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OF INCENTIVES
IN USSR
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The pace at which labour productivity develops is the prime factor in resolving the main economic task outlined at the 24th Congress of the Communist Party of the Soviet Union in 1971—to ensure a substantial rise in the material and cultural standard of the Soviet people. It is the crux of national economic development, the main means of accelerating progress and raising living standards. As General Secretary of the CPSU Central Committee L. I. Brezhnev pointed out, the essence of the question of higher labour productivity today is “to achieve a substantial increase of output and of the national income per unit of labour and material and financial input.”

The ninth five-year national economic development plan (1971-75) places much emphasis on the growth of labour productivity. By the end of the five-year plan period, there is to be an almost 39 per cent increase in labour productivity in industry.

Stepped-up labour productivity makes it possible to cut down on production costs per unit. Over the ninth five-year plan period this will

amount to the labour of 32 million people. An impressive saving indeed! The number of working people engaged in production will increase by 4.7 million during these five years, instead of the 37 million it would have taken if labour productivity had remained at the 1970 level.

Stepped-up labour productivity comes from improving technical standards and production technology, applying new methods of scientific organization of labour, economizing on financial, raw material and labour resources, and by increasing material and moral incentives, making the work of the individual and the entire labour effort more effective.

Significantly, the decisions of the 24th CPSU Congress stressed the need for fuller and better use of material and moral incentives in the development of production, and the need for a system of measures for getting these incentives to produce the best overall results.

It was stressed, among other things, that "it is necessary to align more fully the individual and collective interests, the interests of the individual worker and the enterprise with those of the entire society."

What are incentives to work, what role do they play in the development of production, and how are they used in a socialist society? Answers to these and other questions are contained in this pamphlet.

WHAT ARE MATERIAL INTERESTS AND LABOUR INCENTIVES?

Material incentives have existed since the dawn of civilization and have always been an important motive force of its development. The main material incentives are directly tied in with man's basic needs (i.e. food, clothing, shelter, etc.). To satisfy these needs which sustain their ability to work and their life itself, people band together for joint production, which has always been and will continue to be the basis for the existence and development of human society.

The joint activity of people lends a social character to the production of material values. This can be seen from the fact that in the course of production people enter into relations which are independent of their will and consciousness, i.e. production, or economic, relations.

There are many facets of production relations which play a key part in the making of material values, their distribution, exchange and consumption.

To satisfy man's requirements it is not enough to make a socially useful product. It is

necessary to distribute it for consumption. Exchange enables the members of society to receive in the form of consumer goods (use values) a part of the social product they have made in the amounts and variety necessary to meet their requirements at the level of social development of the given period of time. However, it is only in the phase of consumption that the actual satisfaction of requirements occurs.

Production relations are governed mainly by the existing system of ownership of the means of production. The character of production, distribution, exchange and consumption and the relationships between them depend on who owns the means of production.

In the long run the economic (i.e. material) interests of the people are a reflection of production relations, taken as a whole, and the consequent position of people in society. Emphasizing the definitive role that the means of production play in determining the nature of material interests, F. Engels wrote that "the economic relations of a given society present themselves in the first place as interests."

Since relations pertaining to ownership of the means of production govern the entire system of production relations, they determine the character of the material interests in society. And it is these interests that provide the main incentive for people to develop and improve production. Consequently, material interests determine the very goal of production.

For example, under capitalism the means of production are private property owned by capitalists and not by the workers. In these conditions the workers are forced to sell their abi-

lity to work, their manpower as the only commodity they possess, in order to sustain themselves. The relations of private ownership of the means of production compel the worker to work for the capitalist, enable the capitalist to appropriate the product created by the hired worker and, thereby, to exploit him. These production relations clearly operate in the interests of the capitalists (the ruling class), enabling them to make more money and thus satisfy their lust for profit which results in greater exploitation of the working man. For this purpose they buy the means of production—machines, equipment, raw material, fuel, auxiliary material, hire the work force and then organize production.

As for the hired workers, their personal material interest is limited to obtaining the necessary product, i.e. the part of the social product that goes to satisfy the needs of the worker and his family. However, the workers are compelled in the process of labour to produce not only the necessary product which satisfies their needs but also the surplus product, or surplus value, which is appropriated by the capitalist completely free of charge. Therein lies the "secret" of capitalist exploitation.

Thus the interests of the workers and capitalist lie at opposite poles and are antagonistic in nature. The capitalist is interested in reducing the part of the working day needed to make the necessary product, and in increasing the remaining part of the working day during which the surplus value is created (the surplus time).

The antagonism between the interests of the capitalist and that of the worker gives rise to

the bitter class struggle over the ratio of these two parts of the working day and the share of the newly created value. These contradictions cannot be overcome in capitalist society.

Material (economic) interests are a form of production relations and therefore exist independently of the consciousness of people.

Incentives motivate people's efforts for attaining certain aims, and serve to induce people, on behalf of their interests, to develop and improve production and make it more effective.

The material interest with the help of incentives grows into a lasting interest in the achievement of a concrete result.

Since the material interests which are manifested via material incentives take shape on the basis of the production relations that prevail in a given society, and primarily on the basis of the relations of ownership of the means of production, these interests change with the development and modification of these relations.

Socialism as a social system based on public ownership of the means of production has given rise to quite new material interests and incentives which hitherto were unknown in human history.

INTERESTS AND INCENTIVES UNDER SOCIALISM

Socialism has fundamentally changed the essence and structure of material interests. This is so since under socialism the entire product for society is used in the interests of the working people. Thus, for the first time in history,

every member of society is interested in the development of social production. The transformation of social interests into the interests of the people as a whole is a feature of socialist society. The prime economic interests are: general social interest, the interests of production collectives and the personal interests of the members of socialist society. The inter-relation between them is of decisive significance for the development of social production.

The interest that the working man takes in the development of social production is not a kind of good intention or a slogan. This interest has a concrete material form, because part of the product he makes goes to satisfy the needs of society (the social product).

The social product is created by every working man, at every factory and plant. The separate trickles flowing from here merge into a powerful stream which later diverges into a multitude of smaller streams coursing through a ramified network of channels directly to the consumer. This time it is used to satisfy various social requirements (expansion of production, development of science, culture, public education and other needs of national importance).

Social material interest is a factor operating at all stages the product goes through: from the place it was made right up to its utilization. Moreover, the whole time social interest manifests itself as the interest of every member of society in the development of production. At all subsequent stages the product goes through—utilization and consumption—common interest is the general interest of all the workers. That is why the common interest regarded as a whole

must not be viewed entirely as the interest of every member of society in the development of social production or as a mere sum total. Social material interest is a combination of the two—the self-interest of the individual and the general interest of all the workers in the development of social production.

Social material interest under socialism, unlike under capitalism, is a predominating factor governing the whole range of interests. Its realization, i.e. development of socialist production, is a means of developing and intensifying personal interest and also a means of stepping up the satisfaction of the personal requirements of every member of society.

However, this dovetailing must not be viewed as a complete identity of interests. This can only come about in the conditions of advanced communism when the participation of each member of society in social production will become the most vital necessity.

Social material interests predominate under socialism. They serve as a source of new, powerful moral incentives to work, and as a recognized expression of social interests: the need to work for the benefit of society as a whole. The very idea that they work for themselves, for the benefit of their own society and not for the exploiters arouses the enthusiasm of the working people, their creative urge and initiative, their desire to multiply the social wealth through their work.

Under socialism the position of man in society is determined not by his social origin or his wealth, as it is under capitalism, but by his work. Socialist public ownership makes work

obligatory for all. Nobody can live at the expense of others, which means that everybody must work. The ruling principle of socialist society is "he who does not work, neither shall he eat." At the same time socialism, with its planned economy, rules out the possibility of unemployment and ensures every working man and woman the right to work in his or her own particular field of endeavour.

