enterprises, and the elaboration of scientifically valid long-term stable economic standards should become paramount in the activities of the USSR State Planning Committee.

At a time when a coordinated elaboration of financial plans, long-term stable economic standards, a system of prices, financial and credit levers, principles of the remuneration and

stimulation of labour for the five-year plan period acquires major importance, the USSR State Planning Committee should be entrusted with coordinating the activities of central economic agencies.

All planning work should be organised so as to ensure in practice an acceleration of scientific and technological progress and to make it the main source of economic growth. With respect to both the entire national economy and the guidance of the scientific and technological progress, it is essential resolutely to abandon administrative and high-handed methods and move on to economic management ones. Long-term stable economic standards, prices, finances and credits, and state orders should be oriented towards accelerating scientific and technological progress.

In accordance with this, the activities of the USSR State Committee for Science and Technology should be reorganised, too, and it should be entrusted with elaborating state scientific and technical programmes, the formation, distribution and control over the filling of state orders for the development of science and technology and with directing inter-sectoral scientific and technical complexes.

To ensure large-scale introduction of competitive contractual principles in the scientific and technical sphere, including fundamental research.

To make scientific research and development efforts on the principles of cost-accounting and self-financing, the customers' payment for the results of scientific development efforts, depending on the effect of their utilisation.

#### Material and technical support.

The CPSU Central Committee points out that material and technical support requires radical reorganisation under the new conditions of management.

1. It should be based on a resolute transition from centralised allocation of material resources and the attachment of users to producers to wholesale trade in capital goods.

Wholesale trade should be used as a means making it possible to increase the influence of the user on the producer and to achieve a dynamic balance between demand and supply, to overcome the deficit of material resources;

To give a real opportunity to each enterprise within the limits of its financial means to acquire material and technical resources corresponding to its requirements and development plans, and thereby to ensure material conditions for complete cost-accounting and self-financing.

Wholesale trade in capital goods should be maintained in the form of free purchase and sale under direct contracts between producers and users, contracts with intermediaries, first of all, with the enterprises of territorial supply-and-sales agencies and through the manufacturers' chain stores.

The transition to the marketing of capital goods by way of wholesale trade should be completed within four-five years. It is advisable to sell only particularly scarce capital goods within the limits of allocations.

To effect a transition to trade in capital goods in individual groups of commodities, which are particularly essential for the manufacture of consumer goods, for the provision of agriculture, construction, and machine building as well as for the development of individual enterprise co-operation, in the coming years.

2. To organise a system for the filling of and support for orders placed by the State. The composition of orders placed by the State is fixed by the USSR State Planning Committee, while those placed by the ministries and departments are fixed by them jointly with the committee.

The composition of state-placed orders for enterprises which are under the authority of republican ministries and departments as well as

for consumer goods and paid services (except orders placed by the USSR State Planning Committee, by the ministries and departments of the USSR) is endorsed by the council of ministers of the union republics.

Economic management bodies place state orders with enterprises (amalgamations) and if necessary give a list of enterprises, organisations and institutions which are granted the right to purchase products made under the orders.

3. To consider it the main task of the territorial agencies of the USSR State Committee for Material and Technical Supply to organise jointly with enterprises a reliable and effective system of material and technical support in the region, to establish stable rational contacts between suppliers and users, to exercise control over the delivery of output, and to render effective aid to enterprises in providing them with material resources.

The USSR State Committee for Material and Technical Supply and its agencies should organise on a cost-accounting basis a multi-channel trade in capital goods, and economic management of the rational utilisation of material resources.

The supply-and-sales organisations are called upon to become independent self-sustained enterprises to render services in selecting the most rational variants of the marketing of output, its sale on a commission basis, in determining possible sources of supply, in servicing small producers and users, in storing and initial processing of products, in using secondary resources, and other services.

The material and technical supply agencies and enterprises bear material responsibility for failure to comply with their contractual obligations and, according to an established procedure, make up for the damage done.

#### Price formation.

The CPSU Central Committee is of the opinion that a radical reform of price formation should become a major component of the reorganisation of economic management. Under new conditions of management it is essential firmly to do away with the underestimation of the role of price formation in economic management and to make prices an effective instrument for raising the efficiency of social production, for developing economic management methods, and for deepening cost accounting and self-financing.

1. It is essential to effect not just a partial refinement of the pricing system but a mutually dovetailed reorganisation of the pricing mechanism — wholesale, purchasing, and retail prices and tariffs.

A reform of price formation should improve the situation in the national economy and create better conditions for the drive for the efficiency of production. Work to restructure the system of prices and tariffs should be done within the shortest possible period so that the next five-year plan could be drawn up on the basis of new prices. Preparation for this work should be started immediately.

2. All types of prices and tariffs should be reconsidered in their aggregate, and organic connection between wholesale, purchasing, and retail prices and tariffs should be ensured during the realisation of a radical reform of price formation.

It is necessary consistently to reflect in them the socially necessary expenses on the production and marketing of output, its consumer-oriented properties, the quality of output, and effective demand. Prices should take into account the payment for production assets, labour and natural resources as well as expenses on environmental protection.

Prices should be given a cost restricting character. Their stimulating role in accelerating scientific and technological progress, in improving the quality of output, and in saving resources should be raised.

A new system of prices should ensure a reduction in unjustified redistribution processes and subsidies, create economically valid conditions for a transition to complete cost accounting and self-financing in all branches of the national economy.

Correlation between wholesale prices of the products made by raw-materials and processing branches of industry should be improved in a new system of prices. The prices of raw materials and fuel should be raised with a view to ensuring a normal level of profitability of appropriate branches, and to stimulating the saving of fuel and raw-material resources.

The prices of engineering products and new equipment should take into account real effectiveness of machines and equipment and stimulate the manufacture and mastering of high-quality products and fundamentally new equipment corresponding to or exceeding the best foreign specimens. Contract prices of the results of scientific and technical development efforts should be determined in keeping with the effect produced by their application.

In construction, it is essential to create conditions for large-scale use of contract prices of completed construction projects and of other finished products for buildings.

The purchasing prices of farm products should create conditions for concentrating agricultural production in the main commodity zones, specialisation and rational distribution, economically efficient work of collective and state farms, a rise in labour productivity and the quality of output, and a cut in expenses.

To promote a gradual transition to the payment for farm products at contract and calculative prices which are determined on the basis of and within the limits of wholesale and retail prices of appropriate end products.

The change of retail prices should not lead to a decline in the living standard of the working people but, on the contrary, should result in a rise in the living standard of certain categories of working people and in fuller exercise of social justice.

By virtue of the importance and complexity of the reform of price formation, its preparation should be treated with great responsibility. The reform of price formation should become the subject of the broadest discussion in the country, considering its political and social significance.

The planning of prices and tariffs should be an integral part of five-year plans in order to more fully reflect the tasks and conditions of economic development in the planned period in prices.

3. The USSR State Committee for Prices and its agencies should concentrate their activities on preparing and effecting a radical reform of price formation, seeing to it that prices correspond to the requirements of the Party's social policy and economic effectiveness of output, control over the general level, structure, and dynamics of prices.

The fixing of prices of specific types of products and services is to rely on a wider use of economic methods with a simultaneous increase in centralised principles in managing the entire price formation process.

It is essential substantially to enhance the role of users in determining prices, to broaden the practice of fixing limit and contract prices, to combine stability and flexibility, to simplify the price formation procedure by sharply reducing the share of centrally-fixed prices, and to determine the latter simultaneously with the elaboration of a state plan.

It is necessary to create a single state system of control over prices, to overcome the tendency towards the growth of prices on the basis of the development of the competitive power of enterprises, the elimination of deficit and any types of monopolism, of pressure on producer on the part of user which under conditions of self-financing has to limit its expenditures by the earned funds.

#### Financial and credit-granting mechanism.

The CPSU Central Committee holds that a radical reorganisation of the financial and credit-granting system is essential for a successful transition to new management conditions.

1. Finances and credits should be made one of the major instruments ensuring the organic inclusion of commodity-money relations in the mechanism of plan-based economic management, and raising its efficiency.

An improvement of the financial situation is needed, first of all, for a new economic mechanism to begin to function. With this end in view, a special programme for a financial revitalisation of the economy should be worked out, and money turnover should be brought into line with the turnover of material resources. Any expenditure of means in production should be carried out at the expense of earned money and should be correlated with the effectiveness of measures taken.

2. Five-year financial plans should become an integral part of state plans for economic and social development.

To place the relationship between the budget and enterprises on a normative basis and to reduce to the utmost the non-returnable circulation of funds, to cut off all possibilities for gaining incomes without the end marketing of goods.

To raise the stability of the revenue part of the State Budget, and to turn the payments by enterprises for the used resources into the main source of budget revenue from socialist enterprises.

3. The USSR Ministry of Finance and its local agencies should resolutely move on to carrying out a fundamentally new financial policy based on combining the interests of the state and enterprises.

To ensure genuine control over the efficiency of management by using money levers, to remove the fiscal-redistributive activities of financial agencies, petty tutelage, detailed regimentation, and parasitic tendencies. To determine a package of measures for financial and credit-lending regulation of co-operative and individual enterprise, and to regulate taxation of the population's incomes, and to bring the style, methods and forms of work into line with new management methods.

4. To change the system of financing the activities of budgetary organisations and to build it on the basis of long-term stable economic standards and financial norms oriented towards the end results of activities.

More widely to use methods of economic stimulation of the quality of work and rational utilisation of the appropriations assigned. To grant a right to budgetary organisations, which have attained the established indicators of their operation, to use the saved means for their social and production needs.

To end the practice of withdrawing the means saved by them and of diminishing by that sum the appropriations for the next plan period.

5. It is essential to effect cardinal changes in managing credits: to restore the main principles of lending, to draw distinction between budget and credit resources, to exclude the use of emission for credit granting, and to turn credit into an instrument of strengthening the Soviet rouble.

To consider it advisable to establish specialised banks with due account for the peculiarities of economic complexes and fuller satisfaction of the population's requirements for credit-and-settlement services, to turn the credit granting system into a highly qualified, reliable and interested partner of enterprises and organisations.

The State Bank of the USSR should become in actual fact the main bank of the country, the organiser and coordinator of all credit-granting and settlement relations in the national economy.

Its role as the single emission and banking centre should be enhanced.

To make it binding upon the State Bank of the USSR to draw a clear distinction between credit resources by the sources of their formation and areas of application, and to coordinate the activities of specialised banks.

It is advisable to reduce non-returnable budget financing of capital construction and to broaden the use of long-term credits for these purposes. The activities of the banking system should be switched over to the principles of complete cost-accounting and self-financing.

6. The organisation of insurance and money saving bank business in the country should be raised to a qualitatively new level. With this end in view, the principles of complete cost-accounting and self-financing should be used in the activities of state insurance agencies. New types of insurance should be introduced, its promptitude and flexibility should be increased, its range extended, and the quality of services rendered to the population by the saving banks and insurance agencies should be raised.

7. The influence of the financial and credit granting mechanism on raising the efficiency and expansion of foreign economic relations is to be enhanced. The development of monetary and trade-and-economic relations should be maintained on a mutually beneficial basis.

The financial and credit granting mechanism is to create economic conditions for improving the pattern of export and import, for widening production co-operation on the basis of currency self-repayment and self-financing, and the pursuance of an active customs policy.

Special attention should be devoted to raising the purchasing power of the rouble, and to ensuring its stage-by-stage convertibility, first and foremost, within the framework of the Council for Mutual Economic Assistance (CMEA).

#### III. To remake organisational patterns of management.

A bulky and continuously swelling apparatus is characteristic of the established pattern and methods of management. It tries to manage the economy not by using economic interests but by means of detailed and day-to-day instructions and petty control. As a result, the management system becomes less and less efficient. The CPSU Central Committee considers it necessary to remake all the organisational economic structures — from the main element to branches, regions and the national economy as a whole.

1. It is essential to ensure the formation and development of organisational structures of the main element —enterprises (amalgamations), to overcome narrow departmental and parochial barriers which restrict the process of the socialisation of production, its concentration, specialisation, combining, and the development of diverse integration processes, particularly horizontal ones, in the economy.

The switching of enterprises over to complete cost accounting and self-financing should combine with the granting of the rights to them to create common production units on a joint basis, and to unification, right up to complete merger if this is prompted by the interests of co-operation and technological ties and effective output of end products.

It is essential to pursue a policy of securing that union managerial bodies have under their authority in prospect several thousand big scientific-production, sectoral, intersectoral and territorial-sectoral associations capable of independently carrying out the entire cycle "research and development — investments — production — marketing — servicing".

Medium- and small-sized enterprises, including co-operative ones, oriented to the local



market should be subordinated to republican and local managerial bodies.

During this work one should proceed from the need to create organisational conditions for economic competition between enterprises (amalgamations), and to prevent the monopolisation of production and the producer's dictation to the user.

2. The ministries are called upon to be scientific and technical, planning and economic headquarters of sectors. For the activities of ministries to improve radically, it is necessary to relieve them of the functions of day-to-day control of enterprises.

They should answer to the country for the satisfaction of requirements for the output of the branch, prevent disproportions, and ensure the attainment of world standards for the technology of production and quality of output, organising the elaboration and implementation of sectoral scientific-and-technical programmes.

Their task is effectively to conduct work to deepen specialisation and co-operation, to improve the organisation and structure of production. It is of importance to raise the activity of ministries in the foreign economic field, and in training, re-training and advanced training of personnel.

New tasks and functions of the ministries call for specifying their composition, for cutting down and streamlining the structure of the staff and strengthening their scientific, technical, planning, and economic sub-divisions, and eliminating the part of the apparatus engaged in day-to-day economic functions.

The staff should master economic methods of management, secure the democratisation of style, and raise openness in work.

3. The activities of the standing bodies of the Council of Ministers of the USSR are to be improved and subordinated to the tasks of carrying out a radical reform of economic management.

The policy of turning the standing government bodies into viable organisations responsible for the development of their sectors should be carried on. Their work should be focussed on solving inter-sectoral scientific and technical problems, on developing inter-sectoral co-operation, and on strengthening the export resources and international scientific, technical and economic co-operation.

4. Resolute measures should be taken to reduce and regulate the activities of the control apparatus and to subordinate it to state and national interests. People's control should become an effective means for identifying pressing issues, and one of major forms of drawing masses of people into the process of self-management in the affairs of the state and society.

To set up on a basis of the People's Control Committee of the USSR a single integrated system of control which would have broad powers on the whole of the country's territory, would conduct its activity in a comprehensive way, from all people's point of view, would rely on the maximum of openness in its work.

5. To radically revamp statistics. To ensure in its work a sharp turn toward qualitative indexes, the widening of the information on the matters of regional and social development, the holding of various selective surveys. To use statistics as an important instrument of openness, social and economic analysis, enhancement of competence in the solution of economic and social problems. To increase promptness and reliability of statistical information, to reduce and simplify accountability, to step up the effort to combat eye-wash and report-padding. To broaden the framework of the publication of statistic materials.

#### IV. To ensure optimal combination of branch and territorial economic management.

1. The CPSU Central Committee, for purposes of all-round development of productive forces, deems it necessary to enhance the territorial aspect in planning and to increase comprehensiveness of the plans of the economic and social development of union and autonomous republics, territories, regions and large cities.

To draw up as a concept of territorial development a master plan of the development and distribution of productive forces for a period of fifteen years. In working out regional plans of the economic and social development to take into consideration the activity of all enterprises and organisations situated on a given territory, regardless of their departmental subjugation. To pay special attention in plans to the development of the production and social infrastructure, of inter-branch facilities needed for a comprehensive development of a territory.

The limits for capital investments and building-assembly works necessary for the development of a republican economy should be set for a republic as a whole. In districts of new construction the funds for the creation of a regional production and social infrastructure and environmental protection should be specially allocated. A system of economic privileges for enterprises placed in promising areas should be applied.

2. To heighten responsibility of the councils of ministers of the union republics for a comprehensive solution of the economic and social tasks on the territory of republics. For these purposes it is expedient to make them responsible for:

The guidance of entire social and cultural construction and coordination of the activity in this sphere of agencies, enterprises (amalgamations) and organisations of union, union-republican and republican subjugation functioning on a republic's territory;

The meeting of the population's needs in food products through using local possibilities to the utmost, the fulfilment in full measure of food supplies to the all-union and republican stocks;

The coordination of the activity of enterprises for the production of consumer goods and development of the services, elimination of their deficit as well as responsibility for the volumes of the output of goods and the rendering of services;

To increase dependence between the volume of resources channelled for social development of union republics and separate regions and results of economic activity of enterprises situated on the territories of republics.

3. In order to strengthen the economic base of local soviets of people's deputies and union republics and its linkage with the results of the economic activity of all enterprises situated on a given territory it is necessary to rearrange the shaping of republican and local budgets on the principle of norms.

For this purpose, in conditions of the new system of prices it is necessary to envisage the contribution to the local budgets on the basis of long-term stable economic norms of a part of the pay for labour and natural resources used, as well as the total sum of fines for environmental pollution. To introduce the payments to local bodies on the basis of norms from estimated profits (incomes) of enterprises (amalgamations), regardless of their departmental subjugation. To enhance the interest of the soviets of people's deputies in increasing the manufacture and sale of consumer goods to the population, establishing for them stable norms for a five-year period of deductions from taxes levied on the territory.

At the same time it is necessary to expand substantially the range of tasks of economic and social development of regions which should be tackled by local soviets of people's deputies

at the expense of their budgets, to fully relegate to them the solution of matters of financing the construction of new enterprises of local subjugation, development of the regional production and social infrastructures and matters of regional importance. To increase the construction of roads of local importance, as well as the production of local building materials at the expense of the funds from local budgets.

4. It is necessary to effect the reorganisation of economic management in union republics, without allowing for republics copying mechanically the composition and structure of union government bodies, and local bodies copying that of republican ones.

To concentrate the management of enterprises (amalgamations) of the heavy industry and geological survey mainly in union bodies of management, while the management of enterprises working for the local market should be concentrated in the republican and local government bodies.

It is expedient to set up the main production-economic departments of executive committees of the soviets of people's deputies for practical guidance of the national economy in territories and regions. The criteria of the assessment of enterprises' activity by local Party, government and managerial bodies should be brought into accord with the new economic mechanism.

#### V. Enhance social trend of development

1. The CPSU Central Committee holds that the main political, economic and social task is to enhance the role of the human factor, to create a powerful system of motives and stimuli encouraging all workers to work fruitfully for the common benefit and on this basis to direct production at achieving a qualitatively new level of the people's prosperity, all-round development of every Soviet person.

2. To manage interests through interests, to combine material interests of a personality with the interests of a collective and society it is necessary:

To conduct consistently the line at work collectives earning funds to repay labour and social development, to ensure the possibilities of their complete use. To embark everywhere on norm setting of wage fund of collectives in direct dependence on the end results of their activity;

To restructure the system of wages proceeding from the tasks of sharply enhancing the efficiency and improving the quality of work, increase the interest of the working people in fulfilling work with a smaller number of employed. Not to allow the wage-levelling, to ensure a justified differentiation in the pay, without setting any limit to it;

To implement a qualitatively new approach to labour organisation so that it should be in keeping with the requirements of the scientific and technological progress, to widely apply its progressive forms;

To create conditions for extensive use of collective contract.

To promote the adoption of collective contracts by teams, units, shops and enterprises by involving managers, engineering workers and technicians in self-supporting collectives. To organise a collective contract, as a rule, on the basis of an agreement between the administration and the collective by allocating the necessary property to it and by shaping the wage fund on the basis of stable norms depending on the end results of work.

To revamp planning within an enterprise and material-technical supply, to pass on to enlarged norm-setting, to introduce new forms of accounting within enterprises.

3. To ensure broad application of scientifically substantiated social norms in management,

setting them as the basis for the planning of the development of the social sphere. To regard as obligatory the application of social norms in creating new equipment and technologies in building, building and reconstruction of enterprises and facilities, in improving the labour organisation and conditions, as well as in implementing measures for environmental protection.

4. To create a system of shaping effective employment of the population. In new conditions of economic management it is necessary to cardinal improve the organisation of the use of labour resources, of selection, training, retraining and job placement of personnel.

For implementing state policy of employment it is necessary to restructure the activity of the USSR State Committee for labour and social affairs and its local bodies, to make them responsible for ensuring complete employment, job placing, training and vocational guidance of workers released for other jobs and of unengaged able-bodied population, the granting of enterprises' needs in personnel.

To create a network of self-supporting centres (bureaus) for job placement and vocational guidance of the population.

5. The CPSU Central Committee emphasises that the implementation of the inter-related system of measures for radical restructuring of the management is inseparable from the solution of the tasks of ensuring a balanced demand and supply of consumer goods and paid services. For this purpose it is necessary:

To set the trend of speedy development of the production of consumer goods and services and their subjugation to the population's requirements. To encourage in every way co-operative and individual labour activity;

To overcome the deformation of the structure of the population's expenditure, above all on the basis of considerable speeding up of the development of the sphere of paid services, particularly in the housing and amenities economy, in the sphere of rest and tourism, cultural and communal services;

To speed up the development of co-operative and individual housing construction. To draw more actively the funds of the population into its widening, particularly in rural areas.

6. To perfect the guidance of the development and use of the material and technical base of the socio-cultural complex. In drawing up plans at all levels to provide for priority allocation of funds for an early solution of the housing problem, strengthening of health, meeting of cultural requirements of man. To enhance considerably the role of funds of enterprises in improving the conditions of daily life of the working people. To channel capital investments saved in the construction of production facilities for the development of the material and technical base of the socio-cultural sphere.

To borrow savings of collective farmers, factory and office workers for the financing of the construction of socio-cultural facilities under the guarantees of collective farms, enterprises and local soviets of people's republics.

The need is ripe for overhauling the economic mechanism of the functioning of socio-cultural complex — education, culture, health services, physical culture and sports. To introduce self-financing of enterprises, organisations and institutions of this area in close linkage with end results of their work.

#### VI. To organise efficiently the reorganisation of economic management.

The plenary meeting of the CPSU Central Committee emphasises that efficient organisation of work and its coordination in time is a most important condition of the successful making of the radical reform of economic management.

It is impermissible that the lack of reliable organisational insurance, tardiness and lack of coordination should lead, as in the past, to delays and incomplete implementation of a radical reform of economic management. Its steady and consistent implementation is a most important task of Party committees and organisations, soviets of people's deputies, economic management bodies, trade unions and the Komsomol.

1. To carry out before the end of 1987 a thorough preparation for bringing into effect the law of the USSR on the State Enterprise (amalgamation) and to apply its operation to all enterprises in 1988-1989, to place them in conditions of full cost-accounting and self-financing.

To implement the reorganisation of planning, pricing, finances and crediting, the material and technical supply, so as to enter the 13th five-year period with a new economic mechanism. At the same time to reorganise the functioning of central economic, branch, republican organs of management.

The drawing up and implementation before 1990 of a programme of measures aimed at normalisation of the situation at the consumer market, a substantial improvement of the balance of the supply and demand for goods and paid services must become a task of priority importance.

To draw up the plan of the 13th five-year period proceeding from the requirements of the new system of management, and to endorse it before the beginning of the five-year period.

2. The CPSU Central Committee emphasises particularly the need for the consolidation of the legal mainstays of the reorganisation of the economic management of the country.

To revise and abrogate all normative acts, including instructions of ministries and departments contradicting the Law on the State Enterprise (Amalgamation), the new provisions in the area of planning, pricing, finances and crediting, material and technical supply, guidance of labour and social processes.

In applying legislation to proceed from the view that any economic activity other than prohibited by law is permitted to enterprises. As a rule laws must be direct acts and must apply immediately to work collectives, state and public bodies, officials and citizens.

To work out strict legal procedures of adopting economic decisions on the basis of new legislation, to preclude the possibilities of voluntarism at any level of the economic system.

To systematise and codify economic legislation, to speed up the drafting of an all-union act on the procedure of drawing up and application of departmental normative acts, to take measures for enhancing control over departmental normative acts being in accordance with legislation.

3. Upgrading of the economic knowledge of personnel, the ability to use economic methods of management in the atmosphere of democracy and broad openness are an indispensable condition for successful reorganisation of management.

To organise everywhere the study of the new system of economic management, its explanation and concrete discussion in all work collectives and bodies of management. To restructure the system of training, retraining and upgrading of the qualification of Party, government, managerial and trade union cadres. To base instruction on practical grasping of contemporary methods of economic management. To work out and implement measures for the consolidation of the material base of tuition, its equipment with up-to-date managerial technique.

To practise broadly exchanges of experience between executives of all ranks, to organise business clubs for directors of enterprises. To improve drastically training at establishments of higher economic learning and at economic

faculties and economic education of specialists in all branches of agriculture.

To prepare soon new text-books and teaching aids on economics for higher educational establishments and the upgrading and retraining system, above all for studying the new system of economic management. To combine general professional training with economic training, to incorporate it in the state system of upgrading and retraining personnel.

4. Broad development of democratic principles in society is an indispensable condition for the successful implementation of the radical reform of economic management and the effective functioning of the new economic mechanism.

The activity of bodies supervising economic construction and construction of social and cultural amenities should be carried out in conditions of openness and broad involvement of the general public in the elaboration of major decisions.

To submit for nation-wide discussion large-scale scientific, technical, economic, social and ecological problems and drafts on their solution. To discuss widely among the population issues of socio-economic development concerning the interests of the republic, territory, region, city and district and systematically conduct public opinion polls on major socio-economic problems.

To create conditions for public participation in the discussion of draft plans, budgets, laws and resolutions on major issues of social and economic life.

To provide better information on decisions adopted by the government and departments and local bodies and on progress in implementing plans and decisions adopted. To broaden the publication of statistical data on the socio-economic development of the country, union and autonomous republics, regions, territories, cities and districts.

To secure that representatives of governing bodies make regular reports to soviets of people's deputies, work collectives, public organisations and the population, as well as through press publications, press conferences and other forms of communication with working people and their representatives.

The implementation of the fundamental reorganisation of the country's economic management is a truly revolutionary process. Economy today is on the frontline of the reconstruction drive. Radical change in economic management has become an inevitable necessity. The chief objective of the overhaul in management is to give fresh impulses to the social and economic progress of Soviet society.

The plenum of the CPSU Central Committee calls on behalf of the entire Communist Party upon working people in the Soviet Union — factory workers, collective farmers and intellectuals — to support the CPSU's strategic course towards the radical reform of economic management, actively join in its implementation, master economic methods of administration and learn to live and creatively work in conditions of full cost-accounting and self-financing, democratisation and self-management, broad openness.

It is only by advancing boldly and steadily along this path that we will be able to attain qualitative improvement in the life of all Soviet people, achieve genuine renewal of socialism and secure prestige and authority of our Soviet homeland, the land of the Great October Revolution. □

(Moscow, June 26, TASS)



# Resolution of the plenary meeting of the CPSU Central Committee

Here follows the full text of the resolution of the plenary meeting of the CPSU Central Committee:

## ON THE PARTY'S TASKS IN FUNDAMENTAL REORGANISATION OF ECONOMIC MANAGEMENT

1. The plenum of the Central Committee of the Communist Party of the Soviet Union, having heard and discussed the report by General Secretary of the CPSU Central Committee Mikhail S. Gorbachev on the Party's tasks in fundamental reorganisation of economic management, notes that the consistent implementation of the course of the April (1985) plenum of the Central Committee and the 27th Congress of the CPSU towards accelerating socio-economic development and restructuring is having a profound effect on all spheres of life in Soviet society. The January (1987) plenum of the CPSU Central Committee was an important landmark along the road of its democratisation. The Soviet people have fully backed and are joining ever more actively the process of large-scale transformation.

The plenum approves of the political and practical activity of the Political Bureau of the CPSU Central Committee in carrying out the course towards restructuring and assigns it to continue unswervingly the strategic policy of the Party Congress in the interests of the people, consolidation of socialism and deepening of socialist democracy.

2. The plenum states that at present, when the Party and the country have entered the crucial period of restructuring, a period of practical deeds, the main thing is to build up in all ways the rates of transformation and shift the centre of gravity to painstaking and purposeful organisational and ideological and political work in all directions of domestic and foreign policy.

The plenum attaches special importance to subordinating the entire activity of the Party, of every Party organisation and every communist to deepening the reconstruction drive, consolidating its positive results and promoting and developing everything that makes it possible to get rid as quickly as possible of stagnant phenomena and introduce in practice a reliable and effective mechanism of acceleration.

The plenum deems it necessary to pursue with ever greater vigour and consistency the course

towards democratising Soviet society, regarding this as the principal condition for direct involvement of broad masses of working people in restructuring, as a guarantee of the process of renewal.

3. The plenum of the CPSU Central Committee holds that a radical reform of economic management is the key task of restructuring, a major condition for speeding up social and economic development. Moved to the foreground is the establishment of a new integral system designed to exert revolutionising influence on all aspects of work and life of Soviet people, impart new quality to socialism and advance it to a new stage of development.

The plenum approves of the main provisions, set out in the report by General Secretary of the CPSU Central Committee Mikhail Gorbachev, of the fundamental reorganisation of economic management, the objectives and principles of its implementation.

Transition to the integral system of management should ensure real acceleration of the development of economy, impart new dynamism and quality to it, meet the demands of society through the maximum use of achievements of scientific and technological progress, ensure sensible socialist use of the environment, resolute changeover from predominantly administrative to predominantly economic methods of management at all levels, and all-round activation of the human factor.

To endorse the "Main Provisions of Fundamental Reorganisation of Economic Management" submitted by the Political Bureau of the CPSU Central Committee.

To approve the Draft Law of the USSR on the State Enterprise (Amalgamation) amended with account for the results of the nation-wide discussion. To assign the USSR Council of Ministers to submit it for consideration to the USSR Supreme Soviet.

4. The plenum of the CPSU Central Committee notes that the radical reorganisation of management raises in a new way the question of applying the principle of democratic centralism to guidance over the socialist economy and makes new demands on the work of central bodies of economic management. They are called upon to ensure the implementation of the national strategy of socio-economic and scientific and technological development, balance the economy fully and reliably, create necessary conditions for effective economic performance of enterprises and amalgamations in the conditions

of cost-accounting independence and self-management of work collectives and meet social requirements on this basis.

The plenum approves on the whole the draft resolutions relating to the reorganisation of the activity of central, republican and local bodies of management, the planning system, the implementation of a radical finance and credit reform, a reform of pricing and restructuring of material and technical supply and other norm-setting acts and assigns the Political Bureau of the CPSU Central Committee and the USSR Council of Ministers to endorse them with account for the discussion at the plenum of the Central Committee.

5. The plenum of the CPSU Central Committee emphasises that it is now especially important and necessary to strengthen Party influence in all directions of the reconstruction drive, guarantee skilful guidance over public processes and elaboration of new creative approaches in Party work. In transferring the economy to a new system of management special attention should be given to ensuring the normal functioning of the national economy in the transitional period when both new and old methods of management will be in operation.

Party organisations are called upon to be in the vanguard of the transformation work. The central committees of the communist parties in the union republics, territorial, regional, city and district Party committees should consistently carry out a course towards perfecting the style of work, introducing political methods of guidance with reliance on primary Party organisations, work collectives and public organisations, assess in a truthful and principled way the state of affairs and teach the cadres to work in a new way. It is necessary to adopt specific measures to raise responsibility and principledness in the work of Party organisations of central economic bodies, ministries and departments, enterprises and amalgamations.

With a view to invigorating the activity of Party organisations on implementing decisions of the 27th Party Congress, the January (1987) plenum and this plenum of the Central Committee, to deem it necessary to hold at the year's end meetings of communists and plenums of Party committees to consider reports by elected bodies on their work on guiding the reconstruction drive.

The plenum of the CPSU Central Committee emphasises that the restructuring of economic management and the economic mechanism on the whole is now the central task determining success of the entire strategy of acceleration. Its implementation is a major concern of the entire Party and people, an integral part of the process of renewal of all life in the country, direct continuation of the cause of the October Revolution. □

(Moscow, June 26, TASS)

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(Moscow, June 26, TASS)

**Changes in Political Bureau**

**THE plenary meeting of the CPSU Central Committee studied organisational questions:**

The plenary meeting promoted Nikolai Slyunkov and Alexander Yakovlev from alternate to full members of the Political Bureau of the CPSU Central Committee.

The plenary meeting promoted Dmitri Yazov, Minister of Defence of the USSR, from candidate to full member of the CPSU Central

Committee and elected him an alternate member of the Political Bureau of the CPSU Central Committee.

The plenary meeting relieved Sergei Sokolov of his duties of alternate member of the Political Bureau of the CPSU Central Committee in connection with his retirement.

The plenary meeting removed from the CPSU Central Committee Dinmukhamed Kunayev for serious shortcomings in leading the republic Party organisation when he was First Secretary of the Central Committee of the Communist Party of Kazakhstan. □

# Mikhail Gorbachev's concluding speech at plenary meeting

Here follows the concluding speech made by Mikhail Gorbachev at the plenary meeting of the CPSU Central Committee on June 26, 1987:

Comrades,

We are concluding the work of our Central Committee plenum. You know, and this was rightly noted in speeches here, that the whole Party, the whole country were looking forward to it. Firstly, the present stage of the reorganisation has raised many problems. The present plenary meeting of the Central Committee was to evaluate them and come up with conclusions for political and organising work. And secondly, the plenary meeting was faced with the task of working out the main provisions, the principles of a radical reform of the management of our economy.

I believe we have full reason to say that the plenary meeting has justified the hopes of communists, of all Soviet people. And this determines its tremendous importance. The plenary meeting substantially advances our reorganisation along the course mapped out by the 27th CPSU Congress, deepens understanding of its necessity and new methods of approach to its implementation.

