

Mikhail Gorbachev stresses the role of the mass media in the process of reconstruction

A MEETING of senior officials of the Mass Media and Creative Workers' Associations was held on July 14 at the CPSU Central Committee. It was devoted to questions of further raising the role of the press, television and radio broadcasting in the process of renewal, in fulfilling the tasks outlined by the June 1987 plenary meeting of the CPSU Central Committee.

Mikhail Gorbachev, General Secretary of the CPSU Central Committee, spoke at the meeting and stressed the role of the press in the process of reconstruction.

Touching on the discussions in creative circles, Mikhail Gorbachev drew attention also to some aberrations. "I have no reason to make any political rebukes. Even if there were some extremes and, incidentally, there have been and we saw them, this took place after all within the framework of struggle to improve socialism, for perfecting it, within the framework of struggle which was in the interests of the people.

"But if someone begins to look for and suggests to us values and discoveries lying beyond the bounds of the interests of the people and beyond the bounds of socialism, then the Central Committee will publicly criticise this, give its assessment and, within the framework of democracy and openness, also outline its position on the issue in a principled manner," Mikhail Gorbachev stated.

Speaking of the economic policy of the CPSU, the Soviet leader said that the Party was striving "actively to draw people into production processes. Socialism opens up vast possibilities for that." This is what the recently adopted law on the state enterprise is also aiming for.

During the discussion of the draft law, Mikhail Gorbachev said, "some people also suggested things that went beyond the framework of our system, like giving up the instrument of planned economy. We have done nothing of the kind and will never do that, because we intend to make socialism stronger and not replace it with another system."

Mikhail Gorbachev then dwelt on the role of the CPSU in Soviet society. "Proposing the concept of a radical reform, the Party has confirmed again that it is fulfilling its mission as the guiding force of society. It is a true organiser of society and its political vanguard. Socialist society needs an active and strong party and the Party itself must live an active life."

The Soviet leader said that it was important to improve the coverage of the topic of the 70th

anniversary of the Great October Socialist Revolution — the jubilee that will be celebrated by the Soviet people in early November.

"Think of the great changes since our revolution, not in our country alone, but the world over, think of the processes it started! The view of all this should be broad, not given to some one-sided impressions and sentiments."

After pointing out that our people will never forgive the repressions of the late thirties, Mikhail Gorbachev stressed that those events do not belittle everything done by the Party and the people. "We must see what great power lies in socialism, in our system which withstood all this, fought a war with Nazism and won. Therefore we should speak of our 70th anniversary with a feeling of pride in our great people, their history and their exploits."

"We are proud of every day we lived through," the Soviet leader stressed. "Every day was dear to us even when it was very trying. Because that was our school of history, our historical lessons. That is what all of us lived through. Therefore we cannot permit a disrespectful attitude to our people, to the generations who went through all this to make the country what it is today."

The General Secretary of the CPSU Central Committee emphasised the need to look for new forms in preparing publications in the press, on the radio and television, devoted to the October Revolution and its heroes. "We all should do this with a feeling of responsibility, thoroughly and in the spirit of democracy and openness."

But openness and democracy, Mikhail Gorbachev stressed, "do not mean permissiveness. Openness is called upon to strengthen socialism, the spirit of Soviet people, to strengthen morals and the moral atmosphere in society. Openness also means criticism of our shortcomings. It is not an attempt to undermine socialism and our socialist values."

"We have many things to assert and protect. They are the historic gains of our society as the most socially protected one. This can be doubled only by those whom our socialist democracy and our demands for responsibility only hamper them

when they try to satisfy their personal ambitions which are far from the interests of the people. We have combated and will continue to combat such things. We do not need to embellish our policy and our values: we are open to all.

"I would sum up as follows: at present the processes of restructuring are spreading far and wide. A difficult transitional period has come and we now especially need competence and responsibility. We should act in such a way as to strengthen the spirit of the people. We must live through all this, overcome all this and change our ways. Only then shall we get the results needed by society," Mikhail Gorbachev went on.

There is one criterion left, he said — there should be more of socialism, more of democracy, "All answers to new questions should be sought within the framework of socialism and not beyond it. Socialism is the choice of our people. The Party is in the service of the people. And it is the supreme duty of workers in the mass information media to serve the people."

Then the meeting was addressed by representatives of the Mass Media and Creative Workers' Associations.

In his concluding speech Mikhail Gorbachev highly assessed the meeting. "We shall continue to build our relations in this way," he said. "The Central Committee, those who are working today in it and in state administration think of our relations on this basis — on the basis of meetings, conversations, discussions and the working out of a single approach while respecting the opinions and positions of the participants and proceeding from our common responsibility. We are all serving the people and our country. We are all serving socialism. The Party is serving the people and all creative forces are serving the people. This service should be done in a fitting manner. Worthily and courageously."

"We are approaching the 70th anniversary of our revolution. We should make profound analysis of the path traversed and organically link a historical analysis with the solution of the current problems of restructuring," the Soviet leader stressed. □

Eduard Shevardnadze receives Iranian representative

EDUARD SHEVARDNADZE, Member of the Political Bureau of the CPSU Central Committee and USSR Foreign Minister, received in Moscow on July 17 Mohammad Larjani, representative of the Islamic Republic of Iran and Iran's Deputy Foreign Minister.

The sides had a detailed exchange of views on questions of bilateral relations, as well as on international and regional problems of mutual interest.

Eduard Shevardnadze said that the Soviet Union comes out in favour of good-neighbourly relations with Iran, their development on a solid and stable basis, and the consolidation of positive

tendencies which have taken shape in them.

For his part, Mohammad Larjani declared that the Iranian leadership wished to develop co-operation and good-neighbourly relations with the Soviet Union.

The Soviet side confirmed the Soviet Union's principled stand for an immediate end to the bloody Iran-Iraq war and the conflict's political settlement through talks.

The sides expressed mutual concern over the escalation of US military activity in the Persian Gulf, which may lead to the conflict's extension.

Eduard Shevardnadze pointed out that the Soviet proposal that all countries which are not situated in the Persian Gulf withdraw their naval ships from it is important for normalising the situation in the region. □

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Mikhail Gorbachev receives Najib

ON JULY 20 Mikhail Gorbachev met in the Kremlin Najib, General Secretary of the Central Committee of the People's Democratic Party of Afghanistan, who had arrived in the Soviet Union for a brief visit.

Mikhail Gorbachev and Najib discussed in detail various aspects of Soviet-Afghan co-operation, exchanged opinions on a number of international problems, as well as on problems connected with Afghanistan.

They expressed satisfaction with the high level of Soviet-Afghan relations which reflect the national interests of the two neighbouring states and peoples. It was noted that the policy conducted by the Soviet Union and the DRA in bilateral ties and in the international arena creates favourable conditions for a successful advance along the road of national reconciliation of Afghans and for resolving the Afghan problem.

The mutual striving to strengthen and deepen all-round ties between the USSR and the DRA, constantly enriching them with new forms and directions, has been confirmed. This applies above all to the economic and trade co-operation, to direct ties of Soviet republics and regions with Afghan provinces.

Najib spoke about the implementation of the programme of national reconciliation which recently entered a new stage, about the efforts taken by the Afghan side to intensify the process of political settlement of the situation around Afghanistan. He emphasised that the People's Democratic Party of Afghanistan consistently adheres to this programme, advances new constructive initiatives related to all aspects of the socio-political and economic life, of meeting the interests of various social strata of Afghan society.

Dialogue with the opposition has been broadened. The course has been assumed for the creation of a coalition government, for pooling all national and patriotic forces. Najib stressed that the People's Democratic Party of Afghanistan is prepared to establish contacts with all those who declare for national reconciliation, for a peaceful and non-aligned Afghanistan.

A solid material and legal base for national reconciliation is being created. A draft new constitution of the Afghan state has been put to nation-wide discussion. The law on political parties which envisages the creation or legislation of other political organisations, in addition to the People's Democratic Party of Afghanistan, the creation of press bodies by them, has been endorsed. The Afghan Government decided to extend for another six months, that is till January 15, 1988, the operation of its call

for cease-fire. The Afghan side made a number of additional proposals to the governments of Pakistan and Iran with a view to normalising bilateral relations with these countries and settling the situation in the region on the whole. The DRA will continue doing all within its power to promote an early successful conclusion of the Geneva talks.

The first results of the policy of national reconciliation, which is organically linked with the process of peaceful settlement of the home and foreign aspects of the Afghan problem are already apparent. At the same time, hostilities do not yet subside on Afghan soil. Najib said. They are now waged mainly by bands of mercenaries sent into Afghanistan by extremist groups that have become entrenched in neighbouring Pakistan. After the implementation of the programme of reconciliation had started, the USA, Great Britain and some other countries sharply stepped up their military aid to those groups. Those countries supply them with up-to-date equipment, including *Stinger* and *Blowpipe* anti-aircraft missiles. Peaceful people, including women, children, old people, are being killed.

Najib expressed sincere gratitude to the Soviet Union for its firm support of the policy of national reconciliation and of the concrete steps that are taken in Afghanistan to implement it.

Mikhail Gorbachev pointed to the coincidence of the assessments of the USSR and the DRA as regards the developments in Afghanistan and around it, the policy of national reconciliation. This is a correct policy, he said. It has entered a new stage now. This policy suits the vital interests of the Afghan people, enjoys the support of broad circles of Afghan society, of all those in the world who are really interested in a political settlement of the situation. Nobody either in Afghanistan or outside it has offered

an alternative to the policy of national reconciliation. The Afghan people arrived at it through much suffering. It wants peace in its land.

Mikhail Gorbachev said that the Soviet Union wants Afghanistan to remain an independent, sovereign, non-aligned state. What road it will take, what government it will have, what development programme it will be implementing is for the Afghan people to decide. This is its sovereign right.

We shall continue developing co-operation with Afghanistan in the spirit of good traditions which emanate from the time of Lenin.

Mikhail Gorbachev and Najib discussed additional steps and measures in the interest of a speedier normalisation of the situation around Afghanistan.

When international problems were discussed it was stressed that the Soviet Union and Afghanistan declare for a nuclear weapons free, non-violent world, for the creation of an all-embracing system of security, for the development of interstate relations on the principles of peaceful coexistence. Najib said that Afghanistan supports the Soviet Union's constructive proposals aimed at the improvement of the international situation, also in Asia, and at curbing the arms race.

In connection with the request of the Afghan side, an arrangement was reached on a joint Soviet-Afghan space flight. This flight will become a new manifestation of durable friendly ties between the peoples of the Soviet Union and Afghanistan.

Mikhail Gorbachev invited Najib at the head of an Afghan delegation to come for the celebrations of the 70th anniversary of the October Revolution.