An important aspect of work in socialist society is that in the process of production people who are free from exploitation develop the kind of relations where co-operation and mutual assistance prevail.

These features of socialist labour have given rise in working people to a new attitude to work. They regard work not as a kind of burden they are forced to bear, which is the case in antagonistic class formations, but as a matter of honour and glory. One can only gain respect and prestige under socialism by good work.

The aforementioned fundamental changes in the position of working people at factories and plants are a requisite for the development of moral inducements to work on a truly mass scale.

It would be wrong to deny the existence of certain moral inducements to work in an exploiter society. These, however, are rather limited, as a rule, and do not go beyond the limits of some particular profession or trade. Under capitalism the working man does not feel that he is master of the factory he works at, he cannot identify social interest with his own interest, he cannot feel morally responsible for

the development of production at the factory.

It is only under socialism, where the social mode of ownership prevails, that conditions arise for the development of moral inducements to labour.

But no matter how compelling the moral incentives under socialism are during the transition to communism, these are not the determining incentives to work. They are coupled with material incentives that help tie in personal material interests with that of the collective.

The personal material interest of the working man in socialist production is his interest in satisfying to the greatest possible extent his and his family's requirements under given conditions.

Socialist society does away with the antithesis between manual labour and brainwork and between industrial and agricultural work, and makes it possible to markedly improve working conditions and reduce the working day. However, during the build-up of the material and technical base of socialism there is a certain unevenness in the development of the means of production and in qualifications of the labour force (professional skill, educational and cultural level) at different factories and plants. This means that the degree of mechanization and automation in the factories and plants varies, that there are unattractive types of work, that there still are differences between manual labour and brainwork in town and country, etc. Therefore the members of socialist society have different requirements, and their material interests in labour differ. As a

result their labour contribution to social production differs, too. In these conditions work has not yet become for all able-bodied members of society their life's prime want, as it will be under communism, and is still only a means of livelihood. Therefore, in order to get all members of society equally interested in socially useful activities, and to draw them into these activities according to their talents and abilities, it is necessary to make the extent to which the individual's requirements are satisfied dependent on the results of his work.

In other words this means going by the principle of "from each according to his ability, to each according to his work." A person's share of objects of consumption is determined by the amount and quality of the work done. Herein lies the role of material incentives to work, which together with moral incentives interest the working man in the results of his activity.

The main type of material interest under socialism is the collective interest, i.e. the interest of the production collective of a factory. Under socialism where the means of production are commonly owned, the immediate producers are the personnel as a whole rather than the individual worker.

Accordingly, every industrial establishment is a primary cell in the economic life of Soviet society. It enjoys relative economic independence, mainly with regard to specific features of public ownership of the means of production under socialism.

There are two forms of public ownership under socialism—national (state-owned) and co-operative (the property of individual collec-

tives of working people). In keeping with these forms of public ownership there are two types of production establishments: state-run and co-operatively operated enterprises, which have their special economic interests.

The enterprises act as an intermediary link in relations between the workers of a socialist enterprise and society as a whole. The producer receives his assignment from the enterprise, and not directly from society, whereas the factory collective receives its assignment from society. By the same token every member of society receives his pay from the enterprise and not from society directly. Therefore relations between society and the producer are a reflection of relations between society and a collective (factory). Consequently, along with the interests of the individual producer and society as a whole there are the special interests of the factory collective, i.e. the collective material interests of workers at a given enterprise.

For example, according to the "Regulation on a Socialist State Enterprise," the latter can determine the size of its personnel, can take on and dismiss workers, introduce and change technological processes, work out its own plan based on the state plan, establish quotas and pay rates, also schedules of pay rates and bonuses for workers, etc. As a corporate body, every industrial establishment can act as an independent entity in relations with other enterprises and economic organizations.

However, under socialism enterprises base their work on state planned assignments, which represent the mandatory requirements of society.

The operation of Soviet enterprises is based on cost-accounting principles. This means that enterprises must balance their revenues and expenses, and by proper use of produced commodities not only cover its expenses but also derive a net income (profit). Some of these profits go to the state as centralized national revenue and the rest is kept to satisfy the needs of the enterprise: to expand production by means of new technology, to pay bonuses to deserving workers as incentives, to cover expenses incurred in connection with the workers' cultural needs and welfare. This develops the collective, common interest of factory workers in the results of their work. A factory that functions better and makes a bigger net profit, is better able to cope with production requirements and see to the cultural needs and well-being of its collective.

How well a factory functions also depends on the efforts of each individual worker. And the results obtained by the enterprise determine how well it carries out its planned assignments, how much it can cut down on the cost per unit of production and produce more material and cultural values so that society will benefit and bring about a rise in people's living standards.

The experience of building a new society in the USSR shows that a steady rise in production effectiveness and the people's standard of living must be based on the rational combination of common, collective and personal interests, with the emphasis on the good of the people as a whole. Any attempts to ignore the common goodwill undermine the very foundations

of socialism. At the same time, disregard for collective personal interests will hold back the growth of labour productivity and labour fervour.

Personal and collective interests can be tied in with the common good by pursuing a planned national economic development policy which incorporates economic incentives.

The economic reform which went into effect in 1965 has cleared the way for dovetailing the three types of interests to attain the best possible combination of moral and economic incentives to work.

One of the most important aspects of the economic reform is the establishment of a well-organized system of economic incentives that are governed by the formula: "what is advantageous for society must be economically advantageous for each enterprise and each individual worker." This formula expresses a fundamental objective feature of the socialist economy, namely that collective and personal interests are based on, and are the means of realizing, national material interests which play the determining role. This, in turn, ensures a steady growth in consumption by the individual, i.e. satisfaction of personal material interest.

The economic reform is geared to combine centralized planning with a certain measure of independence for enterprises (or groups of enterprises), to make the best possible use of such economic incentives as price, profit, wages, bonuses, etc.

The need for such widespread adoption of economic methods of running the country stems from national economic development of needs

at the present stage when the scope of production is far greater, when the scientific and technological revolution and intensification of the social division of labour have made the production ties between enterprises far more complex. It requires large-scale initiative and effort to speed up scientific and technical progress and boost production effectiveness. This means that in addition to moral incentives a comprehensive system of economic rewards must be worked out for groups of workers and for workers individually. This is the goal of the economic reform.

LENIN ON INCENTIVES TO WORK UNDER SOCIALISM

Lenin held that it was necessary to make use of economic interests, moral and material incentives in building socialism and communism. He associated the emergence of hitherto unprecedented moral incentives primarily with the Great October Socialist Revolution of 1917 which had brought about a revolution in the organization of labour, a new kind of labour discipline, a revolution, which as Lenin put it, "is more difficult, more tangible, more radical and more decisive than the overthrow of the bourgeoisie. . ."

In the conditions of the civil war and military intervention in 1918-20, forced upon the young Soviet state by the internal counter-revolution and by foreign powers at a time when the country was in the grip of famine and economic chaos, moral incentives took the form of

mass labour heroism of workers, and the famous communist subbotniks when people worked without pay on the weekend for the state. Speaking about the content of these incentives Lenin wrote that "Communism begins when the *rank-and-file workers* display an enthusiastic concern that is undaunted by arduous toil to increase the productivity of labour, husband *every pood of grain, coal, iron* and other products, which do not accrue to the workers personally or to their 'close' kith and kin, but to their 'distant' kith and kin, i.e., to society as a whole..." It is in this process that Lenin saw the essence of moral incentives in socialist society: that while increasing the production of material values the worker thinks not only about his own personal gain but about the interests of society.