The programme of the radical reform of economic management was adopted at the plenary meeting. It creates a powerful and effective lever for accelerating the restructuring drive.

This programme has absorbed everything that was given us by the practical experience of the past two years, that was given us by scientific thought, that was given us by the lessons of decades of building socialism. The experiments that we conducted in the course of recent years, testing new approaches to the economy, have served as a basis for it. So the adopted documents reflect the collective thought, everything that we succeeded in summing up on this question at the present stage of our society's development.

Special mention should be made of the atmosphere in which the plenary meeting took place. It reflects the further development of the new situation that is forming in the Party after the April plenary meeting and the 27th CPSU Congress and is characterised by a sober evaluation of the course of the restructuring, its successes and achievements, a deep analysis of the work done, criticism of shortcomings and a free and business-like discussion of ripe problems. All this was present in the work of this plenary meeting and we all, members of the Central Committee, can experience a legitimate feeling of satisfaction.

The thought that despite all of its accomplishments the process of reorganisation is yet advancing slowly was stressed in the report and speeches. By critically assessing the situation we thereby mobilise our possibilities, and we have quite many of them in all spheres of public life.

The criticism and self-criticism that sounded here are an expression of a reasonable dissatisfaction with the state of affairs and an indicator of our strength. The main feature of Bolshevik criticism is that it is concrete, business-like and constructive. We have full reason to say that there is advance both in industry and in such a complex sector of the economy as agriculture.

But particularly great is the advance in the minds of people, in the awareness of the socio-political situation which has shaped in the country of late.

Our country is a rapidly changing society now. This is society with new attitudes and new hopes. Society is renewing itself, it has set in motion, thinking is active, and practical actions become more vigorous and bring ever more tangible results.

The plenary meeting is completing the working out of an integral concept of the reorganisation, whose idea we advanced in April 1985, worked out in the documents of the 27th Congress, of the January plenary meeting of the Central Committee. And it is not only the theoretical aspect, however important, that is the point of the matter. The political importance of the current plenum is that it translates the ideas of the reorganisation into practice, and, moreover, in the decisive social sphere — the economic sphere which is related to the fundamentals of the people's life.

I wish to say once again that the decisions of the plenum, the documents adopted by it deepen substantially, in both the theoretical and practical aspects, our strategic line at acceleration, at the reorganisation. They provide fundamental guidelines for the reorganisation of the economy. Many things will, certainly, be prompted by practical experience. The views of the reorganisation will be deepened by life itself. We are in for new problems, considerable complexities. We are not insured against mistakes either, though we should act and work in such a way that there should be as few mistakes as possible.

And yet I am confident that the greatest mistake is the fear to err.

For if, fearing complexities of the current stage, somebody will be cowardly sitting it out in offices, without reacting to the fact that life knocks ever louder at doors and windows, this will become the biggest mistake.

We have made it a rule not to avoid resolving urgent problems, not to allow questions to pile up, for too great a number of questions piled up as it is.

A dread of making a mistake is particularly ruinous: it paralyses one's will and restrains the efforts aimed at remaking society.

We are now living through a kind of transitional period, particularly when applied to the economy. We are to switch all enterprises and amalgamations over to complete cost-accounting, to prepare and effect a radical reform of price formation, and to restructure material and technical supply, finances and crediting, and organisational patterns of management.

All this will require serious and thoughtful work. At the same time no one relieves us of accomplishing the tasks of the five-year-plan period and of attaining the goals which we set in the five-year plan.

Of course, everything should be done for the transitional and complex period not to become too long, and to secure that we act in this responsible period resolutely, thoughtfully and efficiently.

Everything is of importance in this work. But, perhaps, the most important thing is that we are launching a radical reform of economic management which involves the economic interests of millions of people. This, and I repeat it, is the chief, most important thing.

This is why in all our practical actions we should take the interests into account. This does not at all mean that we should drag behind various sentiments and parasitic interests. No, comrades, we should not. I speak of the legitimate interests which we should take into account without fail.

Therefore the entire amount of work to move on to a new mechanism of management should provide more opportunities for the realisation of these interests. It is precisely the taking into account of these interests that is to become the spring which will add new dynamism to our economic system and to all economic activities.

All in all, the entire work of the present stage should be carried out with a great sense of responsibility. And society headed by the Party which is equipped with experience, theoretically prepared and rallied organisationally, is capable of this. We must emphasise most forcefully now that the role of the Party is particularly important at the given stage of social development, in the reorganisation as a whole.

A most important task — practical implementation of the reform in all links, at every level, is assigned to the CPSU. Dwelling on this, I want to emphasise the role of primary Party organisations especially. For everything we have conceived will be implemented mainly in a work collective. The activity of all the bodies of economic management must be aimed above all at creating conditions for a successful, effective functioning of the main link of the economy.

The growing role of the primary Party organisation is determined precisely by the fact that it is functioning in a work collective. The Party committees, starting from the CPSU Central Committee, must bear this in mind and promote by every means they have the effective functioning of primary organisations in new conditions. This applies to all aspects of Party work — political, organisational, ideological.

Novel tasks are also facing the huge corps of the country's economic managerial personnel. The Party counts on their decisive contribution to carrying out the reform. The country has an immense cadre potential, and it is essential to help them to realise still more profoundly the novelty and magnitude of the current changes in view of the economic reform, to join in active work on the basis of the new principles of management, introducing them everywhere, in all sectors of the economy.

It is essential to act so that all those who are on the side of the reorganisation process, who are for the reform and who strive to devote all energies and experience to it, and to put their heart into the work could enjoy active support and attention on the part of Party bodies.

Such persons constitute the main portion of the people. Moreover, the reform will proceed with much difficulty if we do not overcome such a shortcoming as personnel reshuffles in the main section of the cadres, I mean the leaders of enterprises, construction projects, collective and state farms.

Therefore I want to repeat once again: all cadres who are politically on the side of the reorganisation and possess the necessary competence should be given support. It is necessary to support them and to help them in their work.

Speakers at the plenary meeting, comrades, pointed out correctly that the 13th five-year-plan period will become a decisive stage of the radical

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## MIKHAIL GORBACHEV'S REPORT TO THE PLENARY MEETING

(Continued from Page 231)

to batch production and servicing.

And the factor of controllability should, certainly, be taken into consideration.

And, finally, the monopoly position of amalgamations should be avoided in the manufacture of some or other kinds of products.

I believe the switching of enterprises and amalgamations to complete cost-accounting and self-financing must be combined with granting them the right to launch joint ventures or amalgamations on a basis of share-holding up to, and including a complete merger, if this is dictated by economic expediency.

We are confident that in new conditions the enterprises will be interested in forming all kinds of voluntary amalgamations, involving the creation of new equipment, computing centres for collective use, social and environmental protection facilities, transport junctions, even schools for training personnel and managers.

But the stand of management bodies here should not be passive, much less conservative. The gate should be thrown wide open to all manner of integration processes.

While 37,000 industrial enterprises covered by the state plan are directly controlled from the centre now, several thousand large sectoral, inter-branch and territorial-branch amalgamations capable of implementing the entire cycle of work from research to investments to production to marketing to maintenance could be controlled from the centre in future.

Alongside them, tens of thousands of medium and small enterprises, including co-operative ones, oriented at servicing large amalgamations and at the local market could be in the republican and local subordination.

No less important is the question of revamping branch management.

What should be its essence? It should be clear delimitation of the areas for which ministries are responsible and those for which amalgamations and enterprises are.

The ministries should really become the scientific, technological, planning and economic headquarters of their industries, should account to the country for meeting the requirements of the national economy in the products of their industries, be responsible for bringing production and its quality to world levels, and vigorously go about improving their sectors structurally and promoting specialised- and co-operative-production arrangements, should work out economic norms, levers and stimuli for enterprises in their charge.

The ministries should have at their disposal leading research and development organisations and centralised funds by dint of which it is expedient to set up new enterprises and support work collectives through major modernisation and expansion schemes.

The vast majority of industrial ministries will actively join in foreign economic activities. Retraining of personnel and upgrading their qualifications is an important task of the ministries, and their role in this will increase immeasurably.

In order to discourage the ministries' staff's attempts at petty administrative guidance of enterprises, they should be relieved of the functions of operational economic management by eliminating corresponding units, reducing the staff of the ministries and organisations serving them.

With new functions, the ministries do not need a cumbersome structure and large staff. The question of merger of certain ministries might crop up during the implementation of the proposed measures.

As is known, a system for the management of national economic complexes and intersectional management is now being fashioned. The following agencies have been formed and function as permanent agencies under the Council of Ministers: the State Agro-Industrial Committee (Gosagroprom), the State Committee for Construction (Gosstroj), the Bureau for Machine-

Building and the Bureau for the Fuel and Power Complex, the Foreign Economic Commission and the Bureau for Social Development.

This system is just being formed. An optimum way of distributing functions between the bodies for running economic sectors, on the one hand, and the USSR State Planning Committee and ministries, on the other hand, is yet to be found.

The policy of making standing government agencies into viable organisations responsible for the development of their particular economic sectors and solving inter-sectoral problems should be consistently pursued.

We know from experience that it is precisely at the junction of sectors that major national economic problems arise. It is precisely there that discrepancies present themselves, because of which we sustain heavy losses. And it is precisely there that vast reserves for improving work are hidden.

The strengthening of standing government agencies will make it possible to link ministries and departments with them and make management more effective.

In new conditions enhanced demands are made on the quality of work of the central economic bodies: the State Planning Committee, the Ministry of Finance, the State Committee on Prices, the State Committee of Technical and Material Supply, the State Committee for Science and Technology, the State Committee for Labour, and others.

The transition to complete cost-accounting, radical changes in the activity of ministries and the development of the system of management of national economic sectors radically change the functions of these bodies.

As to the USSR State Planning Committee, stress in its work should be shifted to dealing with determining the prospects for development, realising the fundamental social and economic tasks, and ensuring overall balance in the national economy.

The structure of the State Planning Committee as the highest scientific and economic headquarters of the country should be radically transformed in accordance with this.

It is important that its general departments, social trend, science-and-technology and regional services be strengthened. All this, naturally, should be most closely linked with the functions of the standing agencies of the USSR Council of Ministers.

The question of enhancing the co-ordinating role of the USSR State Planning Committee with regard to the activity of other central economic agencies is apparently ripe, comrades.

We have already been saying that the new system will be effective only if it succeeds in linking and harmonising the multifarious interests of our society, including the interests of not only enterprises and branches but the interests of the republics, territories, regions, cities and districts — or territorial interests as they are customarily called.

It should be borne in mind that unless local possibilities and initiative are tapped in the implementation of the radical reform, the cause might be seriously affected in a number of ways.

It will not be amiss to recall, comrades, that many ideas, on whose basis important experiments have been carried out and the contemporary concept of management emerged, originated at local level and were implemented due to effective work of local government bodies.

The team contract in agriculture and construction, in industrial production, new forms of territorial management of the economy, progressive undertakings in rail transport, in the sphere of public service, in trade, transition to self-financing and many other things emerged on the initiative of work collectives with vigorous support of local party, government and managerial agencies.

A number of decisions on enhancing the role of republic agencies and local soviets have been adopted of late. They were met with approval. And yet the territorial aspect of the management has not been given due attention and has not been sol-

ved so far. Cardinal measures are required in this area.

Our experience indicates that the activity of territorial agencies should be concentrated above all on the problem of a comprehensive development of a region, on the most rational use of local resources — manpower, natural, production and economic ones.

Concrete steps have already been taken in this direction — I mean the setting up of agencies managing the agro-industrial complex, construction, production of consumer goods and services.

Territorial agencies can do a lot to set up inter-branch productions, to ensure a better use of unique equipment, and secondary resources, and shaping the production infrastructure. There is a wide scope for their activity in these areas.

The social sphere is certainly a most important area of territorial management, above all on the part of soviets. I have two remarks to make in this connection. The first concerns the protection of interests of the social sphere in large cities. We should arrest the escalation of construction of production facilities in cities where it is to the detriment of their social development.

Why shouldn't we consider and implement a system under which ministries and departments will be permitted to build production facilities only if they simultaneously allocate funds to territorial agencies for the development of the social sphere on the basis of justifiable norms. I think such an approach would help put things in order in the development of cities.

The second remark is about the role of territorial agencies in organising co-operative and individual labour activity. There exist now practically all the necessary decisions at the state level on this score. Many working people would like to form co-operatives for resolving some or other tasks connected with meeting the requirements of people.

There are a lot of people wishing to be engaged in individual labour activity. It seems that there is everything for developing this important process. Nevertheless, it proceeds with difficulty and very slowly.

There is one reason behind this: the lack of initiative in local government bodies, inattention to this matter and at times the unwillingness to tackle it and various bureaucratic obstacles. But it is a direct duty of the local government bodies to deal with the matter, and they must be fully responsible for this.

Thus, no matter what aspect of our economy is taken, the need for bolstering the role of territorial bodies, above all the soviets, is felt everywhere.

Organisational measures seem to be indispensable, too. We believe it is expedient to set up production management boards at the executive committees of soviets at regional and territorial levels to draw up plans for regional development and co-ordinate all economic activities on a given territory.

All in all, comrades, we need such a system of management that would suit new principles of the economic activity, the essence of economic methods.

The competence and responsibility of government agencies at all levels and in all spheres should be clearly delimited in that system and the best conditions for the functioning of the main link — enterprise and amalgamation — should be created.

### Social aspects of management reorganisation

Comrades, man with his real interests and motives is central to our economic policy and economic practice.

We must realise that the time when management consisted of orders, bans and calls, has gone. It is now clear to everybody that such methods can no longer be employed, for they are simply ineffective.

To create a powerful system of motives and

stimuli encouraging all workers to fully reveal their capability, work fruitfully, use production resources most effectively — such is the requirement of the times.

Everything is extremely important in this: the organisation of work and forms of incentive, the system of employment, the situation in the consumer market, and the state of social and cultural services. Each of these areas should be considered from the viewpoint of activating the human factor.

The question of the need of a qualitatively new approach to the organisation of work is posed acutely. The current practices, as a rule, have long become outdated.

We need such labour organisation that would correspond to the present-day requirements of the scientific and technological progress, would encompass the best national and world experience and — particularly important — would suit the new conditions of economic management and principles of self-government.

After a series of experiments it has become clear to all of us that the new economic mechanism is best suited by the team contract and other effective forms of labour organisation and stimulation. It is only on their basis that full implementation of economic cost-accounting is possible and it can be applied to every collective and work place.

The system of pay and labour incentive must be arranged in a new way. The law on enterprise guarantees enterprises the right to raise wage rates and to establish extra-payments to them. The possibilities of effective stimulation are drastically expanded.

But it is particularly important that the actual pay of every worker be closely linked to his personal contribution to the end result, and that no limit be set on it. There is only one criterion of justice: whether or not it is earned.

The intensification of social production and the creation of a corresponding economic mechanism encourage us to appraise in a new way the problems of effective employment in our society.

The number of work places grew rapidly at the previous stages, in conditions of predominantly extensive development of production. To fill vacancies was the main problem then.

The situation is radically changing now. The scopes on which the excessive workforce will be trimmed will increase considerably in conditions of the speeding up of the scientific and technological progress.

The new economic mechanism will give incentives for this. The need in labour resources for the sphere of public services, culture, education, health services and recreation will increase at the same time.

Such a rearrangement of the workforce requires close attention and carefully considered organisational measures. We must ensure social guarantees of the employment of the working people, their constitutional right to work. The socialist system has such opportunities.

The rights of state agencies for labour and social affairs must be expanded in the new situation, and their responsibility must be enhanced.

I have already said that a large gap between monetary incomes and solvent demand of the population, on the one hand, and available commodities, on the other, has formed in the recent years.

The amount of money in circulation multiplied 3.1 times between 1971 and 1985, while the production of consumer goods doubled. We must consistently and firmly continue the line at subjugating the production of consumer goods to the population's demands in the framework of the economic management reform.

The work to stock warehouses is not only wasteful, it is absurd — whichever way you look at it. It is better to close down this kind of production. I think this question merits the closest attention.

And the point of the matter is not only that the demand of the population, able to pay, be met with available supply. Thought must apparently be given to drawing more fully the funds of the population into the solution of a number of other

tasks.

Many people would like to acquire housing with personal funds, through co-operative and individual housing construction. There has been no real advance in this. Quite the contrary, the share of co-operative housing construction has been falling markedly until recently. This is certainly not right.

Considerable funds could be borrowed from the population for setting up bases for rest and tourism and for building paid sports facilities on the local level. The population could invest funds on definite terms in the co-operatives that are being set up now in the public services and other areas.

And here we approach another matter. In order to overcome the deformation of demand it is necessary to double or treble the speed of the development of the entire sphere of paid services, to introduce additional stimuli and to provide more resources. Estimates indicate that by taking this road we can assure an annual increase of services at the rate of 15-20 percent.

All this and many other things would make it possible to quickly improve the situation in the market of goods and services, and to strengthen money circulation. Let those responsible for this, in the centre and at the local level, ponder on the issue.

The passivity of those managers who do not use the new opportunities for the solution of social tasks is particularly intolerable in the present situation.

The old habit of approaching the solution of social problems from the principle of using what is left, on the one hand, and the existing sponger's psychology, on the other, are, apparently, still manifested in this area. And both things should be discarded once and for all.

It is work collectives, and they alone, that can solve their social problems. And it is necessary to act in work collectives, in cities and districts, in regions and republics energetically, reasonably, with enterprise — as befits a master, in a word.

### Restructuring of management: efficiently organised, with party and political backing

Comrades, a radical reform of the economic management is not a once-only act, but a process which will take a certain time to complete. And there must be no delays about this, for this might turn out to be the main danger. Too much time has been wasted.

In any case we must usher in the 13th Five-Year Plan period with a new economic mechanism, though its adjustment could be continued in future.

The political bureau deems it impermissible that a lack of reliable organisational backing, tardiness and lack of co-ordination should lead, as in the past, to delays and incomplete implementation of reform.

In this connection it is proposed that the plenum should endorse the *Principal guidelines for a radical reorganisation of economic management*, which contains both fundamental and concrete directives for establishing a new system of management, and that it should become a party directive for the entire subsequent work in this area.

What is the organisational intent of the planned restructuring of the economic management?

Its starting point will be the adoption by the USSR Supreme Soviet of the Law of the USSR on the State Enterprise (Amalgamation). A whole package of concrete decisions on major matters of the restructuring of management is proposed to be adopted before the end of this year so as to bring centralised management into accord with the law on the enterprise.

From the year 1988, the new principles will be applied to the operation of enterprises and amalgamations manufacturing about two-thirds of the entire industrial output, including all machine-building, metallurgy, the main part of enterprises of the fuel-and-energy branches, as well as of the

chemical, timber, light, food and fisheries industries and all types of transport. The transitions to new conditions of economic management must be completed in 1989.

The restructuring of the most important functions of the economic management will be effected parallel with this before the end of the five-year plan period: of planning, pricing, finances and crediting, material and technical supply. Stable economic norms of long-term action for the 13th five-year period will be set.

A new five-year plan is to be worked out in a new way, on the basis of the system of economic management introduced. First of all broad independence in concluding agreements on the basis of economic norms and orders of consumers must be provided for enterprises. All work should be organised in such a way as to ensure the adoption of the five-year plan before the beginning of the five-year period itself.

Comrades, the organisational aspect of the planned transformations should include a vast programme of legislative activity, the formalising of the legal mechanism of the economic reform.

The approach is simple: there must be no lack of clarity in the question of legality or illegality of some or other actions in the sphere of economic management. The legal principle that everything is permitted which is not banned by law should be applied wider.

All norm-setting acts contradicting the law on the enterprise should apparently be annulled after the adoption of the law, and the issuance of norms by departments should be placed within strict juridical framework.

A system should also be created for promptly informing work collectives of laws and decrees of the government. People should know laws which regulate their life and activity. The tasks of legal control by the Procurator over the observance of laws by all organisations and officials increase immeasurably in this connection. The role of state arbitrage in the regulation of economic activity should be seriously enhanced.

I would like to emphasise particularly the need for maximum openness about the entire process of working out and making decisions on matters of the social and economic life, of regular and widely covered accountability of representatives of the economic bodies.

Publications of drafts and decrees and wide information about proposals on questions discussed must become a rule.

This is the subject of a new law on nationwide discussion of the most important questions of state life, whose draft will be submitted to the coming session of the USSR Supreme Soviet.

There is a major acute problem, about radical restructuring of our statistics. A sharp turn toward qualitative indexes, wider information on matters of regional and social development and various selective surveys are needed in this area.

No serious socio-economic analysis and, consequently, competent approach to problems is possible without this. It is also necessary to broaden the margins for publishing materials on economic and social statistics.

Comrades, now it is especially necessary to increase party influence along all directions of our work, to achieve skillful guidance of social processes and the working out of new creative approaches.

From the central committee to the primary party organisation, our main task in switching the economy to the new system of management is to ensure the normal functioning of the national economy.

This is important exactly because during the transition period we will have to solve simultaneously a number of major and complex tasks of our economic development, carry out the structural readjustment of the national economy, implement measures to accelerate scientific and technological progress and radical reform of management and deepen its democratic principles.

One should also remember that, in the course of a certain period of time necessary for a com-

(Continued on Page 244)



## Mikhail Gorbachev receives Javier Perez de Cuellar

ON June 29 Mikhail Gorbachev met Javier Perez de Cuellar in the Kremlin.

Welcoming the United Nations Secretary-General, Gorbachev expressed the Soviet Union's invariable respect for the work of the UN. The organisation had done much in the past and its role would be growing. Speculations that the UN was declining and losing face were totally unacceptable.

The world situation had changed over the past forty years. More than a hundred new nations have entered the international scene. The world was saturated with interests, and it was the task of tasks to find a balance between them.

The UN, possessing immense experience, both successful and otherwise, was the most suitable body for that. Without achieving a balance of diverse interests there would be no stability in international relations, Mikhail Gorbachev said.

The new situation was knocking at the UN doors. The organisation, naturally, was looking for a qualitatively new role to play, difficult as it was, Gorbachev said.

The time had gone when peace could be established by subordinating it to the interests of one or several powers. At present, even if something happened to a small nation, all were reacting. Nothing could any longer be accomplished without reorganising the right of all to choice, to sovereignty, to independent use of their resources and participation in international affairs.

This conclusion was organically included in a concept which the CPSU and the Soviet leadership had thoroughly thought out and were seeking to translate into policy for two years now, the Soviet leader said.

"Not everything has been accomplished. But we see that it is evoking growing understanding and response in the world. We are convinced that we have adopted a correct path which we are going to consistently follow."

Agreeing with his interlocutor's idea that the duties of the leaders of major countries included generating a new atmosphere in the world, Gorbachev recalled the concept of general security advanced by the 27th Congress of the CPSU, which comprised not only a military-political aspect but also economic, humanitarian and ecological ones.

He also recalled the January 15, 1986,

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blueprint for a nuclear-free world, which had been the result of an in-depth analysis of being constantly under the threat of catastrophe and tired of confrontation and needed a point of support for its hope for a way out of the dangerous situation.

"In that programme we have defined the perspective. It specifies both the long-term aim and the phases to be covered on the way to it as well as the middle-term and immediate goals. We have developed our specific initiatives accordingly, inviting everyone to co-operation," Gorbachev said.

"We have suggested serious compromises and given our partners quite a few changes. This only serves to bear out that we are not playing politics and are not acting vigorously to catch somebody's fancy or make a propaganda gain, but are faithful to our peaceful line and realise that time may not be marked any longer and that somebody must set an example by action," Gorbachev continued.

"We also realise that the clearer the outlines of possible agreements, for example those on medium-range missiles and chemical weapons, the greater resistance from militarist groups. But it is politicians' business to break it down. As for the economic aspect and the interests of nations, it is not only feasible but wholesome to get rid of dictates by the military element in industry," he said.

The interlocutors agreed that science was now entering politics not only through military technology but also through social thinking by concerned scientists. It makes a vast potential for peace and the more competent part of world opinion. It is at the disposal of mankind and hence of the United Nations.

Gorbachev expressed gratitude to the UN Secretary-General for his support for the Soviet moratorium on nuclear testing and reaffirmed that the USSR was prepared to resume the moratorium if it was joined by the United States.

He also reminded Perez de Cuellar of the "Group of Six's" initiative and of the fact that the Soviet Union agreed to challenge inspections and was prepared even right now to send its representatives to full-scale talks on a ban on testing, during which it would be possible to deal also with the issue of ratifying the 1974 and 1976 treaties and take account of American Congress's ideas about reducing the yields and numbers of explosions.

Mikhail Gorbachev explained the "key provisions" which had been discussed during George Shultz's visit to Moscow, pointing out that keeping arms out of space remained the Soviet Union's *sine qua non* condition. The United Nations is called upon to play its role in this area as well, since outer space is mankind's common property and caring for it is a direct duty of the world organisation.

The problem of disarmament and development was discussed in detail. The position definitely taken by the Non-Aligned Movement has become an important factor in the field. The Soviet Union is preparing new proposals on this problem which affects practically the whole world. What is needed is above-board and judicious co-operation rather than shirking the substance of the matter in a bid to preserve the mechanism of non-equivalent exchanges and exploitation. To put off a solution means to make mankind face a very serious danger: a combustible material of great power comparable with the nuclear threat is fast being accumulated.

Perez de Cuellar expressed profound concern over the developments in the Persian Gulf, told

the Soviet side about the intentions of the Security Council, his personal efforts, and appealed for co-operation of the Soviet Union and the United States in the face of the threat of the war's expansion.

Mikhail Gorbachev confirmed the Soviet Union's interest that the conflict should not spread and that the long-drawn-out, pointless Iran-Iraq war should finally be stopped. He told the United Nations Secretary-General about the efforts taken by the Soviet Government. "We shall be acting with a sense of responsibility," he said. "Let us consider what we can do in the existing situation and what can be done by the Security Council."

When the Middle East crisis was discussed, the sides analysed problems and obstacles to the only possible mode of settlement, through an international conference with the participation of the permanent members of the Security Council and all the parties immediately concerned. A great degree of closeness of the approaches to the nature and tasks of the conference were noted. The entire process of settlement and its concluding stage should have a constructive nature, Mikhail Gorbachev said. Recrimination would be of no avail. Equitable solutions to all questions, with taking into account the interests of both the Arab and Israel and, certainly, guarantees were needed.

The Afghan problem was touched upon. The efforts of the personal envoy of the United Nations Secretary-General were commended. The interlocutors noted that the process of the settlement in both its internal and external aspects had started. Mikhail Gorbachev expressed the hope that it could yield a result not in the remote future but in the near future. "Our only wish is that Afghanistan should be a neutral and independent state friendly to the USSR and not a base for hostile activity threatening the security of neighbours," he said.

Mikhail Gorbachev and Javier Perez de Cuellar expressed satisfaction with the friendly conversation which reaffirmed the existence of vast opportunities for interaction between the USSR and the United Nations Organisation, the community of concern about peace and a profound realisation of the responsibility for safeguarding it.

Eduard Shevardnadze took part in the conversation. □

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## Nikolai Ryzhkov's report to session of the USSR Supreme Soviet

NIKOLAI RYZHKOV, Chairman of the USSR Council of Ministers, noted the great importance of the economic transformations taking place in the USSR. He delivered a report on the reorganisation of the management of the national economy at the session of the USSR Supreme Soviet in the Kremlin on June 29.

Analysing the causes of phenomena of stagnation in the Soviet economy, he said that the system of management that existed did not take into account the growing role of the social factors, did not allow for linking together the processes of the development of production and social development.

Nikolai Ryzhkov described the Draft Law on the State Enterprise (Amalgamation) as the basis for restructuring the management. It is to be endorsed by the deputies. The central idea of the draft law which was for the first time worked out in the USSR is that the national economic mechanism should create such production and social conditions for the activity of work collectives, such stimuli for development as would urge the enterprises to fulfil their main task: to meet to the utmost the requirements of the national economy and the population for the necessary products, manufacturing them with the least outlays.

The development of production and social development will from now on be in direct and even strict dependence on the end results of the activity, on the funds earned by the work collective. The new economic category, the cost-accounting contract, is introduced in practice, Nikolai Ryzhkov said. It will become the main source for the pay for work and material incentive, the fund of development of the enterprise, science and technology and the social development fund.

Cost-accounting presupposes radical changes in the nature of planning the activity of the enterprise, Ryzhkov said. The enterprise will be independently drawing up and endorsing five-year plans of its economic and social development. A state order will from now on be placed with the enterprises that will not be exhausting their production programme, but will be comprising the manufacture of the most important types of products. The remaining part will be formulated independently on the basis of direct economic ties with customers.

## Soviet Parliament adopts law on the State Enterprise

FOLLOWING deliberations on the report delivered by the head of the Soviet Government, the USSR Supreme Soviet (Parliament), which is in session in the Moscow Kremlin, today adopted the law on the State Enterprise.

The document introduces fundamental changes to the established practice of the functioning of the Soviet industrial plants, factories, and the entire economic system of the country.

The co-sponsors of the novelties recorded in the law are scientists, Party and industrial workers, engineers, and industrial managers: the countrywide discussion of the draft law continued for almost six months. More than 140,000 amendments, more precise definitions, and observations came in. As a result, substantial

The draft law relieves the enterprise of centrally regulated planning of economic and technological development. At the same time it bolsters up the demand for switching to a regime with two shifts, or to a regime with three or four shifts, wherever unique and costly equipment is used, and wherever it is necessary and advantageous for enterprises.

A profound restructuring of the foreign economic activity of the state is ahead, he went on. Whereas it was the prerogative of central agencies in the past, this area now includes the enterprises, the system of stimuli that are of interest to collectives and that determine the measures of responsibility for the development of ties with foreign partners has been worked out.

Broad co-operation of production with foreign firms, setting up of international associations and organisations, of joint ventures has been outlined. The priority in foreign economic relations must certainly be given to the CMEA member countries.

He noted that the biggest and principled importance of the law lies in the fact that all transformations in the activity of enterprises are linked inseparably with broad development of the democratisation, rest on the principles of socialist self-government. Vigorous participation of collectives is envisaged in decision-making, election of leaders from a team leader to the general director. Undivided authority in the management of enterprises is preserved and strengthened on a democratic basis. The councils of work collectives will be set up at enterprises. They will be expressing their will, and their interests.

Nikolai Ryzhkov dwelt in detail on larger production structures, that will appear in the Soviet economy — state production amalgamations. Aside from factories and plants they might include research institutions, transport organisations, marketing firms, and so on.

At the same time, in order to upgrade branch management, the abolishing of the links that have not justified themselves — all-union production amalgamations — has been started in the USSR. Nikolai Ryzhkov dwelt on the need to alter the activity of union ministries. The main trend is that the role of the ministries be organically linked with the widening of the rights of the enterprises. The ministries must be wholly relying on the instruments of economic influence in relations with them.

changes were introduced to the final edition of the law.

The fundamental novelties which the newly-adopted law brings into life are aimed at extending the rights of enterprises and at developing self-management.

The law introduces definiteness and stability to their relationships with the state. The future of factories or amalgamations will no longer depend entirely on instructions coming in from ministries and departments. The factories become economically independent production units.

Under the new law, the operation of the enterprise is based on a state plan but is maintained on the principles of complete cost accounting: self-repayment and self-financing. This means that the work collective, headed by managers elected by it, independently tackle all matters pertaining to production and social development.

Nikolai Ryzhkov set out the principles of territorial management in new conditions of economic management, dwelt in detail on the coming restructuring of central economic bodies. Fundamental changes are, specifically, envisaged in the planning of the economic and social development of union and autonomous republics, territories and regions of the USSR. These plans must have a comprehensive nature, must comprise all amalgamations situated on a given territory, regardless of their departmental subjugation. The local budget is to be formed in a new way. All the enterprises of the region will now be contributing to it a certain part of their profits for the use of manpower and natural resources.

Nikolai Ryzhkov emphasised that a concept of the country's economic and social development for a 15-year period becomes the economic and political platform of long-term development of the national economy in new conditions. The guidelines for the USSR's development for 15 years will be drawn up on it basis.

The process of the working out of five-year plans alters qualitatively. The CPSU Central Committee and the Council of Ministers deemed it necessary in new conditions to give up endorsing annual plans starting with 1991.

Touching upon the questions of enterprises running at a loss, Nikolai Ryzhkov said that if the efforts to improve their work turn out to be futile in new conditions they will have to be eliminated. All the working people must, naturally, be provided with jobs, he emphasised.

Nikolai Ryzhkov said that the question of the reorganisation of the banking system is ripe, too. In this connection he said that the proposals for setting up six independent banks have already been prepared. This will make it possible to enhance the role of the State Bank of the USSR as the emission and payments centre and the organiser of the monetary system.

The system of state statistics needs to be improved too, Nikolai Ryzhkov said. A proposal has already been drafted to transform the Central Statistical Board of the USSR into the State Statistical Committee of the USSR.

Nikolai Ryzhkov said that it is a task of huge importance to turn the programme of revolutionary restructuring of the national economic management, endorsed by the June plenary meeting of the CPSU Central Committee, into a really operating system as soon as possible. □

The enterprise will make definite deductions from its incomes to the state revenue, and will also pay to it for the use of fixed assets (all means of production in the USSR, including the land on which the factory stands, its buildings, and so on belong to the state).

The income, which is derived through cost accounting and which remains after the payments, is spent by the enterprise independently: by a decision of the work collective.