Eduard Shevardnadze and Anatoli Dobrynin took part in the conversation. □

Report by Central Statistics Board of the USSR

ON July 18 the Central Statistics Board of the USSR reported the results of the fulfilment of the State Plan for the Economic and Social Development of the USSR in the first six months of this year.

The entire growth in industrial output (14 billion roubles) was achieved through an increase in labour productivity.

The people's welfare is on the rise. The average monthly pay of workers and employees went up 2.8 per cent, of peasants — four per cent.

State capital investments into reconstruction and modernisation of the national economy amounted to 16.5 billion roubles in the first six months of the year, or ten per cent up on the inputs in the same period last year.

Work is in progress to develop and set up the output of new automated production systems under the comprehensive programme for the scientific and technical progress of the CMEA member countries up to the year 2000.

In the volume of the production of the key types of output of engineering industry products which match world technical standards exceeded 40 per cent.

Industrial output went up 4.4 per cent in the second quarter and on the whole by the results of the first six months of the year — 3.5 per cent as was envisaged for this period. The targets for the extraction and production of the principal types of fuel and energy

resources fixed for the first six months of the year were met.

Capital investments in the development of the agro-industrial complex, including the industries which supply agriculture with the means of production, amounted to twenty five billion roubles. Of this sum 20 billion roubles were earmarked for agriculture.

It is still with difficulty that the population is supplied with meat products and animal fats. There are serious shortcomings in meeting the demand for manufactured goods.

The scope of housing construction and the building of social and cultural facilities grew. As many as 35.1 million square metres of housing were commissioned, paid for by state capital investments, an increase of 17 per cent compared with the first six months of last year.

The amelioration of the demographic situation in the country has acquired a stable nature. The Soviet Union's population reached 283.1 million as of July 1. □

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Law of the Union of Soviet Socialist Republics on the State Enterprise (Amalgamation)

IN ACCORDANCE with the Constitution of the USSR, this Law lays down the economic and legal principles governing the economic activities of socialist state-run enterprises (amalgamations), promotes state (public) ownership of the means of production in industry, construction, the agro-industrial complex and other branches, and gives more scope for work collectives to participate in the efficient use of this property, in running enterprises and amalgamations and in administering state and public affairs. The law deepens the centralisation principles as regards the fulfilment of major tasks relating to the development of the national economy as an integral whole, provides for the greater application of commercial management methods, the use of full profit-and-loss accounting and self-financing, the broadening of democratic principles and for the development of self-management, and defines relations between enterprises (amalgamations) and bodies of state authority and administration.

I. The Enterprise (Amalgamation) — the Principal Component of the National Economy

Article 1. The state enterprise (amalgamation) and its tasks.

1. State enterprises (amalgamations), along with co-operative enterprises, are main components of the integral national economic complex. Enterprises (amalgamations) play the central role in developing the economic potential of the country and in attaining the supreme goal of social production under socialism — the fullest possible satisfaction of the people's growing material, and cultural and intellectual requirements.

This Law defines the fundamentals of organisation and activity and the legal status of state enterprises and amalgamations (hereinafter referred to as enterprises except in cases where specific features of amalgamations are treated).

2. At a state enterprise the work collective, using public property as a master, builds up and multiplies the people's wealth and sees to it that the interests of society, the collective and each worker are combined. The enterprise is a socialist commodity producer, it makes and markets output, carries out work and renders services in keeping with its plan and contracts, on the basis of full profit-and-loss accounting, self-financing, self-management and combined centralised management and autonomy of the enterprise.

An enterprise is one that operates in industry, agriculture, construction, on transport, in communications, science and scientific services, trade, material and technical supplies, the service sphere and other branches of the national economy. The enterprise, irrespective of its type, manufactures consumer goods and renders paid

services to the population. It may engage simultaneously in several lines of activity (agrarian-industrial, industrial-commercial, industrial-building, research-production and others).

The enterprise is a legal entity, it enjoys rights and performs duties related to its activity, possesses a detached part of the people's property, and has an independent balance.

3. The main object of the enterprise is to satisfy in every way the social needs of the national economy and citizens in its products (work or services) with high consumer properties and quality at minimum expense, and to increase its contribution to the acceleration of the country's social and economic development and to ensuring on that basis increased welfare for the collective and each worker in it.

The demands of the consumer are obligatory for the enterprise and their full and timely satisfaction is the supreme support and standard of the activity of every work collective.

For the implementation of its principal objective the enterprise provides for:

development and increased efficiency of production, its all-round intensification, acceleration of scientific and technological progress, growth of labour productivity, resource saving, higher profit (income);

social development of the collective, formation of an up-to-date material base of the social sphere, creation of favourable opportunities for highly productive labour, consistent application of the principle of distribution according to work and of social justice, protection and enhancement of man's natural environment;

self-management of the work collective leading to the deep personal interest of every worker in the thrifty use of the people's property and to his organic involvement in the affairs of the collective and the state.

Article 2. The principles governing the operation of the enterprise.

1. The activities of the enterprise are organised on the basis of a state plan for economic and social development, which is a major instrument for implementing the economic policy of the Communist Party and the Soviet State. Guided by target figures, state orders, long-term scientifically substantiated economic normatives and quotas, as well as by consumer orders, the enterprise by itself drafts and endorses plans and concludes contracts.

2. The enterprise operates on the principles of full profit-and-loss accounting and self-financing. The productive and social activities of the enterprise and labour remuneration are supported with funds earned by the work collective. The receipts obtained by the enterprise from the marketing of its produce (work or services) recoup its material expenses. Profit or income is the general indicator for economic performance of the enterprise. Part of the profit (income) must be used by the enterprise to fulfil its obligations with regard to the budget, banks and the higher body. Another part is placed at the full disposal of the enterprise and, together with means of labour remuneration, forms the cost-accounting income of the collective, which is the source of livelihood for the enterprise.

3. The activities of the enterprise in conditions of full profit-and-loss accounting and self-financing are organised in accordance with the principle of socialist self-management. The

work collective, which is a fully-fledged master at the enterprise, independently solves all questions relating to production and social development. Gains and losses in the work of the enterprise have a direct bearing on the profit-and-loss accounting income of the collective and well-being of each of its workers..

4. Enterprises operate in conditions of economic rivalry, which is a key form of socialist competition, in order to ensure the fullest possible satisfaction of consumer demand for effective, high-quality and competitive output (work or services), with the least expense. An enterprise that manufactures and markets better products (does better work or offers better services), all this at lower cost, gets a higher profit-and-loss accounting income and enjoys an advantage in its production and social development and labour remuneration of the staff.

The state uses planning and applies competitive design and production incentives, as well as financial-credit levers and prices, to promote as much as possible economic competition between enterprises, while at the same time limiting their monopoly position as producers of a certain kind of product (work or services).

5. The enterprise operates on the basis of socialist legality. In conditions of full profit-and-loss accounting and self-financing it is vested with extensive rights, whose observance is guaranteed by the state. In the interest of pursuing the targets and exercising the powers laid down in this Law, the enterprise is entitled, on its own initiative, to take any decision not contradicting the existing legislation.

The enterprise bears full responsibility for the observance of the interests of the state and the rights of citizens, for the preservation and multiplication of socialist property, for the fulfilment of commitments undertaken and for ensuring the level of profitability necessary for operation in the conditions of full profit-and-loss accounting and self-financing; it tightens state, production and labour discipline.

The activities of the enterprise must not disrupt the normal conditions of work of other enterprises and organisations and must not worsen the living conditions of citizens.

6. The state bears no liability for the obligations of the enterprise. The enterprise bears no liability for the obligations of the state and of other enterprises, organisations and offices.

Article 3. The profit-and-loss accounting income of the collective, its distribution and use.

1. The profit-and-loss accounting income of the collective is a source of production and social development of the enterprise and of labour remuneration, is put at the disposal of the enterprise, used by the enterprise alone and is not subject to withdrawal.

The enterprise, with permission of the higher body, can use the following forms of profit-and-loss accounting:

one based on normative distribution of profit. Profits are used to settle up with the budget and the higher body and to pay credit interest. The residual profit, left after these transactions, is placed at the disposal of the work collective. The residual profit, according to normatives, is used to set up funds for: the development of production, science and technology; social

development; and material incentives or other funds of similar purpose. The wage fund may be formed in accordance with the normative for net output or for other production yardsticks. In this case the profit-and-loss accounting income of the collective is made up of the wage fund and of the residual profit:

one based on the normative distribution of income obtained after recompensing material expenses out of the receipts. Income is used to settle up with the budget and the higher body and to pay credit interest, following which the profit-and-loss accounting income of the collective is formed. The unified labour remuneration fund is formed as the remnant of the profit-and-loss accounting income of the collective after the following funds are formed out of it: for the development of production, science and technology; for social development, or other funds of similar purpose to be determined according to normatives for profit-and-loss accounting income.

The enterprise may form a financial reserve or a fund for currency deductions.

2. The wage fund is used by the enterprise for labour remuneration of its staff depending on their work contributions.

The material incentive fund is used to pay bonuses, awards and other forms of encouragement for work and to finance material assistance.

The enterprise may form, instead of the wage fund and the material incentive fund, a fund for labour remuneration which serves as a single source of all payments to the personnel for the results of their work.

3. The fund for the development of production, science and technology is used by the enterprise to finance research and development work, renewal and expansion of the fixed assets on a modern technical basis, growth of its own circulating assets and also for other aims of production development.

The enterprise independently uses the depreciation deductions channeled in accordance with the established normative into the fund for the development of production, science and technology or into another fund of similar purpose.

4. The social development fund is used by the collective for housing construction, all-round strengthening of the material and technical base of the socio-cultural sphere, maintenance of its facilities, implementation of health-improvement and large-scale cultural measures and satisfaction of other social needs.

5. The enterprise, with the consent of the work collective, has the right to channel part of the material incentive fund (labour remuneration fund) into the social development fund and part of the fund for the development of production, science and technology into housing construction, within the limits set by legislation.

6. The enterprise forms a repairs fund according to a normative and at the expense of production costs (work or services). This fund shall be used to effect all kinds of repairs of the fixed assets.

Article 4. The Material and Technical Base and Means of the Enterprise.

1. Fixed and circulating assets, as well as other material values and financial resources, make up the material and technical base and means of the enterprise. The enterprise exercises the rights of possessing, using and disposing of this property.

The enterprise is obliged constantly to ensure the reproduction of its material and technical base on a progressive foundation and to make effective use of its productive capacities and fixed assets.

2. With a view to achieving full utilisation of the production potential, the enterprise fixes a two-shift schedule of work and on customised and costly equipment and where this is required

by conditions of production, a three or four-shift schedule of operation. The enterprise may convert to a different regime of work with permission of the higher body, agreed with the executive committee of the local Soviet of People's Deputies and the corresponding trade union body.