However, the first steps in building socialist society showed that revolutionary ardour alone was not enough to draw the whole of the population into the collective effort. Lenin wrote in 1920 that "the enthusiasm that now fills us may last another year, perhaps even five years." Basing himself on a profound economic analysis of objective conditions he pointed out that it was necessary to put this enthusiasm on a firm material foundation (incentives) in order to make lasting use of the labour enthusiasm of the workers and peasants. He said that "priority is preference, but it is nothing without preference in consumption... Otherwise, priority is a pipe dream, a fleeting cloud, and we are, after all, materialists. The workers are also materialists: if you say shock work, they say, let's have the bread, and the clothes, and the beef.

That is the view we now take, and have always taken, in discussing these questions..."

Following up this idea in his article "On the Fourth Anniversary of the October Revolution," Lenin formulated his policy statement to the effect that communism must be built "not directly relying on enthusiasm, but aided by the enthusiasm, engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles..." Lenin elucidated and substantiated the importance of personal incentive for the rehabilitation of the national economy, for the development of socialist production and for raising living standards. "Personal incentive will step up production; we must increase production first and foremost and at all costs," he said.

Lenin regarded the material incentive of the working people in the development of social production as the leading principle of socialist economic management, and worked out a whole system of concrete forms and methods to help ensure this incentive. On the eve of the Great October Socialist Revolution Lenin wrote about the need for the state to establish strict control over the measure of work and the measure of consumption. He stressed this idea in the first few months of Soviet government, when the principles of socialist economic management were still under study.

It was Lenin who elaborated the main principles of organization of wages and the system of bonuses at industrial establishments, the correctness of which has been borne out in the USSR. He also took a direct part in putting

these principles into effect in the first few years of Soviet power.

He regarded differentiated pay graded in accordance with skill and the conditions of work as one of the main methods of implementing the principle of personal material incentive. As early as 1918 the "Code of Labour Laws" adopted with Lenin's direct participation, pointed out the need for taking into consideration the complexity and difficulty of work, the working conditions and the skill of the worker in determining the pay packet. According to him only such a system of labour remuneration could attract more members of society to work and stimulate labour productivity. "It is wrong to think that food distribution is only a matter of fairness. We must bear in mind that it is a method, an instrument, and a means of increasing output," said Lenin. He was strongly against egalitarian distribution which had perforce been practised in the years of the civil war and military intervention, and sought to prove that it was incompatible with the principles of socialism. Payment based on wage levelling makes no distinction between the conscientious worker and the poor worker, gives them no incentive to improve their qualification or to increase productivity of labour. All that could have a negative effect on the rate of economic development, also on the material and cultural standards of the people. Therefore socialism rejects the wage-levelling principle.

At the same time Lenin advised against big gaps in the wage scale between different categories of workers, and suggested that this question be handled with care to avoid extremes.

Lenin attached considerable importance to the question of determining the right form of payment. He warned against complicated and far-fetched systems and recommended that wages be paid in accordance with a simple procedure which every worker would understand and which would reflect clearly the connection between his wages and the work done. He advocated piecework as a means of strengthening labour discipline and raising labour productivity. "Piece wages should be fixed for all industries without exception, and in the case of trades where that is not possible, a system of bonuses should be introduced."

He noted that the use of personal incentive was not a temporary phenomenon, that what was needed was to bring into action the internal motive forces of production characteristic of socialism, to find an effective way of influencing production. "We must remember that the production propaganda which we have firmly decided to launch will be supplemented with a different kind of persuasion, namely, bonuses in kind."

Lenin regarded bonuses as an effective means of carrying out the socialist principle of distribution according to the quality and quantity of the work done. He wrote that "... in the period of transition from capitalism to communism bonuses are indispensable..." Lenin emphasized the need for bonuses in view of the existence of such personal qualities as the worker's attitude to work, his initiative and promptness in carrying out production assignments. Because of these qualities people with the same qualifications and working in similar

conditions might participate to a different degree in the production process: they might not make equally good use of the equipment, raw material, etc. Therefore in determining the individual amount of labour done by the worker society must also take into account the results (economic effectiveness), and award bonuses to the most deserving.

Lenin pointed out on many occasions that rewards must not be granted merely as some sort of addition to wages, but that they must always be directly associated with better labour productivity. Bonuses must be given only for the best work, for assiduity and conscientiousness. "... This needs to be done in such a way as to reward those who display the heroism, the zeal, the talent," he wrote.

According to Lenin the bonus system must be soundly tied in with incentives both for the individual worker and also for the personnel of a factory or plant as a whole. He regarded it as a prerequisite of successful economic competition between collectives. Lenin wrote that comparison of the economic results of individual communes must be "... a matter of general interest and study, and that the most outstanding communes may be rewarded immediately..."

Lenin substantiated the need for putting the state-owned socialist industrial establishments on a self-supporting basis. He wrote in 1922: "I think that trusts and factories have been founded on a self-supporting basis precisely in order that they themselves should be responsible and, moreover, fully responsible, for their enterprises working without a deficit." It is through cost-accounting, whereby an enterpri-

se's labour expenditure has a direct bearing on profits, that it becomes possible to correlate wages with the individual worker's contribution to social production, and thus to establish the necessary link between personal and collective material incentive, on the one hand, and national planning targets, on the other.

Such are the basic Leninist precepts on the question of incentives to stimulate production in the period of building a socialist society. They have fully retained their importance in the period of the building of a communist society and constitute the crux of the economic policy of the CPSU and the Soviet state with regard to material and moral incentives.

Lenin repeatedly stressed that both the forms and methods of material stimulation of labour must not remain the same for all time. As socialist production develops and its material and technical base changes, as the workers become more skilled and their consciousness develops, people's requirements and the interests these requirements express also change. Therefore the forms and methods of stimulation of labour must develop, too. The effectiveness of the system of material stimulation greatly depends on how much it corresponds to the concrete conditions of development of social production, how much it takes into consideration the character of labour, its organization and its effectiveness. Also important is the size of the reward which must be big enough to make individual workers and the collective as a whole eager to get it.

Now let's see how material incentives are applied at socialist enterprises.

TO EACH ACCORDING TO HIS LABOUR

Various forms of income, retail prices, measures to improve working conditions, etc. are the means of realizing personal material interests. In the system of material incentives the mode of distribution of material and cultural values is of importance.

The mode of distribution determines the share of the social product (national income) that goes to each member of society and serves as a link between production and consumption. The extent to which distribution is tied in with results and the means of consumption has a great bearing on the worker's attitude to his labour and interest in his work. This means that concrete forms and methods of distribution act as important incentives in the development of production and in raising its efficiency.

Every social system has its own way of distributing material values, based on the nature of ownership of the means of production.

Under the socialist system material values are distributed according to labour (this is the chief, dominant form of distribution) and through public consumption funds which, in the main, are distributed irrespective of the worker's labour contribution to social production (as an additional form of distribution). The principle of distribution of worldly goods under socialism is governed by the following:

The founders of scientific communism explained the objective necessity of distribution according to one's labour as a characteristic feature of socialism, its production relations and the level of development of the forces of production. In this they proceeded from the assum-

ption that under socialism the level of development of social production and labour productivity is not high enough to create an abundance of consumer goods that would permit distribution in accordance with the needs of every member of society. As we pointed out earlier in this account, labour has not become the prime necessity of life to all members of society, and has so far been only a means of livelihood, a measure of consumption and as such must be controlled by society. All that necessitates distribution of articles of personal consumption under socialism is in accordance with the quantity and quality of the work done. This acts as an incentive for getting the workers interested in doing a better job.

That is why distribution according to labour is an economic law of socialism. It ensures that workers receive equal remuneration for an equal effort put into socialist production. The realization of the principle "equal pay for equal work" is one of the great advantages of socialism. It ensures the equality of people engaged in labour regardless of sex, age, colour, nationality, etc. However, receiving equal goods for equal work may not satisfy the workers' requirements in equal measure because of differences in the size of families and the number of members of the family which are gainfully employed.