This income is not subject to withdrawal to the state budget, as has been the case so far. But instead, the state bears no responsibility for the unprofitability of individual enterprises either.

These are the most general provisions of the newly-adopted law the essence of which is greater independence, greater scope for people's initiative, and, ultimately, more socialism. □

(Moscow, June 30, TASS)



# Draft law to protect citizens' rights

AN important step in the development of democracy, this is how the Draft Law "On the Procedure for Citizens Resorting to Court Action in Cases of Violations of Their Rights by Officials" was described by Georgi Razumovsky, Secretary of the CPSU Central Committee and a Deputy to the USSR Supreme Soviet, when he presented this Draft Law to the Soviet Parliament.

He said that though measures to consolidate legality have been taken of late, "serious deviations from legal standards still occur, including in resolving matters affecting vital interests of people". Manifestations of bureaucratism, red tape and a callous attitude to people have not yet been overcome. The Draft Law is aimed at combating those negative phenomena.

Setting out the main provisions of the Draft Law, Georgi Razumovsky said that recourse to court action might be made to complain against actions taken by officials in their own name or on behalf of the bodies they represent. It is stipulated that taking a complaint against a citizens' rights violation by an official to court should be preceded by its examination by a higher official or agency. In other words, a recourse to court action might be made only if the complaint has not been positively resolved by a

higher official or agency. This procedure is instituted to ensure that blunders be promptly remedied, without the matters being brought to court.

"Questions of the reconstruction of the activity of the state apparatus in the spirit of unswerving observance of the requirements of laws, the ability of every official to tackle in a responsible way, in the atmosphere of openness the questions in his competence are posed with particular acuteness in this connection," Georgi Razumovsky went on. The Draft Law envisages setting a ten-day limit within which the court should examine a complaint. "The rights of a citizen should be restored as soon as possible," Razumovsky said, explaining why the standing commissions of the Parliament rejected the proposal to extend the limit on examining a complaint to one month.

The principle of openness of judicial proceedings is ensured in full measure during the examination of complaints against the actions of officials. The complaint is examined with the participation of the citizen who took his complaint to court and of the official whose actions are complained against.

"The entire procedure of examining a complaint envisaged in the Draft Law stems from principles of socialist democracy, is aimed at protecting the rights of Soviet people," Razumovsky said. The Draft Law "expands the legal basis for the further strengthening of legality and legal order, for enhancing guarantees of citizens' rights".

The new law, Razumovsky continued, "is helping assert the principles of social justice, we vigorously, promote real participation of citizens in managing state affairs, the strengthening of state discipline, instilling in officials a clear realisation that they are called upon to protect social interests, the interests of the people, and hence, the rights and freedoms of every Soviet citizen".

The law is proposed to be brought into effect as of January 1, 1988. □

(Moscow, June 30, TASS)

Further reports of the proceedings of the session of the USSR Supreme Soviet will appear in the next issue.

(Continued from Page 239)

reorganisation of economic management. It is precisely by that time that a reform of planning, price formation, and of financial and lending mechanism will be finalised, and that the transition to wholesale trade in capital goods will be completed, in the main. An integrated system of management will be introduced as a result of all these measures.

But for this the 13th five-year plan should be drawn up already with due consideration for the present time, the new notions and the deeper understanding of the processes taking place in the economy. In this connection there is the need for one of the plenary meetings of the Central Committee to discuss the political concept of the 13th five-year plan and its strategic aim.

We adopted the decision to convene the regular, 19th Party Conference. This will be a major political event in the life of the Party and the country. For us, communists, it will become in effect a political exam in the main subject of our life — the reorganisation.

We should conduct all our practical work in the field of the economy and in other spheres in such a manner as to pass this exam worthily and bring to the conference good practical experience, real results and to draw lessons for the future.

Comrades, I want to stress once again that our economic work, the reorganisation in the national economy can be successful only if they attract millions of working people. So it can be said that our course of fundamentally restructuring management actually merges with the course of further democratisation and not only of economic life but of the entire life of society. Progress in the economy and development of socialist democracy are indivisible.

You are soon leaving for home to republics, territories, regions, cities and districts, and to enterprises, and the members of the Central Committee, all participants in the plenum will be confronted with practical tasks of immense significance stemming from the decisions that have been adopted.

The directives, ideas of the plenum should be, first of all, brought home to the communists, to the broadest sections of the population. It is very important that we skilfully link the long-term tasks set by the plenum with the solution of day-to-day tasks, above all those advanced in the Politburo's report at this plenary meeting.

I think this is the most important thing now. People should really feel that restructuring is unfolding, deepening and beginning to bear real fruit in all spheres of life and above all in what concerns meeting the daily and essential needs of the working people.

Let me wish you, comrades, fruitful work in fulfilling the decisions adopted by the Central Committee plenum. □

## MIKHAIL GORBACHEV'S REPORT TO PLENARY MEETING

(Continued from Page 241)

prehensive solution of these tasks, both the new and the old methods of management will be used concurrently.

This puts forward problems, unusual by their character and complexity, for party organisations to tackle. They are called upon to be in the vanguard of all the changes that are being carried out.

The ongoing reform affects essentially all tiers of our economic edifice. The large-scale diverse work on transforming the economic mechanism, carried out at all levels of the national economy, must be in the focus of constant and unflinching attention of party organisations and committees. They ought to impart a political, national meaning to the effort to overhaul economic management.

The role and responsibility of party organisa-

tions at enterprises and amalgamations are particularly great. They are undergoing a test for political maturity and spiritedness.

Their party position and practical work will largely determine the transition to new methods of economic management and the implementation of principles of self-government at work collectives.

We are sure that all party organisations, all communists and personnel will take up the handling of outstanding economic problems with redoubled energy, fully mindful of the fact that restructuring of our economy is the decisive, major condition for our advancement along the road of increasing the well-being of the Soviet people and all-round progress of our socialist homeland.

Comrades, such are the ideas and principles underlying the planned overhaul of the system for managing our economy — the most thoroughgoing and sweeping reform of this kind over the years of building socialism.

We are duty-bound to buckle down to effecting it with a feeling of tremendous political responsibility to the people and to the future of the country.

The main purpose of the reform is to provide further stimuli and impulses to our economic growth and lay a solid material foundation for Soviet society's accelerated social and cultural progress.

The restructuring drive under way across the land is directly continuing the cause of the October Revolution and consistently projecting the ideals inscribed on the banner of our revolution, whose 70th anniversary we shall celebrate this year.

The restructuring drive is our response to the historic challenge of the times. Our party and our people will be able to respond to it in the same way as they have done when accomplishing the greatest social revolution, building socialism and winning a historic victory of global significance in the Great Patriotic War.

It has always been this way when we faced the tasks of a historical choice. That will be the case this time, too. □

(Moscow, June 25, TASS)

### Mikhail Gorbachev

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## The 27th Congress of the Communist Party of the Soviet Union

The 27th CPSU Congress opened in Moscow today (February 25, 1986). The delegates will discuss the political report of the CPSU Central Committee, adopt a new edition of the Party Programme and changes in the Party Rules, and approve the Guidelines for the country's socio-economic development in 1986-1990 and to the end of the century. The Party's central bodies will be elected.

The Congress was opened by Mikhail Gorbachyov, the General Secretary of the CPSU Central Committee.

### OPENING ADDRESS BY YEGOR LIGACHYOV

MOSCOW, February 25, TASS:

YEGOR LIGACHYOV, member of the Political Bureau of the CPSU Central Committee and Secretary of the CPSU Central Committee, has addressed the 27th Congress of the CPSU. He said that present at the Congress were 152 delegations of communist, workers', revolutionary-democratic, socialist, social democratic, labour and other parties, representatives of democratic public organisations, who had arrived from 113 countries in all parts of the world.

"Allow me to thank cordially on behalf of the Congress the parties, organisations and movements which did us the honour of sending their delegations to Moscow. This is a manifestation of respect for the Communist Party of the Soviet Union and recognition of its international prestige," Yegor Ligachyov said.

"Delegations of the communist and workers' parties of socialist countries are attending the Congress. The strengthening co-operation of our parties and states, their internationalism have become a powerful force of world social development. We are greeting with all our hearts the parties and peoples who are building together with us a new society—a society free from exploitation and oppression, and are making a decisive contribution to the cause of universal

peace and social progress.

"Present in this hall are delegations of a number of ruling parties from countries of Africa, Asia and Latin America which have embarked on the path of social progress and national liberation. We are expressing our solidarity with that new big international force opposing imperialism, working for democratising political and economic relations in the world community.

"Delegations of communist and workers' parties from Western Europe, the USA and Canada, countries of Asia and the Pacific, from Latin American and African countries have arrived to attend our Congress.

*Continued on next page*

## Report by Mikhail Gorbachyov

MOSCOW, February 25, TASS: Here follows the full text of the political report of the CPSU Central Committee to the 27th Congress of the Communist Party of the Soviet Union delivered by Comrade Mikhail Gorbachyov, the General Secretary of the CPSU Central Committee, on February 25, 1986:

Comrades Delegates,  
Esteemed Guests,

The 27th Congress of the CPSU has gathered at an abrupt turning point in the life of the country and the contemporary world as a whole. We are beginning our work with a deep understanding of our responsibility to the Party and the Soviet people. It is our task to conceptualise broadly, in Lenin's style, the times we are living in, and to work out a realistic, thoroughly weighed programme of action that will organically blend the grandeur of our aims with the realism of our capabilities, and the Party's plans with the hopes and aspirations of every person. The resolutions of the 27th Congress will determine both the character and the rate of our movement towards a qualitatively new condition of the Soviet socialist society

for years and decades ahead.

The Congress is to discuss and adopt a new edition of the Programme of the CPSU, amendments to the Party Rules, and Guidelines for economic development in the next five years and the longer term. I need hardly mention what enormous importance these documents have for our Party, our state, and our people. Not only do they contain an assessment of the past and a definition of the urgent tasks, but also a glimpse into the future. They speak of what the Soviet Union will be like as it enters the 21st century, of the image of socialism and its positions in the international arena, of the future of humanity.

Soviet society has gone a long way in its development since the now operative Party Programme was adopted. In substance, we have built the whole country anew, have made tremendous headway in the economic, cultural, and social fields, and have raised generations of builders of the new society. We have blazed the trail into outer space for humanity. We have secured strategic military parity and have thereby substantially restricted imperialism's aggressive plans and capabilities to start a nuclear war. The

positions of our motherland and of world socialism in the international arena have grown considerably stronger.

The path travelled by the country, its economic, social and cultural achievements, convincingly confirm the vitality of the Marxist-Leninist doctrine, and socialism's tremendous potential as embodied in the progress of Soviet society. We can be legitimately proud of everything that has been achieved in these years of intense labour and struggle.

While duly commending the achievements, the leadership of the CPSU considers it to be its duty to tell the Party and the people honestly and frankly about the deficiencies in our political and practical activities, the unfavourable tendencies in the economy and the social and moral sphere, and about the reasons for them. For a number of years the deeds and actions of Party and government bodies trailed behind the needs of the times and life—not only because of objective factors, but also for reasons above all of a subjective order. The problems in the country's development built up more rapidly than they were being solved. The inertness and stiffness of the forms



and methods of administration, the decline of dynamism in our work, and an escalation of bureaucracy—all this was doing no small damage. Signs of stagnation had begun to surface in the life of society.

The situation called for change, but a peculiar psychology—how to improve things without changing anything—took the upper hand in the central bodies and, for that matter, at local level as well. But that cannot be done, comrades. Stop for an instant, as they say, and you fall behind a mile. We must not evade the problems that have arisen. That sort of attitude is much too costly to the country, the state and the Party. So let us say it loud and clear!

The priority task is to overcome the negative factors in society's socio-economic development as rapidly as possible, to impart to it the essential dynamism and acceleration, to draw to the maximum on the lessons of the past, so that the decisions we adopt for the future should be explicitly clear and considered, and the concrete actions purposeful and effective.

The situation has come to a turning point not only in internal but also in external affairs. The changes in current world affairs are so deep-going and significant that they require reassessment and comprehensive analysis of all factors. The situation created by the nuclear confrontation calls for new approaches, methods, and forms of relations between the different social systems, states and regions.

The arms race started by imperialism has resulted in that the 20th century in world politics is ending with the question of whether humanity manages to elude the nuclear danger or the policy of confrontation will take precedence, increasing the probability of nuclear conflict. The capitalist world has not abandoned the ideology and policy of hegemonism, its rulers have not yet lost the hope of taking social revenge, and continue to indulge themselves with illusions of superior strength. The sober view of what is going on is hewing its way forward with great difficulty through a dense thicket of prejudices and preconceptions in the thinking of the ruling class. But the complexity and acuteness of this moment in history makes it increasingly vital to outlaw nuclear weapons, destroy them and other weapons of mass annihilation completely, and improve international relations.

The fact that the Party has deeply understood the fundamentally new situation inside the country and in the world arena, and that it appreciates its responsibility for the country's future, and has the will and resolve to carry out the requisite change, is borne out by the adoption at the April 1985 plenary meeting of the decision to accelerate the socio-economic development of our society.

Formulating the long-term and fundamental tasks, the Central Committee has consistently taken guidance in Marxism-Leninism, the truly

scientific theory of social development. It expresses the vital interests of the working people, and the ideals of social justice. It derives its vitality from its everlasting youthfulness, its constant capacity for development and creative generalisation of the new facts and phenomena, and from its experience of revolutionary struggle and social reconstruction.

Any attempts at turning the theory by which we are guided into an assortment of ossified schemes and prescriptions valid everywhere and in all contingencies is most definitely contrary to the essence and spirit of Marxism-Leninism. Lenin wrote back in 1917 that Marx and Engels had rightly ridiculed the "mere memorising and repetition of 'formulas', that at best are capable only of marking out *general* tasks, which are necessarily modifiable by the *concrete* economic and political conditions of each particular *period* of the historical process." (*Collected Works*, Vol. 24, p. 43.) Those are the words, comrades, that everyone of us must ponder and act upon.

The concrete economic and political situation we are in, and the particular period of the historical process that Soviet society and the whole world are going through, require that the Party and its every member display their creativity, their capacity for innovation and skill to transcend the framework of habitual but already outdated notions.

A far-flung, outspoken and constructive examination of all the crucial problems of our life and of Party policy has taken place during the discussion of the pre-Congress documents. We have come to the Congress enriched by the wisdom and experience of the whole Party, the whole people.

We can now see more clearly what has to be done and in what order, and what levers we must set in motion for our progress to acquire the desired acceleration.

These days, many things, in fact everything, will depend on how effectively we succeed in using the advantages and possibilities of the socialist system, its economic power and social potential, in updating the obsolescent social patterns and the style and methods of work, in bringing them abreast of the changed conditions. That is the only way for us to increase the might of our country, to raise the material and spiritual life of the Soviet people to a qualitatively new level, and to enhance the constructive influence of socialism's example as a social system on world development.

We look to the future confidently, because we are clearly aware of our tasks and the ways to carry them out. We look to the future confidently, because we rely on the powerful support of the people. We look to the future confidently, because we are acting in the interests of the socialist fatherland, in the name of the great ideals to which the Communist Party has dedicated itself wholeheartedly.

International. Allow me to express confidence that our ties and contacts will further develop in the interests of eliminating the military threat, ensuring progress of the disarmament effort, strengthening the principles of peaceful coexistence between states irrespective of their social systems.

"We are gratified by the fact that attending the Congress are prominent public and political figures, representatives of mass influential democratic organisations.

"Allow me on your behalf, comrades, on behalf of all the Soviet Communists, to welcome most cordially representatives of the forces of socialism, peace, democracy, national liberation and social progress. We wish them every success and happiness.

"Over the time since the 26th Congress, prominent Soviet political and state figures have died, among them Leonid Ilyich Brezhnev, Yuri Vladimirovich Andropov, Konstantin Ustinovich

## I. The Contemporary World: Its Main Tendencies and Contradictions

Comrades, the draft Programme of the Party contains a thorough analysis of the main trends and features of the current development of the world. It is not the purpose of the programme to anticipate the diversity of the concrete developments of the future. That would be a futile occupation. But here is another, no less accurate point: if we want to follow a correct, scientifically grounded policy, we must clearly understand the key tendencies of the current reality. To penetrate deep into the dialectic of the events, into their objective logic, to draw the right conclusions that reflect the motion of the times, is no simple thing, but it is imperatively necessary.

In the days before the October Revolution, referring to the capitalist economy alone, Lenin noted that the sum-total of the changes in all their ramifications could not have been grasped even by seventy Marxes. But, Lenin continued, Marxism has discovered "the *laws . . .* and *objective* logic of these changes and of their historical development . . . in its chief and basic features. . ." (*Collected Works*, Vol. 14, p. 325.)

The modern world is complicated, diverse and dynamic, and shot through with contending tendencies and contradictions. It is a world of the most intricate alternatives, anxieties and hopes. Never before has our home on Earth been exposed to such great political and physical stresses. Never before has Man exacted so much tribute from nature, and never has he been so vulnerable to the forces he himself has created. able to the forces he himself has created.

World developments confirm the fundamental Marxist-Leninist conclusion that the history of society is not a sum of fortuitous elements, that it is not a disorderly 'Brownian motion' but a law-governed onward process. Not only do its contradictions pass sentence on the old world, on everything that impedes the advance; they are also the source, the motive force behind the progress of society in the setting of struggle that is inevitable as long as exploitation and exploiting classes still exist.

The liberation revolutions triggered by the Great October Revolution are determining the image of the 20th century. However considerable the achievements of science and technology, and however great the influence on the life of society of the rapid scientific and technological progress, nothing but the social and spiritual emancipation of Man can make him truly free. And no matter what difficulties, objective and artificial, the old world may occasion, the course of history is irreversible.

The social changes of the century are altering the conditions for the further development of society. New economic, political, scientific, technical, internal and international factors are

(Continued from front page)

"We are gratified by the new meeting with our class brothers, courageous fighters for the ideals of communism, for the interests of the working people, for peace, democracy and freedom for the whole of mankind. Our thoughts are turned to those who are languishing today in prisons, are made short work of and persecuted. We are convinced that they will also hear the voice of our Congress, the voice of solidarity of the Soviet Communists.

"Among the guests of our Congress are delegations of revolutionary-democratic and national-democratic parties. We are heartily welcoming representatives of the peoples fighting against imperialism, colonialism and racism, for strengthening political and economic independence.

"Among the guests of the Congress are delegations of socialist, social-democratic and labour parties, and also of the Socialist

Chernenko, Mikhail Andreyevich Suslov, Arvid Yanovich Pelshe, Dmitri Fyodorovich Ustinov.

"Over the same period, the world communist, working class and national liberation movement has lost such courageous internationalist fighters as Sugiswara Vikremasinghe, Waldeck Rochet, Ville Pessi, Nicolas Chaoui, Ismail Bilen, Yusuf Dadoo, Gustavo Machada, Enrico Berlinguer and Tomio Nishizawa. Indian Prime Minister Indira Gandhi, who had made a great contribution to the struggle against imperialism and colonialism, for peace and security of peoples, died a tragic death.

"We will always keep in our hearts the names of friends and comrades-in-arms, whose lives were inseparably linked with the struggle for the lofty communist ideals, for peace and happiness of people on Earth."

The audience observed a minute of silence in tribute to their memory. □



beginning to operate. The interconnection between states and between peoples is increasing. And all this is setting new, especially rigid, demands upon every state, whether in foreign policy, in economic and social activity, or the spiritual image of society.

The progress of our time is rightly identified with socialism. World socialism is a powerful international entity with a highly developed economy, substantial scientific resources, and a dependable politico-military potential. It accounts for more than one-third of humanity, for dozens of countries and peoples opening up in every way the intellectual and moral wealth of Man and society. A new way of life has taken shape, based on the principles of socialist justice, with neither oppressors nor oppressed, neither exploiters nor exploited, where power belongs to the people. Its distinctive features are collectivism and comradesly mutual assistance, triumph of the ideas of freedom, unbreakable unity between the rights and duties of every member of society, the dignity of the individual, and true humanism. Socialism is a realistic option open to all humanity, an example projected into the future.

Socialism sprang up and was built in countries that were far from economically and socially advanced at that time, differing greatly from one another in mode of life and their historical and national traditions. Each one of them advanced to the new social system along its own way, confirming Marx's prediction about the "infinite variations and gradations" of the same economic basis in its concrete manifestations (*Capital*, Vol. III, p. 779).

The way was neither smooth nor simple. It was exceedingly difficult to raise the backward or ruined economy, to teach millions of people to read and write, to provide them with a roof over their heads, with food and free medical aid. The very novelty of the social tasks, the ceaseless military, economic, political and psychological pressure of imperialism, the need for tremendous efforts to ensure defence—all this could not fail to influence the course of events, their character, and the rate at which the socio-economic programmes and transformations were carried into effect. Nor were mistakes in politics, and various subjectivist deviations, avoided.

But such is life; it always takes the shape of diverse contradictions, sometimes quite unexpected ones. This other point is much more important: socialism has demonstrated its ability to resolve social problems on a fundamentally different basis than before, namely a collectivist one, has brought the countries to higher levels of development, and has given the working people a decent and secure life.

Socialism is continuously improving social relations, multiplying its achievements purposefully, building up the impact and credibility of its example, and demonstrating the tangible humanism of the socialist life style. By so doing, it is erecting an increasingly dependable barrier to the ideology and policy of war and militarism, reaction and force, to all forms of man-hating, and is actively furthering social progress. It has grown into a powerful moral and material power, and has shown what opportunities are arising for modern-day civilisation.

The course of social progress is tied in closely with anti-colonial revolutions, national liberation movements, the renaissance of quite a few countries, and the emergence of dozens of new ones. Having won political independence, they are working hard to overcome backwardness, poverty, and sometimes desperate misery—the entire painful legacy of their slavish past. They, who were once rightless objects of imperialist policy, are now making history by themselves.

Social progress is expressed in the development of the international communist and working-class movement and in the growth of the new massive democratic movement of our time, including the anti-war and anti-nuclear move-

ment. It is apparent, too, in the stratification of the political forces of the capitalist world, notably the USA the metropolitan centre of imperialism. Here, progressive tendencies are forcing their way forward through a system of monopolistic totalitarianism, exposed to the continuous pressure of organised reactionary forces, including their enormous propaganda machine which loosens avalanches of stupefying misinformation upon people.

Marx compared progress in exploiting society to "that hideous pagan idol, who would not drink but from the skulls of the slain" (*Selected Works*, Vol. 1, p. 499). He amplified: "In our days everything seems pregnant with its contrary. Machinery, gifted with the wonderful power of shortening and fructifying human labour, we behold starving and overworking it. The new-fangled sources of wealth, by some strange weird spell, are turned into sources of want. The victories of art seem bought by the loss of character. At the same pace that mankind masters nature, Man seems to become enslaved to other men or to his own infamy. Even the pure light of science seems unable to shine but on the dark background of ignorance. All our invention and progress seem to result in endowing material forces with intellectual life, and in stultifying human life into a material force" (*Selected Works*, Vol. 1, p. 500).

Marx's analysis is staggering for its historical sweep, accuracy, and depth. It has, indeed, become still more relevant with reference to the bourgeois reality of the 20th century than it was in the 19th. On the one hand, the swift advance of science and technology has opened up unprecedented possibilities for mastering the forces of nature and improving humanity's conditions of life. On the other, the 'enlightened' 20th century is going down in history as a time marked by such imperialist outgrowths as the most devastating wars, an orgy of militarism, fascism, genocide, and the destitution of millions of people. Ignorance and obscurantism go hand in hand in the capitalist world with lofty achievements of science and culture. That is the society we are compelled to be neighbours of, looking for ways of co-operation and mutual understanding. Such is the command of history.

The progress of humanity is also directly connected with the scientific and technological revolution. It matured slowly and gradually, and then, in the final quarter of the century, gave the start to a gigantic accretion of Man's material and spiritual resources. They were of two kinds. A qualitative leap was registered in humanity's productive forces. But there was also a qualitative leap in means of destruction, in military matters, 'endowing' Man for the first time in history with the physical capacity for destroying all life on Earth.

The facets and consequences of the scientific and technological revolution vary in the different socio-political systems. The capitalism of the 1980s, the capitalism of the age of electronics and computer science, computers and robots, is leaving more millions of people, including youth and educated people, without jobs. Wealth and power are being increasingly concentrated in the hands of a few. Militarism is gorging itself on the arms race beyond reason, and also wants to gain control little by little over the political levers of power. It is becoming the ugliest and most dangerous monster of the 20th century. By its efforts, the most advanced scientific and technical ideas are being converted into weapons of mass destruction.

To the developing countries the scientific and technological revolution is setting the most acute question: are they fated to enjoy the achievements of science and technology in full measure in order to gain strength for combating neocolonialism and imperialist exploitation or will they remain on the periphery of world development? The scientific and technological revolution shows in bold relief that many socio-economic problems impeding progress in that part of the world are

unresolved.

Socialism has everything it needs to place modern-day science and technology at the service of the people. But it would be wrong to think that the scientific and technological revolution is creating no problems for socialist society. Experience shows that its advance involves improvement of social relations, a change of mentality, the forging of a new psychology, and the acceptance of dynamism as a way of life and a rule of being. It calls insistently for continuous reassessment and renewal of the prevailing patterns of management. In other words, the scientific and technological revolution not only opens up prospects, but also sets higher demands on the entire organisation of home and international affairs. Certainly, scientific and technological progress cannot abolish the laws of social development or the social purpose and content of such development. But it exercises a tremendous influence on all the processes that are going on in the world, on its contradictions.

It is quite obvious that the two socio-economic systems differ substantially in their readiness and also in their capacity to conceptualise and resolve the arising problems.

Such is the world we are living in on the threshold of the third millennium. It is a world full of hope, because people have never before been so amply equipped for the further development of civilisation. But it is also a world overloaded with dangers and contradictions, prompting the thought that this is perhaps the most alarming period in history.

The first and most important group of contradictions in terms of humanity's future is connected with the relations between countries of the two systems, the two formations. These contradictions have a long history. Since the Great October Revolution in Russia and the split of the world on the social-class principle, fundamental distinctions have come to light in the assessment of current affairs and in the views concerning the world's social perspective.

Capitalism regarded the birth of socialism as an 'error' of history which must be 'rectified'. It was to be rectified at any cost, by any means, irrespective of law and morality: by armed intervention, economic blockade, subversive activity, sanctions and 'punishments', or refusal of any and all co-operation. But nothing could interfere with the consolidation of the new system and its historical right to live.

The difficulty that the ruling classes of the capitalist world have in understanding the realities, the periodical recurrence of attempts at resolving by force the whole group of contradictions dividing the two worlds are, of course, anything but accidental. Imperialism is prompted by its intrinsic mainsprings and socio-economic essence to translate the competition of the two systems into the language of military confrontation. By dint of its social nature, imperialism ceaselessly generates aggressive, adventurist policy.

Here we can speak of a whole complex of impelling motives: the predatory appetites of the arms manufacturers and the influential military-bureaucratic groups, the selfish interest of the monopolies in sources of raw materials and sales markets, the bourgeoisie's fear of the ongoing changes, and lastly the attempts to resolve its own, snow-balling problems at socialism's expense.

The latter are especially typical of U.S. imperialism. It was nothing but imperial ideology and policy, the wish to create the most unfavourable external conditions for socialism and for the USSR that prompted the start of the race of nuclear and other arms after 1945, just when the crushing defeat of fascism and militarism was, it would seem, offering a realistic opportunity for building a world without wars, and a mechanism of international co-operation—the United Nations — had been created for this purpose. But imperialism's nature asserted itself that time again.



Today, too, the right wing of the U.S. monopoly bourgeoisie regards the stoking up of international tensions as something that justifies military allocations, claims to global supremacy, interference in the affairs of other states, and an offensive against the interests and rights of the American working people. No small role seems to be played by the idea of using tensions to exercise pressure on the allies, to make them implicitly obedient, to subordinate them to Washington's dictation.

The policy of total contention, of military confrontation, has no future. Flight into the past is no response to the challenges of the future. It is rather an act of despair which, however, does not make this posture any less dangerous. Washington's deeds will show when and to what extent it will understand this. We, for our part, are ready to do everything we can in order to radically improve the international situation. To achieve this, socialism need not renounce any of its principles or ideals. It has always stood for, and continues to stand for, the peaceful coexistence of states belonging to different social systems.

As distinct from imperialism, which is trying to halt the course of history by force, to regain what it had in the past, socialism has never, of its own free will, related its future to any military solution of international problems. This was borne out at the very first big discussion that took place in our country after the victory of the Great October Revolution. During that discussion, as we may recall, the views of the 'left communists' and the Trotskyites, who championed the theory of 'revolutionary war' which, they claimed, would carry socialism to other countries, were firmly rejected. This position, as Lenin emphasised in 1918, "would be completely at variance with Marxism, for Marxism has always been opposed to 'pushing' revolutions, which develop with the growing acuteness of the class antagonisms that engender revolutions." (*Collected Works*, Vol. 27, pp. 71-72.) Today, too, we are firmly convinced that pushing revolutions from outside, and doubly so by military means, is futile and inadmissible.

The problems and crises experienced by the capitalist world arise within its own womb and are a natural result of the internal antagonistic contradictions of the old society. In this sense, capitalism negates itself as it develops. Unable to cope with the acute problems of the declining phase of capitalism's development, the ruling circles of the imperialist countries resort to means and methods that are obviously incapable of saving the society which history has doomed.

The myth of a Soviet or communist 'threat' that is being circulated today, is meant to justify the arms race and the imperialist countries' own aggressiveness. But it is becoming increasingly clear that the path of war can yield no sensible solutions, either international or domestic. The clash and struggle of the opposite approaches to the perspectives of world development have become especially complex in nature. Now that the world has huge nuclear stockpiles and the only thing experts argue about is how many times or dozens of times humanity can be destroyed, it is high time to begin an effective withdrawal from the brink of war, from the equilibrium of fear, to normal, civilised forms of relations between the states of the two systems.

In the years to come, the struggle will evidently centre on the actual content of the policy that can safeguard peace. It will be a hard and many-sided struggle, because we are dealing with a society whose ruling circles refuse to assess the realities of the world and its perspectives in sober terms, or to draw serious conclusions from their own experience and that of others. All this is an indication of the wear and tear suffered by its internal 'systems of immunity', of its social senility, which reduces the probability of far-reaching changes in the policy of the dominant forces and augments its degree of recklessness.

That is why it is not easy at all, in the current circumstances, to predict the future of the

relations between the socialist and the capitalist countries, the USSR and the USA. The decisive factors here will be the correlation of forces on the world scene, the growth and activity of the peace potential, and its capability of effectively repulsing the threat of nuclear war. Much will depend, too, on the degree of realism that Western ruling circles will show in assessing the situation. But it is unfortunate when not only the eyesight but also the soul of politicians is blind. With nuclear war being totally unacceptable, peaceful coexistence rather than confrontation of the systems should be the rule in inter-state relations.

The second group of contradictions consists of the intrinsic contradictions of the capitalist world itself. The past period has amply confirmed that the general crisis of capitalism is growing keener. The capitalism of today, whose exploitative nature has not changed, is in many ways different from what it was in the early and even in the middle 20th century. Under the influence and in the setting of the scientific and technological revolution, the conflict between the productive forces, which have grown to gigantic proportions, and the private-owner social relations, has become still more acute. Here there is growth of unemployment and deterioration of the entire set of social problems. Militarism, which has spread to all areas, is applied as the most promising means of enlivening the economy. The crisis of political institutions, of the entire spiritual sphere, is growing. Reaction is exercising fierce pressure all along the line — in home and foreign policy, economy and culture, and the use of the achievements of human genius. The traditional forms of conservatism are giving place to authoritarian tendencies.

Special mention should be made of anti-communism and anti-Sovietism, a most dangerous aspect of the crisis of capitalism. This concerns not only external policy. In the modern-day system of imperialism it is also a most important area of internal policy, a means of pressure on all the advanced and progressive elements that live and fight in the capitalist countries, in the non-socialist part of the world.

True, the present stage of the general crisis does not lead to any absolute stagnation of capitalism and does not rule out possible growth of its economy and the emergence of new scientific and technical trends. It 'allows for' sustaining concrete economic, military, political and other positions, and in some cases even for possible social revenge, the regaining of what had been lost before. But lacking positive aims and guidelines that would express the interests of the working masses, capitalism now has to cope with 'an unprecedented interlacement and mutual exacerbation of all groups of its contradictions. It faces so many social and other impasses as it has never known before in all the centuries of its development.

Among the first to grow more acute are the contradictions between labour and capital. In the 1960s and 70s, with the onset of a favourable economic situation, the working class, and the working people generally, managed to secure a certain improvement of their condition. But from the mid-70s on, the proliferating economic crises and another technological modernisation changed the situation, and enabled capital to go on the counter-offensive, depriving the working people of a considerable part of their social gains. For a number of standard of living indicators, the working people were flung many years back. Unemployment has reached a postwar high. The condition of peasants and farmers is deteriorating visibly: some farms are going bankrupt, with their former owners joining the ranks of wage workers, while others become abjectly dependent on large agricultural monopolies and banks. The social stratification is growing deeper and increasingly striking. In the United States, for example, one per cent of the wealthiest families own riches that exceed by nearly 50 per cent the total wealth of 80 per cent of all the American families, who make up the lower part

of the property pyramid.

Imperialism's ruling circles are doubtlessly aware that such a situation is fraught with social explosions and political destabilisation. But this is not making their policies more considered. On the contrary, the most irreconcilable reactionary groups of the ruling class have, by and large, taken the upper hand in recent years. The period is marked by an especially massive and brutal offensive of the monopolies on the rights of the working people.

