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**PLANNING THE SECTORS OF THE
NATIONAL ECONOMY**

**INTERREGIONAL TRAINING COURSE
ON INDUSTRIAL PLANNING**

BERLIN - GDR
APRIL 1976



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PLANNING THE SECTORS OF THE NATIONAL ECONOMY

Texts for the
INTERREGIONAL TRAINING COURSE ON INDUSTRIAL PLANNING

BERLIN - G D R
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8. Planning the sectors of the national economy

8.1. Relations between sectors, branches, enterprises and institutions

8.1.1. Sectors and branches of the national economy

Characteristics

In socialist economy products and services in the sectors and branches are produced according to division of labour. Accordingly, the sectors and branches are distinguished by their position in the national economic reproduction process, the fixed or capital assets used, the techniques applied, the specialisation and the qualification structure of the workforce or manpower employed as well as by the type of products and services. With regard to their position in the economic reproduction process, one makes a distinction between the producing (or productive) and the non-producing (non-productive) sectors and branches.

Producing sectors

Some of the producing sectors are:¹

1. Industry²

Industry is divided according to the sectors energy and fuel industry, chemical industry, metallurgy, water supply, machine tools and vehicles engineering industry, electrical/electronics and instruments and appliances engineering, light industry (excluding textiles), textile industry, foodstuffs industry and building materials industry which in turn are sub-divided according to branches.³ Like industry, manufacturing handicraft (excluding the building trade) is also sub-divided.

¹ With the exception of agriculture, forestry and food processing, the following division follows enterprise classification - also cf. 3.6.1. and (157, 471).

² Cf. 8.2.

³ An industrial branch is the pooling of enterprises which need (or consume) the same kind of material, have common technological processes, the manufacturing of by- and waste products and whose products have common uses. An industrial branch can also be characterised by a combination of these features. Enterprise classification makes distinctions between 70 industrial branches.

2. Construction enterprises⁴

Construction enterprises comprise the branches for the construction of buildings and structures for industry and agriculture, for water supply, for agricultural purposes, transportation, posts and telecommunications, housing, for social purposes and for building repairs. Building handicraft is mainly concentrated in building repairs as well as in housing and farm buildings.

3. Agriculture, forestry and foodstuffs processing^{5,6}

In this sector are branches of agriculture, freshwater fishing, veterinary, plant protection and forestry.

4. Transportation, posts and telecommunications⁷

This sector comprises branches of the railways, motor traffic, inland navigation, merchant shipping, air traffic, pipeline transport, commuter transport and posts and telecommunications.

5. Trade^{8,9}

Branches in this sector are foreign trade, home trade in capital goods, home trade in consumer goods, refrigeration and cold storage as well as wholesale purchase and procurement enterprises.

6. Miscellaneous producing branches

This sector comprises branches of economic management organs, research and development centres of economic management organs, project drawing and plant construction enterprises, prospecting enterprises, publishing houses, repair combines, laundry and dry-cleaning enterprises, computer and other enterprises.

4 Cf. 8.3.

5 Cf. 8.4.

6 In enterprise classification, the foodstuffs industry comes completely under industry.

7 Cf. 8.5.

8 Cf. 8.6. and 8.7.

9 Trade comes under the producing sector although it does not produce any use-value. It is, however involved in the completion of the characteristics-in-use of products manufactured in other producing sectors.

The importance of the various producing sectors in the economy is shown in Illustration 8.1.

Non-producing sectors

The non-producing sectors are:

1. The service sector¹⁰

Branches in this sector are housing, accommodation centres, urban and rural economy, service centres and institutions, finance and credit systems and others.

2. Science and research (if they are not already covered in the producing sector)¹¹

Scientific research institutes, laboratories, academies and others belong to this sector.

3. The education system¹²

They are institutions of pre-school education (kindergartens etc.) institutions, general schools, vocational training centres, colleges, institutes, universities and others.

4. Culture and art

They are radio and television, films and cinematography, libraries, museums, theatres and other cultural institutions.

5. The health and social services, social insurances

They are hospitals, clinics and out-patient dispensaries, cure and convalescent centres, chemist's shops, homes (for old people etc.), crèches, insurances and other institutions.¹²

6. Physical culture and sport, recreation centres and tourism

They are the development of sport, recreation and tourism.