The equality of people under socialism means that all members of society are equal with regard to the means of production which are public property, that they are equally free from exploitation, that they are equally required to work in accordance with their abilities, are

equally guaranteed the right to work in accordance with their specialization and qualification, and are entitled to their share in the social product in accordance with the work done. But socialism does not yet ensure equality in consumption.

By establishing a direct connection between the effectiveness of the work done and the remuneration of workers, distribution according to labour ensures their personal material interest in the development of production, creates incentives to introduce new technology and advanced methods of production, stimulates the creative abilities and talents of personnel, and strengthens socialist discipline. That is why implementation of the principle of distribution according to labour is one of the most important factors in the development of socialist economy. Distribution according to labour ensures the correct combination of all forms of material interests—personal, collective and national.

In accordance with the two forms of socialist public ownership of the means of production (state- and co-operatively-owned) distribution has assumed the form of wages paid to industrial and office workers in the state sector and pay in cash or in kind to those engaged in the co-operative (collective farm) sector, the amount depending on the quantity and quality of labour. We shall examine here the pay of industrial and office workers.

Since more than 80 per cent of the working people in the Soviet Union are employed at state enterprises, offices and institutions, wages and salaries are the dominant and the most developed form of payment according to labour.

Wages constitute the main source of satisfaction of the material and cultural needs of working people, the main form of remuneration of the work force which enables it to replenish itself and to develop the abilities and talents of the working man. At the same time wages and salaries serve as a means whereby the growth of labour productivity and the effectiveness of socialist production are ensured.

Wages under socialism are a monetary expression of the principal part of the individual consumption fund in the national income distributed in accordance with the quantity and quality of the work done. Wages are an expression of socialist production relations between society represented by the socialist state, enterprises and the non-exploited working people. Proceeding from the size of the national income and taking into consideration the need for the steady growth of the working people's standard of living along with the tasks entailed in the further development of production, the Soviet state regulates the payment of wages and salaries (both on a national scale and at each individual industrial enterprise), exercises strict control over the measure of work done by the employee and his measure of consumption. The state establishes the size of the wages fund, wage rates and salaries, work quotas and minimum wages. This makes it possible to ensure guaranteed and stable wages in all parts of the country and to rule out discrimination on the grounds of sex, age, etc.

Wages are the sum total of two parts: basic and additional. The basic part of the wages of industrial and office workers is made up of

either pay rates or fixed wages, the size of which is centrally established by the state. The additional, relatively smaller, part of the wages depends on the final results of the activities of the collective of a plant and also on the role of each individual worker in obtaining these results, and is guaranteed by the plant's profits.

Centralized planning of wages by the state seeks to establish on a national scale a correlation between the wages fund and the goods and services which industrial and office workers can buy with their wages, thereby guaranteeing the real value of the money they earn. If the wages fund was not centrally regulated the nation would face inflation, loss of the purchasing power of its money which would have a negative effect on production and on living standards. Besides, differences in the size of wages at factories and industries would inevitably cause fluidity of the labour force. As a result, distribution of labour would then be badly upset on a national scale.

Distribution according to labour calls for differentiation of wages. Economically this differentiation is based on differences in the quality and quantity of the work done. The greater the effort expended and the more that is needed in the way of compensating for the effort of the worker, the higher the wages must be.

The amount of labour each worker has to invest in social production is determined by way of labour rating, which shows how much time it takes to complete a given operation in concrete production conditions. The pay depends on the effort that goes into the operation. For this to be feasible there must be soundly based

work quotas that correspond to the existing standards of technology and the organization of production. If this is not so, and different plants and factories have different rates for the same amount of work done, workers would be paid differently according to their qualifications for the same performance in roughly the same conditions. This discrepancy would weaken the stimulating role of wages, cause a high turnover of the work force and slow down the growth of labour productivity.

Both the quantity and the quality of the work done must determine the difference in payment. Differentiation in wages on a qualitative basis is based on the complexity of labour operations and the worker's qualifications. A complex labour operation which must be done by a more skilled worker is considered higher quality labour. Society, on its part, repays this labour in the form of higher wages. By doing so, society, on the one hand, creates greater incentives for people to become more skilled and thus be able to handle more complicated and responsible jobs, and, on the other, it compensates for the worker's additional outlay in time and money spent on improving his professional skill.

Second, the amount of pay depends on the conditions of work, its difficulty, the health hazards involved, etc. Work that is more difficult or health hazardous must be paid for (and is paid for) at a higher rate than work done by similarly qualified personnel in ordinary conditions.

Third, differentiation in pay under socialism is determined by how important the given type of work is for the national economy. Wages in

the key industries, which govern the development of the national economy as a whole, must be higher in order to attract better and more experienced workers.

Fourth, differentiation in pay is determined in accordance with geographical zones, depending on the living and working conditions there. For example, higher wages are paid in the Soviet Far East, in the Arctic and other remote areas of the Soviet Union than in the central regions of the country. Higher wages, alongside other benefits, serve as additional incentives to work in these areas and in this way help bring about the even and planned distribution of man-power resources throughout the USSR.

Wage differentiation in accordance with the quality of work is effected by means of a wage-scale system for workers and by means of a system of fixed salaries for managerial, engineering and technical personnel. The wage-scale system makes use of handbooks of pay rates and skills, wage rates distribution and wage rates.

The handbooks of pay rates and skills contain descriptions of all the principal types of work and of the training required by workers. Depending on its complexity each type of work is classed under a fixed skill grade. At present there are six such grades in most of the industries, ranging from the first grade requiring the lowest production skill up to the sixth grade which demands the greatest degree of skill.

The pay rate distribution consists of job rate differentials which determine the correlation in payment for work of different qualifications. The differences between the first and the sixth

grades of the pay rate schedule are expressed by a differential and show precisely to what extent qualified labour in a given trade is superior to less skilled labour in terms of complexity. In most industries employing the six-grade system the most skilled labour listed under the sixth grade is 1.8-2.0 times as complex as that listed under the first grade.

The wage rate system determines the size of wages per unit of time (hourly, daily, monthly). Thus, the wage rate of the first grade which is regulated in accordance with the national economic importance of a given industry and in accordance with the conditions of work, serves as the basis for determining the size of wage rates for all the other grades. The wage rate of each given grade equals the wage rate of the first grade multiplied by the differential of this group. Thus the higher the grade the higher the pay, providing all the other conditions are the same. In this way the worker has a material inducement to improve his industrial skill, earn a higher grade and to do more complicated and, consequently, better paid work.

Payment is regulated on a regional basis with the help of so-called regional coefficients which provide for increases in the total wages by a fixed percentage.

The form of wage and bonus systems plays an important part in wage regulation. These and the application of the wage rates system make the amount paid in wages conditional on the quantity and quality of the labour of individual workers and the entire collective.

There are two forms of wages in socialist

society: timework and piecework, each of which has several concrete forms.

Timework is paid in accordance with the amount of time spent at work, and piecework in accordance with the quantity of the work done. Piecework is the predominant form. In Soviet industry, for example, 57 per cent of the workers and in construction 79 per cent of the workers are on piecework. However, with rapid scientific and technical progress, and particularly with respect to automation and chemicalization of production when the prevalent rhythm of industrial development makes it impossible to exceed the individual targets set for the worker, timework is becoming more and more widespread. This can be illustrated by the following figures: the ratio of industrial workers on timework has gone up from 23 per cent in 1950 to 43 per cent by now.

Each of the forms of wages breaks down into several systems—simple timework and bonus-time wages. The latter differ from the simple timework in that a worker is entitled not only to a fixed salary or a fixed wage rate, but also to a bonus if he fulfils his quota and the work is up to standard.

