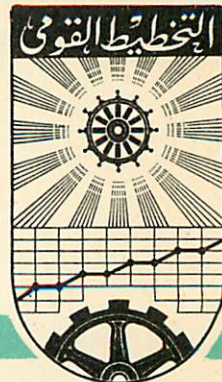


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The New Progressive Changes in
Planned Management of the National
Economy Experimented in the Present
Time in Czechoslovakia.

by

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of the National Economy Experimented in the Present Time
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After World War II the national economy of Czechoslovakia went through a period of rapid development, relying mainly on the development of industry. Industrial production today is about 4.8 times higher than the prewar level and the national income is more than two and half times higher than it was in 1937. But at the beginning of the sixties the Czechoslovak national economy began to suffer from certain economic frictions, which can be briefly characterized as a decrease of the efficiency of the national economy. It became evident that in order to overcome these problems, it is necessary to reexamine the direction of the economic development as well as the system of economic management followed so far. That necessitated a deep and complex analysis of entire development up to that time which was initiated by the twelfth Congress of the Communist Part of Czechoslovakia.

These analyses proved, that it had been mainly the insufficient level of organization, planning, financing, management and control of the development of national economy, which prevented the growing problems to be solved. One of the conclusions drawn at the twelfth Congress was formulated in the resolution to increase the role of science in the entire system of planned management of the Czechoslovak national economy. This resolution is now being realized in the form of the so-called new system of economic management.

An important feature of this new system is the marked strengthening of the economic tools and a suppression of directive administrative tools and levers of management. Inseparably linked with this is the full appraisal of all economic functions of money (net return, credits, interest etc.) and of the market mechanism (the pressure of supply and demand) for a truly healthy development of the socialist economy.

Due to certain rigid economic concepts, which appeared at the time of the cult of Stalin, money was reduced to play only the role of a unit for the bookkeeping purposes of the national economy and the system of planning and management at that time used money insufficiently as an economic tool for management purposes. It endeavoured to replace the natural stimulating and regulating functions of money mainly by centralized planning and connected with it a widely ramified system of directive indicators, directives, orders etc .tc.

But it turned out, that it is very difficult and very inefficient to carry out the necessary qualitative changes in the development of the socialist economy mainly by directives, on the basis of the central plan, and that the development of the micro-relations is partly possible only as long as the national economy has at its disposal extensive resources for development and as long as the market and personal consumption are not saturated. But when the extensive resources are exhausted and the market and personal consumption are relatively saturated (i.e., the situation of Czechoslovakia roughly at the close of the fifties and the beginning of the sixties) the national economy suffers serious deformations. This makes itself felt particularly in a gradual decrease of the rate of growth of the productivity of labour and then in the fact, that the process of development of new commodities (new useful products) is slow and third, that production is unable to react flexibly and on time to changes in demand, which again manifests itself in constantly growing redundant stocks on the one hand and a growth of unsatisfied purchasing power on the other hand.

The new system of planning and management of the Czechoslovak national economy is now striving to remove these unfavourable influences or to attenuate them by introducing into it organically the natural stimulating and regulating function of monetary relations and markets. This of course does not mean in any case that the role of the central plan in the Czechoslovak national economy is decreasing. On the contrary, the crux of the new system is a new, improved system of planned management.

By watching the flow of money society can obtain certain informations from market most often only at the time, when certain events in the national economy have already occurred. The fundamental advantage of one system of planning and managing the national economy over the other system has always to be looked for in the ability of the given society to predict the economic future scientifically and determine it with a social purpose in mind, i.e., according to the social plan.

This leads to the conclusion, that under the conditions of socialist commodity production a system of economic management should be an effective, optimum combination of the use of monetary relations and market, together with the application of a central plan. From this also follows the concrete content and function of the central plan in the system of economic management. The central plan may contain and has to contain only that, which predetermines the fundamental structural changes in the development of macro-economic proportions. It is in principle a matter of the predetermination of the rates of growth and development of the basic structure of the production of the individual sectors of the national economy, of the predetermination of the relation between the growth of the gross (global) product and the national income, (value added) and of the predetermination of the national income into the individual areas of its utilization.