The whole arsenal of means at capitalism's disposal is being put to use. The trade unions are persecuted and economically blackmailed. Anti-labour laws are being enacted. The left and all other progressives are being persecuted. Continuous control or, to be more precise, surveillance of people's state of mind and behaviour has become standard. Deliberate cultivation of individualism, of the principle that might is right in the fight for survival, immorality, and hatred of all that is democratic—this is practised on an unprecedented scale.

The future, the working people's fight for their rights, for social progress, will show how the basic contradiction between labour and capital will develop and what conclusions will be drawn from the prevailing situation. But mention must be made of the serious danger to international relations of any further substantial shift of policy, of the entire internal situation in some capitalist countries, to the right. The consequences of such a development are hard to predict, and we must not under-rate their danger.

The last decades of the century are marked by new outbreaks of inter-imperialist contradictions and the appearance of their new forms and tendencies. This group of capitalist contradictions has not been eliminated either by class affinity, the interest in uniting forces, by military, economic and political integration, or by the scientific and technological revolution. The latter has incontestably accelerated the internationalisation of capitalist production, and has given added impetus to the evening up of levels as well as to the leap-like development of capitalist countries. The competition that has grown more acute under the impact of scientific and technological progress, is hitting those who have dropped behind still more mercilessly. The considerable complication of the conditions of capitalist reproduction, the diversity of crisis processes, and the intensification of international competition have made imperialist rivalry especially acute and bitter. The commercial and economic struggle in the world market is witnessing ever greater reliance on the power of national state-monopoly capitalisms, with the role of the bourgeois state becoming increasingly aggressive and egoistic.

The transnational monopoly capital has gained strength rapidly. It is seizing control of, and monopolising, whole branches or spheres of production both on the scale of individual countries and in the world economy as a whole. By the early 80s, the transnational corporations accounted for more than one-third of the industrial production, more than one half of the foreign trade, and nearly 80 per cent of the patents for new machinery and technology in the capitalist world.

The core of the transnational corporations consists of American firms. Their enterprises abroad use an additional army of wage and salary workers equalling half the number of employed in manufacturing in the USA. At present, they produce something like 1.5 trillion dollars worth of goods and services a year, or nearly 40 per cent of aggregate U.S. output.

The size of the 'second economy' of the United States is double or triple that of the economies of such leading West European powers as the FRG, France and Britain, and second only to that of Japan. Today, the biggest U.S. transnational monopolies are empires whose economic activity is comparable to the gross national product of entire countries.



A new knot of contradictions has appeared and is being swiftly tightened between the transnational corporations and the nation-state form of society's political organisation. The transnational corporations are undermining the sovereignty both of developing and of developed capitalist countries. They make active use of state-monopoly regulation when it suits their interests, and come to brutal grips with it when they see the slightest threat to their profits from the actions of bourgeois governments. But for all that, the U.S. transnational supermonopolies are, as a rule, active conductors of state hegemonism and the imperial ambitions of the country's ruling circles.

The relations between the three main centres of present-day imperialism—the USA, Western Europe and Japan—abound in visible and concealed contradictions. The economic, financial and technological superiority which the USA enjoyed over its closest competitors until the end of the 1960s has been put to a serious trial. Western Europe and Japan managed to outdo their American patron in some things, and are also challenging the United States in such a traditional sphere of U.S. hegemony as that of the latest technology.

Washington is continuously calling on its allies not to waste their gunpowder on internecine strife. But how are the three centres of modern-day imperialism to share one roof if the Americans themselves, manipulating the dollar and the interest rates, are not loath to fatten their economy at the expense of Western Europe and Japan? Wherever the three imperialist centres manage to coordinate their positions, this is more often than not the effect of American pressure or outright dictation, and works in the interests and aims above all of the United States. This, in turn, sharpens, rather than blunts, the contradictions.

It appears that people are beginning to wonder about this cause-and-effect relationship. For the first time, governments of some Western European countries, the social democratic and liberal parties, and the public at large have begun to openly discuss whether present U.S. policy coincides with Western Europe's notions about its own security and whether the United States is going too far in its claims to 'leadership'. The partners of the United States have had more than one occasion to see that someone else's spectacles cannot substitute for one's own eyes.

The clash of centrifugal and centripetal tendencies will, no doubt, continue as a result of changes in the correlation of forces within the imperialist system. Still, the existing complex of economic, politico-military and other common interests of the three 'centres of power', can hardly be expected to break up in the prevailing conditions of the present-day world. But within the framework of this complex, Washington should not expect unquestioning obedience to U.S. dictation on the part of its allies and competitors, and especially so to the detriment of their own interests.

The specificity of the inter-imperialist contradictions of the current period also encompasses a possible change of their configuration in the coming decades, with the new capitalist 'centres of power' coming on the scene. This will doubtless lead to a further growth of the bulk of contradictions, to their closer interlacement and aggravation.

A new, complex and mobile set of contradictions has taken shape between imperialism and the developing countries and peoples. The liberation of former colonies and semi-colonies was a strong political and ideological blow to the capitalist system. It has ceased to exist in the shape that it assumed in the 19th century and in which it extended into the first half of the 20th. A slow, arduous, but unstoppable process of socio-economic transformations is under way in the life of nations comprising the majority of mankind. This process, which has brought about no few fundamental changes, has also encountered considerable difficulties.

By political manoeuvring, blandishments and blackmail, military threats and intimidation, and all too often by direct interference in the internal affairs of the newly free countries, capitalism has in many ways managed to sustain the earlier relationships of economic dependence. On this basis, imperialism managed to create and adjust the most refined system of neocolonialist exploitation, and to tighten its hold on a considerable number of newly free states.

The consequences of this are tragic. The developing countries with a population of more than two billion have, in effect, become a region of wholesale poverty. In the early 1980s, the per capita income in the newly free countries was, on the whole, less than 10 per cent that of the developed capitalist states. And in the past thirty years, far from shrinking, the gap has grown wider. Nor is it a question of just comparative poverty. There is illiteracy and misery, chronic undernourishment and hunger, appalling child mortality, and epidemics that afflict hundreds of millions of people.

This is a disgrace for civilised humanity! And its culprit is imperialism. Not only from the point of view of history, that is, of colonial plunder on entire continents which left behind a heritage of unbelievable backwardness, but equally in terms of present-day practices. In just the past ten years, the profits squeezed out of the developing countries by U.S. corporations exceeded their inputs fourfold. And in Latin America and the Caribbean, in the same period, the profits of U.S. monopolies were over eight times greater than their inputs.

It is no exaggeration to say that, to a large extent, the imperialist system is still living off the plunder of the developing countries, off their totally merciless exploitation. The forms and methods are changing, but the essence remains. In the United States, for example, a tangible portion of the national income comes from these very sources. The developing countries are being exploited by all the imperialist states, but, unquestionably, U.S. imperialism is doing it with the least consideration for them. Non-equivalent exchange, unequal trade, juggling and abuse of interest rates—the pumps of the transnational corporations are being used to one and the same end. They are adding still more to the poverty and misery of some, and to the wealth of others, and increasing the polarisation in the capitalist world economy.

The distressing condition of the developing countries is a major worldwide problem. This and nothing else is the true source of many of the conflicts in Asia, Africa and Latin America. Such is the truth, however hard the ruling circles of the imperialist powers may invoke the 'hand of Moscow' in order to vindicate their neocolonialist policy and global ambitions.

Take the problem of debts. Together with the profits shipped out yearly from the developing countries, the accumulated debt means just one thing: the prospects of their development have shrunk, and a further deterioration of the already terrible social, economic and other problems is inevitable.

In the existing circumstances, these countries will not, of course, be able to repay their debts. And if no fair solution is devised, the situation is fraught with grave socio-economic and political consequences on the international scene. It would be wrong to say that the imperialist ruling circles are blind to the underlying danger here. But all their concerns boil down to one thing—how to save the present system of enrichment through the exploitation and super-exploitation of the peoples of the developing countries.

This other thing is certain, as well: there is an irrefutable causal connection between the trillion-sized debt of these countries and the more than trillion-sized growth of U.S. military expenditures in the past ten years. The 200-odd billion dollars that are being annually pumped out of the developing countries and the practically equal size of the U.S. military budget in recent

years, are no coincidence. That is why militarism has a direct stake in maintaining and tightening the system of neocolonial super-exploitation.

It is also obvious that with capitalism's contradictions growing sharper and its sphere of predominance shrinking, neocolonialism is becoming an increasingly important source of resources that provide monopoly capital with the ability for social manoeuvring, reducing social tensions in the leading bourgeois states, and for bribing some sections of the working people. It is a truly extraordinary source, for a worker's hourly rate in the advanced capitalist states is higher, sometimes several times higher, than a day's earnings in the countries of Asia, Africa and Latin America.

All this cannot go on forever. But, of course, no miracle can be expected: the situation is not going to straighten itself out on its own. The military force that the USA is counting on to maintain the status quo, to safeguard the interests of the monopolies and the military-industrial complex, and to prevent any further progressive change in the newly free countries, can only complicate the situation and precipitate new conflicts. The bags of money are liable to become kegs of gunpowder. Sooner or later, in this area too, capitalism will have to choose between the policy of force and shameless plunder, on the one hand, and the opportunity for co-operation on an equitable basis, on the other. The solutions must be radical—in the interests of the peoples of the developing states.

Analysis of yet another group of contradictions—those on a global scale, affecting the very foundations of the existence of civilisation, leads to serious conclusions. This refers first of all to pollution of the environment, the air and oceans, and to the exhaustion of natural resources. The problems are aggravated not only by excessive loads on the natural systems as a consequence of the scientific and technological revolution, and by the increasing extent of Man's activity. Engels, in his time, foresaw the ill effects of exposing nature to the blind play of market forces. The need for effective international procedures and mechanisms that would make for the rational use of the world's resources as an asset belonging to all humanity is becoming increasingly apparent.

The global problems, affecting all humanity, cannot be resolved by one state or a group of states. This calls for co-operation on a worldwide scale, for close and constructive joint action by the majority of countries. This co-operation must be based on completely equal rights and respect for the sovereignty of each. It must be based on conscientious compliance with accepted commitments and with the standards of international law. Such is the categorical call of the times in which we live.

Capitalism also causes an impoverishment of culture, an erosion of the spiritual values created over the centuries. Nothing elevates Man more than knowledge. But in probably no other period of history has mankind experienced any stronger pressure of falsehood and deceit than it does now. Bourgeois propaganda shovels ingeniously doctored information on people all over the world, imposing thoughts and feelings, and programming a civic and social attitude advantageous to the ruling forces. What knowledge, what values and moral standards are implicit in the information dispensed to the people and in the system of education is, first and foremost, a political problem.

Life itself brings up the question of safeguarding culture, of protecting it from bourgeois corruption and vandalism. That is one of the most important worldwide tasks. We cannot afford to neglect the long-term psychological and moral consequences of imperialism's current practices in the cultural sphere. Its impoverishment under the onslaught of unbridled commercialisation and the cult of force, the propagation of racism, the propaganda of lowly instincts, of the ways of the criminal world and the



'lower depths' of society, must be, and certainly will be, rejected by mankind.

The problems, as you see comrades, are many, and they are large-scale and intricate. But it is clear that their conceptualisation is, on the whole, lagging behind the scope and depth of the current task. The imperative condition for success in resolving the topical issues of international life is to reduce the time of search for political understanding and to secure the swiftest possible constructive action.

We are perfectly well aware that not everything by far is within our power and that much will depend on the West, on its leaders' ability to see things in sober perspective at important crossroads of history. The US President said once that if our planet were threatened by a landing from another planet, the USSR and the USA would quickly find a common language. But isn't a nuclear disaster a more tangible danger than a landing of extra-terrestrials? Isn't the ecological threat big enough? Don't all countries have a common stake in finding a sensible and fair approach to the problems of the developing states and peoples?

Lastly, isn't all the experience accumulated by mankind enough to draw perfectly justified practical conclusions today rather than wait until some other crisis breaks out? What does the United States hope to win in the long term by producing doctrines that can no longer fit U.S. security into the modest dimensions of our planet?

To keep in the saddle of history, imperialism is resorting to all possible means. But such a policy is costing the world dearly. The nations are compelled to pay an ever higher price for it. To pay both directly and indirectly. To pay with millions of human lives, with a depletion of national resources, with the waste of gigantic sums on the arms race. With the failure to solve numerous, increasingly difficult problems. And in the long run, perhaps, with the highest possible price.

The U.S. ruling circles are clearly losing their realistic bearings in this far from simple period of history. Aggressive international behaviour, increasing militarisation of politics and thinking, contempt for the interests of others—all this is leading to an inevitable moral and political isolation of U.S. imperialism, widening the abyss between it and the rest of humanity. It is as though the opponents of peace in that country are unaware that when nuclear weapons are at the ready, the time and space for civilisation lose their habitual outlines, and mankind becomes the captive of an accident.

Will the ruling centres of the capitalist world manage to embark on the path of sober, constructive assessments of what is going on? The easiest thing is to say: maybe yes and maybe no. But history denies us the right to make such predictions. We cannot take 'no' for an answer to the question: will mankind survive or not? We say: the progress of society, the life of civilisation, must and will continue.

We say this not only by dint of the optimism that is usual for communists, but by dint of our faith in people's intelligence and common sense. We are realists and are perfectly well aware that the two worlds are divided by very many things, and deeply divided, too. But we also see clearly that the need to resolve most vital problems affecting all humanity must prompt them to interaction, awakening humanity's heretofore unseen powers of self-preservation. And here is the stimulus for solutions commensurate with the realities of our time.

The course of history, of social progress, requires ever more insistently that there should be constructive and creative interaction between states and peoples on the scale of the entire world. Not only does it so require, but it also creates the requisite political, social and material premises for it.

Such interaction is essential in order to prevent nuclear catastrophe, in order that civilisation could survive. It is essential in order that other

worldwide problems that are growing more acute should also be resolved jointly in the interests of all concerned. The prevailing dialectics of present-day development consists in a combination of competition and confrontation between the two systems and in a growing tendency towards interdependence of the countries of the world community. This is precisely the way, through the struggle of opposites, through arduous effort, groping in the dark to some extent, as it were, that the controversial but interdependent and in many ways integral world is taking shape.

The communists have always been aware of the intrinsic complexity and contradictoriness of the paths of social progress. But at the centre of these processes—and this is the chief distinction of the communist world outlook—there unfailingly stands Man, his interests and cares. Human life, the possibilities for its comprehensive development, as Lenin stressed, is of the greatest value; the interests of social development rank above all else. That is what the CPSU takes its bearing from in its practical policy.

As we see it, the main road of march in contemporary conditions is to create worthy, truly human material and spiritual conditions of life for all nations, to see to it that our planet should be habitable, and to deal with its riches rationally. Above all, to deal rationally with the chief value of all—with people and all their potentialities. That is exactly where we offer the capitalist system to compete with us in a setting of lasting peace.

## II. The Strategic Course: Acceleration of the Country's Socio-Economic Development

Comrades, by advancing the strategy of accelerating the country's socio-economic development at the April plenary meeting, the Central Committee of the CPSU adopted a decision of historic significance. It won the wholehearted support of the Party, of the entire people, and is being submitted for discussion at the Congress.

What do we mean by acceleration? First of all, raising the rate of economic growth. But that is not all. In substance it means a new quality of growth: an all-out intensification of production on the basis of scientific and technological progress, a structural reconstruction of the economy, effective forms of management and of organising and stimulating labour.

The policy of acceleration is not confined to changes in the economic field. It envisages an active social policy, a consistent emphasis on the principle of socialist justice. The strategy of acceleration presupposes an improvement of social relations, a renovation of the forms and methods of work of political and ideological institutions, a deepening of socialist democracy, and resolute elimination of inertness, stagnation and conservatism—of everything that is holding back social progress.

The main thing that must ensure us success is the living creativity of the masses, the maximum use of the tremendous potentialities and advantages of the socialist system.

In short, comrades, acceleration of the country's socio-economic development is the key to all our problems: immediate and long-term, economic and social, political and ideological, internal and external. That is the only way a new qualitative condition of Soviet society can and must be achieved.

### A. The Results of Socio-Economic Development and the Need for its Acceleration

Comrades, the programme tasks of the Party raised and discussed at our Congress necessitate a broad approach to the assessment of the results of the country's development. In the quarter of a century since the adoption of the third CPSU Programme, the Soviet Union has achieved

impressive successes. The fixed production assets of our economy have increased seven times over. Thousands of enterprises have been built, and new industries created. The national income has gone up nearly 300 per cent, industrial production 400, and agricultural 70 per cent.

Before the war and in the early postwar years the level of the US economy appeared to us hard to attain, whereas already in the 1970s we had come substantially closer to it in terms of our scientific, technical and economic potential, and had even surpassed it in output of certain key items.

These achievements are the result of tremendous effort by the people. They have enabled us to enhance considerably the well-being of Soviet citizens. In a quarter of a century real per capita incomes have gone up 160 per cent, and the social consumption funds more than 400 per cent. Fifty-four million flats have been built, which enabled us to improve the living conditions of the majority of families. The transition has been completed to universal secondary education. The number of people who have finished higher educational establishments has increased fourfold. The successes of science, medicine, and culture are universally recognised. The panorama of achievements will not be complete if I say nothing about the deep-going changes in social relations, the relations between nations, and the further development of democracy.

At the same time, difficulties began to build up in the economy in the 1970s, with the rates of economic growth declining visibly. As a result, the targets for economic development set in the CPSU Programme, and even the lower targets of the 9th and 10th five-year plans, were not attained. Neither did we manage to carry out fully the social programme charted for this period. A lag ensued in the material base of science and education, health protection, culture and everyday services.

Certainly, the state of affairs was affected, among other things, by certain factors beyond our control. But they were not decisive. The main thing was that we had failed to produce a timely political assessment of the changed economic situation, that we failed to apprehend the acute and urgent need for converting the economy to intensive methods of development, and for active use of the achievements of scientific and technological progress in the economy. There were many appeals and a lot of talk on this score, but practically no headway was made.

By inertia, the economy continued to develop largely on an extensive basis, with sights set on drawing additional labour and material resources into production. As a result, the rate of growth of labour productivity and certain other efficiency indicators dropped substantially. The attempts to rectify matters by building new plant affected the problem of balance. The economy, which has enormous resources at its disposal, ran into shortages. A gap appeared between the needs of society and the attained level of production, between the effective demand and the supply of goods.

And though efforts have been made of late, we have not succeeded in wholly remedying the situation. The output of most types of industrial and agricultural goods fell short of the targets set by the 26th Congress of the CPSU and the 11th five-year period. There are serious lags in engineering, the oil and coal industries, the electrical engineering industry, in ferrous metals and chemicals, and in capital construction. Neither have the targets been met for the main indicators of efficiency and the improvement of the people's standard of living.

And we, comrades, must draw the most serious lessons from all this.

The first of them may be described as the lesson of truth. A responsible analysis of the past clears the way to the future, whereas a half-truth which shamefully evades the sharp corners holds



down the elaboration of realistic policy, and impedes our advance. "Our strength," Lenin said, "lies in stating the truth" (*Collected Works*, Vol. 9, p. 295). That is precisely why the Central Committee deemed it essential to refer once more in the new edition of the Party Programme to the negative processes that had surfaced in the 70s and the early 80s. That is why, too, we speak of them at the Congress today.

The other lesson concerns the sense of purpose and resolve in practical actions. The switchover to intensive development of such an enormous economy as ours is no simple matter and calls for considerable effort, time, and the loftiest sense of responsibility. But once transformations are launched, we must not confine ourselves to half-hearted measures. We must act consistently and energetically, and must not hesitate to take the boldest of steps.

And one more lesson—the main one, I might say. The success of any undertaking depends to a decisive degree on how actively and consciously the masses take part in it. To convince broad sections of the working people that the chosen path is correct, to win their interest morally and materially, and restructure the psychology of the cadre—those are crucial conditions for the acceleration of our growth. The advance will be all the more rapid, the tighter our discipline and organisation will be, and the higher the responsibility of each for his job and its results.

Today, the prime task of the Party and the entire people is to resolutely reverse the unfavourable tendencies in the development of the economy, to impart to it the due dynamism and to give scope to the initiative and creativity of the masses, to truly revolutionary change.

There is no other way. In the absence of accelerated economic growth our social programmes will remain wishful thinking, though, comrades, they cannot be put off. Soviet people must within a short time feel the results of the common effort to cardinally resolve the food problem, to meet the needs for high-quality goods and services, to improve the medical services, housing, the conditions of life, and environmental protection.

The acceleration of socio-economic development will enable us to contribute considerably to the consolidation of world socialism, and will raise to a higher level our co-operation with fraternal countries. It will considerably expand our capacity for economic ties with the peoples of the developing countries, and with countries of the capitalist world. In other words, implementation of the policy of acceleration will have far-reaching consequences for the destiny of our motherland.

## B. Economic Policy Guidelines

Comrades, the draft Programme of the CPSU and the draft Guidelines define the main targets of our economic and social development. By the end of this century we intend to increase the national income nearly twofold while doubling the production potential and qualitatively transforming it. Labour productivity will go up by 2.3-2.5 times, energy consumption per rouble of national income will drop by 28.6 per cent and metal consumption by nearly 50 per cent. This will signify a sharp turn towards intensifying production, towards improving quality and effectiveness.

Subsequently, by intensifying these processes we intend to switch over to an economy having a higher level of organisation and effectiveness, with comprehensively developed productive forces, mature socialist relations of production, and a smoothly-functioning economic mechanism. That is our strategic line.

As was emphasised at the conference in the Central Committee of the CPSU in June 1985, the main factors behind this line are scientific and technological progress and a fundamental transformation of society's productive forces. It is impossible to effect cardinal changes with the

previous material and technical base. The way out, as we see it, lies in thorough modernisation of the national economy on the basis of the latest scientific and technological advances, breakthroughs on the leading avenues of scientific and technological progress, and restructuring of the economic mechanism and management system.

### I. Modernisation of the National Economy on the Basis of Scientific and Technological Progress

The CPSU has a tremendous backlog of experience in carrying out major scientific-technical and socio-economic transformations. However significant they are though, the scales and complexity of the work we carried out in the past cannot be compared with what has to be done in the period ahead to modernise the national economy.

What do we need for this?

First of all, changing the structural and investment policy. The substance of the changes lies in shifting the centre of attention from quantitative indices to quality and efficiency, from intermediate results to final results, from building up production assets to renewing them, from expanding fuel and raw materials resources to making better use of them, and also to speeding up the development of research-intensive industries and of the production and social infrastructures.

A big step forward is to be made in this direction in the current five-year period. It is intended to allocate upwards of 200 billion roubles of capital investments—more than during the past ten years—for modernising and technically re-equipping production. Sizeable though these amounts are, the planning and economic bodies will have to continue the search for additional resources for these purposes.

Large-scale integrated programmes in the strategic areas have been drawn up, and their implementation has begun.

The industries that play the key role in scientific and technological progress, that assure a quick economic return and the solution of urgent social problems, will move ahead more dynamically. Substantial funds and material, scientific and manpower resources are being concentrated to speed their development.

It is clear that the effectiveness of modernisation and also the economic growth rates depend to a crucial degree on machine-building. This is where the fundamental scientific and technical ideas are materialised, where new implements of labour and machine systems that determine progress in the other branches of the national economy are developed. Here the foundations are laid for a broad advance to basically new, resource-saving technologies, higher productivity of labour and better quality of output.

The Congress delegates know that the CPSU Central Committee and the USSR Council of Ministers recently adopted a decision on the further development of machine-building. In substance, it is a national modernisation programme for this cardinal sector of industry. A single management body has been set up in it. The machine-building complex has been set a goal of sharply raising the technico-economic level and quality of machines, equipment and instruments by the end of the 12th five-year plan period. The capital investments allocated for modernising this industry will be 80 per cent greater than in the previous five years.

What, specifically, do we expect from the implementation of this programme? The output of machinery and equipment is to increase by more than 40 per cent, and their quality standards will be improved. The growing stream of machines of new generations will pave the way for a fundamental retooling of the national economy and a growth in its effectiveness. The resultant annual savings will amount to the labour of about 12 million persons, more than 100

million tons of fuel, and many billions of roubles. Calculations show that use of the Don-1500 harvester combine, for example, will lead to a considerable reduction in the number of grain harvesting machines, will release about 400,000 machine-operators, and will reduce grain losses by millions of tons.

Large-scale introduction of computers and overall automation of production will tremendously influence the rate of technical modernisation. Concrete targets in the development and large-scale production of modern computers and expansion of the manufacture of their components have been defined. The development of computer software and of management information systems has been put on an industrial footing. The Academy of Sciences of the USSR has set up an information science and computer technologies division to coordinate R and D.

Radical modernisation of the fuel and energy complex is the keynote of the Energy Programme. The programme puts the emphasis on energy-saving production methods, on the replacement of liquid fuel by natural gas and coal, and on more sophisticated methods of oil refining. Advanced production methods are also to be employed in the extraction industry: open-cast coal mining, the use of hydromonitors in coal extraction, the development of improved and more reliable oil extraction equipment and the universal introduction of automated systems. In the course of the current five-year span two and a half times more nuclear power plant generating capacities will be started up than in the previous five years, and outmoded units at thermal power stations will be replaced on a large scale.

A great deal will have to be done in the metal-manufacturing and chemical industries, in introducing more highly productive equipment there. The production of fundamentally new and improved structural and other advanced materials will accelerate the growth of electronics, machine-building, construction, and other branches of the economy.

The Party attaches enormous importance to technical re-equipment of the production infrastructure, in the first place in transport and communications. Top priority will be given to the development of the light industry and other industries that directly meet consumer demand. Advanced equipment for them is to be manufactured not only by specialised industries but also by other industries.

We will not be able to carry out technical modernisation unless we radically improve capital construction. This calls for raising the entire building industry complex to a new industrial and organisational level, shortening the investment cycle by a minimum of 50 per cent both in plant modernisation and in the construction of new facilities. We cannot reconcile ourselves any longer to slow construction rates that freeze enormous sums and retard scientific and technological progress in the national economy.

All these tasks, comrades, are gigantic in scale and significance. How they are carried out will, in the final analysis, determine the fulfilment of our plans and the rates of our growth. Each sector and each enterprise must have a clear-cut programme for the continuous modernisation of production. The responsibility of the planning and economic bodies for achievement of the planned targets will increase accordingly. Party organisations should also direct their activities towards this.

It is especially important to prevent window dressing and the use of palliative instead of substantive measures. There are disquieting instances, and by no means solitary ones, of ministries and departments erecting new facilities under the guise of modernisation, of stuffing them with outdated equipment, and of drawing up costly projects that do not assure the rise of production to higher technical-economic levels.

Here is an illustration of that approach. The Bryansk Engineering Works, which puts out



motors for diesel locomotives, is now in the middle of a 140-million rouble retooling programme. What results will this modernisation of capacities yield? It turns out that the programme does not provide for the introduction of progressive technologies, the number of workers has already been increased by nearly 1,000 and the yield per unit of assets has dropped. The worst part of it all is that they intend to use the new capacities to manufacture an outdated motor, although a more efficient model has been designed and tested.

What does the stance of the executives of the Ministry of the Heavy Machine-Building Industry and of the Ministry of Railways mean? Evidently some comrades have failed to grasp the profound importance of the tasks confronting them. Such examples deserve stern condemnation as undermining the Party's policy of modernisation and of accelerated scientific and technological progress. Such cases should be examined with all severity.

The need for modernisation faces scientific research with new tasks. The CPSU will consistently pursue a policy of strengthening the material and technical base of scientific research to the maximum, of providing scientists with the conditions for fruitful work. However, our country is entitled to expect from its scientists discoveries and inventions that will bring about genuinely revolutionary changes in the development of machinery and production methods.

Important measures to make the work of research establishments more effective have been outlined lately. They deal with incentives for scientists and new links between science and production. A decision was recently adopted to set up inter-sectoral research-and-technological complexes, including large institutes that are the leaders in their respective fields, among them institutes under academies of sciences, design organisations and pilot plants.

Steps are also being taken to improve the functioning of sectoral research institutes and to increase their contribution to faster scientific and technical progress. However, this process is going ahead at an impermissibly slow pace. Many institutes are still an appendage of ministry staffs; not infrequently they support departmental interests and are bogged down in red tape and paper-work. The question of bringing science closer to production, of including sectoral research institutes into production and research-and-production associations, was forcefully raised at the June conference. We must ascertain who is opposing this, what stand the ministries and their Party committees take on this issue, and how they are reacting to life's demands.

The research potential of higher educational establishments must also be used more effectively. Upwards of 35 per cent of our country's research and educational personnel, including about half of the holders of doctorates, are concentrated there but they carry out no more than ten per cent of the research projects. The respective departments should draft and submit proposals for strengthening the links between university research and production. The proposals should also take into account the training of the next generation of researchers. Just as a forest cannot live on without new growth, the true scientist is inconceivable without pupils. This is a question of the future of science, and, therefore, of our country, too. Beginning with their freshman year, college and university students should be drawn into research work and into participation in applying research findings in production. This is the only way that real scientists and creatively-thinking specialists can be trained.

In sum, comrades, the orientation of science towards the needs of the national economy should be carried out more energetically. However, it is equally important to orient production towards science, to make it maximally receptive to scientific and technological advances. Regrettably, no few scientific discoveries and major inventions fail to find

practical application for years, and sometimes for decades. I shall cite a few examples.

The non-wear and tear effect, which Soviet scientists discovered three decades ago, led to the development of fundamentally new lubricants that greatly increase the service life of machine parts subjected to friction and sharply reduce labour outlays. This discovery, which yields savings of many millions of roubles, has to this day not yet been applied on a broad scale because of the blinkers worn by some high-ranking executives of the USSR Ministry of Petrochemical Industry and also of a number of other ministries and departments.

The Ministry of the Motor Vehicle Industry and planning bodies are to blame for the fact that for about ten years now a newly-invented anti-friction bearing, which makes machines more reliable and failure-safe under the most rigorous operational conditions, has not been applied on a large scale. The Ministry of the Machine-Tool Industry has impermissibly held up the manufacture of unique hydraulic motors enabling extensive use of hydraulic techniques in mining and elsewhere, to increase labour productivity several-fold and to improve working conditions.

Unfortunately, this list could be continued. This kind of attitude to new inventions is not infrequently based on the ambitions of separate groups of scientists, on departmental hostility towards inventions made 'by others', and a lack of interest on the part of production managers in introducing them. It is no secret that even the examination of invention applications is sometimes an ordeal that drags on for years.

We cannot reach our targets in accelerating scientific and technological progress unless we find levers that will guarantee priority only to those research establishments and industrial enterprises whose work collectives actively introduce whatever is new and progressive and seek ways and means of manufacturing articles of high quality and efficacy.

We have already accumulated a definite amount of experience in improving the economic mechanism in the sphere of science and its interaction with production. It must be thoroughly analysed and then applied without delay, closely linking up material incentives for research collectives and individual researchers with their actual contribution to the resolving of scientific and technological problems.

All levels of economic management must change their attitude to the introduction of new methods and technology. This also refers to the State Planning Committee of the USSR, which should go over more boldly to all-inclusive planning of scientific and technological progress, as well as to the USSR State Committee for Science and Technology, which is reorganising its work too slowly. The Academy of Sciences of the USSR, ministries and departments should pay more attention to basic research and to applying its findings in production. This is a sacred duty of every scientist, engineer, designer, and manager of an enterprise.

Our activity in the sphere of foreign economic contacts must be tied up more closely with the new tasks. There should be a large-scale, forward-looking approach to mutually advantageous economic relations. The member-countries of the Council for Mutual Economic Assistance have worked out a policy of this kind. It presupposes a switchover in economic relations among them from primarily trade relations to deeper specialisation and co-operation in production, above all in machine-building, and to the establishment of joint associations and research-and-production complexes.

We have no few government departments and organisations that are responsible for separate spheres of foreign economic relations but they do not always coordinate their work. In posing the aim of making active use of foreign economic contacts to speed our development we have in mind a step-by-step restructuring of foreign trade, of making our exports and imports more effective.

## 2. Solving the Food Problem:

### A Top Priority Task

Comrades, a problem we will have to solve in the shortest time possible is that of fully meeting our country's food needs. This is the aim of the Party's present agrarian policy, formulated in the decision taken by the CPSU Central Committee at its May 1982 plenary meeting and in the Food Programme of the USSR. In the period since their adoption a good deal has been done to expand the material and technical base of agriculture and of the related industries. The economy of the collective farms, state farms, inter-farm enterprises and processing plants has become stronger: the productivity of crop-farming and livestock farming has risen.

There is progress, but the lag in agriculture is being overcome slowly. A decisive turn is needed in the agrarian sector to improve the food supply noticeably during the 12th five-year plan period. It is planned to more than double the growth rate of farm production and to ensure a substantial increase in the per capita consumption of meat, milk, vegetables and fruit.

Can we do this? We can and we must. The Party has therefore worked out additional measures to raise the efficiency of all sectors of the agro-industrial complex. Their substance consists in changing the socio-economic situation in the rural areas, in creating the conditions for greater intensification and guaranteed farm produce. The emphasis is put on economic methods of management, broader autonomy of collective farms and state farms and their higher responsibility for the results of their work.

In carrying out this policy we will have to make more effective use of the production potential in the agro-industrial complex and concentrate efforts and resources on the most important sectors providing the highest returns. It is a question, first and foremost, of increasing soil fertility and creating the conditions for stable farming. As the experience of recent years has shown, the key to success lies in large-scale application of intensive technologies. They yield a tremendous effect. Their application provided, last year alone, an additional 16 million tons of grain and a substantial amount of other produce.