There are several forms of piecework. Those doing piecework receive higher pay in accordance with the amount of work done. Those who receive piecework bonuses get, besides their fixed wage rates, a bonus for attaining certain qualitative standards (high quality of products, economy of materials, fuel, and other indicators).

When the need arises to rapidly increase labour productivity in a certain production sec-

tor, a special progressive piecework system is used whereby higher progressively increasing rates are paid for exceeding production targets.

Collective piecework is becoming increasingly widespread in a number of industries, along with what the worker gets in the way of prevailing piecework wage rates. This is in line with the fast growing collective forms of labour organization (teams that look after modern sophisticated machines, mechanized production lines, etc.) when it is sometimes difficult to establish the output of the individual worker, whose labour contribution is the result of a collective effort. Therefore, under the system of collective piecework the total earnings of the whole team are calculated and then divided among all its members according to their qualifications and the amount of time they have spent at work. This form of payment enhances collective incentive to work, encourages workers to improve their industrial skills, to master allied trades. This system encourages teamwork, mutual assistance and mutual responsibility for work.

Bonuses play a special role in the system of payment. Their main purpose is to provide a stimulus for good work, to induce the worker to show more incentive, to encourage a conscientious and creative attitude to their trade.

The bonuses are paid to workers for their individual labour contribution and, together with fixed wage rates, form the backbone of their wages. The main source of this guaranteed part of the wages is the wages fund, which is governed by the level of development of the national economy. At present when clear-cut di-

vision of labour, specialization and co-operation are the underlying features of modern production, the ultimate results of the operation of a factory and plant depend not only on the labour contribution of the individual worker but, first and foremost, on the well-adjusted and co-ordinated work of the entire collective. It is the final results of the work of collective that determine the effectiveness of production, how much a given factory or plant contributes to the net income of society which is used to expand production and raise the standard of living in the country. Therefore collectives which have achieved the best results at the lowest expense are encouraged by society. Workers, too, get additional rewards, depending on the results accomplished by the plant as a whole. Bonuses to the workers are paid out of the material incentives fund established at every industrial enterprise from a share of the profits made. As pointed out earlier, these rewards constitute additional wages which, together with the basic pay, serve to interest the worker in doing a good job and in raising the labour productivity of the whole collective. Bonuses paid out from the material incentives fund differ, depending on the worker's contribution to the collective effort.

Material incentives funds are playing more and more of a role in getting industrial collectives interested in their work and constitute an increasing share of total earnings. In the eighth five-year plan period more than one quarter of the total pay boost of industrial and office workers in Soviet industry came from these funds.

Besides making previously existing forms of incentive more effective, the economic reform gave rise to a new type of collective material incentive: reward based on annual results and paid out of the factory's material incentives fund. Altogether about 40 per cent of the payments from this fund at industrial enterprises are for bonus based on annual results. Whereas bonuses paid for immediate results act as short-term incentives for the individual worker or collective, annual bonuses give the entire personnel a greater interest in longer-term overall results. The bonus, as a rule, is a percentage of the wages. The main conditions for this form of material incentive are the worker's personal contribution to the common effort, the length of uninterrupted working record, the worker's attitude to his duties, and his participation in socialist competition movement. On the other hand, those who have violated labour discipline and are remiss in their duties are either not rewarded at all or receive smaller bonuses than the others. The worker's bonus based on annual results is equivalent, as a rule, to two-three weeks' pay or even more.

Bonuses for carrying out an especially important assignment, assistance to workers, and rewards for the best results achieved in socialist competition drive are also paid out of the material incentives funds.

The new system of material incentives, which is an important part of the economic reform, makes it possible to combine the economic interests of society as a whole, the collective and the individual worker. As a result, the state receives more higher quality goods than before,

and the national revenue keeps mounting. Industrial establishments net more profit which is used to develop and improve production, and spend more on satisfying material and cultural needs and seeing to the well-being of the collective, whereas the worker gets more in the way of wages plus additional earnings from the material incentives funds.

The general level of earnings in the Soviet Union is rising steadily. This is due to a number of factors. In the first place, scientific and technical developments have led to a steady increase in the ratio of highly paid industrial personnel (engineers, technicians, scientists and skilled workers), and resultant decrease in unskilled personnel in industry. Secondly, as general production standards improve the socialist state raises the wages, salaries and pay rates of those in the low and middle income brackets.

In the past few years the pay rates of lathe-operators, and the pay rates and wages of builders in the middle-income bracket and those employed in certain other industries have been raised. Industrial and office employees in the eastern and northern parts of the country have also had a pay boost. In 1971 the pay rates for tractor drivers and harvester operators, and also the pay rates and wages of railway employees and subway train drivers were raised. In the Arctic zone and areas with similar rigorous climatic conditions the pay rates and wages of industrial and office workers in the middle-income bracket have been raised. In addition, they are now entitled to various other benefits (including additions to their basic pay) depending on the number of years

worked in a given area. In 1972 the salaries of teachers, doctors and educators at pre-school children's institutions, and also other categories of public health and public education personnel, were increased considerably (an average of 20 per cent). These measures boosted the average monthly wages of industrial and office employees to 130.2 roubles in 1972, i.e. 6.8 per cent higher than in 1970.

On the whole one-third of the industrial and office workers in the USSR had a pay boost as the result of measures which were introduced in 1971-73.

Thirdly, bonuses, paid mainly out of material incentive funds, are increasing the earnings of many workers.

Wage increases, which ensure material incentive, result in higher labour productivity, and, conversely, higher labour productivity is the main source of wage increases.

Significantly, labour productivity rises faster than wages under socialism. Thus, between 1960 and 1970 there was a 66 per cent increase in labour productivity in industry compared with an average 45 per cent increase in wages. In the current five-year plan period labour productivity is expected to rise by 36-40 per cent and wages by 20-22 per cent.

Why must labour productivity grow faster than wages? The point is that in addition to the wages earned, the requirements of the working people are satisfied from the benefits received from the public consumption funds. Higher labour productivity means greater national income and, consequently, greater possi-

bilities of increasing public consumption funds and the personal consumption funds which is a major source of wages.

Boosted labour productivity also results from the efforts of society as a whole, i.e. the state, which invests a great deal of money in the development and application of new technology, in the modernization of existing industrial plant, etc. Therefore, besides the personnel of the given industrial enterprises and the individual employee, society as a whole must stand to gain from growing labour productivity.

Accelerated growth of labour productivity is also necessary for ensuring the additional accumulation of funds used for the development of socialist production, for strengthening the country's defence might and taking care of other needs of society.

The priority growth of labour productivity is also necessary for reducing production costs and prices, i.e. for raising the real wages of working people.

And finally, there must be a correct correlation between the rate of growth of labour productivity and that of wages so that the amount of marketable goods available is kept in line with the cash incomes of the population, thereby contributing to monetary stability and raising real wages. Even if the wages go up at the same rate as labour productivity, part of the manufactured goods constitute producer goods not intended for the market. Since this means that some of the money will have no commodity counterpart, it is bound to cause a rise in prices and drop in buying power, which will mean a lowering of real wages. One should also

bear in mind that people engaged in non-productive spheres, such as public health service, education, etc., also have to be paid and their number is growing faster than the number of workers employed in the sphere of production.

Such are the main principles of the wage policy at industrial establishments in socialist countries.

The increase in the minimum wage in the ninth five-year plan period, the raising of pay rates and fixed wages for workers in the middle-income bracket and the further improvement of wage regulation to do away with distinctions in the average level of pay of workers in different branches of the national economy will establish a better correlation between the wages of skilled and unskilled workers, and the wages of workers employed in different branches of the economy and in different areas of the country.