3. The circulating assets of the enterprise are in its full command and not subject to withdrawal. Lack of one's own circulating assets is made up for out of the profit-and-loss accounting income of the collective, while their replenishment is done from the enterprise's own resources. The enterprise is obliged to ensure the safety, rational utilisation and accelerated circulation of the circulating assets.

4. The enterprise has the right: to transfer to other enterprises and organisations, sell, exchange, loan out, allow the temporary use of or lend buildings, structures, equipment, transport vehicles, implements, raw materials and other material values, and also to write them off its balance if they are depreciated or obsolescent;

to transfer material and money resources, including means from the incentive funds, the latter with the consent of the work collective, to other enterprises and organisations performing work or services for the enterprise.

Receipts from the sale of unused property and rentals (if lending out is not the principal activity of the enterprise) are, in these cases, diverted to the fund for the development of production, science and technology, while losses arising during the transfer of property to other enterprises and organisations and during the sales and writing off of property are recouped by the enterprise through the appropriate economic stimulation funds of the enterprise.

II. MANAGEMENT OF AN ENTERPRISE (AMALGAMATION) AND WORK COLLECTIVE AUTONOMY

Article 5. The Structure of an Amalgamation and an Enterprise.

1. Various types of amalgamations and independent enterprises function in the branches of the economy in accordance with the economy's goals and tasks and the specifics of the structure and organisation of management. The basic types of amalgamations are production and research-production ones. An association, irrespective of the territorial location of the structural units and the independent enterprises incorporated within it, shall function as an integrated production-economic complex, organically combining the development interests of branches and territories. It operates on the basis of an integrated plan and balance.

An enterprise and an amalgamation shall arrange servicing of their output and marketing, and set up the appropriate subdivisions when necessary.

2. A production amalgamation is formed for the purpose of producing individual types of output (projects, services) on the basis of more effective utilisation of the scientific and technological potential, developed article specialisation, and co-operating and combining of production. It consists of structural units which perform industrial, construction, transport, trade and other activity. The amalgamation can also incorporate research, design and technological organisations and other structural units.

3. A research-production amalgamation is formed for the purpose of developing and producing within extremely short deadlines highly efficient complexes of machinery, equipment, devices, technological processes and materials which determine scientific and technological progress in the respective fields and which are of great importance to the economy.

It is formed on the basis of research (design and engineering) organisations or enterprises (of production amalgamations) which possess an advanced design and experimental base, and functions as an integrated research-production complex.

4. An enterprise consists of factories, shops, departments, sectors, livestock units, work teams, levels, bureaus, laboratories, and so on, functioning on the principles of internal profit-and-loss accounting or collective contract of subdivisions.

The subdivisions of an enterprise may be allocated, in accordance with the procedure established by the enterprise, part of the material incentive fund and the social development fund, the size of which depends on the performance of these subdivisions.

5. In an amalgamation its structural units shall function on a profit-and-loss accounting basis and in accordance with the provisions on it which are endorsed by the amalgamation, and consist of subdivisions. The structural unit can have a separate balance and accounts in banking offices.

An amalgamation allots a structural unit the requisite fixed and circulating assets and defines the procedure for effecting inter-facility relations and settling disputes between structural units, and also responsibility to be borne by them for failure to fulfil obligations.

A structural unit disposes of the property allotted to it within the bounds of the rights granted to it by law and the amalgamation and concludes economic agreements with other organisations on behalf of the amalgamation.

An amalgamation may grant a structural unit the right to conclude economic agreements on behalf of the structural unit and bear responsibility for them with the property allotted to it. If it is insufficient, responsibility for the commitments of the structural unit is borne by the amalgamation.

A structural unit forms material incentive and social development funds in accordance with the procedure established by the amalgamation and depending on its performance. Monies from these funds may not be withdrawn by the amalgamation without the consent of the work collective of the structural unit. The amalgamation enjoys the right to put at the disposal of the structural unit part of the production, science and engineering and other funds.

6. The composition of an amalgamation is endorsed by a higher body, the structure of the structural units incorporated into the amalgamation's composition is endorsed by the amalgamation, and the structure of the enterprise and its subdivisions is endorsed by the enterprise.

An enterprise is normally run by the manager and the management of the head structural unit (head enterprise) of the association; management is organised chiefly according to a bi-level system with direct subordination to the ministry, state committee or agency.

An amalgamation may incorporate independent enterprises, which enjoy rights in accordance with the present Law. An amalgamation runs such enterprises, performing the functions of a higher body in relation to them; it enjoys the right to centralise fully or partially implementation of their individual production and economic functions. The funds of enterprises that are required for performance of these functions may be centralised with their consent.

7. In order to further raise the production concentration level, enterprises, amalgamations and organisations may join large organisational structures — state production associations. Enterprises, amalgamations and organisations which join these amalgamations retain their economic independence and function in accordance with the present Law.

Article 6. Management of an Enterprise

1. An enterprise is managed on the basis of the principle of democratic centralism and of a combination of centralised administration and socialist self-management of the work collective.

Socialist self-management is realised in the context of broad based openness through the involvement of the entire collective and its public organisations in elaborating priority decisions and in monitoring fulfilment thereof, the electivity of management and one-man management of an enterprise. Efforts are pooled and worker initiative is developed on the basis of self-management for attaining high performance, for inculcating in employees organisation and discipline, and for heightening their political awareness.

As the political nucleus of a collective, the Party organisation of an enterprise functions within the framework of the Constitution of the USSR; it guides the work of the entire collective, its self-management bodies, trade-union, Komsomol and other public organisations, and monitors management performance.

Socio-economic decisions affecting the activity of an enterprise are drafted and adopted by the manager with the participation of the work collective and the Party and also the trade-union, Komsomol and other public organisations functioning at it in accordance with their charters and legislation.

2. Managers are elected, usually on a competitive basis, at enterprises. Electivity ensures better management and heightens its responsibility for performance. The electivity principle is applied in relation to managers of enterprises, structural units of amalgamations, factories, shops, departments, sectors, livestock units and levels, and also to foremen and work team leaders.

3. The manager of an enterprise or of the structural unit of an amalgamation expresses the interests of the state and the work collective. He is elected by a general meeting (conference) of the work collective under secret ballot or a show of hands (at the discretion of the meeting or conference) for a term of five years, and is endorsed by a higher body. If the candidature elected by the work collective is not endorsed by the higher body, new elections are held. The higher body is obliged to explain to the work collective its reasons for refusing to endorse the results of the elections.

The manager of an enterprise or a structural unit of an amalgamation may be relieved of his duties ahead of time by a higher body on the basis of a decision of the general meeting (conference) of the work collective or, upon its authorisation, of the work-collective council.

The manager of a head structural unit (head enterprise) elected by the work collective is endorsed by the higher body as the manager of the amalgamation. If an amalgamation is managed by an isolated apparatus, the election of a manager of the amalgamation is held at the conference of representatives of the work collectives of its structural units and enterprises. Dismissal of the manager of an amalgamation ahead of time is carried out in accordance with the same procedure.

Managers of subdivisions — factories, shops, departments, sectors, livestock units and levels — and also foremen and work-team leaders are elected by the corresponding by a show of hands for a period of up to five years and are endorsed by the manager of the enterprise. These managers may be dismissed by the manager of the enterprise ahead of time on the basis of a decision of the collective of the corresponding subdivision.

Managers of enterprises, structural units of amalgamations, and subdivisions, and also foremen and work-team leaders dismissed upon expiry of their term of authority may be re-elected or assigned to other work in

accordance with the procedure established in law for persons dismissed from an elective position.

Deputy managers and managers of legal and book-keeping services and the quality control service of an enterprise are appointed and dismissed by the manager in accordance with the established procedure.

4. One-man management in the system of self-management at an enterprise is effected by the manager of the enterprise and by the managers of the structural units of the amalgamation and subdivisions.

The manager of an enterprise (director-general, director, chief, business-manager) runs all operations and organises the work of the enterprise. He bears responsibility to the state and the work collective for the performance of the enterprise.

The manager of an enterprise acts without warrant on behalf of the enterprise, represents it at all enterprises, institutions and organisations, disposes of the property of the enterprise, concludes agreements, issues warrants, and opens settlement and other accounts of the enterprise in banks.

Within the limits of the competence of an enterprise, its manager issues orders and instructions which are binding upon all employees of the enterprise. Decisions of managers of structural units and subdivisions, and of foremen and work-team leaders are binding upon all their subordinates.

5. The general meeting (conference) is the main form in which the powers of the work collective are exercised.

The general meeting (conference) of a work collective:

elects the manager of the enterprise and the work-collective council and hears reports on their performance;

considers and endorses plans for the economic and social development of the enterprise and maps out ways to boost labour productivity and profit (income), heighten production efficacy and output quality, preserve and augment public property, and consolidate the material and technical base of production as the basis of the collective's activity;

endorses the collective agreement and empowers the trade-union committee to sign it with the management of the enterprise on behalf of the work collective; adopts socialist commitments; endorses internal labour procedure rules submitted by the management and the trade-union committee;

considers other key issues pertaining to the activity of the enterprise.

6. The meeting (conference) of the work collective of an enterprise is convened by the work-collective council as needed, but not less than twice a year. Questions are submitted for consideration by meetings (conferences) at the initiative of the work-collective council, management, Party, trade-union, Komsomol and other public organisations, public inspection bodies, individual members of the collective, and also a higher body.

Article 7. The Work-Collective Council of an Enterprise.

1. During the period between meetings (conferences) the powers of a work collective are exercised by the work-collective council of an enterprise (structural unit of an amalgamation). The council focuses on developing the initiative of the working people and enhancing the contribution of each employee to the common cause, and takes measures to enable the enterprise to attain high performance indices and the collective to obtain profit-and-loss accounting income.

The work-collective council:

monitors compliance with the decisions of the general meetings (conferences) of the work collective and realisation of the criticisms and

proposals of industrial and office workers, and informs the work collective of action taken upon them;

hears management reports on fulfilment of plans and contractual commitments and on the results of production and economic activity, and charts measures promoting more effective performance by the enterprise and observance of the principle of social justice;

endorses terms for socialist emulation in conjunction with elective bodies of Party, trade-union and Komsomol organisations and summarises its results;

tackles questions pertaining to upgrading management and the organisational structure of an enterprise, to ensuring appropriate remuneration to employees for their personal contribution, and to distributing social benefits fairly;

adopts decisions on the utilisation of the production developments, science and technology, material incentive and social development funds and on the channeling of funds into the construction of housing, children's institutions and canteens, and into improving working conditions and labour protection, and medical, everyday and cultural services for industrial and office workers, and tackles other questions bearing upon the social development of the collective;

tackles questions pertaining to personnel training and qualification raising, and to the observance of internal labour procedure rules, government regulations and labour discipline and work ethics at an enterprise, and maps out measures to strengthen discipline;

supervises the provision of fringe benefits to innovators, top workers, and war and labour veterans from the material incentive and social development funds;

hears reports by representatives of subdivision collectives, advances proposals on moral and material incentives for high performance, and considers recommendations for state awards;

tackles questions pertaining to the election of councils of work collectives of factories, shops, departments, sectors and other subdivisions and defines their rights within the authority of the work-collective council of an enterprise (structural unit of an amalgamation);

tackles other issues pertaining to production and social development if they do not come under the competence of the meeting (conference) of the work collective.