Related to this of necessity is the drafting of the main directions of the development of science and technology and of the tasks derived from it for its speedy and effective preparation and realization, further, the planning of the principal changes in the significance and weight of the individual sectors and branches of the national economy and of the tasks flowing from it for development investments (i.e., for the building of new capacities), further the determination of the development of the skill requirements of manpower and of the tasks called forth by it for the instruction and educational system and finally the determination of certain fundamental relations of the future economic development, i.e. of those relations, which shape the material aspects of the development of the national economy. That is fundamentally the determination of the production and consumption of the

basic products, which in the realm of materials input enter into practically all products (such as for example electric power, metallurgical production, basic building materials etc.), further of some products, which shape the final consumption (such as basic foodstuffs etc.) and certain products which determine the structure of export commodities.

Besides the basic purpose of the central plan (which should be and can be only that, which predetermines the development of the overall economic proportionality in the field of macro-structure of the national economy), the central plan has yet to fulfil three further functions:

First, it has to introduce into all basic economic solutions the necessary social preferences and strengthen the interests of the entire society.

The second important function, which the central plan has to fulfil, is to influence the territorial proportionality in the development of national economy.

The third important function of the central plan, is to ensure the balance in the principal material, manpower and monetary relations in the national economy and thus also to ensure the balance and stability of the national economy as a whole.

From what has been said up-to-now, the following conclusion can be drawn :

So far Czechoslovakia endeavoured to replace the natural stimulating and regulating function of the market and monetary relations by predominantly central plan and a system of directive indicators. It has been found, that under the conditions of the exhaustion of the extensive resources and relative saturation of the market and personal consumption this simply does not work. It is therefore now necessary to give the central plan the correct contents and to give it the functions in which alone can be revealed the fundamental advantages of the planned management of the socialist economy in comparison with other economy (i.e. in the scientific prediction and planned predetermination of the economic future) and not to see in it

the main source of all impulses for qualitative economic changes. If it cannot be expected of the central plan, that it will by itself produce impulses for all the qualitative changes in the development of socialist economy, then the inception and the exploitation of these impulses must be insured in the system of planned management of the socialist economy by other means.

The stimuli for the realization of qualitative changes in the development of the economy are potentially hidden in the scientific and technological development and in the growth of the education and skill of the people. However, they cannot arise nor they can be realized by themselves. A necessary condition is the interest of people in their inception and exploitation. Inseparably connected with this is the creation of such a system of economic tools in the entire system of planned management, which promote these interests and which open wide spaces to broad creative initiative.

Of course, in the past, too, some of the economic tools for the stimulation of the initiative of people had been used even though to a limited extent. Insofar as they were used, their function was aimed mostly at stimulating the initiative connected with the fulfillment of plan indicators, determined and directively assigned beforehand and for the strengthening of work discipline. This is of course correct and in a planned economy necessary. But by itself it is one-sided. It is now necessary to strengthen decisively the other, creative side of the people's initiative, which will lead to such qualitative changes, whose development the center can never predict and insure, but which are of cardinal importance for the healthy development of socialist economy. That will be the creative initiative of the immediate producers (i.e., of individuals, working teams and enterprises), intentionally aimed at the satisfaction of individual needs and interests (and in a wider sense of the interests of enterprises), yet an initiative developing substantially within the framework of the social purposefulness.

Should the new system of planning and management in Czechoslovakia insure only the development of the creative initiative of people and not insure at the same time the strengthening of the social purposefulness in the economic development (mostly by the central plan, in the scope described above), it would not be a socialist system of planned management of the national economy.

If on the other hand it would only insure the strengthening of social purposefulness and would not at the same time insure the development of the creative initiative of people in economic development, it would again not be a new system. The organic union of both these relatively independent elements of the socialist economic development represents therefore the core, the true substance of the new system of planned management of the national economy of Czechoslovakia.

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