At the same time bonus systems continue to play more of a role in encouraging industrial collectives to strive for high target figures, in promoting scientific and technical progress, in raising labour productivity, in improving the quality of goods and in economizing on raw material, fuel and electric power.

The experience of the building team headed by N. Zlobin, Hero of Socialist Labour, is very meaningful for boosting labour productivity. The team concludes an agreement (contract) with a building organization on carrying out the full complex of work necessary in the building of an apartment house or an industrial project. If the team finishes its work on time or ahead of schedule it is entitled to a bonus. The team

tries to cut down on the time needed to finish all types of work on the construction site and to save on labour (there are less people on the Zlobin team than other building teams, for the amount of work they do) and on materials.

For example, this team (47 workers) pledged to reduce the time it takes for building a 14-storey apartment house by 40-45 days without exceeding the estimated cost of construction. In return, the building organization undertook to see that the team got 40 per cent of the money saved. The team built the first 14-storey house in 155 days, instead of 235 as planned, and the second house in 82 days. There was a saving of 26,000 roubles in building the first house and 35,000 in building the second. The Zlobin team averaged 270-280 roubles a month each, compared with the 150-175 roubles they would have gotten working the old way.

The success of this experiment was partly due to the fact that every member of the team knew the terms of the contract, felt personally responsible for the team's success and saw a direct connection between his earnings and the team's results (they sparingly used raw materials and machinery and mastered three or four new trades).

The Zlobin team experiment was tried at many construction sites of the Soviet Union. The 1,500 teams that went in for working according to such a contract in 1971 were increased to 2,000 in 1972 and about 6,000 in 1973.

The new form of organization and remuneration of labour has meant a big saving. In 1972, for example, the 2,000 teams that adopted

the Zlobin team method raised their labour productivity by an average of 20 per cent over the general productivity level. As a result, these teams reduced overall construction time by 13-60 per cent.

Cost-accounting in the building industry shows there are tremendous possibilities in a socialist economy for stepping up labour efficiency given the proper conditions for harmoniously combining individual material incentives and moral incentives, good organization of production with labour discipline and large-scale participation of working people in production management.

PLUS PUBLIC CONSUMPTION FUNDS

Under socialism payment according to labour is the main, but not the only, source of satisfying the material and cultural requirements of working people. Wages are supplemented by the grants and benefits paid out of public consumption funds.

The public consumption fund is that part of the national revenue in cash or in kind which is allocated by the state, along with state and collective farm contributions, for public needs, as a rule, regardless of the results of the work done by the individual members of society. Out of these funds the members of socialist society receive free education (including college and university education), free medical service, fully or partially paid leaves, maternity and old age benefits, paid sick leave, disability grants. Public consumption funds enable people to keep

their children in kindergartens either free or at a very low fee, to pay a low rent for well-appointed flats, etc.

Socialist society takes upon itself the responsibility of satisfying these requirements, thereby ensuring the all-round development of its main productive force—man, his talents and abilities, his professional skill, his health. If the sum total of the material and cultural benefits which make up the consumption fund were disbursed only in accordance with work done, the lack of sufficient funds to go all round would mean that the interests of working people (especially those with large families and small earnings) would suffer. Not all of them would be able to improve their industrial skills, put their children through college, have adequate medical attention, which in the final analysis would prove harmful to the development of society and its most vital part, i.e. producers. Suffice it to say that the Soviet state spends 300-400 roubles a year in maintenance fees for every child placed at a nursery or kindergarten, more than 100 roubles for the schooling of a child, 2,500 roubles for the training of a technician at a specialized secondary school, 5,000 roubles for the training of an engineer, 180 roubles a month per hospital patient, etc.

In the USSR rent plus communal services amount to about 4-5 per cent of the family budget. This sum is so small it does not cover housing maintenance costs. The state assumes all expenses of housing construction (aside from co-operative housing which is a small proportion of the total) and most of the maintenance

expenses. In three years of the current five-year plan period 34 million people in this country obtained better housing conditions as a result of the sweeping housing construction programme which is now under way.

Under socialism the emphasis placed on public consumption funds is such that budgetary allocations for these purposes keep pace with the growth in national income. Thus, from 1950 to 1973 the grants and benefits paid out of the public consumption funds rose from 13,000 million roubles to 78,000 million roubles, a per capita boost from 72 roubles in 1950 to 295 roubles in 1972.

The public consumption funds are growing faster than wages. While the average cash earnings of industrial and office workers doubled between 1950 and 1972, per capita benefits and grants paid out of the public consumption funds more than quadrupled.

Cash grants and free services paid from public consumption funds to the public are an essential addition to income.

The public consumption funds not only raise the living standards of the Soviet people, but also serve to stimulate the economic interests of people in the development of production. Significantly, public consumption funds have a direct bearing on the personal material interests of people because a certain part of the public funds is distributed in accordance with the quantity and quality of the work done in the past and at present. For example, the size of old-age pensions and temporary disability grants, also paid leaves, depends on the work-

er's wages, length of time worked, skill and conditions of work.

The public consumption funds are an incentive with regard to work because satisfaction of growing requirements depends first and foremost on the labour contribution of every member of society.

Public consumption funds have begun to play a far greater role in the ninth five-year plan period (1971-75), since the plan calls for effective measures to improve the existing social insurance system and the pensions scheme. In 1971 the size of old-age pensions for industrial and office workers and for collective farmers was increased. In 1972 student stipends were raised, the number entitled to them was increased considerably and living conditions of students at colleges, universities and specialized secondary educational establishments were improved. The increase in the total sum of pensions, stipends and grants, and the implementation of certain other measures in 1971-73 resulted in a substantial income boost for 23 million people. In 1974 cash grants have been instituted for children in families where the per capita income is under 50 roubles a month. In the current five-year plan period the number of days that an employee is entitled to take off to care for a sick child without losing his pay have increased. Maternity leaves at full pay for all women regardless of how long they have worked is another benefit of the current five-year plan period.

The increasingly important role played by public consumption funds in stimulating the interest of working people in their work can be

seen from the increased participation of industrial establishments and public organizations in disbursing these funds. Noteworthy here is the fact that besides centralized public funds factories and plants have their own funds for socio-cultural activities and housing construction that are built up from the profits they make. This fund is handled the same way as the material incentives funds.

The money goes for socio-cultural activities, for improving medical service at a given factory or plant, for building dining rooms and canteens, for putting up kindergartens and nurseries, sanatoriums, vacation hotels, apartment houses, and for seeing to other cultural needs and well-being. The funds are spent for the personnel with due heed paid to individual performance. For example, apartments are distributed and free or partly paid accommodations provided at vacation hotels, sanatoriums, and young pioneer camps with an eye to the needs of the applicant's family or to his work. Thereby the housing and socio-cultural fund serves as an important additional incentive to highly productive work.

The incentives funds at socialist industrial establishments are in line with Lenin's idea that good performance of the best factories and plants must be encouraged by raising the wages of the whole collective, by improving their working conditions and "by placing a larger amount of cultural and aesthetic facilities or values at their disposal, etc."

Since the development and increased effectiveness of social production is the only way of building up public consumption funds, the

working people become more and more interested in the development of production (public material incentive). Knowing that society will pay for their education, medical treatment, recreation, the upbringing of their children, and for their old age maintenance, people readily contribute to the development of social production, to stepping up labour productivity. That is why the public consumption funds can be regarded as a form of material incentive, a qualitatively new form of incentive which is tied in with the general results of collective work, and the results obtained by individual members of society.

Thus, the distribution of public consumption funds, like distribution according to labour, is part of the underlying unity and interconnection between all types of interests under socialism: personal, collective and national.