The work-collective council function in close contact with the management and Party, trade-union, Komsomol and other public organisations.

2. Decisions of the work-collective council adopted within the limits of its powers and in accordance with the law are binding upon the management and members of the collective.

If the management of an enterprise disagrees with the work-collective council on a matter, it is resolved at a general meeting (conference) of the work collective.

3. The work-collective council is elected by the general meeting (conference) of the collective of an enterprise (structural unit of an amalgamation) by secret ballot or a show of hands for a period of 2-3 years. Workers, work-team leaders, foremen, specialists, and representatives of the management and Party, trade-union Komsomol and other public organisations may be elected to the council. The size of the council is determined by the general meeting (conference) of the work collective. Representatives of the management may not exceed one-fourth of the overall number of members of the work-collective council. At regular elections the composition of the council is to be renewed by no less than one-third.

The work-collective council elects from its members a chairman, deputy chairman and secretary of the council. Council sessions are held

when necessary, but not less than once every quarter. Members of the work-collective council fulfil their obligations on a voluntary basis. A member of a work-collective council cannot be dismissed or disciplined without the consent of the work-collective council.

A council member who has not lived up to the collective's expectations can be withdrawn by decision of the general meeting (conference) of the work collective.

The management of an enterprise shall provide the requisite conditions enabling the work collective council to function efficiently.

Article 8. The Personnel of an Enterprise.

1. Personnel are selected, placed and educated at an enterprise by the management and the Party organisations with the active involvement of the work-collective council and the trade-union, Komsomol and other public organisations.

An enterprise shall form a stable work-collective capable of attaining high end results in the context of complete profit-and-loss accounting, self-financing and on the basis of self-management. It shall ensure that personnel measure up to the growing requirements of modern production, develop in employees efficiency and a sense of responsibility for accomplishing the enterprise's tasks, educate personnel in the best labour traditions, instilling in them a sense of pride for their collective, and enhance their vested interest in the highest possible labour productivity; see to it that each employer values his job.

2. An enterprise constantly concerns itself with steadily raising the professional, political, general-educational and cultural level of personnel and with transferring employees with due account for their qualification and production interests. For the purpose the enterprise trains and re-trains personnel, organically combining occupational training with economic training, raises employees' qualification directly on the job and at educational establishments, consolidates the material base of training, sets up training combines, courses and centres and advanced methods schools, and develops tutorship arrangements.

An enterprise creates the requisite conditions for combining training with work and provides benefits envisaged by the existing legislation. The enterprise can send employees, with their consent, for training at specialised secondary and higher educational establishments, and also to post-graduate school, paying them a stipend. The enterprise shall pay for the training of specialists for it at higher educational establishments and for raising the qualification of employees within the established amounts.

An enterprise shall assist educational establishments in preparing young people for work and in shaping occupational interests.

3. The executive personnel of an enterprise must possess high business, political and moral qualities, socialist enterprise and principledness, and know how to create a closely-knit collective and combine the interests of the work collective with those of the entire people. High professionalism, knowledge of the fundamentals of the science of management, and an economic way of thinking enabling him to see the perspective and manage effectively are imperative for a modern manager.

An enterprise shall form a reserve of executive personnel and work constantly with them.

4. An enterprise must effect certification of executives and specialists for the purpose of improving the selection, placement and education of personnel and raising their business qualification and the quality and efficiency of their work, and for bringing wages more into line with performance.

From the results of certification the manager of an enterprise shall adopt a decision on raising or

lowering the rating and qualification category, raising or lowering the basic salary, establishing, changing or abolishing additions to the basic salary, and promoting employees or relieving them of their duties. If found unfit for their post from the results of certification, managers of subdivisions elected by the collectives can be relieved of their duties by decision of the collective of the corresponding subdivision.

Article 9. Relations Between an Enterprise and a Higher Body and the Local Soviet of People's Deputies.

1. Relations between an enterprise and a higher body (ministry, state committee, agency or other higher body) shall be built on the basis of planned management and observance of the principles of complete profit-and-loss accounting, self-financing and self-management at the enterprise.

All bodies of state power and administration must promote in every way the development of economic self-sufficiency, initiative and socialist enterprise of ventures and their work collectives.

Management of an enterprise is effected above all by economic methods on the basis of targets, state orders, and long-term economic standards and limits. The list of targets, economic standards and limits established for the enterprise shall be endorsed by the USSR Council of Ministers. A higher body may not impose upon enterprises targets, economic standards and limits over and above the endorsed list. The composition of a state order shall be endorsed by the USSR State Planning Committee and the ministry (agency) of the USSR. For enterprises subordinated to republican ministries and agencies, and also for consumer goods and paid services (apart from state orders of the USSR State Planning Committee and USSR ministries and agencies) the composition of a state order shall be endorsed by the Council of Ministers of the Union republic. Initial data for planning established for an enterprise must be strictly interconnected.

An enterprise is guided by the requirements of the integrated technical policy being pursued in the branch by the ministry or agency and receives assistance from it in training and retraining personnel, and in maintaining foreign economic ties.

A higher body is obliged to ensure conditions for the efficient functioning of an enterprise, to strictly observe the rights of the enterprise, promote their full exercise, not interfere in its day to day management, and also inform the work collective of the enterprise of its activity.

A higher body counters monopoly tendencies of individual enterprises, taking appropriate measures to keep costs and prices from rising and prevent stagnation in the technical development of production and artificial limits on the production and marketing of output enjoying high consumer demand.

2. An enterprise transfers to a higher body part of its profit (income) in accordance with the established standard for creating centralised funds and reserves. A higher body can allocate the enterprise monies from these funds and reserves for measures needed for the development of the branch.

3. A higher body is obliged to supervise the performance of an enterprise, observance of legislation, and the safe-keeping of socialist property. Auditing of the production and financial and economic activity of the enterprise is carried out by the higher body comprehensively not more frequently than once a year, with the involvement of interested organisations.

A ministry, agency or other higher body can issue instructions to an enterprise solely in accordance with its competence as established by the law. If a ministry, agency or other higher body issues an act which does not correspond to its competence or in violation of the requirements of the law, an enterprise is entitled to file

for state arbitration, declaring the said act to be fully or partially invalid.

Losses incurred by an enterprise as a result of compliance with instructions from a higher body which has violated the rights of the enterprise, and also as a result of improper fulfilment by a higher body of its obligations to the enterprise shall be compensated for by this body. Disputes over compensation of losses are decided by state arbitration.

4. An enterprise shall take an active part in the work the Soviet of People's Deputies carries out under legislation to ensure the comprehensive economic and social development of the area and to better satisfy consumer demand, and also in the formation of the local budget in keeping with established norms.

An enterprise co-operates with the Soviet of People's Deputies in its work to search for and set in motion reserves for accelerating the development of production and boosting efficiency. Part of the funds saved by enterprises through implementation of measures organised by the Soviets for utilising reserves for production growth and resource saving is put at the disposal of the Councils of Ministers of the Union (without division into regions) and autonomous republics and executive committees of the local Soviets of People's Deputies to be used for the socio-economic development of the respective areas.

An enterprise coordinates with the corresponding Council of Ministers of the Union (without division into regions) and autonomous republic and the executive committee of the local Soviet of People's Deputies the technical and economic substantiations and technical and economic estimates for the construction of facilities, and title lists of construction sites in keeping with established indices.

Local Soviets of People's Deputies promote efficient performance by the enterprises in their area and take measures to create a favourable system of services for their employees through organisations of retailing, catering and everyday services, health care and culture, and through city transport, as well as a convenient work regime at children's institutions.

5. Fulfilment by an enterprise of operations or services, not envisaged by the plan, on instructions from a higher body or in keeping with decisions of the Soviet of People's Deputies is effected on the basis of economic agreements with compensation of expenses by the enterprises and organisations for which they were carried out (with the exception of operations to eliminate the consequences of natural disasters or emergencies).

III. The Production and Social Activity of an Enterprise

Article 10. Planning

1. The planning of the activity of an enterprise is carried out in accordance with the principle of democratic centralism on a scientific basis, with broad involvement of the work collective in drafting and discussing plans. It proceeds from the need to satisfy the growing consumer demand for high-quality output (work and services) at minimal expense and to boost profit-and-loss accounting income of the collective as the main source for self-financing its production and social development, and labour remuneration.

2. An enterprise elaborates the prospects for its output and social development proceeding from the long-term tasks of the branch and with due account for the plans for the area's comprehensive development. It provides for measures to expand production and raise its technical level, renew output and boost quality to meet the requirements of the domestic and world markets, utilise scientific and technological breakthroughs to the full, and actively participate in country-wide and branch scientific and

technological programmes and joint programmes with the CMEA member countries.

3. The five-year plan for economic and social development (broken down into years) is the main form of planning and organising the activity of enterprises. An enterprise independently drafts and endorses the five-year plan. It utilises initial data of planning as the basis for forming the five-year plan, namely, targets, state orders, long-term economic norms and limits, and also direct orders from consumers and material and technical supply bodies for output (work and services).

An enterprise proceeds from the supposition that: targets reflect social needs for the output produced by the enterprise, and minimal levels of production efficiency. They are not of a directive nature and must not restrict the work collective in drafting the plan. They must leave the work collective broad scope for choosing solutions and partners in concluding economic agreements. The targets include the index of the production of output (work and services) in terms of cost (settlement) for concluding agreements, profit (income), currency receipts, and the most important overall indices of scientific and technological progress and indices of the development of the social sphere. During the period in which the new economic mechanism is introduced and the transition to complete profit-and-loss accounting, self-support and self-financing is concluded, indices for labour productivity and specific consumption of materials can also be included in the composition of targets:

state orders guarantee satisfaction of priority social needs and are issued to enterprises for the commissioning of production capacities and facilities in the social sphere from state centralised capital investments, and also for the delivery of specific types of output needed above all for accomplishing nationwide and social tasks, implementing scientific and technological programmes, strengthening the country's defence capability and its economic independence, and delivering farm produce. State orders are issued to an enterprise by a higher body and can be placed on a competitive basis; they must be included in the plan. The mutual responsibility of the sides — the producer and the client — must be envisaged in the issue of state orders;

long-term economic norms are stable throughout the five-year plan period and ensure that national interests are closely linked with the profit-and-loss accounting interests of an enterprise and the vested interest of the employees. Economic norms define relations with the budget, the formation of the labour remuneration fund and the economic incentive funds, and other aspects of the enterprise's economic activity, and are established with due account for regional specifics;

limits establish a ceiling for state centralised capital investments in the development of inter-branch factories, new construction and the accomplishment of particularly important tasks in accordance with the list of enterprises and facilities included in the state plan, volumes of construction and assembly and contract operations, and centrally distributed material resources for meeting production and construction needs.