Reducing crop and livestock produce losses during harvesting, transportation, storage and processing is the most immediate source of augmenting food stocks. We have no small potentialities in this respect: the addition to consumption resources could amount to as much as 20 per cent, and in the case of some products to as much as 30 per cent. Besides, eliminating the losses would cost only between a third and one half as much as raising the same amount of produce.

The Central Committee and the government have now defined major steps to reduce losses. Rapid expansion of agricultural machine-building will saturate the collective farms and state farms with highly productive machines capable of performing all the field jobs faster and better. We have also made additional outlays to fortify the manufacture of machinery for the food industry and facilities for the processing and storage of food.

The Party and the state will continue to persistently enlarge the material and technical base of the agro-industrial complex. It is equally clear, however, that human beings will, as before, be the mainspring and inspiration of progress. Today, more than ever before, agriculture needs people who want to work actively, who have a high level of professional skill and a feeling for the new. Constant attention to the working and living conditions of the members of the rural community is the best guarantee of all our successes. All our plans are geared to this, and it is important for them to be carried out unswervingly.

All these are urgent measures, but the programme of action is not confined to them. The switchover of the agrarian sector to new methods of administration and management has to be



completed. The establishment, in the centre and in the localities, of unified management bodies of the agro-industrial complex, called upon to carry out genuine and effective integration of agriculture and of the related industries, is undoubtedly a step of fundamental significance.

The establishment of this organisational framework is backed up by an effective economic mechanism. Proposals on this score have already been drafted. The main idea is to give broad scope to economically viable management methods, to substantially broaden the autonomy of collective farms and state farms, to give them a greater incentive and responsibility for the final results. In substance, it is a question of creatively applying, in the conditions of today, Lenin's idea of the food tax.

It is intended to establish fixed plans for the purchase of produce from the collective farms and state farms for each year of the five-year period; these plans will not be altered. Simultaneously, the farms will be given the opportunity to use, as they see fit, all the produce harvested over and above the plan; in the case of fruit and potatoes and other vegetables they will also be able to use a considerable part of the planned produce as they see fit. The farms can sell it additionally to the state, can sell it, either fresh or processed, on the collective-farm market or through co-operative trade outlets, or use it for other needs including the needs of personal subsidiary holdings. Additional allocations of material resources for which there is a heightened demand, and also other incentives, will encourage farms to sell grain to the state over and above the plan.

In future, the republics, territories and regions will be given fixed quotas for the supply of produce to centralised stocks: everything produced over and above that will be kept for the local supply system.

There is to be a transition to improved planning methods based on progressive norms. The role of cost accounting will be substantially increased. Past experience shows that neglect of the principles of self-support, material incentives and responsibility for performance led to a deterioration of the financial and economic position of collective farms and state farms and also to their considerable indebtedness. Genuine cost accounting, with the incomes of enterprises depending upon the ultimate results, should become the rule for all links of the agro-industrial complex, and first and foremost for the collective farms and state farms. The contract and job-by-job systems of payment at the levels of teams, groups and families to whom means of production, including land, will be assigned for a period specified by contract, will become widespread.

There will be big opportunities for displaying initiative and resourcefulness. This also presupposes, however, a higher sense of responsibility for meeting the targets of the Food Programme, for the results of the financial and economic activity of collective farms, state farms and inter-farm enterprises and organisations. A reliable barrier must be erected in the way of mismanagement and sponging, and an end must be put to excuses such as "objective circumstances", which some collective farms and state farms have been using to cover up their ineptitude, as well as sometimes a lack of desire to work better. The farms will have to use chiefly their own funds to expand production, increase profits and incomes and provide incentives. The practice of providing bank loans will have to be substantially altered to stimulate a higher level of activity by collective farms and state farms.

As you see, comrades, rural economic management conditions are undergoing a cardinal change. This calls for big changes in the style and methods of management in the agro-industrial complex. An end must be put to incompetent interference in productive activity in the rural areas. We expect the State Agro-Industrial Committee of the USSR and its local bodies to do

everything so that our country receives weighty returns from the measures that are being taken.

### 3. Economic Management Must Measure Up to the New Demands

Comrades, the new economic tasks cannot be solved without an in-depth readjustment of the economic mechanism, without creating an integral, effective and flexible system of management that will take fuller advantage of the possibilities of socialism.

It is obvious that economic management requires constant improvement. However, the situation today is such that we cannot limit ourselves to partial improvements. A radical reform is needed. Its meaning consists in truly subordinating the whole of our production to the requirements of society, to the satisfaction of people's needs; in orienting management towards raising efficiency and quality; in accelerating scientific and technological progress; in promoting a greater interest by people in the results of their work, initiative and socialist enterprise in every link of the national economy, and, above all, in the work collectives.

The Central Committee of the CPSU and its Political Bureau have defined guidelines for reorganising the economic mechanism. We set ourselves the aims of:

- heightening the efficacy of centralised guidance of the economy, strengthening the role of the centre in implementing the main goals of the Party's economic strategy and in determining the rates and proportions of national economic growth, its balanced development. Simultaneously, the practice of interference by the centre in the daily activities of the lower economic links must be overcome;

- resolutely enlarging the framework of the autonomy of associations and enterprises, increasing their responsibility for attaining the highest ultimate results. Towards this end, to transfer them to genuine cost accounting, self-support and self-financing, and to make the income level of collectives directly dependent on the efficiency of their work;

- going over to economic methods of guidance at all levels of the national economy, for which purpose to reorganise the system of material and technical supply and improve the system of price formation, financing and crediting, and working out effective incentives to eliminate over-expenditure;

- introducing modern organisational management structures, taking into account the trends towards concentration, specialisation and co-operation of production. This is a question of setting up complexes of interconnected industries, research and technological inter-sectoral centres, various forms of economic associations and territorial-production formations;

- ensuring the best possible combination of sectoral and territorial economic management, integrated economic and social development of republics and regions, and the organisation of rational inter-sectoral contacts;

- carrying out all-round democratisation of management, heightening the part played in it by work collectives, strengthening control from below, and ensuring accountability and publicity in the work of economic bodies.

Comrades, we now unquestionably stand before the most thorough reorganisation of the socialist economic mechanism. The reorganisation has begun. The direction along which work is going ahead in the agro-industrial complex has been spoken about above. Management of the machine-building complex is being upgraded. Industrial enterprises are being transferred, in the main, to a two-level system of management. Beginning with the current year, new economic management methods which have gone through experimental testing have been introduced in enterprises and associations that turn out half of the total industrial output. Their introduction in

the service sphere, in construction and in transport has begun. Collective forms of work organisation and stimulation, and also economic contract systems, are being applied on an ever wider scale.

We are only at the beginning of the road, however. Time and energetic effort are needed to reorganise the economic mechanism in our country with its vast and complex economy. Difficulties may arise, and we are not guaranteed against miscalculations either, but still the main thing now is to move ahead purposefully, step by step, along the direction we have chosen, supplementing and perfecting the economic mechanism on the basis of the accumulated experience and eliminating everything that has outlived itself or has failed to justify itself.

Success will depend largely on reorganisation of the work of the central economic bodies, first and foremost the State Planning Committee of the USSR. It must indeed become our country's genuine scientific and economic HQ, freed from current economic matters. We have begun this work, new management bodies of the inter-sectoral complexes are being set up, and the lion's share of the operational management functions is being delegated directly to the enterprises and associations. The State Planning Committee and other economic agencies must concentrate their efforts on long-range planning, on ensuring proportional and balanced economic development, on carrying out the structural policy, and on creating the economic where-withal and incentives for attaining the best final results in each unit of the national economy. Considerable improvements are needed in the sphere of statistics.

Lately there has been a weakening of the financial-credit influence on the economy. The financial system does not sufficiently stimulate higher economic efficacy. The defective practice of income redistribution, with the losses of lagging enterprises, ministries and regions covered at the expense of those that operate profitably, has reached a large scale. This undermines cost accounting, promotes dependency and prompts endless demands for assistance from the centre. Crediting no longer serves its purpose.

"Any radical reforms," said Lenin, "will be doomed to failure unless our financial policy is successful." (*Collected Works*, Vol. 27 p. 383.) Accordingly, we must radically change the substance, organisation and methods of the work of the financial and credit bodies. Their chief aim is not to carry out petty regulation of the functioning of enterprises but to provide economic incentives and to consolidate money circulation and cost accounting, which is the best possible controller. Everything must be made dependent on the end result.

The question of improving the practice of levying the turnover tax, of deductions from profit and other budget revenue has obviously become ripe. The size and procedure of these payments should more actively influence the lowering of production costs, the improvement of the quality of output and the quickening of its marketing.

Prices must become an active factor of economic and social policy. We shall have to carry out a planned readjustment of the price system as an integral whole in the interests of organising effective cost accounting and in conformity with the aims of increasing the real incomes of the population. Prices must be made more flexible; price levels must be linked up not only with the outlays but also with the consumer properties of the goods, their effectiveness and the degree to which products meet the needs of society and consumer demand. Ceiling prices and contract prices are to be employed more widely.

The system of material and technical supply also needs thorough improvement. It must be turned into a flexible economic mechanism which helps the national economy to function rhythmically.



cally and steadily. It is the direct duty of the State Committee for Material and Technical Supply to contribute actively to the establishment of direct long-term relations between producers and consumers on a contractual basis, and to improve the observance of the terms of delivery. Wholesale trade in means of production should be developed.

In the final analysis, everything we are doing to improve management and planning and to re-adjust organisational structures is aimed at creating conditions for effective functioning of the basic link of the economic system: the association or enterprise.

It is high time to put an end to the practice of ministries and departments exercising petty tutelage over enterprises. Ministries should concentrate their attention on technical policy on intra-sectoral proportions, and on meeting the demands of the national economy in high-grade output by their industries. Enterprises and organisations should be given the right to sell to one another, independently, what they produce over and above the plan, raw and other materials and equipment which they do not use, and so on. They should also be given the legal right to make such sales to members of the public. What sense is there in destroying or dumping onto waste heaps articles that could come in useful in the household, in building homes, garages or bungalows on garden and vegetable allotments?

It would be difficult to overestimate the role of economic norms. When the work collectives of enterprises know, ahead of time, specifics of the planned period—delivery targets, prices, deductions from profits to the budget, norms for making up payroll funds and cost-accounting incentives funds—they can draw up creatively plans providing for higher growth rates of output and much higher efficiency without being afraid to reveal their as yet untapped potentialities. Moreover, enterprises should be given the possibility—following the example of the Volga auto works and the Sumy engineering works—to earn, themselves, the funds needed to expand and retool production.

It is especially important to give enterprises and organisations greater autonomy in the sphere of consumer goods manufacture and services. Their task is to react quickly to consumer demand. It is along these lines that we are reshaping the economic mechanism of light industry. The range of targets approved from above is being sharply limited for enterprises in this sphere: their programmes will be drawn up chiefly on the basis of contracts with trade organisations, which, in turn, must see to it that their orders conform to the actual consumer demand. In other words, the quantity, range and quality of goods—that is, just what people need—will be the main thing, instead of gross output. Besides, it is planned to establish intersectoral production and industrial-commercial associations for the manufacture and sale of light industry goods and to open more retail outlets operated by them.

The time has also come to solve another problem. The sum of an enterprise's payroll should be directly tied in with the returns from the sale of its products. This will help to exclude the manufacture and supply of low-grade goods for which there is no demand, or, as they say, operating from the warehouse. Incidentally, that approach should be applied not only in light industry but in other industries too. We can no longer reconcile ourselves to a situation in which the personnel of enterprises producing worthless goods lead an untroubled life, drawing their full pay and receiving bonuses and other benefits.

A well-thought-out approach must also be taken to the question of a rational combination of large, medium and small enterprises. As experience shows, small, well-equipped plants have their own advantages in many cases. They can be quicker and more flexible in taking into account technological innovations and changes in demand, can faster meet the demand for small-

batch and separate items, and can make better use of available manpower, especially in small towns.

Another substantial aspect for readjustment is consolidation of the territorial approach to planning and management. This is specially important for our vast and multinational country with its diverse features. The actions of ministries and departments that neglect these features and requirements of regions, with resulting economic imbalances, were rightly criticised at Party conferences and at congresses of the Communist Parties of constituent republics.

Some suggestions are also being received on this score. It is evidently worthwhile giving thought to enlarging the powers of republican and local bodies—following the example of the agro-industrial complex—in the management of construction, intersectoral production units, the social and production infrastructures, and many consumer goods factories. The work of the State Planning Committee of the USSR and of the ministries should get a broader territorial orientation. The question of national-economic management on the basis of large economic areas deserves study.

Our short-term and long-range plans are linked, to a considerable degree, with development of the natural wealth of Siberia and the Soviet Far East. This is very important, and a statesman-like approach ensuring integrated regional development should be taken to it. Special attention should be paid to providing people there with the conditions for fruitful work and a full-blooded life. That is the main question today, and fulfilment of the set targets depends on how it is solved.

Attention should be drawn at our Congress to the problems involved in the further socio-economic development of the non-black-earth zone of the Russian Federation. I will stress two points. The Central Committee of the CPSU and the Soviet Government have adopted special decisions for an upswing in non-black-earth zone agriculture, and they must be carried out unswervingly and fully. That is in the first place. And in the second place, the local Party, government and economic bodies and work collectives must pay much more attention to making effective use of the potential accumulated there and also of the allocated resources.

Consolidation of the territorial principle of management calls for a higher level of economic guidance in each republic, region, city and district. Proposals that come from the localities are at times not thought out thoroughly, are not dictated by the interests of the national economy but sooner by a dependant's mentality and sometimes even by self-seeking interests, which draw the economy into capital-intensive but low-productive projects. Due attention is not paid everywhere to raising the efficiency of production. In Kazakhstan, for example, the share of national income per unit of fixed production assets is a third less than the average for the Soviet economy. In Turkmenia, the productivity of social labour has not grown at all in 15 years. Thought should be given to ways and means of tying in social allocations more closely with the efficiency of the regional economy.

Comrades, every readjustment of the economic mechanism begins, as you know, with a readjustment of thinking, with a rejection of old stereotypes of thought and actions, with a clear understanding of the new tasks. This refers primarily to the activity of our economic personnel, to the functionaries of the central links of administration. Most of them have a clear idea of the Party's initiatives, actively support them, boldly tackle complicated assignments, and seek and find the best ways of carrying them out. This attitude deserves utmost support. It is hard, however, to understand those who take a wait-and-see policy or, who, like the Gogol character that thought up all kinds of fanciful ideas, do not actually do anything or change anything. There will be no reconciliation with the stance taken by

functionaries of that kind. We will simply have to part ways with them. All the more so do we have to part ways with those who hope that everything will settle down and return to the old lines. That will not happen, comrades!

In our work of restructuring the economy and the economic mechanism it is more important than ever to rely on science. Life prompts us to take a new look at some theoretical ideas and concepts. This refers to such major problems as the interaction of the productive forces and the relations of production, socialist ownership and its economic forms, commodity-money relations, the coordination of centralism with the autonomy of economic organisations, and so on.

Practice has revealed the insolvency of the ideas that under the conditions of socialism the conformity of production relations to the nature of the productive forces is ensured automatically, as it were. In real life, everything is more complicated. Indeed, the socialist relations of production open up broad vistas for development of the productive forces. However, this requires constant improvement of the relations of production. And that means outdated economic management methods must be noticed in good time and replaced by new ones.

The forms of production relations and the economic management and guidance system now in operation took shape, basically, in the conditions of extensive economic development. These gradually grew out of date, began to lose their stimulating effect and in some respects became a brake. We are now striving to change the thrust of the economic mechanism, to overcome its costliness and to orient it towards a higher level of quality and efficiency, acceleration of scientific and technological progress and enhancement of the human factor. This is the main thing that will, in practice, signify further improvement of the socialist relations of production and will provide new scope for growth of the productive forces.

In this work we must not be stopped by long-established ideas, let alone by prejudices. If, for example, it is necessary and justifiable to apply economic norms instead of targets that are sent down as directives, this does not mean a retreat from the principles of planned guidance but only a change in its methods. The same can be applied to the need to broaden the autonomy, initiative and responsibility of associations and enterprises, and to enhance their role as socialist commodity producers.

Unfortunately, there was a widespread view that any change in the economic mechanism should be regarded as being practically a retreat from the principles of socialism. In this connection I should like to emphasise the following: socio-economic acceleration and the concrete consolidation of socialism should be the supreme criterion in the improvement of management and also of the entire system of the socialist relations of production.

The aspects of socialist property as the foundation of our social system acquire great relevance. Socialist property has a rich content; it includes a multi-faceted system of relations in the use of the means of production and its results, their distribution among people, collectives, industries and regions of the country, and a whole range of economic interests. This complex of relations requires a definite combination and constant regulation, especially since it is in motion. Unless we gain a deep understanding of these changes in theoretical terms we cannot arrive at correct practical decisions or consequently take prompt steps to mould a true sense of commitment to socialist property.

We must provide the working people with greater incentives for putting the natural riches to the best possible use and multiplying them. How can this be done? It would be naive to imagine that the feeling of ownership can be inculcated by words. A person's attitude towards property is shaped, first and foremost, by the actual conditions in which he has been put, by his possibilities of influencing the organisation of production, and the distribution and use of the



results of work. The problem is thus one of further intensifying socialist self-government in the economic sphere.

The role of work collectives in the use of social property must be raised decisively. It is important to carry out unswervingly the principle according to which enterprises and associations are wholly responsible for operating without losses, while the state does not bear any responsibility for their obligations. This is where the substance of cost-accounting lies. You cannot be a master of your country if you are not a real master in your factory or collective farm, in the shop or livestock farm. It is the duty of the work collective to answer for everything, to multiply the social wealth. Multiplication of the social wealth, as well as losses, should affect the income level of every member of the collective.

Also, of course, a reliable barrier is needed against all attempts to extract unearned income from the social property. There are still 'snatchers', persons who do not consider it a crime to steal from their plant everything that comes their way, and there are also sundry bribe-takers and grabbers who do not stop at using their position for selfish purposes. The full force of the law and of public condemnation should be applied to all of them.

Attention should also be paid to the topical problem of regulating socialist property relations as guaranteeing unquestionable priority to the interests of the whole people over the interests of industries and regions. Ministries, departments and territorial bodies are not the owners of means of production but merely institutions of state administration responsible to society for efficient use of the people's wealth. We cannot allow departmental and parochial interests to hinder realisation of the advantages of socialist property.

We also stand for full clarity on the question of co-operative property. It has far from exhausted its possibilities in socialist production, in providing better satisfaction of people's needs. Many collective farms and other co-operative organisations demonstrate effective management. And wherever the need exists, utmost support should be given to the establishment and growth of co-operative enterprises and organisations. They should become widespread in the manufacture and processing of products, in housing construction and in construction on garden and vegetable allotments, and in the sphere of everyday services and trade.

It is also high time to overcome prejudices regarding commodity-money relations and underestimation of these relations in planned economic guidance. Refusal to recognise that they have an active influence on people's incentives for working better and on production efficiency leads to a weakening of the cost-accounting principle and to other undesirable consequences. Conversely, sound commodity-money relations on a socialist basis can create a situation and economic conditions under which the results depend entirely on the standards of the work done by the collective and on the ability and initiative of the managers.

Thus, comrades, we are obliged to assess the situation again and again and to resolutely reorganise everything that has become out of date, that has outlived itself. A profound understanding of this aim by Party activists, and by all personnel, as well as its realisation by the broad masses is indispensable for success, and is the point of departure in the exceptionally important work of building up a new economic mechanism and management system.

#### 4. Activating Untapped Economic Growth Potentialities

Comrades, the Party has worked out a strategy of deep-going transformations in the national economy and has begun to effect them. They will undoubtedly enable us to speed up economic growth. As was noted, however, this will require a good deal of time, but we must increase the growth rates at once, today. The specific feature of the 12th five-year plan period consists in retooling the

national economy on a new scientific and technological basis while simultaneously stepping up the rates of our advance.

From this there follows the need to mobilise all of our untapped potentialities to the maximum. The most sensible things to start with are those that do not require big outlays but yield quick and tangible returns. This is a matter of economic organisational and socio-psychological factors, of making better use of the production capabilities that have been built up, of making the incentives more effective, of improving the level of organisation and tightening discipline, and of eliminating mismanagement. Our untapped potentialities are at hand, and with a dedicated approach plus good management they promise high returns.

Just look at the capacities in service. The value of our country's fixed production assets exceeds 1.5 trillion roubles, but they are not all being used properly. This refers to a number of industries — to machine-building, heavy industry, the power industry and agriculture.

Failure to meet component delivery obligations is another hindrance. A violation of this kind in one place has a ripple effect throughout the national economy and lowers its efficiency. Jerky production also does tangible damage. It is no secret that at the beginning of the month any plants stand idle longer than they function. But at the end of the month they begin a headlong rush, as a result of which output quality is low. This chronic disease must be eradicated. Strict observance of component delivery obligations is the duty of work collectives and also of management at all levels. We will not be able to achieve our aims unless we bring order into planning and supply, unless we create the necessary stocks, unless we impose higher financial liability at all levels for failure to meet obligations and for spoilage.

There are also great untapped potentialities in the use of manpower. Some economic managers complain of a manpower shortage. I think the complaints are groundless in most cases. If you look into the matter more closely you will see that there is no shortage of labour. But there is a low level of labour productivity, inadequate work organisation and ineffective incentive schemes. Add to this the creation of superfluous jobs by planning and economic bodies. It is a well-known fact that some of our enterprises, design offices and research institutes have considerably larger staffs than their counterparts abroad that have a similar work load.

Once people at enterprises get down in earnest to improving work organisation and incentives, to tightening discipline and setting higher demands they bring to light untapped potentialities that had never been suspected previously. Application of the Shchokino method and the certification of work places convincingly confirm this. When Byelorussian railwaymen went over to a new pay system, with one person doing two or more different jobs, about 12,000 workers were soon freed for jobs in other sectors.

Also, of course, more attention must be paid to production mechanisation and automation. In tackling this problem one does not have to wait for machines and devices to be designed and made somewhere else. A great deal can be accomplished by using one's own capabilities. For instance, efforts in this direction in Zaporozhye Region led, in three years, to a nine per cent reduction in the number of workers employed in manual jobs in industry and a fifteen per cent reduction of those in similar jobs in the building trades. I think that other regions, territories and republics have similar possibilities. The important thing is to put persistent and dedicated effort into this, showing consideration for the people who have to perform manual operations, and striving to reduce production outlays.

Generally speaking, comrades, there are enormous untapped economic potentialities. We have not yet really begun to use many of them. The mentality of a substantial section of the managerial personnel at various levels took shape

against the background of an abundance of resources. Many were spoiled by these riches, and that led to wastefulness. However, the situation changed long ago. The former influx of manpower has dwindled, and we have begun to pay a heavy price for every ton of oil, ore and coal we extract and deliver. We cannot close our eyes to these facts; we must reckon with them. We must economise everywhere and always: on the job and at home. We must not ignore mismanagement and wastefulness. Nearly the whole of this year's growth in the national income is to come from raising labour productivity and lowering materials and energy consumption.

That is not simple but wholly feasible. All the more so since our country has accumulated experience in making thrifty use of resources; but it is not being spread fast enough. Party, YCL and trade union organisations should constantly promote thrift and encourage those who make economical and rational use of raw materials, electrical energy, and fuel. We must make it a firm rule that overexpenditure of resources is disadvantageous and savings are tangibly rewarded.

I would like to put special emphasis on the problem of output quality standards. This is more than our immediate and major untapped potentiality. Accelerated scientific and technological progress is impossible today without high quality standards. We are sustaining large material and moral losses because of flaws in design, deviations from production methods, the use of low-grade materials and poor finishing. This affects the precision and reliability of machines and instruments and hinders satisfaction of consumer demand for goods and services. Last year millions of metres of fabrics, millions of pairs of leather footwear and many other consumer items were returned to factories or marked down as inferior-grade goods. The losses are significant: wasted raw materials and the wasted labour of hundreds of thousands of workers. Radical measures must be taken to rule out the manufacture of defective or low-grade goods.

Not long ago the Central Committee of the CPSU called upon Party committees, government and economic bodies, trade union and YCL organisations and all working people to make maximum efforts to radically improve the quality of goods. This must be a matter of concern for every communist, for every Soviet citizen, for all who respect their own work, for all who cherish the honour of their enterprise, their industry, and the honour of our country.

A great deal of important and intensive work lies ahead of us. The first year of the five-year plan period is a year for persistent work, a year of tests for every manager and work collective. We must come through this test, we must draw all the untapped economic potentialities into production, and consolidate the foundation for further transformations.

The industry and talent of Soviet citizens are the key to attaining the goal that has been set. It is now up to efficient organisation and precise direction of this great force. The part to be played by socialist emulation in this effort cannot be overestimated. It should be spearheaded at raising the standards of work, economising and thriftiness, and reaching the targets set before each collective and at each work place. Enthusiasm and the growing skills have been and, we are confident, will be in future as well, our reliable support.

#### C. The Basic Guidelines of Social Policy

Comrades, questions of social policy, concern for Man's welfare, has always stood at the centre of our Party's attention.

The social sphere encompasses the interests of classes and social groups, nations and nationalities, the relationship between society and individual, the conditions of work and life, health and leisure. It is the sphere in which the results of economic activity affecting the vital interests of the working people are realised, and the loftiest



aims of socialism are carried into effect. It is the sphere in which the humanism of the socialist system, its qualitative difference from capitalism, is seen most distinctly and graphically.

Socialism has eliminated the main source of social injustice — the exploitation of man by man, and inequality in relation to the means of production. Social justice reigns in all areas of socialist social relations. It is embodied in the real power of the people and the equality of all citizens before the law, the actual equality of nations, respect for the individual, and conditions for the all-round development of the personality. It is embodied in this and in broad social guarantees — the right to work, access to education, culture, medical care and housing, concern for people in old age, and mother and child welfare. Strict observance in life of the principle of social justice is an important condition for the unity of the people, for society's political stability and dynamic development.

But life, as they say, does not stand still. So we must look at the further development of the social sphere with new eyes, and appreciate the full measure of its increasing significance. We are committed to doing so by the general course worked out by the Party for the acceleration of socio-economic development, and by the programme aim of our Party, that of achieving the complete well being and a free all-round development of all members of society.

Lessons of the past, too, require that we pay enhanced attention to social issues. The Party's Central Committee holds that central and local bodies had underestimated relevant problems concerning the material base of the country's social and cultural sphere. As a result, in substance a residual principle had taken shape governing allocation of resources for its development. There was a certain overemphasis on technocratic approaches, blunting attention to the social aspect of production, to everyday life, and leisure; this did not fail to reduce the stake that the working people had in the results of their work, to slacken discipline, and to lead to other negative developments.

We are not at all indifferent to what ways and means are used to improve the material and spiritual aspects of life and what social consequences this entails. If private-owner, parasitic sentiments, and levelling tendencies begin to surface, this means that something is wrong about the choice of ways and means in our work, and has got to be rectified. During the discussion of the pre-Congress documents, Party members and non-members spoke with concern of the slackening of control over the measure of labour and consumption, of irregularities as regards socialist justice, and of the need for stepping up the fight against unearned incomes. The gravity and importance of these questions is more than obvious.

In short, the attained level of development and the magnitude of the new tasks call for a long-term, deeply considered, integral and strong social policy that would extend to all aspects of the life of society. A resolute turn is essential for the bodies of planning and management, for central and local economic organisations, to face up to the needs of the social sphere.

The objectives of social policy are thoroughly characterised in the drafts of the Party Programme and the Guidelines. Allow me to dwell on some issues related to its implementation.

#### 1. Steady Enhancement of the People's Standard of Living, Consistent Assertion of Social Justice

The long-term plans for the country's social and economic development envisage raising the people's well being, to a qualitatively new level. In the coming fifteen years, the volume of resources allocated for the improvement of the conditions of life is to be doubled. Real per capita incomes are to go up 60 to 80 per cent. The rise in incomes in the 12th five-year period is to cover millions of people. Huge funds are being earmarked for increasing the construction of homes, and of social and cultural facilities. Those are the plans. But we must

mention the main thing: these plans will become reality only if every Soviet person works hard and efficiently. This applies to every person wherever he may work and whatever post he may occupy. What we accomplish is what we are going to have, and how we are going to live.

At election meetings and conferences, communists have rightly raised the question of improving the moral incentives, and indeed of greatly enhancing material incentives, of instilling due order in this important matter. It was rightly pointed out that the so-called 'figure juggling', payment of unearned money, issue of unmerited bonuses, and setting 'guaranteed' pay rates unrelated to the worker's contributed work, is impermissible. It should be said quite emphatically on this score that when equal payments are fixed for the work of a good employee and that of a negligent one — that is a gross violation of our principles. And first of all it is an intolerable distortion of socialism's basic principle: 'from each according to his ability, to each according to his work', which expresses the substance of the social justice of the new social system.

Rates and salaries in the non-productive sphere will go up, drawing on centralised sources. A phased increase of the salaries of doctors and other medical workers was started last year. The increase of the rates and salaries of those employed in public education is to be completed in 1987, and a start is to be made that year in raising the salaries of cultural workers. Measures are being taken to extend the wage and salary advantages of factory and office workers in certain regions of Eastern Siberia and the Soviet Far East.

Many proposals made by working people refer to the role of social consumption funds in enforcing the principle of justice. These funds already account for nearly one-third of the consumed material goods and services. We hold that they are in no way charity. They play an important role in proving equal access for members of society to education and culture, and in equalising conditions for the raising of children, and easing the life of those who may, for one reason or another, need a grant or continuous assistance. At the same time, it is a means of encouraging and stimulating qualified, conscientious work. The Party intends to continue promoting the further growth and more effective use of these public funds. In the 12th five-year period they are to go up by 20 to 23 per cent.

Combatting unearned incomes is an important function of the socialist state. We must admit today that owing to a slackening of control and for a number of other reasons groups of people have appeared with a distinct proprietary mentality and a scornful attitude to the interests of society.

Working people have legitimately raised the question of rooting out such things. The Central Committee agrees completely with these demands. It is considered necessary, in the immediate future, to carry out additional measures against parasites, plunderers of socialist property, bribe-takers and all those who embarked on a path foreign to the work-oriented nature of our system. We should also give thought to proposals about perfecting our tax policy, including the institution of a progressive inheritance tax.

But while combatting unearned incomes, we must not permit any shadow to fall on those who do honest work to earn a supplementary income. What is more, the state will promote various forms of satisfying popular demand and providing services. We must attentively examine proposals for regulating individual labour. It stands to reason that such labour must be fully aligned with socialist economic principles, and repose on either co-operative principles or on contracts with socialist enterprises. Society, the population, only stands to gain from this.

All the efforts to perfect the distributive relations will have little effect and the objective of enhancing the people's well being will not be attained if we fail to saturate the market with diverse goods and services. That, indeed, is the purpose of the comprehensive programme for the

development of the production of consumer goods and services.

We must build up an up-to-date services industry as quickly as possible. That is the job of central organisations, but also — no less, and perhaps even more — of the councils of ministers of union republics, and all bodies of local government. Resolute measures must be taken to eliminate the glaring disproportions between the supply and demand of services. This applies first of all to services that lighten domestic work and those connected with the improvement and renovation of flats, with tourism, and the servicing of cars — the demand for which is increasing at an especially swift rate. Responding to the proposals of the working people, we are promoting broad expansion of collective gardening and vegetable growing. This has got off the ground. But the work must be continued, and all artificial hindrances have got to be removed.

The social importance and acuteness of the housing problem has predetermined our earnest attitude to it. To provide every family with a separate flat or house by the year 2000 is, in itself, a tremendous but feasible undertaking. In the current five years, and especially in the five-year periods to follow, the scale of house-building and of modernising available housing will increase. The building of co-operative and individual housing should be encouraged in every way. Here we see great untapped potentialities for expanding the building of homes. Those who are backing the construction of youth complexes are doing the right thing. The motivation and energy of young people can do a lot in this respect.

Much is being said about the need for seriously improving the practice of distributing housing. These questions must be settled on a broad democratic basis and put under continuous public control. Proposals for fair changes in the system of house rents by gearing them to the size and quality of all the occupied living space merit attention. There have been many complaints about the low quality of house-building. It is essential to work out measures that would stimulate a substantial improvement of quality, and also an improvement of the layout, the amenities and architecture of our towns and villages.

Comrades, the qualitative changes in the social sphere are impossible without deep-going changes in the content of labour. The main role here is to be played by the technical reconstruction of the economy: mechanisation, automation, computerisation and robotisation which, as I want to stress specially, must have an explicitly clear social orientation. The further change of labour in the setting of the scientific and technological revolution sets high demands on education and the professional training of people. In substance, the task of establishing a single system of continuous education is now on the order of the day.

In recent years, the Central Committee has taken important steps in that direction. A reform has been launched of the general and vocational school. It should be said that the rate and extent of the measures taken under the reform are not satisfactory as yet. A more profound approach is required to the study of the scientific pillars of contemporary production and of the leading trends of its intensification. And what is especially urgent is that all pupils should learn the use of computers. In sum, it is essential that the Leninist principle of combining education with productive labour should be carried into effect more fully, that more radical improvements should be achieved in the results of education, in the training of young people for independent life and labour, and in bringing up politically conscious builders of the new society.