NOT BY THE ROUBLE ALONE

With all due regard to the importance of material incentives under socialism, they must not be viewed apart from moral incentives to labour. For members of a socialist society the desire to earn more money is not the sole incentive to work. It is coupled with their awareness of the need to take part in social production, a profound understanding of the importance and social significance of their labour and its decisive role in the raising of living standards. This is how V. Trukhanovich, a worker at the worsted mill in Sverdlovsk, expressed himself: "The feeling of being the master, of

being responsible to the collective is the way many of us at the plant look at things. This feeling makes better people of us, develops such qualities as the dignity of the Soviet citizen, and a sense of responsibility for the whole country." Under socialism there is a certain moral responsibility that goes with material incentives, because it means public recognition of the labour contribution of a worker. The Programme of the CPSU says: "In the course of the advance to communism the importance of moral labour incentives, public recognition of achieved results and the sense of responsibility of each for the common cause will become continuously greater."

The existence of moral stimuli under socialism testifies to the deep-going changes which have occurred in people's thinking as the result of the establishment of social ownership of the means of production and the relations of friendly co-operation and mutual assistance that have come about as a result.

The new economic relations, which are the principal factors in the formation and development of moral incentives to work, are influenced, in turn, by ideology and morals. The effectiveness of moral stimuli depends on the effectiveness of all the available means and methods of economic, political and moral inducement. In this regard the educational activity of the Communist Party of the Soviet Union does much to eradicate the survivals of bourgeois psychology and morals in people's thinking and to make them active and conscious fighters for carrying out the Party's economic policy.

In the course of building a socialist society a

multitude of moral incentives came into being, including the following: the drawing of working people into participation in production, the organization of socialist competition, the strengthening and development of socialist relations in the collective, the provision of proper conditions for work and recreation, the establishment of a clear-cut system of moral inducements and rewards.

The communist attitude to labour, concern for the interests of society, means more than being conscientious about one's work. Certainly an employee at a capitalist factory is also required to work well. The communist attitude to work is a concept which also includes the individual worker's interest in results of the work done by the collective as a whole, and his participation in running the plant.

Under socialism, the actual participation of working people in production management, in the solution of general questions of economic development, begins with the active participation of the worker in resolving problems connected with the development of the plant or factory, with the influence he has on the work of the collective by the contribution he makes. The working people participate in the drawing up of production plans, in the discussion and realization of measures to carry them out, to develop and improve production, to improve working and living conditions.

In the course of building a socialist society in the USSR considerable experience has been acquired in drawing working people into participation in managing production. The regularly held production conferences are one of the

more effective and promising forms of exercising control over production. These bodies are made up of representatives of industrial and office workers who discuss the various aspects of the activity of their factory, elucidate potentialities, and map out measures to apply advanced methods, progressive technology and new forms of the organization of labour. There are more than 161,000 permanently functioning production conferences in the Soviet Union, with about six million participants annually elected at the working people's meetings. These, as a rule, are trail-blazing workers, skilled engineers, technologists, economists, and public volunteers. Besides, millions of working people are drawn by the production conferences into the work of various commissions. Every year participants in these production conferences and members of commissions submit about 1,600,000 proposals which have a considerable bearing on the efficient operation of industrial establishments. At many industrial establishments, production conferences have become effective means of helping to carry out production plans and promote technical progress and have contributed greatly to making production more effective.

Workers' meetings are an important form of worker participation in the management of production. At these meetings the workers discuss questions that are of vital interest to the entire collective. They make proposals regarding production potentialities and how to go about making the most of them.

Other forms of participation in production management are the teams of inventors and in-

novators, councils of innovators, mixed speciality teams, volunteer economic analysis bureaus, volunteer design and technological bureaus, rate setting groups and other bodies made up of engineers, technicians and go-ahead workers who meet after working hours to think through matters connected with technical progress at their plant.

The 15.7 million inventions and efficiency proposals put into practice in the 1966-70 five-year plan period resulted in a saving of 12,600 million roubles.

In two and a half years of the current five-year plan period such inventions and proposals have saved the country 8,400 million roubles.

More than 50 per cent of the innovators and inventors in the Soviet Union are workers. They spend much time after work at their shops, factory design bureaus or factory laboratories investigating the possibilities of boosting production efficiency. It has been estimated that the technical measures figured out by 80 workers and engineers at the "Manometre" Plant in Moscow will have an effect comparable to the functioning of a whole production sector. Similar results have been achieved at many other industrial establishments.

Workers at many factories and plants in Moscow, Leningrad, the Ukraine, Byelorussia, Lithuania and other republics, regions and cities of the Soviet Union have pledged to increase the number of proposals and suggestions for boosting production efficiency. They have initiated a campaign to fulfil the production targets of the ninth five-year plan in four years.

This will mean a saving for the country of an additional 14,000 million roubles by the end of 1974.

Significantly, the rank-and-file worker is vitally interested in the results of his factory's activities and wants to make his contribution to the collective effort. This is one of the most remarkable features of socialism and one of its greatest advantages.

The 24th Congress of the Communist Party of the Soviet Union pointed out the need for wider mass participation in running the factories and plants.

Socialist competition movement is a good illustration of working peoples' concern for the interests of production.

As is known, collective labour acts as a stimulus with regard to work, makes people want to vie with one another, to outdo others in skill, ability, and the quality of the work they turn out, etc. But when the means of production are privately owned, competition takes what Lenin described as inhuman forms which set people at loggerheads with one another. There is no room under capitalism for the kind of competition that would encourage the development of social production giving rein to the utmost creative activity and initiative of the millions. Such competition as a form of co-operation is possible only under the socialist system of productive relations based on the identity of interests of all the participants in the production process as the collective owners of the means of production. Lenin wrote that "far from extinguishing competition, socialism, on the contrary, for the first time creates the op-

portunity for employing it on a really *wide* and on a really *mass scale*, for actually drawing the majority of working people into a field of labour in which they can display their abilities, develop their capacities, and reveal those talents, so abundant among the people whom capitalism crushed, suppressed and strangled in thousands and millions."

In the course of socialist competition the masses learn advanced methods of work which, in turn, raise labour productivity. Socialist competition is the best form of drawing the masses into production management, a form of participation in industrial control whereby the working people channel their creative energy into socialist production.

Even in the first years of building a socialist society in the USSR people felt a surge of labour enthusiasm stemming from the great social and political changes in the country (the elimination of exploitation of man by man and unemployment, the introduction of a workers' management and control system in production, etc.).

This mass labour enthusiasm and socialist competition movement took many forms during the early five-year plan periods, in the years of the Second World War and during the post-war period. The drive for a communist attitude to work that was launched in 1958 has since become another important form of socialist competition. Its purpose is to raise labour productivity, to mould the man of the communist society that is in the making. Those taking part in the drive seek to introduce all that is new and progressive into production. They pro-

mote technological development, improve the organization of production, become more skilled, do voluntary work for the public design bureaus, economic analysis bureaus and the like, help those who lag behind production schedules, and regard their own work as their social duty. Their slogan is "learn to live and work the communist way."

In the conditions of a developed socialist society, when production efficiency through intensification and especially through higher labour productivity has become a matter of top priority, socialist competition is aimed at tapping to the full the potentialities for production efficiency, i.e. cutting down on labour expenditure, economizing on materials (including raw materials), making better and fuller use of machines and equipment, producing better quality goods. All these features of the new drive are summed up in the slogan: "More goods of higher quality at lower cost." The competition has assumed truly nation-wide scope. At present more than 78 million people are taking part in this competition.

The industrial workers who turned out more than seven million roubles worth of manufactured goods in 1973 over and above plan, the farmers who took in a record grain harvest that year, and what has been achieved in science and culture all go to show that the Soviet people have proved equal to their pledges made for the current five-year period.