4. Yearly plans are drafted and endorsed by an enterprise independently, proceeding from its five-year plan and the economic agreements it concludes. The enterprise plans the production of output (work and services) and other indices of economic and social development, concretising the five-year plan targets; with the corresponding organisations and enterprises it tackles questions pertaining to material and technical supply and contractual construction and assembly operations. As the plans are drafted the ministry, agency or other higher body in conjunction with the enterprises ensures the comprehensive linkage of their proposals.

Agreements for the production and delivery of consumer goods are concluded as a result of a free sale of goods on wholesale markets, which are the basis for planning the line-up and raising the quality of goods and indices determining the production and social development of an enterprise.

5. During the drafting of a five-year plan, an enterprise envisages the complete utilisation of production capacities, employs progressive, scientifically substantiated norms for labour, raw materials, energy and fuel input, replaces material and goods in short supply, extensively uses recycle materials, and seeks to lower production costs and boost profit.

An enterprise is obliged to strictly observe plan discipline and fully meet plan targets and contractual commitments.

6. An enterprise under union (republican) authority is obliged to coordinate its draft plans with the Council of Ministers of the respective constituent (without division into regions), autonomous republic, and executive committee of the local Soviet of People's Deputies on questions pertaining to the development of the social sphere, public services, production of consumer goods, construction, personnel size, utilisation of manpower, local raw materials, recycle resources, environmental protection, and use of land, water and timber. Measures to fulfil the adopted mandates of the constituency are taken into consideration in the draft plans of the enterprise.

Article 11. Scientific and Technological Progress and Boosting Quality.

1. The activity of an enterprise in the sphere of scientific and technological progress must be geared to constantly boosting the technical level and organisation of production, improving manufacturing processes, producing high-quality output that is competitive on the world market, modernising it in due time, and satisfying consumer demand in full. The enterprise shall develop the production of specialised technological equipment. Research and development is conducted by the enterprise through its own efforts and by research and design organisations contracted for the purpose.

The quality of output (operations, services) is the determinant in a social assessment of the performance of each work collective. Concern for the good name of the enterprise should be the object of the professional pride and public spirit of workers, engineers, designers and managers.

2. Wide-scale, comprehensive and timely utilisation of scientific and technological breakthroughs and the production of efficacious and high-quality output is the foremost way of boosting the profit (income) of an enterprise and of self-financing its production and social development. The enterprise shall market at higher prices output, the parameters of which measure up to or exceed the highest world levels. For production of obsolete goods and low-quality output the enterprise shall pay out discounts off wholesale prices, bears material responsibility and underwrites irretrievable losses in the profit-and-loss accounting income of the collective, wages and social benefits.

3. An enterprise is obliged to ensure strict observance of technological discipline standards, technical conditions, and the dependability, flawlessness and safety of the equipment it produces. It carries out quality control of output (operations, services), strengthens its own quality control services and assists the state acceptance service, and organises warranty and post-warranty repair, and also enterprise-based servicing of equipment produced.

4. In order to accelerate research and development and enhance the integration of science and output, production amalgamations and enterprises shall:

ensure priority development of their own research and experimental base; they may form

research and design subdivisions and assign researchers and specialists to them;

establish steady direct ties with research, design and technological organisations;

conclude agreements on a profit-and-loss basis for research and development with research institutions, higher educational establishments, organisations of scientific and technological societies, inventors and rationalisers, and with other enterprises irrespective of whose jurisdiction they come under.

5. A research and production amalgamation is obliged to be at the forefront in creating and extensively utilising in production highly efficient machinery, manufacturing processes and new-generation materials. It bears responsibility for the scientific and technological level of the output (operations, services) produced in the economy in its field.

Research, design and engineering organisations are obliged to ensure a high level of research and development and the implementation of perspective requirements to quality of output (operations, services) in them, develop output of the highest world standards, elaborate progressive root and brand new technologies, and actively promote extensive use of the results of research and development in the economy. For the transfer to production of projects failing to measure up in the basic indices to the highest world standards, the above organisations shall bear material responsibility, and their managers and researchers shall be disciplined and penalised in terms of wages and material incentives.

6. Enterprises, production and research-and-production amalgamations, and scientific organisations must extensively use in their activity various forms of scientific and technological competition and stimulate a creative atmosphere in the work collectives. In order to choose the most effective solution to a technological problem and develop initiative on the part of scientists, specialists and workers, competitions and parallel design projects shall be conducted, and temporary research teams shall be set up. The development of major economic output is to be effected on a competitive basis. Enterprises, amalgamations and organisations which emerge victorious in scientific and technological competition drives receive priority as regards material and moral incentives and increase profit (income).

Interbranch scientific and technological complexes pool the efforts of enterprises and coordinate the research, design and technological projects conducted by them in the main areas of scientific and technological progress, and also operations to develop pilot models and get them mass produced.

7. An enterprise is obliged to make efforts to get all members of the work collective involved in the drive to accelerate scientific and technological progress, boost quality of the output, and raise the level of organisation and standards of production; it shall encourage scientific and technological creativity of working people. The enterprise shall organise innovation and rationalisation at the enterprise and exchange of experience, conduct reviews, form quality groups and employ other forms of creatively involving working people in boosting quality, and it shall ensure the safekeeping of technological, patent and licence information.

Article 12. Retooling and updating.

1. The enterprise is obliged to make effective use of its production potential, increase the shift coefficient of equipment, constantly renew it on an advanced technical and technological basis, and to strive for an all-round growth of productivity. It formulates a programme for the continuous modernisation of its material and technical base, and concentrates its efforts and resources on the retooling and updating of production on a basis of progressive designs.

2. Retooling, updating and expansion are carried out by the enterprise with the help of the fund for the development of production, science and technology and other similar funds, as well as with bank credits, and enjoy priority as far as provision with the necessary resources and contract work is concerned.

In special cases the enterprise is allocated centralised financial resources to conduct large-scale measures to update and expand existing production and also construct social facilities. A list of pertinent enterprises and projects is approved in a state plan.

3. The enterprise has the right to:

prepare, by its own efforts and on contract basis, design estimates for retooling, updating and expansion of existing production, and also for the construction of projects of the non-productive purpose;

approve design estimates and lists of installations of productive and non-productive purpose whose construction is financed out of the profit-and-loss accounting income of the enterprise's collective and with bank credits;

approve, in agreement with contractors, schedules for building and assembly work;

refuse to accept obsolete plans and specifications from designers.

4. The enterprise effects retooling, updating and expansion of existing production facilities through a rational combination of non-contracted and contract methods of construction. The enterprise sees to it that normative periods of construction, norms relating to bringing production capacities to full operation, and recoupment of investments are observed.

To carry out building and assembly work by the contract method the enterprise concludes a contract for the entire duration of construction.

The contractor enterprise, jointly with the customer and subcontract organisations, ensures the commissioning of construction projects within the time limits set and is responsible for their quality.

Article 13. Social development of the work collective.

1. A major aspect of enterprise activities must be the pursuance of an active social policy as a powerful lever for increasing the efficiency of production, promoting the labour and public and political activity of its staff, educating them in the collectivist spirit and asserting the socialist way of life. The enterprise is obliged to show concern for the improvement of working and living conditions and satisfying the interests and needs of its personnel, their families, and war and labour veterans.

The work collective of the enterprise, and each of its members, earn money for social development by their own highly productive work. The possibilities for meeting the requirements of the collective in social benefits are determined by the end results of the enterprise's performance, by the profit-and-loss accounting income of the collective. Questions of social development are decided by the work collective itself.

The enterprise pursues its social activities in close collaboration with the local Soviet of People's Deputies.

2. The enterprise is obliged to attach primary importance to the activation of the human factor, improvement of working conditions, enhancing the creative content of labour and gradual transformation of work into the first life requirement. For these ends the enterprise:

works for a sharp reduction and, in the long-term, elimination of heavy physical monotonous and low-skilled work;

applies production processes harmless for workers and population that meet the requirements of sanitary norms and safety regulations and ensures the prevention of breakdowns and accidents and elimination of

industrial injuries;

introduces automation and mechanisation on a wide scale, improves the organisation of workplaces and perfects labour organisation;

creates the most favourable conditions for women's work;

renders all-round assistance to young people in improving their vocational training and raising their general educational and cultural level.

3. In order to create favourable social conditions for the staff directly in production, the enterprise:

organises public catering, provides all personnel with hot meals, uses, if necessary, the social development fund for reducing food prices in its canteens and refreshment bars, and actively develops its own subsidiary farm;

improves medical care of its staff, works for the reduction of the sick rate by ensuring a comprehensive approach to preventive and treatment work, allows free use of its premises for health services, and expands and strengthens medical treatment and disease prevention facilities;

actively furthers various kinds of paid services, pressing for the fullest possible satisfaction of the needs of its personnel, promotes the rational use of their spare time.

4. For the purpose of the accelerated development of the material facilities of the social sphere and creation of conditions for healthy every-day life and recreation of workers and their families, the enterprise:

channels the main proportion of its social development fund into the building of housing, children's institutions and other facilities of social purpose;

seeks that the family of every worker is provided as soon as possible with a separate flat or an individual house and conducts construction, maintenance and timely repairs of the residential buildings that belong to it out of its social development fund and with bank credits, organises co-operative construction and renders all-round help to its personnel in individual house-building, and issues loans for these purposes;

builds up a network of nursery schools, day-care centres, Young Pioneer camps and other children's establishments;

carries out construction, repairs and maintenance of disease prevention sanatoriums, holiday hotels, rest homes, tourist and sports bases and other recreation facilities;

develops in every way physical culture and sports, the creative self-organised activities of personnel and members of their families;

advances the development of collective gardening and orchard cultivation;

distributes housing, tickets to rest homes and resorts, market garden and orchard plots and other social benefits and grants.

The management and trade union committee of the enterprise, with the consent of the work collective council, are permitted to allocate housing extraordinarily to individual high-skilled specialists and other staff considering their work contributions. The enterprise may give financial encouragement to personnel of medical, children's, culture and education and sports institutions, public catering units and organisations that provide services for the work collective but are not part of it.

5. The work collective of the enterprise shall promote good family relations and create favourable conditions for women that enable them to combine successfully motherhood with participation in work and public activities. Questions pertaining to the labour and every-day life of women must be decided with the active involvement of the women's council.