The Party is setting the task of restructuring higher and specialised secondary education. In recent years, the growing output of specialists was not accompanied by the requisite improvement in the quality of their training. The material base of the higher school is lagging behind gravely. The use of engineers and technicians must be considerably improved.



At present, proposals have been drawn up to alter the prevailing situation. It is in the interests of society to heighten the prestige of the work of engineers. The structure of higher and specialised secondary education is to be revised, so that the training of specialists will be abreast of the times and so that they acquire substantial theoretical knowledge and practical skills. The relationship of higher and specialised secondary schools with various branches of the economy should evidently follow new lines, and their mutual stake in raising the level of training and retraining of cadres, in cardinally improving their use in production, should be enhanced.

Nothing is more valuable to every person and, for that matter, to society than health. The protection and improvement of the health of people is a matter of cardinal importance. We must consider the problems of health from broad social positions. Health depends above all on the conditions of work and life, and on the standard of living. It stands to reason, of course, that the public health service is also of tremendous importance. We must meet the needs of the population in high-quality medical treatment, health protection and pharmaceuticals as quickly as possible, and moreover everywhere. All this puts the question of the material and technical base of the health service in a new way, calling for the resolution of many urgent scientific, organisational and personnel problems. Considerable funds will be needed, of course, and we must see to it that they are made available.

It has long since been noted, and most aptly, that health cannot be bought in a pharmacy. The main thing is a person's way of life and, among other things, how sensibly and wholesomely a person uses his or her spare time. The opportunities for this are at hand, but the organisational side of the matter is very poorly run. Much depends on the initiative of the public, on what people do off their own bat. But in towns and villages, and within work collectives, they often wait for instructions and count on assistance from above. Why do we make poor use of what is already at our disposal — of palaces, clubs, stadiums, parks and many other facilities? Why don't the soviets, the trade unions and the Komsomol tackle these questions properly? Why not start a movement for more active building of simple playgrounds and gymnasiums on the residential principle? And finally, why not organise sports, tourist and other clubs on a co-operative basis?

A fight has been mounted across the country against hard drinking and alcoholism. In the name of the health of society and the individual we have instituted resolute measures and started a battle against traditions that were shaped and cultivated over the centuries. While we should have no illusions about what has been accomplished, we can safely say that drunkenness has been elbowed out of factories and that there is less of it in public places. The situation within families is improving, injuries in production have declined, and order has been tightened. But extensive, persevering and varied efforts are still needed to secure a final break with prevailing habits. There must be no indulgence here!

We face the acute task of ensuring the protection of nature and rational use of its resources. Socialism with its plan-governed organisation of production and humane world outlook is quite capable of imparting harmony to the relationship between society and nature. A system of measures to that effect has already been implemented in our country, and quite considerable funds are being allocated for this purpose. There are also practical results.

Still, in a number of regions the state of the environment is alarming. And the public, notably our writers, are quite right in calling for a more careful treatment of land, its bowels, lakes and rivers, and the plant and animal world.

Scientific and technical achievements are being much too slowly introduced in nature protection. The projects of new and the reconstruction of operating enterprises are still being based on

outdated notions, with wasteless and low-waste production techniques being introduced on too small a scale. During the processing of minerals, most of the extracted mass goes to waste, polluting the environment. More resolute economic, legal and educational measures are required here. All of us living today are accountable for nature to our descendants and to history.

## 2. Improvement of Social-Class Relations and Relations Among the Peoples of the USSR

Comrades, analysing problems involved in interrelationship of classes and social groups is of vital importance for a Marxist-Leninist Party. By carefully taking into account both the community and the specific character of their interests in its policy, the Communist Party ensures society's dependable unity and successful fulfilment of its most important and complex tasks.

The working class holds a vanguard place in Soviet society. Owing to its position in the socialist production system, its political experience, high political awareness, good organisation, labour and political activity, the working class unites our society and plays the leading role in improving socialism, in communist construction. Constant concern for the consolidation of the alliance of the working class, the peasantry and the intelligentsia is the cornerstone of the policy pursued by the Communist Party of the Soviet Union. This enables us to muster forces for the speedy solution of the economic and social tasks we have set ourselves.

The unity of socialist society by no means implies a levelling of public life. Socialism fosters the diversity of people's interests, requirements and abilities, and vigorously supports the initiative of social organisations that express this variety. Moreover, socialism needs this diversity, which it regards as an essential condition for the further promotion of people's creative activity and initiative, and the competition of minds and talents, without which the socialist way of life and the onward march would be inconceivable.

Generally speaking, the problem is as follows: unless we elevate production and economic emulation to a new, incomparably higher level, unless we encourage emulation in science and the arts, we shall not be able to cope with the task of accelerating the country's socio-economic progress.

The problems of consolidating the family are attracting public attention. Our achievements in cultivating the new, socialist type of family are indisputable. Socialism has emancipated women from economic and social oppression, securing for them the opportunity to work, obtain an education and participate in public life on an equal footing with men. The socialist family is based on the full equality of men and women and their equal responsibility for the family.

Yet, the formation of the new type of family is no simple matter. It is a complicated process that involves many problems. In particular, although the divorce rate has dropped in the past few years, it is still high. There is still a large number of unhappy families. All this has a negative effect, above all on the upbringing of children, as well as on the morale of men and women, on their labour and public activity. It stands to reason that society cannot be indifferent to such phenomena. The strong family is one of its principal pillars.

Young families need special care. Young people must be well trained for family life. More thought should be given to the system of material assistance to newly-weds, above all in solving their housing and everyday problems. It would apparently be a good thing to consider the proposals for improving relevant legislation with a view to heightening the citizens' responsibility for consolidating the family. But that is not the only point. We have to structure the practical work of governmental bodies and mass organisations so that it would in every possible way help

to consolidate the family and its foundations. This means creating conditions for joint public celebrations and cultural and sports outings, for family recreation. It is necessary to honour families with a succession of generations having worked in the same trade, support good family traditions, and use the experience of senior generations in bringing up young people. Here a large, useful contribution could be made by the mass media, television, literature, films and the theatre.

Securing living and working conditions for women that would enable them to successfully combine their maternal duties with active involvement in labour and public activity is a prerequisite for solving many family problems. In the 12th five-year period we are planning to extend the practice of letting women work a shorter day or week, or to work at home. Mothers will have paid leaves until their babies are 18 months old. The number of paid days-off granted to mothers to care for sick children will be increased. The lower-income families with children of up to 12 years of age will receive child allowances. We intend to fully satisfy the people's need for pre-school children's institutions within the next few years.

Thought should also be given to appropriate organisational forms. Why not reinstitute women's councils within work collectives or residentially, integrating them in a single system with the Soviet Women's Committee at its head? Women's councils could help to resolve a wide range of social problems arising in the life of our society.

Concern for the older generation, for war and labour veterans, should rank as one of the top priorities. The Party and the Soviet Government will do everything possible for the pensioners' wellbeing to rise with the growth of society's prosperity. In the 12th five-year period it is planned to increase the minimum old-age, disability and loss-of-breadwinner pensions paid to factory and office workers and to raise the previously fixed pensions of collective farmers. But man lives not by bread alone, as the saying goes. According to the information reaching the Central Committee, many retired veterans feel left out in the cold, as it were. Apparently, additional measures should be taken by government and non-government organisations, centrally and locally, to assist the veterans in becoming more actively involved in production and socio-political life.

The setting up of a national mass organisation of war and labour veterans could be a new step in this direction. It could be instrumental in involving highly experienced people in social and political affairs, and first of all in educating the rising generation. The pensioners' involvement, both on a co-operative and on an individual, family basis, in services or trade, producing consumer goods or turning out farm produce could be highly useful. The new organisation could be helpful in improving everyday and medical services for pensioners and enhancing their leisure opportunities. As we see it, it will certainly have a lot of work to do.

Comrades, of tremendous importance for the multinational Soviet State is to upgrade relations among the peoples of the USSR. The foundation for solving the nationalities problem in our country was laid by the Great October Socialist Revolution. Relying on Lenin's doctrine and on the gains of socialism the Communist Party has done gigantic transformative work in this area. Its results are an outstanding gain of socialism which has enriched world civilisation. National oppression and inequality of all types and forms have been done away with once and for all. The indissoluble friendship among nations and respect for the national culture and dignity of all peoples have taken firm root in the minds of tens of millions of people. The Soviet people is a qualitatively new social and international community, cemented by the same economic interests, ideology and political goals.



However, our achievements must not create the impression that there are no problems in the national interests. Contradictions are inherent in any kind of development, and are unavoidable in this sphere as well. The main thing is to see their emergent aspects and facets, to search for and give prompt and correct answers to questions posed by them. This is all the more important because the tendency towards national isolation, localism and parasitism still persist and make themselves felt quite painfully at times.

In elaborating guidelines for a long-term nationalities policy, it is especially important to see to it that the republics' contribution to the development of an integrated national economic complex should match their grown economic and spiritual potential. It is in the supreme interests of our multinational state, and each of the republics, to promote co-operation in production, collaboration and mutual assistance among the republics. It is the task of Party organisations and the soviets to make the fullest possible use of available potentialities in the common interest and to persistently overcome all signs of localism.

We are legitimately proud of the achievements of the multinational Soviet socialist culture. By drawing on the wealth of national forms and colours, it is developing into a unique phenomenon in world culture. However, the healthy interest in all that is valuable in each national culture must by no means degenerate into attempts to isolate oneself from the objective process by which national cultures interact and come closer together. This applies, among other things, to certain works of literature and art and scholarly writings where, under the guise of national originality, attempts are made to depict in idyllic tones reactionary nationalist and religious survivals contrary to our ideology, the socialist way of life and our scientific world outlook.

Our Party's tradition traceable to Lenin of being particularly circumspect and tactful in all that concerns the nationalities policy and the interests of every nation or nationality, national feelings, calls at the same time for resolute struggle against national narrow-mindedness and arrogance, nationalism and chauvinism, no matter what their guise may be. We communists must unswervingly follow Lenin's sage behests, must creatively apply them to the new conditions, and be extremely heedful and principled as regards relations among peoples in the name of the further consolidation of fraternal friendship among all the peoples of the USSR.

The social policy elaborated by the Party has many aspects to it and is quite feasible. However, its success will largely hinge on the societal awareness of the cadres, on persistence and initiative in carrying out our plans. Concern for people's needs and interests must be an objective of unflinching attention on the part of the Party, government and economic organisations, of trade unions and each executive. If we succeed in securing a decisive switch to the social sphere, many of the problems that face us today and will face us tomorrow will be solved far more quickly and much more effectively than has so far been the case.

### III. Further Democratisation of Society and Promotion of the People's Socialist Self-Government

Comrades, Lenin regarded democracy, the creative initiative of working people, as the principal force behind the development of the new system. Incomparable in his faith in the people, he showed concern for raising the level of the political activity and culture of the masses, stressing that illiterate people were outside politics. Nearly seventy years have elapsed since then. The general educational and cultural level of Soviet people has risen immeasurably and

their socio-political experience has grown richer. This means that the possibility and need for every citizen to participate in managing the affairs of the state and society have grown enormously.

Democracy is the wholesome and pure air without which a socialist public organism cannot live a full-blooded life. Hence, when we say that socialism's mighty potential is not being used to the full in our country, we mean that the acceleration of society's development is inconceivable and impossible without a further development of all the aspects and manifestations of socialist democracy.

Bearing that in mind, the Party and its Central Committee are taking measures aimed at enhancing the democratic character of the socialist system. Among them are steps to invigorate the soviets, the trade unions, the Komsomol, the work collectives and the people's control bodies, and to promote publicity. But all that has been and is being done should be assessed in terms of the scale and complexity of our new tasks, rather than by yesterday's standards. As stressed in the new edition of the Party Programme, these tasks call for consistent and unswerving furtherance of the people's socialist self-government.

In socialist society, particularly under the present circumstances, government should not be the privilege of a narrow circle of professionals. We know from our extensive experience as well as theory that the socialist system can develop successfully only when the people really run their own affairs, when millions of people are involved in political life. This is what the working people's self-government amounts to, as Lenin saw it. It is the essence of Soviet power. The elements of self-government develop within rather than outside our statehood, increasingly penetrating all aspects of state and public life, enriching the content of democratic centralism and strengthening its socialist character.

The Party is the guiding force and the principal guarantor of the development of socialist self-government. Playing the leading role in society, the Party is itself the highest form of a self-governing socio-political organisation. By promoting inner-party democracy and enhancing the activity of communists at all levels of the political system, the CPSU sets the right direction for the process of furthering the people's socialist self-government and broadening the participation of the masses and of each person in the affairs of the country.

The result of the revolutionary creativity of the working people, the soviets of people's deputies have stood the test of time, displaying their viability and vast potentialities in securing full power for the people, in uniting and mobilising the masses. The very logic of the development of socialist democracy speaks of the urgent need for making the maximum use of these potentialities of soviet representative bodies.

That the Supreme Soviet of the USSR and the supreme soviets of the union and autonomous republics are becoming increasingly business-like and effective in their activity with the passage of time is most welcome. It is their duty to progressively improve legislation, supervise law enforcement and check on the actual outcome of the work done by each state body and each executive. At their sessions, the supreme soviets should lay greater emphasis on discussing proposals submitted by trade unions, the Komsomol and other social organisations, the reports of administrative bodies, the situation in different branches of the economy, and the development of the various regions.

I should like to draw the special attention of Congress delegates to the activity of local soviets. Today they can and must serve as one of the most effective means of mobilising the masses for the effort to accelerate the country's socio-economic development. As they receive the electorate's mandate, local government bodies undertake

responsibility for all aspects of life on their territory. If someone may be allowed to say "this is none of my business", this approach is certainly unacceptable to the soviets. Housing and education, public health and consumer goods, trade and services, public transport and the protection of nature are all paramount concerns of the soviets. Whenever we hear complaints from working people on these subjects, and that is still fairly frequent, it means that they are lacking efficiency and initiative, and that their control is slack. But while making legitimate demands on the soviets, we should not be blind to the fact that for the time being their ability to tackle many of the local problems is limited; there exists excessive centralisation in such matters which are not always clearly visible from the centre and can be much better solved locally.

That is why we have resolutely set our sights on promoting the autonomy and activity of local government bodies. Proposals to this effect are currently being worked out by the CPSU Central Committee, the Presidium of the Supreme Soviet and the USSR Council of Ministers. Their goal is to make each soviet a full and responsible master in all things related to meeting people's everyday needs and requirements, in using the allocated funds, the local potentialities and reserves, coordinating and supervising the work of all organisations as concerns servicing the population. In this connection, we must make a thorough examination of the relationship between soviets and the centrally-managed enterprises in their territories, and enhance the local bodies' concern for the results of their work.

The sessions of soviets should be conducted in a far more effective way, the analytical and supervisory activity of standing committees should be more thorough, and the practice of deputies' enquiries should be broadened. The committees' recommendations and the deputies' proposals and observations should be carefully considered and taken into account by the executive bodies.

While mapping out further improvements of the work of the soviets, we should remember that none of them will yield the desired results unless backed by the deputies' initiative. The Party will continue to see to it that deputies are elected from among the worthiest people who are capable of effectively running state affairs, and that the soviets' membership should be systematically renewed. It is high time necessary corrections were made in our election procedures. There is quite a number of outstanding problems here awaiting solution.

The Party has always deemed it its duty to heighten the authority of the people's representatives, and, at the same time, to enhance their responsibility to the electorate in every way possible. The title of a deputy is not just something that goes with one's office; it is not an honorary privilege; it means a lot of hard work at the soviet and among the population. And we must do all we can for the strict observance of the law on the status of deputies, and see to it that every deputy should be afforded every opportunity to exercise his or her powers.

The development of the people's self-government calls for a further enhancement of democratic principles in administration, in the activity of soviets' executive committees, of their apparatus and of all other government bodies. Most of the people working in them are competent and take what they do close to heart. One should, however, always remember that, even if its executives are masterminds, no apparatus will ever get what it wants unless it relies on the working people's motivated support and participation in government. The times are increasingly exacting and rigid as regards the work of the apparatus. And there are quite a few shortcomings here; one often encounters a departmental approach and localism, irresponsibility, red tape and formal indifference to people. One of the main reasons for this is the



slackening of control over the activity of the apparatus by the working people, the soviets themselves and the social organisations.

Bearing all this in mind, the Party has set itself the task of setting in motion all the instruments that actually enable every citizen to actively influence administrative decision-making, verify fulfilment of decisions, and get the requisite information about the activity of the apparatus. This purpose is to be served by a system of regular reports to work collectives and general meetings by all administrative bodies. Much can be done in this area by people's control committees, groups and teams, by voluntary trade union inspectors, and by the mass media.

The elective bodies themselves should be more exacting and strict towards their own apparatus. One cannot overlook the fact that executives who remain in office for long periods tend to lose their feel for the new, to shut themselves off from the people by instructions they have concocted themselves, and sometimes even hold back the work of elective bodies. It is obviously time to work out a procedure which would enable soviets, and all social bodies in general, to evaluate and certify the work of responsible executives of their apparatus after each election, making desirable personnel changes.

Ever more active involvement of social organisations in governing the country is needed in our time. When the work of our social organisations is considered from this angle, however, it becomes obvious that many of them are lacking in sufficient initiative. Some of them try to operate above all through their regular staff, in a bureaucratic way, and lean only a little on the masses. In other words, the popular, creative, independent nature of social organisations is not being fully realised by far.

In our country, the trade unions are the largest mass organisation. On the whole, they do a lot to satisfy the requirements of factory and office workers and collective farmers, to promote emulation, tighten discipline and heighten labour productivity. Still, trade union committees are in many cases lacking in militancy and resolve when defending the working people's legitimate interests, ensuring labour protection and safety, and constructing and running health-building, sports and cultural facilities. Understandably, such passivity suits those managers for whom production sometimes obscures the people. The trade unions, however, should always give priority to social policy, to promoting the working people's interests. Properly speaking, this is the basic purpose of their activity. The All-Union Central Council of Trade Unions and other trade union bodies enjoy extensive rights and control vast enough funds, both the state's and their own. It is up to them, therefore, to make wide and sure use of them, instead of waiting for somebody else to fulfil the tasks they are charged with.

Comrades, our future largely depends on the young people we are bringing up today. That is the task of the whole Party, of the whole people. It is the most important and basic task of the Leninist Young Communist League. The young people in our country are hard-working, ready for exploits and self-sacrifice, and devoted to socialism. Nonetheless, it is the duty of the older generations to do everything they can for those who will replace them to be still more intelligent, more capable and better educated, worthy of taking the baton and carrying into the future the ideals of justice and freedom bequeathed to us by the Great October Revolution.

As Lenin said, it is impossible to master communism through books alone, it is impossible to cultivate a sense of responsibility without charging people with responsible tasks. The young people of the 1980s are broad-minded, well-educated and vigorous. I should say, they are prepared for action and look for a chance to show their worth in all areas of public life. The YCL, too, must make every effort to support their drive in all areas—the national economy,

science, engineering, in mastering knowledge and culture, in political life, and in defending the motherland. This effort, more than any other, should be of a questing nature, interesting and appealing to young people, and closely tied up with the needs of the young in production, study, home life and leisure.

Together with the YCL, the Party, government and economic bodies should consistently seek to promote deserving young people to high posts in management, production, science and culture. We say: in our country, all roads are open to young people. That is true. But persistent efforts are needed for these words not to lose lustre and the road for young people to be really wide.

By and large, the CPSU Central Committee deems it advisable to take further steps to increase the role of the trade unions, the YCL, the unions of creative workers and the voluntary societies in the system of the people's socialist self-government. In particular, it is planned to extend the range of questions which governmental bodies can settle only with the participation or prior agreement of trade unions, YCL or women's organisations and to grant these organisations the right to suspend, in some cases, the implementation of administrative decisions.

Our Party Programme aims at the most effective exercise of all forms of direct democracy, of direct participation by the popular masses in the elaboration, adoption and execution of governmental and other decisions. An enormous role is played here by the work collectives operating in all spheres of the life of society, and chiefly in the national economy. The granting of broader powers to enterprises, the introduction of cost accounting and promotion of the spirit of socialist enterprise will become truly effective only if the working man himself displays greater activity. We cannot put up with the still existing instances of workers not knowing the programmes of their own enterprise, of their suggestions not getting due attention and not being taken into account. These instances show that in some places the force of inertia determines the state of affairs, hinders the involvement of factory and office workers in management and impedes the process of fostering among them the feeling that they are full-fledged masters of production.

The law on work collectives adopted two years ago has indisputably stimulated initiatives by work collectives. But we cannot yet say this law is producing the results we expected. This is evident from the CPSU Central Committee's examination of the practice of applying it at the Minsk motor works and elsewhere. Our conclusion is unambiguous: it is necessary to radically improve the mechanism that enables us to make the democratic principles and norms of the law operative in everyday practice. Step by step we must extend the range of issues on which the work collective's decisions are final, enhance the role of the general meetings of factory and office workers and raise their responsibility for the implementation of their decisions. There has arisen the idea that a council, say, of the work collective, made up of representatives of the management, Party, trade union and YCL organisations, the team councils, rank-and-file workers and specialists, should function in the period between general meetings, both at the level of teams and the enterprise as a whole.

Today the advanced teams which apply the cost-accounting principle are already becoming primary self-government units that elect their managers. Life shows the viability of this practice. It has confirmed that in extending democratic economic management principles it appears advisable to spread the electivity principle to all team leaders and then gradually to some other categories of managerial personnel—foremen, shift, sector or shop superintendents, and state-farm department managers. Long years of experience testify that this is the direction in which we must look for modern forms of

combining centralism and democracy, of combining one-man management and electivity, in running the national economy.

Undeviating observance of the democratic principles of guiding collective farms and other co-operative organisations, including observance of their rules, is a matter to which constant attention. In recent times our efforts in this sphere have somehow relaxed, and too many organisations have been interfering in the activities of co-operative societies. Party and government bodies must see to it that collective-farm or co-operative self-government is exercised unflinchingly, that any attempts to bring pressure to bear and to practise armchair management are thwarted.

Our Constitution provides for nation-wide discussions and referendums on major issues of our country's life and for discussions of decisions passed by local soviets. We must expedite the drafting of a law on this highly important question. We must make better use of such reliable channels for the development of direct democracy as meetings of citizens, constituents' mandates, people's letters, the press, radio, TV, as well as all other means of eliciting public opinion and of making a quick and attentive response to the people's needs and mood.

Broader publicity is a matter of principle to us. It is a political issue. Without publicity there is not, nor can there be, democracy, political creativity by the citizenry and participation by the citizenry in administration and management. If you like, this is an earnest of a responsible, statesmanlike attitude to the common cause on the part of millions upon millions of factory workers, collective farmers and intellectuals and a point of departure in the mental readjustment of our cadres.

When the subject of publicity comes up, calls are sometimes made for exercising greater caution when speaking about the shortcomings, omissions and difficulties that are inevitable in any ongoing effort. There can only be one answer to this, a Leninist answer: communists want the truth, always and under all circumstances. The experience of the past year has shown how forcefully Soviet people support an uncompromising appraisal of everything that impedes our advance. But those who have grown used to doing slipshod work, to practising deception, indeed feel really awkward in the glare of publicity, when everything done in the state and in society is under the people's control and is in full public view. Therefore, we must make publicity an unflinchingly operative system. It is needed in the centre and no less, perhaps much more, in the localities, wherever people live and work. The citizen wants to know, and should know, not only decisions taken on a country-wide scale but also decisions taken locally by Party and government bodies, factory managements and trade unions.

The whole range of the Soviet citizens' socio-political and personal rights and freedoms should promote the broadening and further development of socialist democracy. The Party and the state regard the deepening of these rights and freedoms and the strengthening of their guarantees as their primary duty. But the gist of socialism is that the rights of citizens do not, and cannot, exist outside their duties, just as there cannot be duties without corresponding rights.

It is essential to stimulate the activity of our citizens, of one and all, in constructive work, in eliminating shortcomings, abuses and all other unhealthy phenomena, all departures from our legal and moral standards. Democracy was and remains a major lever of strengthening socialist legality, and stable legality was and remains an inseparable part of our democracy.

A good deal of work has been done lately to strengthen law and order in all spheres of the life of society. But the efforts in this direction must not be slackened in any way. We must keep on improving soviet laws. Our legislation—the civil,



labour, financial, administrative, economic and criminal laws—must help more vigorously in introducing economically viable management methods, in exercising effective control over the measure of labour and consumption and in translating the principles of social justice into reality.

We must persistently enhance the responsibility of the law-enforcement and other bodies, and strengthen the legal service in soviets and in the national economy, and state arbitration, and also improve the legal education of the population. As before, full use must be made of Soviet legislation in crime control and in combatting other breaches of the law, so that the people of all towns and villages can rest assured that the state concerns itself with their peace and inviolability, and that not a single wrongdoer evades the punishment deserved.

We must very strictly observe the democratic principles of justice, the equality of citizens before the law and other guarantees that protect the interests of the state and of every citizen. In this context it is necessary to take vigorous steps to upgrade the role of the procurators' supervision, to improve the functioning of courts of law and the bar, and to complete, in the near future, the drafting of a law, as provided for by the Constitution, on the procedure of filing appeals in court against unlawful actions by officials that infringe upon the rights of citizens. Naturally, the more vigorously the Party and government bodies, trade unions, the YCL, work collectives and volunteer public order squads, all the people, are involved in such effort, the more fully will legality and law and order be ensured.

In the context of the growing subversive activity by imperialist secret services against the Soviet Union and other socialist countries, greater responsibility devolves upon the state security bodies. Under the Party's leadership and scrupulously observing Soviet laws, these bodies are conducting extensive work to expose enemy intrigues, to frustrate all kinds of subversion and to protect our country's sacred frontiers. We are convinced that Soviet security forces and borderguards will always measure up to the demands made of them, will always display vigilance, self-control and tenacity in the struggle against any encroachment on our political and social system.

Taking into account the complicated international situation and the growing aggressiveness of the reactionary imperialist quarters, the CPSU Central Committee and its Political Bureau pay unflagging attention to our country's defence capability, to the combat might of the armed forces of the USSR, to the tightening of military discipline. The Soviet Army and Navy possess modern arms and equipment, well-trained servicemen and skilled officers and political cadres, who are completely dedicated to the people. They acquit themselves with honour in the most complicated, and at times rigorous, situations. Today we can declare with all responsibility that the defence capability of the USSR is maintained at a level that reliably protects the peaceful life and labour of the Soviet people.

The Party and the government have always striven to ensure that the Soviet soldier and officer unfailingly receive our society's care and attention while performing their arduous duties, and that our armed forces are a school of civil responsibility, fortitude and patriotism.

It is clear, comrades, that here, at this Congress, we are merely outlining the general frameworks and the main contours of perfecting our democracy, statehood, and the entire Soviet political system. Implementation of the Congress decisions will undoubtedly bring to light fresh manifestations of the people's initiative and new forms of mass socio-political creativity.

#### IV. Basic Aims and Directions of the Party's Foreign Policy Strategy

Comrades,

The tasks underlying the country's economic and social development also determine the CPSU's strategy on the world scene. Its main aim is crystal clear—to ensure to the Soviet people the possibility of working under conditions of enduring peace and freedom. Such, in essence, is the Party's primary programme requirement of our foreign policy. To fulfil it in the present situation means, above all, to terminate the material preparations for a nuclear war.

After having weighed all the aspects of the situation that has taken shape, the CPSU has put forward a coherent programme for the total abolition of weapons of mass destruction before the end of this century, a programme that is historic in terms of its dimensions and significance. Its realisation would open for mankind a fundamentally new period of development and the opportunity to concentrate entirely on constructive labour.

As you know, we have addressed our proposals not only through the traditional diplomatic channels but also directly to world public opinion, to the peoples. The time has come to have a thorough understanding of the harsh realities of our day: nuclear weapons harbour a hurricane with the potential of sweeping the human race from the face of the Earth. Our address further underscores the open, honest, Leninist character of the CPSU's foreign policy strategy.

Socialism unconditionally rejects war as a means of settling state-to-state political and economic contradictions and ideological disputes. Our ideal is a world without weapons and violence, a world in which each people freely chooses its path of development, its way of life. This is an expression of the humanism of communist ideology, of its moral values. That is why for the future as well the struggle against the nuclear menace, against the arms race, for the preservation and strengthening of universal peace remains the fundamental direction of the Party's activities on the international scene.

There is no alternative to this policy. This is all the more true in periods of tension in international affairs. I would say that never in the decades since the war has the situation in the world been so explosive, and consequently complex and uncongenial as in the first half of the 1980s. The right-wing group that came to power in the USA and its main NATO fellow-travellers made a steep turn from detente to a policy of military force. They have adopted doctrines that reject good-neighbourly relations and co-operation as a principle of world development, as a political philosophy of international relations. The administration in Washington remained deaf to our calls for an end to the arms race and an improvement of the situation.

Perhaps it may not be worth churning up the past? Especially today when in Soviet-US relations there seem to be signs of a change for the better, and realistic trends are beginning to re-surface in the actions and attitudes of the leadership of some NATO nations. We feel that it is worthwhile, for the drastic frosting of the international climate in the first half of the 1980s was a further reminder that nothing comes of itself: peace has to be fought for, and this has to be a persevering and meaningful fight. We have to look for, find, and use even the smallest opportunity in order—while this is still possible—to halt the trend towards an escalation of the threat of war. Appreciating this, the Central Committee of the CPSU at its plenary meeting once again analysed the character and dimensions of the nuclear threat and defined the practical steps that could lead to an improvement of the situation. We were guided by the following considerations of principle.

**First.** The character of present-day weaponry leaves no country with any hope of safeguarding itself solely with military and technical means, for example by building up a defence, even the most powerful. To ensure security is increasingly seen as a political problem, and it can only be resolved by political means. In order to progress along the road of disarmament what is needed is, above all, the will. Security cannot be built endlessly on fear of retaliation, in other words, on the doctrines of 'containment' or 'deterrence'. Apart from the absurdity and amorality of a situation in which the whole world becomes a nuclear hostage, these doctrines encourage an arms race that may sooner or later go out of control.

**Second.** In the context of the relations between the USSR and the USA, security can only be mutual, and if we take international relations as a whole it can only be universal. The highest wisdom is not in caring exclusively for oneself, especially to the detriment of the other side. It is vital that all should feel equally secure, for the fears and anxieties of the nuclear age generate uncertainty in politics and concrete actions. It is becoming extremely important to take the critical significance of the time factor into account. The appearance of new systems of weapons of mass destruction steadily shortens time and narrows down the possibilities for adopting political decisions on questions of war and peace in crisis situations.

**Third.** The USA, its military-industrial machine remains the locomotive of militarism, for so far it has no intention of slowing down. This has to be taken into consideration, of course. But we are well aware that the interests and aims of the military-industrial complex are not at all the same as the interests and aims of the American people, as the actual national interests of that great country.

Naturally, the world is much larger than the USA and its occupation bases on foreign soil. And in world politics one cannot confine oneself to relations with any single, even a very important, country. As we know from experience, this only fosters the arrogance of strength. Needless to say, we attach considerable significance to the state and character of the relations between the Soviet Union and the USA. Our countries have quite a few points of coincidence, and there is the objective need to live in peace with each other, to co-operate on a basis of equality and mutual benefit, and there is no other basis.

**Fourth.** The world is in a process of swift changes, and it is not within anybody's power to maintain a perpetual status quo in it. It consists in many scores of countries, each having interests that are perfectly legitimate. All without exception face a task of fundamental significance: without being blind to social, political, and ideological differences all have to master the science and art of restraint and circumspection on the international scene, to live in a civilised manner, in other words, under conditions of civil international intercourse and co-operation. But to give this co-operation wide scope there has to be an all-embracing system of international economic security that would in equal measure protect every nation against discrimination, sanctions and other attributes of imperialist, neocolonialist policy. Alongside disarmament such a system can become a dependable pillar of international security generally.

In short, the modern world has become much too small and fragile for wars and a policy of force. It cannot be saved and preserved if the thinking and actions built up over the centuries on the acceptability and permissibility of wars and armed conflicts are not shed once and for all, irrevocably.

This means the realisation that it is no longer possible to win an arms race, or nuclear war for that matter. The continuation of this race on Earth, let alone its spread to outer space, will



accelerate the already critically high rate of stockpiling and perfecting nuclear weapons. The situation in the world may become such that it will no longer depend upon the intelligence or will of political leaders. It may become captive to technology, to technocratic military logic. Consequently, not only nuclear war itself but also the preparations for it, in other words the arms race and the aspiration to win military superiority, can—speaking in objective terms—bring no political gain to anybody.

Further, this means understanding that the present level of the balance of the nuclear capabilities of the opposite sides is much too high. For the time being this ensures equal danger to each of them. But only for the time being. Continuation of the nuclear arms race will inevitably heighten this equal threat and may bring it to a point where even parity will cease to be a factor of military-political deterrence. Consequently it is vital, in the first place, to dramatically reduce the level of military confrontation. In our age, genuine equal security is guaranteed not by an excessively high but by the lowest possible level of strategic parity, from which nuclear and other types of weapons of mass destruction must be totally excluded.

Lastly, this means realising that in the present situation there is no alternative to co-operation and interaction between all countries. Thus, the objective — I emphasise, objective — conditions have taken shape in which confrontation between capitalism and socialism can proceed only and exclusively in forms of peaceful competition and peaceful contest.

For us peaceful coexistence is a political course which the USSR intends to go on following unswervingly. In ensuring the continuity of its foreign policy strategy, the CPSU will pursue a vigorous international policy stemming from the realities of the world we live in. Of course, the problem of international security cannot be resolved by one or two, even very intensive, peace offensives. Success can only be brought by consistent, methodical and persevering effort.