There are many more labour exploits denoting the dedication of Soviet workers. Ekaterina Amosova, a textile worker in Ivanovo, reached her five-year plan targets far ahead of schedule

—in just two years and ten months; the team of Kuzbas coal miner Grigory Smirnov filled their quota for 1973 in ten months' time and dug more than one million tons of coal in the first few months of this year. In Moscow 100,000 men and women reached their production targets for 1974 in ten months.

Front-ranking workers do not limit their efforts to achieving good production results themselves. Much of their free time is spent showing young workers how to do likewise. For example, E. Amosova (mentioned above) has taught 84 others advanced methods of work in the past two years.

Making worthwhile experience common knowledge and applying it in production in the course of socialist competition, is not only a good way of raising labour productivity and increasing output, but also a means of developing the creative potential of the masses.

Good relations among people in a production collective, a creative atmosphere for work, an atmosphere of trust, respect, mutual assistance, and an attentive attitude to their needs at home and at work, serve as an important moral factor. Enterprises where workers are proud of the reputation of their shop or plant and where each and all are interested in production matters generally do better all round.

The development of moral incentives to labour largely depends on the organization of production in society, in the given branch of industry, at the plant and in the shop. It is determined to a great extent by the scientific organization of production and labour which is responsible for the purposive effort and team-

work of the entire collective, for the feelings of personal responsibility of every worker for the results of their collective work, for making the very process of work more attractive.

The urge to make one's work more creative also serves as a powerful moral incentive. If the work is challenging, if it is meaningful and if it enables the person who does it to display his abilities to the full, it gives him joy. The creative element in the labour process acts as one of the most important forms of moral incentive. Significantly, it is the social importance and meaning of the work more so than the wages, that gives many workers a feeling of satisfaction.

The scientific and technological revolution which has marked the transition to complex, mechanized and automatized processes in production, to the wide use of electronic controls has changed the make-up of work. Hard physical labour which is not satisfying those who do it is being gradually replaced by highly skilled labour, making work more and more of an intellectual and creative effect. The general educational level of the workers has gone up considerably and today 66 per cent of the total work force in the Soviet Union are people with secondary school (8- or 10-year) or college education. By 1975 one out of every five working men and women in the USSR will have a higher or secondary specialized education.

All these factors are instrumental in bringing intellectual and physical work more in line with one another and in obliterating the socio-economic distinctions between them.

Public consumption funds do much to develop moral incentives to work. By more fully satisfying the socio-cultural requirements of working people the public consumption funds help to promote the political awareness and the labour initiative of the members of society, enhance the creative element of labour. Every worker learns to regard his work not only as a means of livelihood, but also as a social duty for which he is morally responsible to society.

Alongside the qualitatively new meaning of moral incentives under socialism, such important moral stimuli as professional pride, industriousness, the desire to have one's working skill recognized and appreciated are becoming customary traits. To foster these incentives special workers' initiation ceremonies are held, days honouring specific trades and professions, get togethers of factory old timers with young workers are organized and old timers assume certain obligations with regard to the beginners.

Socialist production relations create a sound basis for developing moral incentives and the urge to work for the common good. This does not mean, of course, that all members of socialist society feel this urge to the same extent. Not everyone feels that labour has become a vital necessity; for some it is still only the means of livelihood. But as our society advances towards communism, not only the front-ranking workers but most of the working people will display a communist attitude to labour to an ever greater degree.

Moral incentives appeal to people's feelings, evoke an emotional response, bring out the best

in them. It is much more difficult to inspire a person than to interest him in his work by giving him high wages. That is why it is extremely important to choose the right form of moral incentive, to make it as flexible and effective as material inducements.

Many forms of moral incentive have stood the test of time. These include honourable mention by the management or public organizations, the conferring of medals, orders and such titles as Shock Worker, Communist Labour Collective, Hero of Socialist Labour, Merited Worker in science, technology, or culture. Many enterprises have special Boards and Books of Honour, with names and pictures of the best workers in them. Their production experience is widely publicized in the press, radio and television. Leading production collectives are also cited as winners of the all-Union socialist competition and are presented with Red Banners, certificates of honour, etc. On the occasion of Lenin's birth centenary more than 2,500 production collectives and institutions were awarded Lenin Anniversary Citations of the CPSU Central Committee, the Presidium of the USSR Supreme Soviet, the USSR Council of Ministers, and the All-Union Central Council of Trade Unions. More than eleven million workers, collective farmers, scientists and office workers were awarded the jubilee medal "For Glorious Labour in Commemoration of the Centenary of V. I. Lenin."

Hundreds of thousands of industrial and office workers and collective farmers were awarded orders and medals of the Soviet Union for

attaining eighth five-year plan targets. Government decorations were also given to collectives and individual workers for pre-scheduled accomplishment of the goals of the first three years of the current, ninth five-year plan period. In 1973 alone thousands of workers who had attained their production targets ahead of schedule and had started working on targets for the future were decorated with orders and medals and the all-Union badge "Winner in the Socialist Competition of 1973." The honorary title of Hero of Socialist Labour was conferred on many workers.

The Soviet government recently instituted the Orders of Glorious Labour (First, Second and Third Class) to be awarded to industrial and transport workers, builders, collective farmers and agricultural workers for highly productive labour and long record service at a given plant, factory, organization, collective or state farm. The Veteran of Labour medal is also new. All this will further promote the existing system of incentives for successes scored in all sectors of communist construction.

Such titles as Shock Worker, Communist Labour Collective and the Best in the Trade won by workers at special achievement contests held at individual enterprises, enterprises of a particular branch of industry, and on a republic-wide scale have proved to be effective means of moral incentive. The "Golden Hands" title awarded to skilled workers turning out quality products is also a coveted honour.

The feting of workers at general meetings or at special rallies right at the factory, or at re-

gional and territorial centres, or in the capitals of the republics is another important form of moral incentive.

At many enterprises special incentives measures have been adopted to get young workers interested in their work. Those who have shown good progress are cited on the day they come of age, and are presented with mementoes at a meeting of workers.

* * *

Material and moral incentives exist side by side, complementing one another. This is because under socialism the nature of material and moral incentives is one and the same. Both moral and material incentives are based on socialist means of production and on socialist production relations.

Material incentive itself has an important moral aspect to it, since the principle of distribution according to labour means fairness in the matter of compensation. In appreciation the worker begins to work better for the benefit of all, including himself, and feels morally responsible for his own work and the work of others. On the other hand, material incentives are applied more effectively at those factories and plants where they are closely tied in with socialist competition, where bonuses and rewards are given out in the presence of many people in a gala atmosphere. In addition, those

nominated for a prize are discussed at general meetings.

Material and moral incentives are used in a planned fashion, in line with the economic policy of the Communist Party which is the prime force in the building of a new society.

Moral encouragement by itself is of little use if not backed by material incentives. Any infraction of the principle of payment according to labour undermines and weakens the entire system of incentives which inevitably leads to loss of interest in one's work, poor discipline, lack of responsibility for the work of the collective, etc. And, conversely, material encouragement without moral incentives to labour results in loss of perspective, in lack of confidence in the high moral qualities of members of socialist society, in the impoverishment of their inner world, which, in turn, may lead to cupidity and a revival of private property psychology with its principle "take more and give less." It is only when material and moral incentives go hand in hand, that they can act as a powerful force in raising the effectiveness of socialist production.

The role of moral incentives will grow as we move toward the goal of building a communist society. The decision of the Central Committee of the Communist Party of the Soviet Union, "On the Further Improvement of Organization of Socialist Competition," points out that the moral incentives in the conditions of the building of a communist society is increasingly becoming the main motive force of our forward movement.

The scientifically based prediction of the founders of Marxism-Leninism that in communist society labour would give everybody the best chance to develop his abilities, his physical and mental potential, is coming true.

Nora Bagdasaryan

The Role of Incentives in USSR Industry

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