6. Work collectives shall show constant concern for war and labour veterans, pensioners, disabled people and children, give them every

care and attention, render necessary help, create conditions for involving able-bodied pensioners and invalids in work within their powers, draw them into the public life of the collective, and allow them the use of the enterprise's facilities for medical and other care, rest and recreation. The enterprise takes part in the construction of homes for the elderly and disabled, patronises these homes and also children's homes, boarding schools and the child care centres, and grants them material and financial aid.

7. The enterprise actively promotes the effective work of schools, educational and medical institutions and can finance appropriate measures out of its own funds.

The enterprise that has been attached to a general educational or a vocational school as its base, organises the labour training of their pupils and furnishes the required conditions for that.

Article 14. Labour and Wages.

1. At the enterprise, citizens of the USSR exercise their constitutional right to work and its payment in accordance with the results of their work, its quantity and quality.

It is the duty of every worker to work honestly and conscientiously, raise labour productivity, improve product quality, preserve and multiply the people's wealth and to observe labour discipline.

The enterprise is obliged to make effective use of the work of its staff and on that basis to seek to improve the well-being of the collective, and successfully tackle tasks of its production and social development. Along with material incentives, the enterprise must make wide use of various forms of moral encouragement of personnel for high achievements in labour.

The wages of every worker are determined by the end results of his work and his personal work contribution, with no maximum limit set on them.

2. For the fullest possible utilisation of the labour potential and to create conditions for highly productive activities by every worker, the enterprise:

fixes technically sound work quotas and revises them as labour and production organisation is improved and technical measures are carried through;

secures fulfilment of growing amounts of work with a relatively smaller number of personnel;

conducts certification and streamlining of jobs, determines their requisite number and eliminates surplus jobs;

establishes forms of labour organisation of its staff, carries out job rating, grants ratings to workers and categories to specialists, and organises the introduction of advanced methods and techniques of work;

fixes the working time and rest time schedule, agreeing it with the local Soviet of People's Deputies, adopts flexitime arrangements, allows part-day and part-week work, organises work at home, and also defines the length of additional holidays in keeping with the legislation.

On the basis of openness, the enterprise ensures an objective assessment of a worker's personal labour contribution to the results of economic activities, encourages conscientious labour, creates a situation of intolerance towards discipline violation and shoddiness by workers and applies to them strict measures of a material, disciplinary and public nature.

3. In order to enhance the efficiency of labour, to increase the collective's interest in and responsibility for the results of their work, to inculcate among staff a master-like attitude to the use of the means of production, the enterprise:

uses team profit-and-loss accounting and

contract methods as basic collective forms of labour organisation and stimulation. If necessary, the team may include engineers and technicians and other specialists;

transfers to contract work sections, workshops and other units. The operation of such units is organised on the basis of an agreement between the collective and the management which attaches the necessary property to the pertinent unit and which provides for labour remuneration under long-term normatives;

applies the family contract system as necessary.

4. The enterprise sets up, according to the established normative, a wages fund (labour remuneration fund), depending on the end results of work. The enterprise is obliged, in accordance with approved normatives, to ensure faster growth of labour productivity as compared with rises in average wages.

Within the wages fund, set up according to the normative, the enterprise independently, with due account of production specifics and the tasks facing it, breaks down the wages fund according to individual categories of personnel — designers, process engineers, research workers; members of the technical inspection services. The enterprise is obliged to ensure a relative reduction in the numbers of managerial personnel and in the share of funds allocated for their upkeep.

The enterprise determines the total number of staff, their vocational and qualification composition and approves lists of staff members.

5. The enterprise is obliged to use labour remuneration as an important means of promoting the growth of labour productivity, accelerating scientific and technological progress, improving the quality of output, increasing the efficiency of production and strengthening discipline. It ensures the introduction of new base wage rates and salaries to be funded from sums earned by the work collective.

The enterprise has the right to:

determine the forms and systems of paying for the work of its staff, not allowing wage levelling;

define jobs, payment for which is done according to higher base wage rates and also grant additional privileges to factory and office workers depending on specific working conditions;

introduce extra payments for multiple-job or multiple-duty work, increased service areas or greater amounts of work, including in professions and jobs that belong to various worker categories, with no limits set on the size of these extra payments, to be funded from and within savings in the wages fund resulting from the base wage rates (and salaries) of released workers;

fix extra payments out of wages fund savings for each category of personnel: to workers for professional skill, and to managers, specialists and office staff for high achievements in labour and for the performance of extremely important work while it is done;

fix salaries for heads of units, specialists and office staff, without observing average salary rates under the manning table and without regard for their number ratios;

determine specific ways of using the material incentive fund;

elaborate and endorse procedures for giving bonuses to workers, executives, designers, process engineers and office personnel of structural units and subunits;

ensure priority work incentives for designers, process engineers and other personnel directly connected with the development and introduction of the latest equipment and technology, inventions and suggestion schemes.

6. Improvement of labour organisation and remuneration, measures for the social development of the work collective and

distribution of social benefits, checks on the correct application of the established systems of labour remuneration and settlement with working people are all done at the enterprise in agreement with the trade union committee.

Article 15. Material and Technical Supplies

1. Material and technical supplies for the enterprise are provided with a view to its effective and rhythmical operation, sparing use of material resources at a minimum necessary level of their stocks.

In keeping with its plans for economic and social development, the enterprise determines its requirements in resources and acquires them through wholesale trade or by centralised distribution.

Through wholesale trade the enterprise purchases material resources without any limits (or quotas set) in keeping with its orders based on contracts concluded with enterprises and other agencies of material and technical supplies or with product-makers.

Through centralised distribution the enterprise is assigned separate material resources within the limits (quotas) set. The enterprise itself, on contracts with suppliers, determines the range and delivery timetables for these resources.

Where direct links are involved, the enterprise gets its material and technical supplies independently, both as regards products marketed under direct no-limit orders and as regards centrally distributed products.

Wholesale trade shall expand to become the basic form of material and technical supplies of enterprises.

2. The enterprise bears economic responsibility for the fulfilment of its commitments under delivery contracts. Material and technical supply agencies shall timely satisfy the legitimate requirements of enterprises in material resources. Territorial agencies of material and technical supply services play the main role in arranging adequate provision of enterprises with material resources and effective control over their deliveries. These agencies bear economic responsibility for delivery of products if and when they act as suppliers. Material and technical supplies for non-contracted construction are provided regardless of sources of financing by territorial agencies of material and technical supply services on application from enterprises.

The enterprise is entitled to conclude contracts with material and technical supply agencies for comprehensive supplies, pre-treatment of materials delivered for production consumption, the lending of technical facilities, and information and other services.

3. The consumer enterprise has a priority right to maintain established ties and expand direct long-term economic links with manufacturers and chooses the form of delivery: directly by the manufacturer or through a supply and marketing enterprise.

Material and supply agencies are forbidden to revise arbitrarily the established direct long-term ties between enterprises.

4. If the enterprise receives products whose quality is below existing state standards, specifications or contracts concluded, and also if the enterprise is handed over substandard design and technical documentation, it has the right to annul the contract with the supplier unilaterally and demand recompense for the losses arising from the annulment of the contract.

At the request of the enterprise a material and technical supply agency or the higher body attaches it to another supplier.

5. The shipping enterprise bears responsibility for final delivery of the cargo, idle time and underuse of transport conveyances, and the transporting enterprise for failing to provide planned and contracted means of transport for delivery or shipping of products, for timely

delivery of freight and its safety under the procedures established by legislation. Water, power, heat, gas and other energy supply organisations bear economic responsibility before consumer enterprises for observance of quotas set and supply schedules.

Article 16. Marketing of Products, Provision of Work and Services

1. The enterprise markets its products, executes work or renders services through economic contracts with consumers and trading or material and technical supply establishments or through its own network for the sale of products, execution of work or rendering of services. The enterprise shall see fully through its obligations stemming from contracts as regards amounts, assortment (range), deadlines, quality of products (work or services) and other conditions. Fulfilment of orders and contracts is the prime criterion in assessing the activities of enterprises and in providing material incentives for work collectives. The enterprise shall study demand and engage in advertisement. The concluding stage of the production and marketing activities of the enterprise and the indispensable condition for full-scale profit-and-loss accounting and self-financing is payment by the consumer for products (work or services) supplied under contract terms.

2. The enterprise has the right to use its products for its own needs, sell them to other enterprises, organisations and the population, or exchange them with other enterprises, provided it fulfils its contract obligations, this rule also applying to products that have been refused by the consumer that contracted their delivery and by material and technical supply agencies (except for individual types of products specified in the legislation).

3. Failing to observe contract commitments, the enterprise bears economic responsibility and recompenses consumer losses in accordance with the established procedures. Payment of fines and penalties for non-observance of contractual terms and also compensation for the losses caused do not free the enterprise of its obligation for the delivery of products, execution of work or rendering of services.

4. The buyer enterprise shall pay promptly for the products (work or services) furnished to it in keeping with the contract, out of its own funds and in certain cases with bank credits. The enterprise bears responsibility for payment within established time limits and pays a fine for delays in accounts settling.

Should the enterprise lack its own means to pay for products (work or services) and have no right to obtain credits, the higher body allocates it money from appropriate centralised funds and reserves on condition of its return.

Article 17. Finance and Prices.

1. The financial activities of the enterprise shall aim at setting up financial resources for the production and social development of the enterprise, for ensuring profit (income) growth through raising labour productivity, lowering production costs, enhancing the quality of output (work or services), and improving the utilisation of productive assets.

2. The enterprise conducts its financial activities in accordance with five-year and annual plans. It is responsible for the timely fulfilment of its commitments to the budget, banks and the higher body, to suppliers, contractors and other organisations. The enterprise shall work for high efficiency in the utilisation of finances that remain at its disposal.

3. The enterprise shall take part in shaping up the revenue of the State Budget of the USSR, the means of which are spent on major economic and social measures, on the strengthening of the country's defence capabilities and on other needs of the state.

Financial relations between the enterprise and the state budget are based on long-term

economic normatives. The enterprise makes payments to the budget for resources at its disposal, contributing to it part of its profit (income) and also making other payments and deductions provided for by the legislation, including to the local budget, according to normatives set.

Normatives governing the distribution of profit (income) between the enterprise and the budget shall ensure equally tough state requirements for use by enterprises of their productive assets, manpower and natural resources.

Payment for productive assets is, as a rule, made according to a norm which is uniform for all enterprises. Payment for manpower resources recompenses the state for its expenses incurred in training workforce and in providing social, cultural, communal and everyday services for staff and members of their families. Payments for natural resources (the land, water and minerals) are a way of extracting differential rent arising from differences in the natural productivity of these resources.

In addition to payments to the budget for resources, there is also taxation of the profit (income) of enterprises that remains after paying for resources and the payment of credit interest.