Continuity in foreign policy has nothing in common with a simple repetition of what has been done, especially in tackling the problems that have piled up. What is wanted is a high degree of accuracy in assessing one's own possibilities, restraint, and an eminently high sense of responsibility when decisions are made. What is wanted is firmness in upholding principles and postures, tactical flexibility, a readiness for mutually acceptable compromises, and an orientation on dialogue and mutual understanding rather than on confrontation.

As you know, we have made a series of unilateral steps — we put a moratorium on the deployment of intermediate-range missiles in Europe, cut back the number of these missiles, and stopped all nuclear tests. In Moscow and abroad there have been talks with leaders and members of the governments of many countries. The Soviet-Indian, Soviet-French, and Soviet-U.S. summits were necessary and useful steps.

The Soviet Union has made energetic efforts to give a fresh impetus to the negotiations in Geneva, Stockholm and Vienna, the purpose of which is to scale down the arms race and build up confidence between states. Negotiations are always a delicate and complex matter. Of cardinal importance here is to lead up to a mutually acceptable balance of interests. To turn weapons of mass destruction into an object of political scheming is, to say the least, immoral, while in political terms this is irresponsible.

Lastly, concerning our statement of January 15 of this year. Taken as a whole, our programme is essentially an alloy of the philosophy of shaping a safe world in the nuclear-space age with a platform of concrete actions. The Soviet Union offers approaching the problems of disarmament in their totality, for in terms of security they are linked with one another. I am not speaking of rigid linkages or attempts at 'backing down' in one direction in order to erect barricades in another. What I am talking about is a plan of concrete actions strictly

measured out in terms of time. The USSR intends to work perseveringly for its realisation, regarding it as the central direction of our foreign policy for the coming years.

The Soviet military doctrine is also entirely in keeping with the letter and spirit of the initiatives we have put forward. Its orientation is unequivocally defensive. In the military sphere we intend to act in such a way as to give nobody grounds for fears, even imagined, about their security. But to an equal extent we and our allies want to be rid of the feeling that we are threatened. The USSR undertook the obligation not to be the first to use nuclear weapons and it will abide strictly by that obligation. But it is no secret that scenarios for a nuclear strike against us exist. We have no right to overlook this. The Soviet Union is a staunch adversary of nuclear war in any variant. Our country stands for removing weapons of mass destruction from use, for limiting the military potential to reasonable adequacy. But the character and level of this ceiling continues to be limited by the attitudes and actions of the USA and its bloc partners. Under these conditions we repeat again and again: the Soviet Union lays no claim to more security, but it will not settle for less.

I should like to draw attention to the problem of verification, to which we attach special significance. We have declared on several occasions that the USSR is open to verification, that we are interested in it as much as anybody else. All-embracing, strictest verification is perhaps the key element of the disarmament process. The essence of the matter, in our thinking, is that there can be no disarmament without verification and that verification without disarmament makes no sense.

There is yet another matter of principle. We have stated our attitude to 'Star Wars' quite substantively. The USA has already drawn many of its allies into this programme. There is the danger that things may become irreversible. Before it is too late, it is imperative to find a realistic solution guaranteeing that the arms race does not spread to outer space. The 'Star Wars' programme cannot be permitted to be used as stimulus for a further arms race or as a road-block to radical disarmament. Tangible progress in what concerns a drastic reduction of nuclear capabilities can be of much help to surmount this obstacle. For that reason the Soviet Union is prepared to make a substantial step in that direction, to resolve the question of intermediate-range missiles in the European zone separately — without a direct link to problems related to strategic armaments and outer space.

The Soviet programme has touched the hearts of millions of people, and among political leaders and public personalities interest in it continues to grow. The times today are such that it is hard to brush it off. The attempts to sow doubt about the Soviet Union's constructive commitment to accelerate, to tackle this pressing problem of our day — the destruction of nuclear weapons — in practical terms are becoming less and less convincing. Nuclear disarmament should not be the exclusive domain of political leaders. The whole world is now pondering this, for it is a question of life itself.

But, also it is necessary to take into account the reaction of the centres of power that hold in their hands the keys to the success or failure of disarmament. Of course, the U.S. ruling class, to be more exact its most egoistical groups linked to the military-industrial complex, have other aims that are clearly antipodal to ours. For them disarmament spells out a loss of profits and a political risk, for us it is a blessing in all respects — economically, politically and morally.

We know our principal opponents and have accumulated a complex and extensive experience in our relations and talks with them. The day before yesterday, we received President Reagan's reply to our statement of January 15. The U.S. side began to set forth its considerations in greater detail at the talks in Geneva. To be sure, we shall closely examine everything the U.S. side has to say on these matters. However, since the reply was received literally on the eve of the Congress, the U.S. Administration apparently expects, as we see it, our

attitude to the U.S. stand to be made known to the world from this rostrum.

What I can say right away is that the President's letter does not give ground for amending the assessment of the international situation as had been set forth in the report before the reply was received. It says that the elimination of nuclear arms is the goal all the nuclear powers should strive after. In his letter the President agrees in general with some or other Soviet proposals and intentions as regards the issues of disarmament and security. In other words, the reply seems to contain some reassuring opinions and theses.

However, these positive pronouncements are swamped in various reservations, 'linkages' and 'conditions' which in fact block the solution of radical problems of disarmament. Reduction in the strategic nuclear arsenals is made conditional on our consent to the 'Star Wars' programme and reductions, unilateral, by the way, in the Soviet conventional arms. Linked to this are also problems of regional conflicts and bilateral relations. The elimination of nuclear arms in Europe is blocked by the references to the stand taken by Great Britain and France and the demand to weaken our defences in the eastern part of the country, with the U.S. military forces retained as they are. The refusal to stop nuclear tests is justified by arguments to the effect that nuclear weapons serve as a factor of "containment". This is in direct contradiction with the purpose reaffirmed in the letter — the need to destroy nuclear weapons. The reluctance of the USA and its ruling circles to embark on the path of nuclear disarmament manifests itself most clearly in their attitude to nuclear explosions, the termination of which is the demand of the whole world.

To put it in a nutshell, it is hard to detect in the letter we have just received any serious preparedness of the U.S. Administration to get down to solving the cardinal problems involved in eliminating the nuclear threat. It looks as if some people in Washington and elsewhere, for that matter, have got used to living side by side with nuclear weapons linking with them their plans in the international arena. However, whether they want it or not, the Western politicians will have to answer the question: are they prepared to part with nuclear weapons at all?

In accordance with an understanding reached in Geneva there will be another meeting with the U.S. President. The significance that we attach to it is that it ought to produce practical results in key areas of limiting and reducing armaments. There are at least two matters on which an understanding could be reached: the cessation of nuclear tests and the abolition of U.S. and Soviet intermediate-range missiles in the European zone. And then, as a matter of fact, if there is readiness to seek agreement, the question of the time of the meeting would be resolved of itself: we will accept any suggestion on this count. But there is no sense in holding empty talks. We shall not remain indifferent if the Soviet-U.S. dialogue that has started and inspired some not unfounded hopes of a possibility for changes for the better is used to continue the arms race and the material preparations for war. The Soviet Union is of a firm mind to justify the hopes of the peoples of our two countries and of the whole world who are expecting concrete steps, practical actions and tangible agreements of the leaders of the USSR and the USA on how to block the arms race. We are prepared for this.

Naturally, like any other country, we attach considerable importance to the security of our frontiers, on land and at sea. We have many neighbours, and they are different. We have no territorial claims on any of them. We threaten none of them. But as experience has shown time and again, there are quite a few persons who, in disregard of the national interests of either our country or those of countries neighbouring upon us, are endeavouring to aggravate the situation on the frontiers of the Soviet Union.

For instance, counter-revolution and imperialism have turned Afghanistan into a bleeding wound. The USSR supports that country's efforts to defend its sovereignty. We



should like, in the nearest future, to withdraw the Soviet troops stationed in Afghanistan at the request of its government. Moreover, we have agreed with the Afghan side on the schedule for their phased withdrawal as soon as a political settlement is reached that ensures an actual cessation and dependably guarantees the non-resumption of foreign armed interference in the internal affairs of the Democratic Republic of Afghanistan. It is in our vital, national interest that the USSR should always have good and peaceful relations with all its neighbours. This is a vitally important objective of our foreign policy.

The CPSU regards the European direction as one of the main directions of its international activity. Europe's historic opportunity and its future lie in peaceful co-operation among the nations of that continent. And it is important, while preserving the assets that have already been accumulated, to move further: from the initial to a more lasting phase of detente, to mature detente, and then to the building of dependable security on the basis of the Helsinki process, of a radical reduction of nuclear and conventional weapons.

The significance of the Asian and Pacific direction is growing. In that vast region there are many tangled knots of contradictions and, besides, the political situation in some places is unstable. Here it is necessary, without postponement, to find the relevant solutions and paths. Evidently, this has to begin with the coordination and then the pooling of efforts in the interests of a political settlement of painful problems so as, in parallel, on that basis to at least take the edge off the military confrontation in various parts of Asia and stabilise the situation there.

This is made all the more urgent by the fact that in Asia and other continents the flashpoints of military danger are not dying down. We are in favour of vitalising collective quests for ways of defusing conflict situations in the Middle East, Central America, South Africa, in all of the planet's turbulent points. This is imperatively demanded by the interests of general security.

Crises and conflicts are fertile soil also for international terrorism. Undeclared wars, the export of counter-revolution in all forms, political assassination, the taking of hostages, the hijacking of aircraft, and bomb attacks in streets, at airports and railway stations — such is the hideous face of terrorism, which its instigators try to mask with various cynical inventions. The USSR rejects terrorism in principle and is prepared to co-operate actively with other states in order to uproot it. The Soviet Union will resolutely safeguard its citizens against acts of violence and do everything to defend their lives, honour and dignity.

Looking back over the past year one will see that, by all the evidence, the prerequisites for improving the international situation are beginning to form. But prerequisites for a turn are not the turn itself. The arms race continues and the threat of nuclear war remains. However, international reaction is by no means omnipotent. The development of the world revolutionary process and the growth of mass democratic and anti-war movements have significantly enlarged and strengthened the huge potential of peace, reason and good will. This is a powerful counter-balance to imperialism's aggressive policy.

The destinies of peace and social progress are now linked more closely than ever before with the dynamic character of the socialist world system's economic and political development. The need for this dynamism is dictated by concern for the welfare of the peoples. But for the socialist world it is necessary also from the standpoint of counteraction to the military threat. Lastly, in this lies a demonstration of the potentialities of the socialist way of life. We are watched by both friends and foes. We are watched by the huge and heterogeneous world of developing nations. It is looking for its choice, for its road, and what this choice is will depend to a large extent on socialism's successes, on the credibility of its answers to the challenges of time.

We are convinced that socialism can resolve the most difficult problems confronting it. Of vital

significance for this is the increasingly vigorous interaction whose effect is not merely the adding up but the multiplication of our potentials and which serves as a stimulus for common advancement. This is mirrored also in joint documents of countries of the socialist community.

Interaction between governing communist parties remains the heart and soul of the political co-operation among these countries. During the past year there has practically been no fraternal countries with whose leaders we have not had meetings and detailed talks. The forms of such co-operation are themselves being updated. A new and perhaps key element, the multilateral working meetings of leaders of fraternal countries, is being institutionalised. These allow for prompt and friendly consultations on the entire spectrum of problems of socialist construction, on its internal and external aspects.

In the difficult international situation the prolongation of the Warsaw Treaty by a unanimous decision of its signatories was of great significance. This treaty saw its second birth, so to speak, and today it is hard to picture world politics as a whole without it. Take the Sofia Conference of the treaty's Political Consultative Committee. It was a kind of threshold of the Geneva dialogue.

In the economic sphere there is now the comprehensive programme of scientific and technological progress. Its import lies in the transition of the CMEA countries to a coordinated policy in science and technology. The accent is being shifted from primarily commercial relations to specialisation and co-operation of production, particularly in heavy engineering. In our view, changes are also required in the work of the headquarters of socialist integration—the Council for Mutual Economic Assistance. But the main thing is that in carrying out this programme there is less armchair administration and fewer committees and commissions of all sorts, that more attention is given to economic levers, initiative and socialist enterprise, and that work collectives are drawn into this process. This would indeed be a committed approach to such an extraordinary undertaking.

Vitality, efficiency and initiative — all these qualities meet the imperatives of the times, and we shall strive to have them spread throughout the system of relations between fraternal parties. The CPSU attaches growing significance to live and broad communication between citizens of socialist countries, between people of different professions and different generations. This is a source of mutual intellectual enrichment, a channel for exchanges of views, ideas and the experience of socialist construction. Today it is especially important to analyse the character of the socialist way of life and understand the processes of perfecting democracy, management methods and personnel policy on the basis of the development of several countries rather than of one country. A considerate and respectful attitude to each other's experience and the employment of this experience in practice are a huge potential of the socialist world.

Generally speaking, one of socialism's advantages is its ability to learn: to learn to resolve the problems posed by life; to learn to forestall the crisis situations that our class adversary tries to create and utilise; to learn to counter the attempts to divide the socialist world and play off some countries against others; to learn to prevent collisions of the interests of different socialist countries, harmonise them by mutual effort, and find mutually acceptable solutions even to the most intricate problems.

It seems to us that it is worth taking a close look also at the relations in the socialist world as a whole. We do not see the community as being separated by some barrier from other socialist countries. The CPSU stands for honest, above-board relations with all communist parties and all countries of the socialist world system, for comradely exchanges of opinion between them. Above all, we endeavour to see what unites the socialist world. For that reason the Soviet Communists are gladdened by every step towards closer relations among all socialist states, by every positive advance in these relations.

One can say with gratification that there has been a measure of improvement of the Soviet Union's relations with its great neighbour — socialist China. The distinctions in attitudes, in particular, to a number of international problems remain. But we also note something else — that in many cases we can work jointly, co-operate on an equal and principled basis, without prejudice to third countries.

There is no need to explain the significance of this. The Chinese Communists called the victory of the USSR and the forces of progress in the Second World War a prologue to the triumph of the People's Revolution in China. In turn, the formation of People's China helped to reinforce socialism's positions in the world and disrupt many of imperialism's designs and actions in the difficult postwar years. In thinking of the future, it may be said that the potentialities for co-operation between the USSR and China are enormous. They are great because such co-operation is in line with the interests of both countries; because what is dearest to our peoples — socialism and peace — is indivisible.

The CPSU is an inalienable component of the international communist movement. We, the Soviet Communists, are well aware that every advance we make in building socialism is an advance of the entire movement. For that reason the CPSU sees its primary internationalist duty in ensuring our country's successful progress along the road opened and blazed by the October Revolution.

The communist movement in the non-socialist part of the world remains the principal target of political pressure and harassment by reactionary circles of the bourgeoisie. All the fraternal parties are constantly under fire from anti-communist propaganda, which does not hold back from the most despicable means and methods. Many parties operate underground, in a situation of unmitigated persecution and repression. Every step the communists take calls for struggle and personal courage. Permit me, comrades, on behalf of the 27th Congress, on behalf of the Soviet Communists to express sincere admiration for the dedicated struggle of our comrades, and profound fraternal solidarity with them.

In recent years the communist movement has come face to face with many new realities, tasks and problems. All the indications are that it has entered upon a qualitatively new phase of development. The international conditions of the work of communists are changing rapidly and profoundly. A substantial restructuring is taking place in the social pattern of bourgeois society, including the composition of the working class. The problems arising for our friends in the new independent states are not simple. The scientific and technological revolution is exercising a contradictory influence on the material conditions and consciousness of working people in the non-socialist world. All this requires the ability to do a lot of rethinking and demands a bold and creative approach to the new realities on the basis of the immortal theory of Marx, Engels and Lenin. The CPSU knows this well from its own experience.

The communist movement's immense diversity and the tasks that it encounters are likewise a reality. In some cases this leads to disagreements and divergences. The CPSU is not dramatising the fact that complete unanimity among communist parties exists not always and not in everything. Evidently, there generally cannot be an identity of views on all issues without exception. The communist movement came into being when the working class entered the international scene as an independent and powerful political force. The parties that comprise it have grown on national soil and pursue a common end objective — peace and socialism. Precisely this is the main, determining thing that unites them.

We do not see the diversity of our movement as a synonym for disunity, much as unity has nothing in common with uniformity, hierarchy, interference by some parties in the affairs of others, or the striving for any party to have a monopoly over what is right. The communist movement can and should be strong by virtue of its class solidarity, of equal



co-operation among all the fraternal parties in the struggle for common aims. This is how the CPSU understands unity and intends to do everything to foster it.

The trend towards strengthening the potential of peace, reason and good will is enduring and in principle irreversible. At the back of it is the aspiration of people, of all nations to live on concord and to co-operate. However, one should look at things realistically: the balance of strength in the struggle against war is shaping in the course of an acute and dynamic confrontation between progress and reaction. An immutable factor is the CPSU's solidarity with the forces of national liberation and social emancipation, and our course towards close interaction with socialist-oriented countries, with revolutionary-democratic parties and with the Non-Aligned Movement. The Soviet public is prepared to go on promoting links with non-communist movements and organisations, including religious organisations militating against war.

This is also the angle from which the CPSU regards its relations with the social democratic movement. It is a fact that the ideological differences between the communists and the social democrats are deep, and that their achievements and experience are dissimilar and non-equivalent. However, an unbiased look at the standpoints and views of each other is unquestionably useful to both the communists and the social democrats, useful in the first place for furthering the struggle for peace and international security.

We are living in a world of realities and are building our international policy in keeping with the specific features of the present phase of international developments. Our creative analysis of this phase and vision of prospects have led us to a conclusion that is highly significant. As never before it is now important to find ways for closer and more productive co-operation with governments, parties and mass organisations and movements that are in fact preoccupied with the destinies of peace on Earth, with all peoples in order to build an all-embracing system of international security.

We see the fundamental principles of this system in the following:

#### 1. In the military sphere

- renunciation by the nuclear powers of war — both nuclear and conventional — against each other or against third countries;
- prevention of an arms race in outer space, cessation of all nuclear weapons tests and the total destruction of such weapons, a ban on and the destruction of chemical weapons, and renunciation of the development of other means of mass annihilation;
- a strictly controlled lowering of the levels of military capabilities of countries to limits of reasonable adequacy;
- disbandment of military alliances, and as a stage towards this — renunciation of their enlargement and of the formation of new ones;
- balanced and commensurate reduction of military budgets.

#### 2. In the political sphere

- unconditional respect in international practice for the right of each people to choose the ways and forms of its development independently;
- a just political settlement of international crises and regional conflicts;
- elaboration of a set of measures aimed at building confidence between states and the creation of effective guarantees against attack from without and of the inviolability of their frontiers;
- elaboration of effective methods of preventing international terrorism, including the safety of international land, air and sea communications.

#### 3. In the economic sphere

- exclusion of all forms of discrimination from international practice; renunciation of the policy of economic blockades and sanctions if this is not directly envisaged in the recommendations of the world community;
- joint quest for ways for a just settlement of the problem of debts;

— establishment of a new world economic order guaranteeing equal economic security to all countries;

— elaboration of principles for utilising part of the funds released as a result of a reduction of military budgets for the good of the world community, of developing nations in the first place;

— the pooling of efforts in exploring and making peaceful use of outer space and in resolving global problems on which the destinies of civilisation depend.

#### 4. In the humanitarian sphere

— co-operation in the dissemination of the ideas of peace, disarmament and international security; greater flow of general objective information and intercourse between peoples for the purpose of learning about one another; reinforcement of the spirit of mutual understanding and concord in the relations between them;

— extirpation of genocide, apartheid, advocacy of fascism and every other form of racial, national or religious exclusiveness, and also of discrimination against people on this basis;

— extension — while respecting the laws of each country — of international co-operation in the implementation of the political, social and personal rights of people;

— decision in a humane and positive spirit of questions related to the reuniting of families, marriage, and the promotion of contacts between people and between organisation;

— strengthening of and quests for new forms of co-operation in culture, art, science, education and medicine.

These principles stem logically from the provisions of the Programme of the CPSU. They are entirely in keeping with our concrete foreign policy initiatives. Guided by them it would be possible to make peaceful coexistence the highest principle of state-to-state relations. In our view, these principles could become the point of departure and a sort of guideline for a direct and systematic dialogue between leaders of countries of the world community — both bilateral and multilateral.

And since this concerns the destinies of peace, such a dialogue is particularly important among the permanent members of the Security Council — the five nuclear powers. They bear the main burden of responsibility for the destinies of humankind. I emphasise — not a privilege, not a foundation for claims to 'leadership' in world affairs, but responsibility, about which nobody has the right to forget. Why then should their leaders not gather at a round table and discuss what could and should be done to strengthen peace?

As we see it, the entire existing mechanism of arms limitation negotiations should also start to function at top productivity. Can one 'grow accustomed' to the fact that for years these talks have been proceeding on a parallel course, so to speak, with a simultaneous build-up of armaments?

The USSR is giving considerable attention to a joint examination of the world economy's problems and prospects, the interdependence between disarmament and development, and the expansion of trade and scientific and technological co-operation at international forums, as well as within the framework of the Helsinki process. We feel that in the future it would be important to convene a world congress on problems of economic security at which it would be possible to discuss in a package everything that encumbers world economic relations.

We are prepared to consider seriously any other proposal aimed at the same direction.

Under all circumstances success must be achieved in the battle to prevent war. This would be an epoch-making victory of the whole of humanity, of every person on Earth. The CPSU sees active participation in this battle as the essence of its foreign policy strategy.

## V. The Party

Comrades,

The magnitude and novelty of what we have to do make exceptionally high demands of the

character of the political, ideological and organisational work conducted by the CPSU, which today has more than 19 million members welded together by unity of purpose, will and discipline.

The Party's strength is that it has a feel for time, that it feels the beat of the pulse of the world and always works among the people. Whenever the country faces new problems the Party finds ways of resolving them, restructures and remoulds leadership methods, demonstrating its ability to measure up to its historic responsibility for the country's destiny, for the cause of socialism and communism.

Life constantly verifies our potentialities. Last year was special in this respect. As never before there was a need for unity in the Party ranks and unity in the Central Committee. We saw clearly that it was no longer possible to evade pressing issues of society's development, to remain reconciled to irresponsibility, laxity and inertness. Under these conditions the Political Bureau, the Central Committee Secretariat and the Central Committee decided that the cardinal issues dictated by the times had to be resolved. An important landmark on this road was the April plenary meeting of the Central Committee. We told the people frankly about the difficulties and omissions in our work and about the plans for the immediate future and the long term. Today, at this Congress, we can state with confidence that the course set by the April plenary meeting received the active support of the Communists, of millions of working people.

The present stage, which is one of society's qualitative transformation, requires the Party and each of its organisations to make new efforts, to be principled in assessing their own work, and show efficiency and dedication. The draft new edition of the Party Programme and the draft amendments in the Rules of the CPSU presented to the Congress proceed from the premise that the task of mobilising all the factors of acceleration can only be carried out by a Party that has the interest of the people at heart, a Party having a scientifically substantiated perspective, asserting by its labour the confidence that the set targets would be attained.

The Party can resolve new problems successfully if it is itself in uninterrupted development, free of the 'infallibility' complex, critically assesses the results that have been attained, and clearly sees what has to be done. The new requirements being made of cadres, of the entire style, methods and character of work are dictated by the magnitude and complexity of the problems and the need to draw lessons from the past without compromise or reservations.

At the present, comrades, we have to focus on the practical organisation of our work and the placing and upbringing of cadres, of the body of Party activists, and reconsider our entire work with a fresh Party view — at all levels, in all echelons. In this context, I should like to remind you of Lenin's words: "when the situation has changed and different problems have to be solved, we cannot look back and attempt to solve them by yesterday's methods. Don't try — you won't succeed!" (*Collected Works*, Vol. 33, p. 173.)

#### 1. Work in a New Way, Enhance the Role and Responsibility of Party Organisations

The purpose of restructuring Party work is that each Party organisation — from republican to primary — should vigorously implement the course set by the April plenary meeting and live in an atmosphere of quest, of renewal of the forms and methods of its activity. This can only be done through the efforts of all the communists, the utmost promotion of democracy within the Party itself, the application of the principle of collective leadership at all levels, the promotion of criticism and self-criticism, control and a responsible attitude to the work at hand. It is only then that the spirit of novelty is generated, that inertness and stagnation become intolerable.

We are justifiably exasperated by all sorts of shortcomings and by those responsible for them — people who neglect their duties and are indifferent



to society's interests: hackworker and idler, grabber and writer of anonymous letters, petty bureaucrat and bribe-taker. But they live and work in a concrete collective, town or village, in a given organisation rather than some place away from us. Then why do we have the collective and the communists should candidly declare that in our working society each person is obliged to work conscientiously and abide strictly by the norms of socialist human association, which are the same for everybody. What and who prevents this?

This is where the task of enhancing the role of the Party organisation rises to its full stature. It does not become us, the communists, to put the blame on anybody. If a Party organisation lives a full-blooded life founded on relations of principle, if communists are engaged in concrete matters and not in a talking-shop on general subjects, success is assured. It is not enough to see shortcomings and defects, to stigmatise them. It is necessary to do everything so that they should not exist. There is no vanguard role of the communists generally; it is expressed in practical deeds.

Party life that is healthy, business-like, multifarious in its concrete manifestations and concerns, characterised by openness and publicity of plans and decisions, by the humaneness and modesty of communists — that is what we need today. We, the communists, are looked upon as an example in everything — in work and behaviour. We have to live and work in such a way that the working person could say: "Yes, this is a real communist." And the more radiant and cleaner life will be in the Party house, the sooner will we cope with problems which are not simple and are typical of the present time of change.

Guided by the decisions of the April and subsequent Central Committee plenary meetings and working boldly and perseveringly, many Party organisations have achieved good results. In defining the ways for advancement, the CPSU Central Committee relies chiefly on that experience, striving to make it common property. For example, the decisions on accelerating scientific and technological progress are based to a large extent on the innovative approach to these matters in the Leningrad Party organisation, and its experience underlies the drafting of the programmes for the intensification and integration of science and production, and socio-economic planning. Party organisations in the Ukraine should be commended for creating scientific and technological complexes and engineering centres and for their productive work in effectively utilising recycled resources. The measures to form a unified agro-industrial complex in the country underwent a preliminary trial in Georgia and Estonia.

Many examples could be given of a modern approach to work. A feel for the new and active restructuring in accordance with the changing conditions are a characteristic of the Byelorussian, Latvian, Sverdlovsk, Chelyabinsk, Krasnodar, Omsk, Ulyanovsk and other organisations. Evidence of this is also provided by many election meetings, conferences and republican congresses. They were notable for their business-like formulation of issues, the commitment of communists to seeking untapped resources and ways of speeding up our progress, and exactingness in assessing the work of elective bodies.

But the need for restructuring is seen by far from everybody and far from everywhere. There still are many organisations, as is likewise confirmed by the election campaign, in which one does not feel the proper frame of mind for a serious, self-critical analysis, for drawing practical conclusions. This is the effect of adherence to the old, the absence of a feel for the time, a propensity for excessive organisation, the habit of speaking vaguely, and the fear of revealing the real state of affairs.

We will not move forward a single step if we do not learn to work in a new way, do not put an end to inertness and conservatism in any of their forms, if we lose the courage to assess the situation realistically and see it as it actually is. To make irresponsibility recede into the past, we have to make a rule of calling things by their names, of judging everything openly. It is about time to stop exercises in misplaced tact where there should be

exactingness and honesty, a Party conscience. Nobody has the right to forget Lenin's stern warning: "False rhetoric and false boastfulness spell moral ruin and lead unfailingly to political extinction." (*Collected Works*, Vol. 9, p. 297.)

The consistent implementation of the principle of collectivity is a key condition for a healthy life in every Party organisation. But in some organisations the role of plenary meetings and of the bureaus as collegiate bodies was downgraded, and the joint drafting of decisions was replaced by instructions issued by one individual, and this often led to gross errors. Such side-tracking of the norms of Party life was tolerated in the Central Committee of the Communist Party of Kirghizia. A principled assessment was given at the Congress of the Republic's Communist Party of the activities not only of the former First Secretary but also of those who connived at unscrupulousness and servility.

It is only strict compliance with and the utmost strengthening of the principle of collective leadership that can be a barrier to subjectivist kinks and create the conditions for the adoption of considered and substantial decisions. A leader who understands this clearly has the right to count on long and productive work.

More urgently than before there is now the need to promote criticism and self-criticism and step up the efforts to remove window-dressing. From the recent past we know that where criticism and self-criticism chokes, where talk about successes is substituted for a Party analysis of the actual situation, all Party activity is deformed and a situation of complacency, permissiveness and impunity arises that leads to the most serious consequences. In the localities and even in the centre there appeared quite a few officials who reacted painfully to critical remarks levelled at them and went so far as to harass people who came up with criticism.

The labour achievements of the people of Moscow are widely known. But one can say confidently that these accomplishments would have been much greater had the City Party organisation not since some time ago lost the spirit of self-criticism and a healthy dissatisfaction with what had been achieved, and had complacency not surfaced. As was noted at a City Party Conference, the leadership of the City Committee had evaded decisions on complex problems while parading its successes. This is what generated complacency and was an impediment to making a principled evaluation of serious shortcomings.

Perhaps in their most glaring form negative processes stemming from an absence of criticism and self-criticism manifested themselves in Uzbekistan. Having lost touch with life the republic's former top leadership made it a rule to speak only of successes, paper over shortcomings, and respond irritably to any critical judgments. In the Republican Party organisation discipline slackened, and persons for whom the sole principle was lack of principles, their own well-being and careerist considerations were in favour. Toadyism and unbridled laudation of those 'senior in rank' became widespread. All this could not but affect the state of affairs. The situation in the economy and in the social sphere deteriorated markedly, machinations, embezzlement and bribery thrived, and socialist legality was grossly transgressed.

It required intervention by the CPSU Central Committee to normalise the situation. The republic was given all-sided assistance. Many sectors of Party, governmental and economic work were reinforced with cadres. These measures won the approval and active support of the communists and the working people of Uzbekistan.

There is something else that causes concern. The shortcomings in the republic did not appear overnight, they piled up over the years, growing from small to big. Officials from all-union bodies, including the Central Committee, went to Uzbekistan on many occasions and they must have noticed what was happening. Working people of the republic wrote indignant letters to the central bodies about the malignant practices. But these signals were not duly investigated.

The reason for this is that at some stages individual republics, territories, regions and cities

were placed out of bounds to criticism. As a result, in the localities there began to appear districts, collective farms, state farms, industrial facilities and so on that enjoyed a kind of immunity. From this we have to draw the firm conclusion that in the Party there neither are nor should be organisations outside the pale of control and closed to criticism, and that there neither are nor should be leaders fenced off from Party responsibility.

This applies equally to ministries, departments and all enterprises and organisations. The CPSU Central Committee considers that the role of Party committees of ministries and departments must be enhanced significantly, that the level of their functions in restructuring the work of the management apparatus and of industries as a whole must be raised. An examination of the reports of the Party committees of some ministries in the Central Committee shows that they are still using their right of control very timidly and warily, that they are not catalysts of the new, of the struggle against departmentalism, paper-work and red tape.

The Party provides political leadership and defines the general prospect for development. It formulates the main tasks in socio-economic and intellectual life, selects and places cadres, and exercises general control. As regards the ways and means of resolving specific economic and socio-cultural problems, wide freedom of choice is given to each management body, work collective and economic cadres.

In improving the forms and methods of leadership, the Party is emphatically against confusing the functions of Party committees with those of governmental and public bodies. This is not a simple question. In life it is sometimes hard to see the boundary beyond which Party control and the organisation of the fulfilment of practical tasks spills over onto petty tutelage or even substitution for governmental and economic bodies. Needless to say, each situation requires a specific approach, and here much is determined by the political culture and maturity of leaders. The Party will endeavour to so organise work that in the sector entrusted to him each person acts professionally and energetically, without fearing to shoulder responsibility. Such is the principled Leninist decision of this question and we should abide strictly by it at all levels of Party activity.

## 2. For Purity and Integrity of the Party Member, for a Principled Personnel Policy

Comrades,

The more consistently we draw the Party's huge creative potential into the efforts to accelerate the development of Soviet society, the more tangible becomes the profound substantiation of the conclusion drawn by the April plenary meeting about the necessity of enhancing the initiatives and responsibilities of cadres and about the importance of an untiring struggle for the purity and integrity of the Party member.

The Communist Party is the political and moral vanguard. During the past five years it has admitted nearly 1,600,000 new members. Its roots in the working class, in all strata of society, are growing increasingly stronger. In terms of per hundred new members there are 59 workers and 26 trained specialists working in various branches of the economy, while of all those admitted four-fifths are young people.

By and large, the Party's composition is formed and its ranks grow in accordance with the rules, but as in any matter, the process of admittance to the Party requires further upgrading. Some organisations hasten the growth of the Party ranks to the detriment of their quality, and do not set high standards for new members. Our task is to show tireless concern for the purity of the Party ranks and dependably close the Party to uncommitted people, to those who join it out of careerist or other mercenary considerations.

We have to go on improving the ideological education of communists and insist upon stricter compliance with Party discipline and unqualified fulfilment of the requirements set by the rules. In each Party organisation the communists should



themselves create an atmosphere of mutual exactingness that would rule out any possibility of anybody disregarding Party norms. In this context, we should support and disseminate the experience of many Party organisations in which communists report regularly to their comrades, and the character references given by the Party are discussed and endorsed at Party meetings. This helps to give all Party members without exception a higher sense of responsibility to their organisation.