Withdrawal and redistribution of profit (income) and other financial resources of the enterprise over and above the established normatives, norms and rates, and also in cases not provided for in the legislation, are forbidden.

4. The enterprise must operate without loss. At a temporary plan-envisaged loss, it shall be financed by a higher body out of central funds and reserves within the margins of a grant fixed in the five-year plan with progressive reduction. The enterprise must work out steps to reinforce its financial position, end within a set period loss of production (operations, services) and assure profitability.

5. The enterprise shall recompense the losses inflicted on other organisations or the state and pay the fines, penalties or other sanctions fixed by legislation out of its commercial accounting-based income. It will add to this income the damages and sanction money received.

6. The enterprise shall exercise its rights and duties in pricing by complying with the main principles of state price control. Prices must reflect the socially needed expenditures on the production and sale of goods, and their consumer appeal, quality and effective demand. They shall be used as an active means of influencing the growth of production efficiency and improving the quality and reducing the production costs of output (operations, services). The enterprise must ensure that prices and their designs or estimates are commercially substantiated, as well as a growing cost-effectiveness and relative decreases in the price of goods for the customer.

7. The enterprise shall sell its products (operations, services) at the prices (tariffs) fixed in a centralised way, by agreement with customers or on its own.

8. The enterprise bears liability for a strict observance of the discipline in prices and must not allow overrating. Unjustified profits for it from breaches of state price regulations or non-compliance with standards and specifications shall go into the State Budget (at the expense of its commercial-accounting income) and not be included in its plan fulfilment report.

Enterprises that have overstated prices and got unjustified profits shall additionally pay into the budget a fine amounting to the illegal gain of its commercial-accounting income. If a producer overrates its price for goods (operations, services), a customer can annul the contract for their delivery.

9. Enterprises must guide themselves by centrally fixed prices (tariffs) for goods (operations, services), and also by the prices (tariffs) approved by ministries and departments.

The enterprise can, by agreement with the customer, make additions (discounts) to the

centrally fixed wholesale prices for carrying out extra requirements involving a change in consumer appeal and/or component array.

10. To extend its independence in economic activity, take fuller account of the individual requirements of customers and stimulate the output of quality goods, the enterprise can apply prices agreed upon with the customer (contractual prices) for custom-built capital goods, new or first-mastered goods and new non-food consumer goods, plus certain types of food goods sold by agreement with trading organisations, for a period of up to two years and within an established list; the end products of research and development organisations, farm produce bought by state farms or other state agricultural enterprises from the population, products bought and sold by co-operative organisations, and other types of output (operations, services) specified by the law.

State pricing bodies shall determine a procedure for establishing contractual prices and supervise their application.

11. The enterprise shall independently fix prices (tariffs) for capital goods, consumer goods and services for which no centrally approved prices are used, and also for products (services) for its own consumption or sold in its trade network.

State farms and other state agricultural enterprises can independently fix prices for a part of planned and the whole of above-plan farm produce, sold through their own trade network or at a collective-farm marketplace.

Article 18. Credit and settlements.

1. An enterprise on full commercial accounting and self-financing is entitled to bank credits for production and social purposes, but on the condition of a strict observance of the principles of crediting: backing, a purposeful character, time limits, refundment, and a payment for credit.

A bank will provide an enterprise with a short-term credit for purposes of current activity on a consolidated-object basis. Long-term credits are to be granted for purposes of production and social development with a subsequent repayment of the credit out of the enterprise's production, science and technology and social development funds (other funds of similar designation).

The enterprise solves all the credit-related matters in credit institutions at the place of opening a settlement account or an account to finance capital investments.

It bears responsibility for the effective use of loans. Sanctions will be applied to enterprises breaching the terms of crediting. If it systematically falls behind loan repayment deadlines, and enterprise loses the right to a new credit; in some cases it can use it only with a higher-body guarantee.

2. The enterprise must effect settlements under its obligations in time. It shall pay fines and penalties for overdue settlements. The enterprise makes all the settlements, including budgetary deductions and wage payouts, in a calendar order of receipt of settlement documents (onset of payment dates).

Banks shall pay enterprises interest for the use of temporarily free money of their production, science and technology or social development funds.

3. Banks may declare an enterprise systematically breaching payment deadlines insolvent, notifying its main suppliers of goods and material values and a higher body about this. A sequence for payments under the obligations of such an enterprise shall be fixed by the bank. Creditor enterprises may halt deliveries of products, performance of operations and rendering of services to the enterprise declared insolvent. The enterprise and its higher body must take steps to end mismanagement and reinforce settlement discipline.

The fines, penalties and other sanctions,

collected without recourse to the court, will be written off by the bank from the enterprise's settlement account. Illegal write-offs shall be returned to the enterprise by the guilty party in an increased amount. Disputes over such a return are to be considered in arbitration bodies and courts.

Article 19. Foreign economic activity.

1. The foreign economic activity of an enterprise is a major component part of its whole work. It is carried out, as a rule, on the basis of foreign-exchange self-support and self-financing, and its result is an integral part of the outcome for economic activity of the enterprise and directly influences the sizes of its economic incentive and foreign-exchange deduction funds.

The enterprise assures export deliveries in the first place.

2. Of paramount importance in the foreign-economic activity of an enterprise are co-operation with enterprises, in socialist countries, the expansion and development of socialist economic integration and the promotion of effective co-production.

In its relations with enterprises and organisations in CMEA member countries, the enterprise:

establishes direct ties, solves matters of production and technological partnership, including the fixing of economic terms for co-operation, such as contractual prices, and signs economic agreements and contracts;

agrees the range and volume of export-import deliveries under a co-production and services scheme, and transfers material resources and the appropriate technical documentation;

does research, development and experimental work, creates joint scientists' and experts' teams for these purposes, exchanges specifications on mutually agreed conditions, and assists in the training of personnel;

participates in the activity of joint venture enterprises, international associations, and organisations created on the basis of international treaties of the USSR.

3. The enterprise maintains economic ties with firms in capitalist and developing countries on a basis of mutual benefit and equality. Major vehicles for promoting such ties are production and technological partnership on a long-term and balanced basis, and the establishment of joint venture enterprises and facilities. The procedure for creating in the USSR and operating joint venture enterprises and facilities is fixed in accordance with Soviet legislation.

4. An enterprise making significant export deliveries of goods (operations, services) may be allowed to directly handle export-import transactions (including markets in capitalist and developing countries) and create a profit-and-loss foreign trade firm for these purposes.

Enterprises with no right to independent access to the external market participate in determining the best terms for the export of their products (operations, services) through foreign-trade associations of their or other ministries and departments.

5. In order to reinforce commercial accounting, heighten economic interest and responsibility and widen independence in carrying out export-import transactions, the enterprise:

co-operates with foreign partners on the basis of economic agreements;

sets up a fund of foreign-exchange deductions, formed at stable long-term rates from the money earned by sales of finished export products (operations, services) and from the whole sum of foreign-exchange receipts from partnership deals for supplies and the sale of licences;

may receive a bank credit in foreign exchange to set up and expand export production facilities on the condition of repayment of the credit at foreign exchange earnings expense;

bears financial liability for the effectiveness of foreign economic ties and the rational use of foreign exchange funds for the development of production and heightening of its technological level;

compensates the losses from non-fulfilment of export targets or contractual obligations, out of the foreign-exchange funds available to it;

pays out to a foreign buyer all the fines and other sanctions in foreign exchange at currency-fund expense, if a breach of obligations has occurred through its fault.

6. To retool and update production and for research and development or other work, the enterprise imports goods at the expense and within the limits of its foreign-exchange fund or loan resources. It can also buy medical equipment, and leisure, household, sports and other goods, not included in plans of state distribution, from CMEA countries for its workforce needs.

The state shall not take any money from the enterprise's foreign-exchange fund; the latter may be amassed for use in subsequent years.

7. The enterprise can acquire transferable roubles and national currencies of socialist-community countries from the USSR Foreign Economic Bank at credit terms for scientific and technological work and to develop effective production facilities under partnership deals.

Article 20. Nature use and environmental protection.

1. The enterprise must, in the interest of present and future Soviet generations, assure the effective use and reproduction of natural resources, use them thriftily in keeping with the aims for which they are given to it, protect the environment from pollution and other harmful influences, and organise production based on no-waste technologies as the chief direction in preserving nature.

It ensures the comprehensive use of minerals and other natural resources; must rationally use farmlands, do recultivation and implement other conservationist steps.

Nature protection measures by the enterprise should fully offset all harmful production influence on the environment.

It provides for nature protection facilities and systems in its expansion, modernisation and retooling plans, builds them and ensures their effective and smooth operation.

2. For use of natural resources as part of national wealth the enterprise pays royalties, and implements nature protection measures out of its own funds and/or credits. Such measures can be centrally funded in some cases.

3. In its conservationist effort and the use of natural resources, the enterprise is under the control of the local Soviet of People's Deputies and other bodies exercising state control in the field of nature protection and the use of natural resources.

The enterprise recompenses environmental damage from pollution and a non-thrifty use of natural resources, and bears financial liability for non-observance of the legislation on nature protection. An enterprise grossly violating the nature-use regime may be shut down until that situation is rectified.

Article 21. The joint production and social activities of enterprises.

1. To make better use of its production potential, expand the production of goods and services, jointly solve technological problems and develop the infrastructure, the enterprise, at its own initiative or on the proposal of local Soviets of People's Deputies or other organisations, furthers partnership primarily with enterprises located on the given territory. They may pool their efforts to solve inter-industry, industry and regional tasks. For these purposes the enterprise has a right to:

jointly carry out work involving production modernisation and retooling, swift technological progress, improvement of output quality,

expansion of consumer goods production and the rendering of public services;

create inter-industry production facilities, common-use computer centres, R & D, design, repair, building, trade and other joint enterprises and amalgamations in the prescribed manner;

build and operate production infrastructure units, farms attached to it, nature protection works, dwelling homes and other production, cultural and social facilities;

in a prescribed manner, unite with other enterprises, even as far as a total merger, if this is dictated by the interests of co-production and technological ties and effective end performance;

organise the training of specialists, and set up (together with educational institutions) production-and-training schemes.

To carry out this and other joint activity, enterprises sign contracts that envisage a pooling, on a shared basis, of financial, labour and material resources, and the solution of the problems in organising and running joint enterprises and amalgamations.

Higher bodies and executive committees of local Soviets of People's Deputies take steps to promote the joint activity of enterprises, and assist the fullest exercise of the rights granted to them in this field.

2. The enterprise can participate in the work of inter-sectoral and inter-factory industrial-territorial associations set up by the Councils of Ministers of Union (without a regional division) or Autonomous Republics or executive committees of local Soviets of People's Deputies.

3. Co-operatives may be set up within an enterprise in a prescribed manner. The enterprise assists such co-operatives, and also citizens engaged in individual labour under contract with it.

Article 22. Accounting, reporting and control

1. To actively influence the whole of its economic activity, analyse tools of developing production, assure effective management and prevent gaps in plan target fulfilment, the enterprise tracks the results of work, monitors the course of production and conducts operative book-keeping and statistical accounting.

The enterprise must:

use advanced tools of information management based on wide-scale modern computer application;

draw up reports and submit them to appropriate bodies within a set period, ensuring the reliability of statements and balance sheets;

strictly control the rational and thrifty use of material, labour and financial resources, fight determinedly against negligence and extravagance, take steps to avert such phenomena, and report thefts and gross breaches of legislation to procurator's offices or internal affairs departments;

enhance the role and responsibility of the legal, book-keeping and other functional services for observance of the law, contractual and financial discipline and output quality.

Heads of enterprises, structural units, sub-units and other guilty persons bear personal responsibility for fiddled figures, eyewash and other distortions of public reporting and can be disciplined, fined or face criminal proceedings. All cases of padded reports are to be discussed in the work collective.

The forms of enterprise reports, and to where and when they must be sent, are fixed in the prescribed manner. No other reports can be demanded or submitted.

2. Along with higher bodies, banks and financial and other institutions can audit and check the work of an enterprise in accordance with their law-imposed functions of control over enterprises' activity. Law-enforcement authorities and People's Control committees can also demand an audit or a checkup.

Any audit or checkup must help to raise the effectiveness of economic activity and not disturb the normal rhythm of the enterprise's work. Its results are to be reported to the work collective.

3. A People's Control committee (group, post) is elected at the enterprise; management should assist it in every way, consider its proposals and recommendations, and act to remove the shortcomings disclosed by it.

Article 23. The setting up and liquidation of an enterprise.

1. Enterprises are set up in a manner prescribed by the USSR Council of Ministers.

Reorganisation (merging, incorporation, division, separation, transformation) and liquidation of enterprises are made in a prescribed manner by decision of the body that has the authority to create appropriate enterprises.

An enterprise can be liquidated:

if the need for its further operation has fallen away and it cannot be reorganised, or for any other reasons specified by the law;

given long unprofitability and insolvency, lack of demand for its products and if the steps taken by the enterprise and its higher body to secure profitability have failed.

2. In reorganising or liquidating an enterprise, the higher body guarantees dismissed workers the rights established by the Constitution of the USSR and legislation. Not later than two months before the reorganisation or liquidation of an enterprise, workers are to be personally notified of the dismissal date. They will keep their average wages and seniority during job placement, but for not longer than three months.

The body that has decided on the enterprise's reorganisation or liquidation and the local Soviet of People's Deputies are to assist the placement of released workers in every way. Citizens' claims and suits against the liquidation enterprise may be filed against the higher body.

Workers who cannot be placed according to their trade, craft or skill are taken on for a new job, provided they retrain within a time fixed at the signing of a labour contract.

3. The enterprise has a statute defining the aims of its activity, which must be approved by its higher body. Upon approval of the statute, it becomes a juridical entity enjoying rights and fulfilling the obligations arising from its activity.

The enterprise also has a seal with its name and a representation of the National Emblem of the USSR or a Union Republic (depending on the subordination of the enterprise).

Article 24. On the guarantee of observance of the rights of enterprises (amalgamations).

Bodies of state authority and administration bear responsibility for the observance of the provisions of the Law of the USSR on the State Enterprise (Amalgamation) in adopting normative documents concerning its practical realisation, and build their relations with enterprises and amalgamations strictly in accordance with this Law.

Article 25. Specific features of the application of this Law.

Specific features of the application of this Law in individual branches of the national economy and to individual types of enterprises are to be determined by the Council of Ministers of the USSR.

The President of the Presidium of the USSR Supreme Soviet

A. Gromyko.

The Secretary of the Presidium of the USSR Supreme Soviet

T. Menteshashvili

Moscow, the Kremlin, June 30, 1987. □

(Pravda, July 1. In full.)

Meeting of the Political Bureau of the CPSU Central Committee

AT ITS regular meeting the Political Bureau of the CPSU Central Committee discussed organisational, political and economic measures connected with the implementation in practice of the decisions of the June 1987 plenary meeting of the CPSU Central Committee. It approved organisational, political and propaganda measures directed at fulfilling the plenary meeting's decisions. The Political Bureau determined the order and time limits for studying the remarks and proposals made by the participants in the plenary meeting of the CPSU Central Committee. A comprehensive plan for restructuring economic management in practice, worked out by the Council of Ministers of the USSR, was endorsed.

During the discussion of these questions it was stressed that the key to achieving the set aims is in ensuring a genuine participation of the broadest popular masses in managing the economy, in ensuring that every wage and salary earner becomes a real master at his place of employment, in the collective and in society. In this connection attention was drawn to the need for strictly observing in practice the provisions of the Law on the State Enterprise (Amalgamation).

The Political Bureau approved documents on improving the management of the economy. These documents determine the directions of reorganisation in the field of planning, material and technical supply, price-forming, the financial and credit mechanism and other spheres of activity, and were revised with due account of the decisions of the plenary meeting of the CPSU Central Committee and the session of the Supreme Soviet of the USSR.

The question of further expanding the State Output Quality Control Inspectorate was studied. The relevant resolution of the CPSU Central Committee and the Council of Ministers of the USSR notes that the introduction of state output quality control enhances better quality of products. The organisation of work and technological discipline improve as a result.

The Political Bureau of the CPSU Central Committee studied the question of consolidating the material and technical base of research into physics of high energies and a programme for developing it in the period to the year 2000. It is planned to build unique accelerating complexes and a number of other experimental installations at the country's leading scientific centres, to reconstruct, expand and build new facilities for the experimental and production base.

The question was studied for fundamentally improving the upbringing, education and material maintenance of orphans and children left without the custody of their parents. Measures have been defined for improving the study and education process, improving medical services and further developing and consolidating the material and technical base of baby-care establishments, orphanages and boarding schools.

The Political Bureau supported the proposal by the public to set up a Soviet child founda-

tion named after Lenin — an all-union mass organisation uniting the efforts of citizens, work collectives, public organisations and creative workers' associations and called upon to develop in every way the Leninist traditions of a considerate and caring attitude to children.

The Political Bureau studied the results of Mikhail Gorbachev's and Andrei Gromyko's conversations and talks with the FRG Federal President Richard von Weizsaecker; as well as Eduard Shevardnadze's and Alexander Yakovlev's with the Vice-Chancellor and Minister of Foreign Affairs of the FRG, Hans-Dietrich Genscher, that were held within the framework of the FRG Federal President's official visit to the Soviet Union.

The conversations and meetings with the FRG statesmen in Moscow were useful and offered an opportunity to compare the positions of our countries in international affairs, to concentrate attention on questions of stopping the arms race and disarmament, radically improving the situation in the centre of Europe and on the need for a new, fresh approach to solving the problems of our time.

The principal pressing task is to rid the European continent of medium-range nuclear weapons and theatre missiles. In this connection the hope was again expressed that the FRG Government will not create obstacles to this process and will take the corresponding steps to make easier the attainment of agreement on this question in Geneva.

It was noted that notwithstanding political and ideological contradictions and the different military-strategic orientation the USSR and the FRG can be partners. The Soviet side confirms its readiness to develop firm relations with the FRG as a major West European partner, relations not subject to transient influences, on the understanding that the FRG, too, would display a similar readiness and would not burden it in any way.

There exist extensive objective possibilities for co-operation between the USSR and the FRG in building the common European home on the basis of recognition of the realities in Europe, respect for them, and strict observance of the Moscow Treaty and for filling it with life. A new,

productive page could be opened in relations between the USSR and the FRG by joint effort. This would be both in the interests of the peoples of both countries and in the interests of the entire continent.

The Political Bureau studied the results of Nikolai Ryzhkov's visit to Austria and of his talks with the Federal Chancellor of the Austrian Republic Franz Vranitzky and other statesmen. It was noted that this visit had confirmed the traditionally fruitful nature of Soviet-Austrian relations and demonstrated mutual interest in further expanding co-operation between the two countries in the political and economic fields, in the sphere of culture and humanitarian ties.

The Political Bureau was informed by Anatoli Dobrynin of the results of the consultative meeting of communist and revolutionary-democratic parties "For Peace, Security and Good-neighbourly Co-operation in the Asia-Pacific Region", held in Ulan Bator on July 7-9, and approved the CPSU delegation's activity at this meeting. The Political Bureau noted the great importance of the striving expressed by the fraternal parties taking part in the meeting to make multilateral contacts more regular and diverse so as to search jointly for ways of strengthening peace, eliminating tension and improving the political climate in Asia and the Pacific basin, this being in the vital interests of the peoples of this vast and most populous area of the world.

Georgi Razumovsky reported on the results of a visit to the People's Republic of China, by a delegation of the Legislative Proposals Commissions of the chambers of the Supreme Soviet of the USSR. It was noted with satisfaction that the meetings and conversations with senior officials of the corresponding commission of the National Peoples's Congress and other Chinese leaders, the exchange of information on the activity of the supreme bodies of power, conducted during the visit, had passed in a comradely atmosphere, were interesting and useful. Plans to further expand parliamentary ties between the USSR and the PRC, and also contacts along the line of local bodies of power were positively assessed.

Some other questions of home and foreign policy were also studied at the meeting. □

(Moscow, July 17, TASS)

Planned price-formation to boost economic development

"WITHOUT adjusting the planned price-formation system it is impossible to put enterprises on a profit-and-loss accountability basis, to implement the principle of social justice," said the well-known Soviet economist Anatoli Deryabin in a TASS interview.

Anatoli Deryabin said that prices in the Soviet Union on staple foodstuffs had remained stable and unchanged for many years. There had been practically no changes in prices of bread since 1954, meat and dairy products since 1962, rent since 1928 and underground railway fares since 1935.

Such price stability is a great advantage of the socialist system. At the same time, Deryabin pointed to some absurdities. For example, synthetic fabric is more expensive than natural fabric and some plastic goods cost more than those made from wood and metal. The reason for

this is that those prices were set later.

Prices must flexibly react to the speeded-up renewal of product lines, Deryabin said. For example, if a new product is being introduced, prices of the old, obsolete, one must be reduced. It is also necessary to observe the principle of providing not only incentives for new high-quality output but penalties for obsolete, low-quality work as well. Those who are lagging behind, whose goods lie too long or pile up at warehouses should be deprived of bonuses even if they fulfil their plan.

Professor Deryabin urges the abandonment of the stereotyped approach to the classification of goods by groups, for example: meat and meat products, confectionery and so on. A thorough differentiation of prices must be carried out in each group. Delicacies, for example, must be indeed delicacies in price as well. The professor stressed the need to abandon trite dogmas and habitual approach in assessing the commodity value under the perestroika drive. □