We bear quite a lot of damage because some communists behave unworthily or perpetrate discrediting acts. Of late a number of senior officials have been discharged from their posts and expelled from the Party for various abuses. Some of them have been indicted. There have been such cases, for example, in the Alma-Ata, Chimkent and some other regions as well as in some republics, and also in ministries and departments. Phenomena of this kind are, as a rule, generated by violations of Party principles in selecting and educating cadres, and in controlling their work. The Party will resolutely go on getting rid of all who discredit the name of communist.

At our Congress I should like to say a few more words about efficiency. This is a question of principle. Any disparity between what is said and done hurts the main thing—the prestige of Party policy—and cannot be tolerated in any form. The Communist Party is a Party of unity between words and actions. This should be remembered by every leader, by every communist. It is by the unity between words and deeds that the Soviet people will judge our work.

Important resolutions have been adopted and interesting ideas and recommendations have been put forward both in the centre and in the localities since the April plenary meeting. But if we were to analyse what of this has been introduced into life and been mirrored in work, it will be found that alongside unquestionable changes much has still got stuck on the way to practical utilisation. No restructuring, no change can take place unless every communist, especially a leader, appreciates the immense significance of practical actions, which are the only vehicles that can move life forward and make labour more productive. Organisational work cannot be squandered on bombast and empty rhetoric at countless meetings and conferences.

And another thing. The Party has to declare a determined and relentless war on bureaucratic practices. Vladimir Ilyich Lenin held that it was especially important to fight them at moments of change, during a transition from one system of management to another, where there is a need for maximum efficiency, speed and energy. Bureaucracy is today a serious obstacle to the solution of our principal problem—the acceleration of the country's socio-economic development and the fundamental restructuring of the mechanism of economic management linked to that development. This is a troubling question and requires conclusions. Here it is important to bear in mind that bureaucratic distortions manifest themselves all the stronger where there is no efficiency, publicity and control from below, where people are held less accountable for what they do.

Comrades, of late many new, energetic people who think in modern terms have been appointed to high positions. The Party will continue pursuing the line of combining experienced and young cadres in the leadership. More women are being promoted to leadership positions. There are now more of them in Party and local government bodies. The criterion for all promotions and changes boils down to one thing: political qualities, efficiency, ability and actual achievements of the person concerned and the attitude to people. I feel it is necessary to emphasise this also because some people have dropped the Party traditions of maintaining constant contact with rank-and-file communists, with working people. This is what undermines the very essence of Party work.

The person needed today to head each Party organisation is one who has close ties to the masses and is ideologically committed, thinks in an innovative way, and is energetic. It is hardly

necessary to remind you that with the personality of a leader, of a Party leader in the first place, people link all the pros and cons of the concrete, actual life they live. The secretary of a district committee, a city committee or a regional committee of the Party is the criterion by which the rank-and-file worker forms an opinion of the Party committee and of the Party as a whole.

Cadres devoted to the Party cause and heading the efforts to implement its political line are our main and most precious asset. Party activists, all communists, should master the great traditions of Bolshevism and be brought up in the spirit of these traditions. In the Party, at each level, a principled stand and Party comradeship should become immutable norms. This is the only attitude that can ensure the Party's moral health, which is the earnest of society's health.

### 3. Reinforce Ideology's Link to Life and Enrich People's Intellectual World

Comrades,

"You cannot be an ideological leader without... theoretical work, just as you cannot be one without directing this work to meet the needs of the cause, and without spreading the results of this theory..." (*Collected Works*, Vol. 1, p. 298.) That is what Lenin taught us.

Marxism-Leninism is the greatest revolutionary world view. It substantiated the most humane objective that humankind has ever set itself—the creation of a just social system on Earth. It indicates the way to a scientific study of society's development as an integral process that is law-governed in all its huge diversity and contradictoriness, teaches to see the character and interaction of economic and political forces, to select correct orientations, forms and methods of struggle, and to feel confident at all steep turns in history.

In all its work the CPSU proceeds from the premise that fidelity to the Marxist-Leninist doctrine lies in creatively developing it on the basis of the experience that has been accumulated. The intricate range of problems stemming from the present landmark character of the development of our society and of the world as a whole is in the focus of the Party's theoretical thinking. The many-sided tasks of acceleration and its interrelated aspects—political, economic, scientific, technological, social, cultural-intellectual and psychological—require further in-depth and all-embracing analysis. We feel a pressing need for serious philosophical generalisations founded on economic and social forecasts, on profound historical researches.

We cannot escape the fact that our philosophy and economics, as indeed our social sciences as a whole, are, I would say, in a state that is some distance away from the imperatives of life. Besides, our economic planning bodies and other departments do not display the proper interest in carrying rational recommendations of social scientists into practice.

Time sets the question of the social sciences broadly tackling the concrete requirements of practice and demands that social scientists should be sensitive to the ongoing changes in life, keep new phenomena in sight, and draw conclusions that would correctly orient practice. Viability can only be claimed by those scientific schools that come from practice and return to it enriched with meaningful generalisations and constructive recommendations. Scholasticism, doctrinairism and dogmatism have also been shackles for a genuine addition to knowledge. They lead to stagnation of thought, put a solid wall around science, keeping it away from life and inhibiting its development. Truth is acquired not by declarations and instructions, it is born in scientific discussion and debate and verified in action. The Central Committee favours this way of developing our social sciences, a way that allows reaching significant results in theory and practice.

The atmosphere of creativity, which the Party is asserting in all areas of life, is particularly productive for the social sciences. We hope that it will be used actively by our economists and philosophers, lawyers and sociologists, historians

and literary critics for a bold and innovative formulation of new problems and for their creative theoretical elaboration.

But in themselves ideas, however attractive, do not give shape automatically to a coherent and active world view if they are not grounded to the socio-political experience of the masses. Socialist ideology draws its energy and effectiveness from the interaction of advanced ideas with the practice of building the new society.

The Party defines the basic directions of ideological work in the new edition of the CPSU Programme. They have been discussed at plenary meetings of the CPSU Central Committee and at the USSR practical-scientific conference held in December 1984. I shall mention only a few of them.

The most essential thing on which the entire weight of Party influence must be focused is that every person should understand the urgency and landmark character of the moment we are living in. Any of our plans would hang in the air if people are left indifferent, if we fail to awaken the labour and social vigour of the masses, their energy and initiative. The prime condition for accelerating the country's socio-economic development is to turn society towards new tasks and draw upon the creative potential of the people, of every work collective for carrying them out.

It is an indisputable fact that intelligent and truthful words exercise a tremendous influence. But their significance is multiplied a hundred-fold if they are coupled to political, economic and social steps. This is the only way to get rid of tiresome edification and to fill calls and slogans with the breath of real life.

Isolation of words from reality dramatically devalues ideological efforts. However many lectures we deliver on tact and however much we censure callousness and bureaucracy, this evaporates if a person encounters coarseness in offices, in the street, in a shop. However many talks we may have on the culture of behaviour, they will be useless if they are not reinforced by efforts to achieve a high level of culture in production, association between people and human relations. However many articles we may write about social justice, order and discipline, they will remain unproductive if they are not accompanied by vigorous actions on the part of the work collective and by consistent enforcement of the law.

People should constantly see and feel the great truth of our ideology and the principled character of our policy. Work and the distribution of blessings should be so organised and the laws and principles of socialist human association so scrupulously observed that every Soviet citizen should have firm faith in our ideals and values. Dwellings, food supplies, the quality of consumer goods and the level of health care are what most directly affect the consciousness and sentiment of people. It is exactly from these positions that we should approach the entire spectrum of problems linked to the educational work of Party and government bodies, and mass organisations.

Exceedingly favourable social conditions are created for boosting the effectiveness of ideological work in the drive to speed up socio-economic development. But nobody should count on ideological, political, labour and moral upbringing being thereby simplified. It must always be borne in mind that however conducive it may be, the present situation has its own contradictions and difficulties. No concession should be allowed in assessments.

It is always a complex process to develop the social consciousness, but the distinctive character of the present stage has made many pressing problems particularly sharp. First, the very magnitude of the task of acceleration defines the social atmosphere, its character and specific features. As yet not everybody has proved to be prepared to understand and accept what is taking place. Second, and this must be emphasised, the slackening of socio-economic development was the outcome of serious blunders not only in economic management but also in ideological work.

It cannot be said that there were few words on this matter or that they were wrong. But in practice



purposeful educational work was often replaced by artificial campaigns leading propaganda away from life with an adverse effect on the social climate. The sharpness of the contradictions in life was often ignored and there was no realism in assessing the actual state of affairs in the economy, as well as in the social and other spheres. Debris of the past invariably leaves an imprint. They make themselves felt, manifesting themselves in people's consciousness, actions and behaviour. Lifestyle cannot be changed in the twinkling of an eye, and it is still harder to put an end to inertia in thinking. Energetic efforts must be made here.

Policy yields the needed results when it is founded on an accurate account of the interests of classes, social groups and individuals. While this is true from the standpoint of administering society, it is even truer where ideology and education are concerned. Society consists of concrete people, who have concrete interests, their joys and sorrows, their notions about life, about its actual and sham values.

In this context I should like to say a few words about work with individuals as a major sphere of education. It cannot be said that it receives no attention, but in the ideological sphere the customary 'gross' approach is a serious hindrance. The relevant statistics are indeed impressive. Tens and hundreds of thousands of propagandists, agitators and lecturers on politics, the study circles and seminars, the newspapers and journals with circulations running into millions, and the audiences of millions at lectures. All this is commendable. But does not the living person disappear in this playing around with figures and this 'coverage'? Do not ideological statistics blind us, on the one hand, to selfless working people meriting high recognition by society and, on the other, to exponents of anti-socialist morality? That is why maximum concreteness in education is so important.

An essential feature of ideological work is also that it is conducted in a situation marked by a sharp confrontation between socialist and bourgeois ideology. Bourgeois ideology is an ideology serving capital and the profits of monopolies, adventurism and social revenge, an ideology of a society that has no future. Its guidelines are obvious: to use any device to embellish capitalism, camouflage its intrinsic anti-humaneness and injustice, to impose its standards of life and culture; by every means to throw mud at socialism and misrepresent the sense of values such as democracy, freedom, equality and social progress.

The psychological warfare unleashed by imperialism cannot be qualified otherwise than as a special form of aggression, of information imperialism impinging on the sovereignty, history and culture of peoples. Moreover, it spells out direct political and psychological preparations for war, having, of course, nothing in common with a real comparison of views or with freedom of exchanges of ideas, about which they speak hypocritically in the West. There is no other way for evaluating actions, when people are taught to look upon any society uncongenial to imperialism through a gun-sight.

Naturally, there are no grounds for overestimating the influence of bourgeois propaganda. Soviet people are quite well aware of the real value of the various forecasters and forecasts, they clearly see the actual aims of the subversive activities of the ruling monopoly forces. But we have no right to forget that psychological warfare is a struggle for people's minds, their understanding of the world, their vital, social and intellectual bearings. We are contending with a skilful class adversary, whose political experience is diverse and centuries-old in terms of time. He has built up a mammoth mass propaganda machine equipped with sophisticated technical means and having a huge apparatus of schooled haters of socialism.

The insidiousness and unscrupulousness of bourgeois propagandists must be countered with a high standard of professionalism on the part of our ideological workers, by the morality and culture of socialist society, by the openness of information, and by the incisive and creative character of our

propaganda. We must be on the offensive in exposing ideological subversion and in bringing home truthful information about the actual achievements of socialism, about the socialist way of life.

We have built a world free of oppression and exploitation and a society of social unity and confidence. We, patriots of our homeland, will go on safeguarding it with all our strength, increasing its wealth, and fortifying its economic and moral might. The inner sources of Soviet patriotism are in the social system, in our humanistic ideology. True patriotism lies in an active civic stand. Socialism is a society with a high level of morality. One cannot be ideologically committed without being honest, a person with a clear conscience, decent and self-critical. Our education will be all the more productive, the more vigorously the ideals, principles and values of the new society are asserted. Struggle for the purity of life is the most effective way of promoting the effectiveness and social yield of ideological education and creating guarantees against the emergence of unhealthy phenomena.

To put it in a nutshell, comrades, whatever area of ideological work we take, life must be the starting point in everything. Stagnation is simply intolerable in a live, dynamic and many-sided matter such as information, propaganda, artistic creativity, and amateur art activity, the work of clubs, theatres, libraries and museums—in the entire sphere of ideological, political, labour, moral and atheistic upbringing.

In our day, which is replete with dynamism and changes, the role of the mass media is growing significantly. The time that has passed since the April plenary meeting of the Central Committee has been a rigorous test for the whole of the Party's work in journalism. Editorial staffs have indomitably tackled complex problems that are new in many respects. Newspapers, journals and television programmes encapsulated life with its achievements and contradictions, and there is a more analytical approach, civic motivation, and sharpness in bringing problems to light and in concrete criticism of shortcomings and omissions. Many constructive recommendations have been offered on pressing economic, social and ideological issues.

Even more significance is now being acquired by the effectiveness of the mass media. The Central Committee sees them as an instrument of creation and an articulator of the Party's general viewpoint, which is incompatible with departmentalism and parochialism. Everything dictated by principled considerations, by the interests of improving our work will continue to be supported by the Party. The work of the mass media becomes all the more productive, the more thoughtfulness and timeliness and the less pursuit after the casual and the sensational there is in it.

Our television and radio networks are developing rapidly, acquiring an up-to-date technical level. They have entered life solidly as all-embracing media carrying information and propagating and asserting our moral values and culture. Changes for the better have clearly appeared here: television and radio programmes have become more diversified and interesting, and there is a visible aspiration to surmount established stereotypes, to take the diversity of the interests of audiences into account more fully.

But can it be said that our mass media and propaganda are using all their potentials? For the time being, no. There still is much dullness, inertia has not been overcome, and deafness to the new has not been healed. People are dissatisfied with the inadequate promptness in the reporting of news, with the superficial coverage of the drive for the advanced innovations being introduced into practice. Justified censure is evoked by the low standard of some literary works, television programmes and films that suffer from a lack not only of ideological and aesthetic clarity but also of elementary taste. There has to be a radical improvement of film distribution and of book and journal publishing. The leadership of the Ministry of Culture, the State Television and Radio Committee, the State Film Committee, the State

Publishing Committee of the USSR, and the news agencies have to draw effective conclusions from the innumerable critical remarks from the public. The shortcomings are common, but the responsibility is specific, and this must be constantly in the minds of ideological cadres.

The Party sees the main objective of our policy in culture in giving the widest scope for identifying people's abilities and making their lives culturally rich and many-sided. In working for radical changes for the better in this area as well, it is important to build up cultural-educational work in such a way as to fully satisfy people's cultural requirements and interests.

Society's moral health and the intellectual climate in which people live are in no small measure determined by the state of literature and art. While reflecting the birth of the new world, our literature has been active in helping to build it, moulding the citizen of that world—the patriot of the motherland and the internationalist in the true meaning of the word. It thereby correctly chose its place, its role in the efforts of the entire people. But this is also a criterion which the people and the Party use to assess the work of the writer and the artist, and which literature and Soviet art themselves use to approach their own tasks.

When the social need arises to conceptualise the time, especially a time of change, it always brings forward people for whom this becomes an inner necessity. We are living in such a time today. Neither the Party nor the people stand in need of showy verbosity on paper, petty dirty-linen-washing, time-serving and utilitarianism. What society expects from the writer is artistic innovation and the truth of life, which has always been the essence of real art.

But truth is not an abstract concept. It is concrete. It lies in the achievements of the people and in the contradictions of society's development, in heroism and the succession of day-to-day work, in triumphs and failures, in other words in life itself, in all its versatility, dramatism and grandeur. Only a literature that is ideologically motivated, artistic and committed to the people educates people to be honest, strong in spirit, and capable of shouldering the burden of their time.

Criticism and self-criticism are a natural principle of our society's life. Without them there can be no progress. It is time for literary and art criticism to shake off complacency and servility to rank, which erodes healthy morals, remembering that criticism is a social matter and not a sphere serving an author's vanity and ambitions.

Our unions of creative workers are rich in tradition, and they play a considerable role in the life of art and of the whole of society for that matter. The main result of their work is measured not by resolutions and meetings, but by talented and imaginative books, films, plays, paintings and music needed by society and which can enrich the people's intellectual life. In this context, serious consideration is merited by the suggestion from the public that the standard for judging works nominated for distinguished prizes should be raised.

Leadership of intellectual, cultural life is not a simple matter. It requires tact, an understanding of creative work, and most certainly a love of literature and art, and respect for talent. Here much depends upon the ability to propagate the Party's policy in culture, to implement it in life, on fairness in evaluations, and a well-wishing attitude to the creative work and quests of the writer, the composer and the artist.

Ideological work is creative. It has no universal means for all occasions, requires constant quest and the ability to keep abreast of life. Today it is particularly important to acquire a profound understanding of the character of present-day problems, a solid scientific world view, a principled stand, high efficiency and a sense of responsibility for work in any sector. To promote society's level of maturity and build communism means steadfastly to enhance the maturity of the individual's consciousness and enrich his intellectual world.

The Party thinks highly of the knowledge, experience and dedication of its ideological activists. Here, at our Congress, a word of the



highest regard must be said to the millions of Party members who have fulfilled and continue to fulfil honourably an extremely important Party assignment in one of the main sectors of its work. We must continue to assign to ideological work comrades who by personal example have proved their commitment, are able to think analytically, and know how to hear out and talk with people, in short, highly trained in political and professional terms, and capable of successfully carrying out the new tasks of our time.

## VI. The Results of the Discussion of the New Edition of the Party Programme and of the Amendments to the Party Rules

Comrades, the political report of the CPSU Central Committee examines the Party's programme goals, its present-day economic and political strategies, the problems of improving inner-Party life and the style and methods of work, that is, all that constitutes the core of the drafts of the new edition of the Programme and of the amendments to the CPSU Rules. Therefore, there is no need to set them forth here in detail. Let me only dwell on some of the points of principle, taking into account the results of the Party-wide and nationwide discussion of the drafts of these documents.

What are these results? First of all, the conclusions and provisions of the CPSU Programme and Rules have met with widespread approval. The communists and Soviet people support the Party's policy of accelerating the country's socio-economic development and its Programme's clear orientation towards the communist perspective and the strengthening of world peace. They point out that the new historical tasks are based on in-depth analysis of the urgent problems of the development of society.

The new edition of the Programme has also evoked a wide response abroad. Progressives take note of its profoundly humane nature, its addressing itself to Man, its passionate call for mutual understanding among nations and for ensuring a peaceful future to mankind. Our friends abroad are inspired by the Soviet Union's unshakeable striving for lasting comradely relations and all-round co-operation with all the countries of the socialist world system and its firm support of the peoples' anti-imperialist struggle for peace, democracy, social progress and the consolidation of independence. Many of the sober-minded public figures in bourgeois countries take note of the peaceful orientation of our programme, of the CPSU line for disarmament and for normal, sound relations with all countries.

The preparation and discussion of the pre-Congress documents have invigorated the Party's ideological and political work and furthered the social activity of millions of working people.

The drafts of the new edition of the Programme and of the Rules have been thoroughly discussed at meetings of primary Party organisations at district, city, area, regional and territorial election conferences, and at congresses of the communist parties of union republics. Since the beginning of the discussion, over six million responses were received to the draft Programme alone. They came from workers, collective farmers, scientists, teachers, engineers, doctors, army and navy servicemen, communists and non-Party people, veterans and young people. Assessing the new edition of the Programme as a document that meets the vital interests of the Soviet people, they made numerous proposals, and suggested additions and more precise wordings. I believe it would be useful to dwell on some of them.

Stressing the novelty of the draft under discussion, the authors of some of the letters suggest adopting it at the Congress as the fourth Party Programme. It will be recalled that the adoption of new Party programmes, initially the second and then the third, was necessitated by the fact that the goals set in the preceding Programme had been reached. In our case, the situation is different.

The Party's basic tasks of developing and

consolidating socialism, of its plan-governed and all-round improvement, and Soviet society's further advance to communism, remain in force. The document submitted for your consideration reiterates the theoretical and political guidelines which have stood the test of time.

At the same time, much has changed in our lives in the quarter of a century since the adoption of the Third Party Programme. New historical experience has been accumulated. Not all of the estimates and conclusions turned out to be right. Translating the tasks of the full-scale building of communism into direct practical action has proved to be premature. Certain miscalculations were made, too, in fixing deadlines for the solution of a number of concrete problems. New problems related to improving socialism and accelerating its development, as well as certain questions of international politics, have come to the fore and become acute. All this has to be reflected in the Party's programme document.

Thus, the assessment of the submitted document as a new edition of the Third Party Programme is justified in reality and is of fundamental importance. It reasserts the main goals of the CPSU, the basic laws governing communist construction, and at the same time shows that the accumulated historical experience has been interpreted in a creative manner, and that the strategy and tactics have been elaborated to suit the specificities of the present turning point.

The public have paid great attention to those provisions of the Programme which describe the stage of social development reached by the country and the goals yet to be attained through its implementation. Various opinions were expressed on this score. While some suggest that references to developed socialism should be completely removed from the Programme, others, on the contrary, believe that this should be dealt with at greater length.

The draft sets forth a well-balanced and realistic position on this issue. The main conclusions about modern socialist society confirm that our country has entered the stage of developed socialism. We also show understanding for the task of building developed socialism set down in the programme documents of fraternal parties in the socialist countries.

At the same time, it is proper to recall that the thesis of developed socialism has gained currency in our country as a reaction to the simplistic ideas about the ways and terms of carrying out the tasks of communist construction. Subsequently, however, the accents in the interpretation of developed socialism were gradually shifted. Things were not infrequently reduced to just registering successes, while many of the urgent problems related to the conversion of the economy to intensification, to raising labour productivity, improving supplies to the population, and overcoming negative things were not given due attention. Willy-nilly, this was a peculiar vindication of sluggishness in solving outstanding problems. Today, when the Party has proclaimed and is pursuing the policy of accelerating socio-economic development, this approach has become unacceptable.

The prevailing conditions compel us to focus theoretical and political thought not on recording what has been achieved, but on substantiating the ways and methods of accelerating socio-economic progress, on which depend qualitative changes in various spheres of life. An incalculably deeper approach is wanted in solving the cardinal issues of social progress. The sense of the strategy of the CPSU set out in the new edition of the Programme is centred on the need for change, for stepping up the dynamism of society's development. It is through socio-economic acceleration that our society is to attain new frontiers, whereupon the advantages of the socialist system will assert themselves to the fullest extent and the problems that we have inherited from the preceding stages will be resolved.

Divergent opinions have been expressed, too, concerning details of the programme provisions. Some people hold that the Programme should be a still more concise document, a kind of brief

declaration of the Party's intentions. Others favour a more detailed description of the parameters of economic and social development. Some letters contain proposals for a more precise chronology of the periods that Soviet society will pass through in its advance to communism.

According to Lenin's principles of structuring programme documents and the ensuing traditions, the Programme should present a full-scale picture of the modern world, the main tendencies and laws governing its development, and a clear, well-argued account of the aims which the Party is setting itself and which it is summoning the masses to achieve. At the same time, however, Lenin stressed that the Programme must be strictly scientific, based on absolutely established facts, and that it should be economically precise and should not promise more than can be attained. He called for a maximum of realism in characterising the future society and the defined objectives. "We should be as cautious and accurate as possible," Lenin wrote. "... But if we advance the slightest claim to something that we cannot give, the power of our Programme will be weakened. It will be suspected that our Programme is only a fantasy." (*Collected Works*, Vol. 27, p. 148.)

It seems to me that the submitted edition of the Programme is meeting these demands. As for the chronological limits in which the programme targets are to be attained, they do not seem to be needed. The faults of the past are a lesson for us. The only thing we can say definitely today is that the fulfilment of the present Programme goes beyond the end of the present century.

The tasks that we are to carry out in the next 15 years can be defined more specifically, and have been set out in the new edition of the Programme, and in greater detail in the Guidelines for the economic and social development of the USSR until the year 2000. And, of course, the 12th five-year plan, a big step in the economy's conversion to intensive development through the acceleration of scientific and technological progress, will occupy an important place in the fulfilment of our programme aims.

Many of the responses and letters received by the Central Committee of the CPSU Commission which drew up the new edition of the CPSU Programme are devoted to social policy. Soviet people approve and support measures aimed at enhancing the people's well-being, asserting social justice everywhere, and clearing our life of everything that is contrary to the principles of socialism. They make proposals that are aimed at ensuring an increasingly full and strict fulfilment of the principle of distributing goods according to the quantity and quality of labour, and at improving the social consumption funds; at tightening control over the measure of labour and the measure of consumption, at doing away firmly with unearned incomes and attempts at using public property for egoistic ends; at eliminating unjustified distinctions in the material remuneration of equal work in various branches of the economy, at overcoming any levelling of pay, and so on. Some of these proposals are reflected in the draft. Others must be carefully examined by Party, government and economic bodies, accounted for in legislative acts and decisions, and in our practical work.

Provisions of the Programme concerning the development of the people's socialist self-government have aroused considerable interest during the countrywide discussion. Unanimous support is expressed for the all-round democratisation of socialist society and the maximum and effective enlistment of all the working people in running the economic, social and political processes. The concrete steps taken in this field have also been commended, and ideas expressed that the capacity of work collectives as the primary cell of immediate, direct democracy should be shown more clearly when dealing with the problems of improving the administration of the affairs of society and the state. These ideas have been taken into account.

Concern for the spiritual elevation of our society prompted suggestions that the education of Soviet people should proceed more distinctly in the spirit of communist ideals and ethical norms, and



struggle against their antipodes. The Programme Commission saw fit to accept these proposals, so that the principles of lofty ideological commitment and morality should imbue the content of the provisions of the Party Programme still more fully.

Some like two million people expressed their ideas concerning the CPSU Rules. Having examined the results of the discussion, the Central Committee of the Party has deemed it essential to introduce in the draft Rules a number of substantive additions and clarifications aimed at heightening the vanguard role of the Communists, the capability of primary Party organisations, at extending inner-Party democracy, and at ensuring unflinching control over the activity of every Party organisation, every Party worker.

In support of the idea of setting communists higher standards some comrades suggest carrying out a purge to free the Party of persons whose conduct and way of life contradict our norms and ideals. I do not think there is any need for a special campaign to purge the ranks of the CPSU. Our party is a healthy organism: it is perfecting the style and methods of its work, is eradicating formalism, red tape, and conventionalism, and is discarding everything stagnant and conservative that interferes with our progress; in this way it is freeing itself of persons who have compromised themselves by their poor work and unworthy behaviour. The Party organisations will continue to carry out this work consistently, systematically and unswervingly.

The new edition of the Programme and also the proposed changes in the Party Rules register and develop the Bolshevik principles of Party building, the style and methods of Party work and the behavioural ethics of communists that were elaborated by Lenin and have been tried and tested in practice.

On the whole, comrades, the discussion of the CPSU Programme and Rules has been exceptionally fruitful. They have helped to amplify many ideas and propositions, to clarify formulations and to improve wordings. Allow me, on behalf of our Congress, to express profound gratitude to the Communists and all Soviet people for their business-like and committed participation in discussing the pre-Congress documents.

It is the opinion of the Central Committee of the Party that the submitted drafts, enriched by the Party's and people's experience, correspond to the spirit of the times and to the demands of the period of history through which we are now living. They confirm our Party's fidelity to the great teaching of Marxism-Leninism, they provide scientifically substantiated answers to fundamental questions of domestic and international affairs, and they give the Communists and all working people a clear perspective.

Comrades, those are the programme aims of our further development which have been submitted for the consideration of the 27th Congress.

What leads us to regard the outlined plans as being feasible? Where is the guarantee that the policy of accelerating socio-economic progress is correct and will be carried out?

First and foremost, the fact that our plans rest on the firm foundation of Marxist-Leninist theory, that they are based on the inexhaustible riches of Lenin's ideas.

The CPSU draws its strength from the enormous potentialities of socialism, from the living creating efforts of the masses. At complicated turning points in history the Leninist Party has on more than one occasion demonstrated its ability to find correct roads of progress, to inspire, rally and organise the many-million masses of working people. That was the case during the revolution, in the years of peaceful constructive endeavours, of the trials of wartime and in the difficult postwar period. We are confident this will be the case in future, too.

We count on the support of the working class because the Party's policy is their policy.

We count on the support of the peasantry because the Party's policy is their policy.

We count on the support of the people's

intelligentsia because the Party's policy is their policy.

We count on the support of women, young people, veterans, all social groups and all the nations and nationalities of our Soviet motherland because the Party's policy expresses the hopes, interests and aspirations of the entire people.

We are convinced that all conscientious, honest-minded Soviet patriots support the Party's strategy of strengthening the might of our country, of making our life better, purer, fairer.

Those are the powerful social forces that stand behind the CPSU. They follow it, they have faith in the Communist Party.

The surging tide of history is now speeding towards the shallows that divide the second and third millennia. What lies ahead, beyond the shallows? Let us not prophesy. We do know, however, that the plans we are putting forward today are daring, and that our daily affairs are permeated with the spirit of socialist ethics and

justice. In this troublous age the thrust of our social and, I would add, vital strategy is that people should cherish our planet, the skies above, and outer space, exploring it as the pioneers of a peaceful civilisation, ridding life of nuclear nightmares and completely emancipating all the finest qualities of Man, that unique inhabitant of the universe, for constructive efforts only.

The Soviet people can be confident that the Party is profoundly aware of its responsibility for our country's future, for a durable peace on Earth, and for the correctness of the charted policy. The main ingredients needed to put it into practice are persistent work, unity of the Party and the people, and cohesive actions by all working people.

That is the only way we will be able to carry out the great Lenin's behest to move ever forward with united vigour and resolve. History has not given us any other destiny. But what a wonderful destiny it is, comrades! □

## Mikhail Gorbachyov's message to Conference on Disarmament

GENEVA, February 20, TASS:

*ADDRESSING the Geneva Conference on Disarmament today, Georgi Kornienko, First Deputy Minister of Foreign Affairs of the USSR, read the text of a message from Mikhail Gorbachyov, General Secretary of the CPSU Central Committee, to the Conference on Disarmament. The message reads:*

I send greetings to representatives of states who have gathered for a regular session of the Conference on Disarmament.

The Soviet Union regards its participation in the Conference on Disarmament with full responsibility as it understands that it is disarmament that constitutes the main path to asserting new and fair international structures and to building a safe world. It is disarmament that will release huge material and intellectual resources and make it possible to convert them to goals of construction, economic development and prosperity.

Mankind has reached a crucial point in its history and is faced with the choice of its further road: either overcome the inertia of the past, when security was viewed primarily through the prism of positions of strength and military-technological solutions, or remain a hostage to the race in nuclear, chemical and, in the longer term, some other no less formidable weapon.

This choice between what is prompted by reason and what leads to catastrophe can be made only by all states jointly, regardless of their social systems and economic development levels.

It must be a bold and responsible choice and its being such depends to a large extent on the states represented at the Conference on Disarmament. We can no longer limit ourselves to half-measures, which would only slow down the arms race in some areas while it would continue with a vengeance in others.

In other words, the time has come for us jointly to make big strides towards ridding the world of nuclear and other weapons so that security for everyone should mean security for all.

Taking guidance from these considerations, the Soviet Union put forward early this year a comprehensive plan, the centrepiece of which is a stage-by-stage programme of the elimination of nuclear weapons. We suggest that the sword of Damocles hanging over the peoples ever since the tragedy of Hiroshima and Nagasaki be removed once and for all before the end of this century.

It is only just that the Soviet Union and the United States, which have the largest nuclear

potentials, should take the first decisive step, to be followed by the other nuclear powers.

It is our profound conviction that there is only one, direct way to rid mankind of the nuclear threat, and that is to eliminate nuclear weapons altogether. Objective realities are such that the development and deployment of 'Star Wars' weapons is bound to spur on the arms race in every area. That is why it is necessary from the outset to put an effective international ban on space strike weapons.

The Soviet Union suggests that chemical weapons, too, should be completely eliminated by the end of this century and that the finalisation of a convention on this problem, unduly dragged out, be given a decisive impetus.

Calling for a world without nuclear or chemical weapons, we are also prepared to go as far in reducing conventional armaments and armed forces as other states are prepared to go.

It should be stressed specifically that we suggest that all the practical measures to limit armaments and to achieve disarmament should be backed by measures of effective control and verification. The Soviet Union is as interested as any other state in being confident of strict compliance with accords.

Many provisions of our plan are directly related to the Conference on Disarmament.

Suffice it to say that the first item on its agenda is the problem of prohibiting tests, the radical solution of which, in our view, could turn the tide in the battle for the removal of the nuclear threat.

The Soviet Union for its part has been doing and continues to do everything possible to accomplish this goal. It agrees, *inter alia*, to the strictest verification of a nuclear weapon test ban, including on-site inspections and the use of every achievement of seismology.

As everyone knows, last year the USSR, wishing to set a good example, unilaterally halted all nuclear explosions, and then extended its moratorium to March 31, 1986. It now depends first and foremost on the United States whether the moratorium will continue beyond that date and whether it will become bilateral and subsequently multilateral.

It is to be hoped that the states participating in the conference raise their voices in favour of such a mode of action and that the conference itself succeeds in starting business-like talks which could lead to the complete termination of nuclear weapon tests by all, everywhere and for all time.

I wish the participants in the conference every success in accomplishing the responsible tasks facing them.

M. Gorbachyov