7. State administrations, social organisations

They are central and local economic organs, state organs, judicial organs, defence organs, parties, mass organisations and community centres.

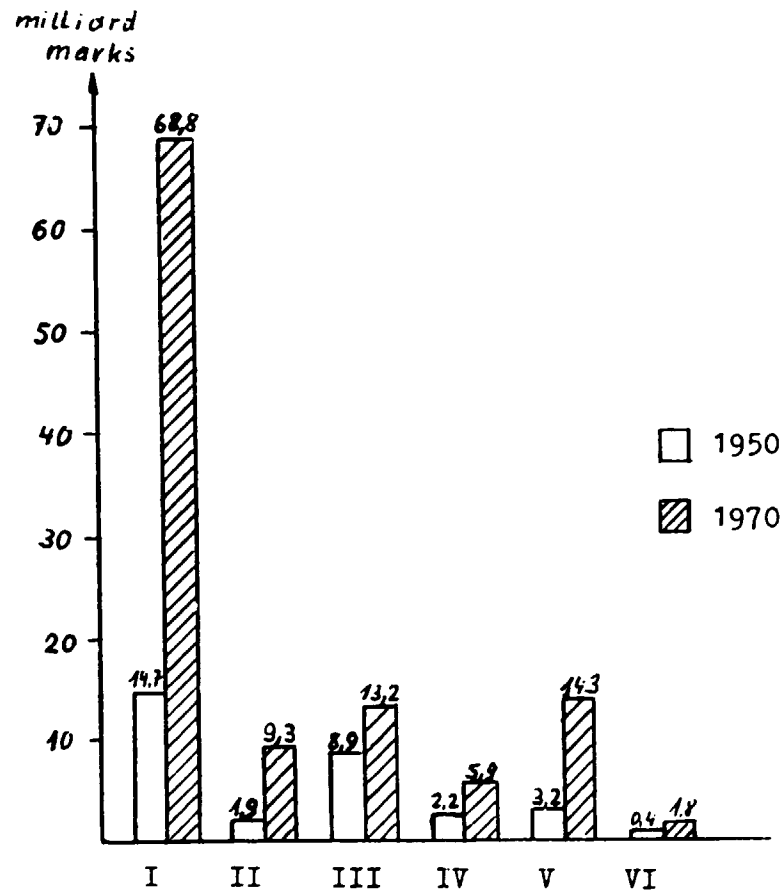
¹⁰ Cf. 8.8.5. and 8.8.6.

¹¹ Cf. 7.2.1.

¹² Cf. 8.8.3.

Illustration 8.1.

Net product of the producing sectors in the GDR
1950 and 1970



- I Industry (including producing handicrafts)
- II Construction enterprises
- III Agriculture and forestry
- IV Transportation, posts and telecommunications
- V Home trade
- VI Miscellaneous producing sectors

8.1.2. Relations between sectors and branches of the national economy

Within and between the producing and non-producing sectors there are many material and financial relations. They have to be constantly mastered in the interest of a proportionate and effective development of the economy as well as the heightening of socialist economic integration. This is an important task to be solved jointly by CMEA countries (Council of Mutual Economic Aid of socialist countries). At the same time, it is the subject of central state planning and self-responsible planning in sectors and branches in each of these countries. The concrete organisation of a variety of relations between sectors and branches stem from the resolutions of the party of the working class.

Relations between producing and non-producing sectors

The content of the relations between the producing sectors on the one hand and the non-producing sectors on the other are as follows:

- (a) From the gross national product of the producing sectors a part of it is redistributed in the non-producing sectors and is used here as material as well as for investments. In the GDR it is altogether about 7 per cent of the gross product.¹³ The most important of these redistribution processes are shown in Table 8.1.
- (b) After the redistribution from the producing sectors, monetary funds are formed in non-producing sectors.¹⁴ These monetary funds are for payments for materials and investment goods supplied by the producing sectors. Further, they are also used for wage payments.

¹³ This figure does not contain the part of the gross product which is consumed individually by people employed in the non-producing sectors.

¹⁴ Cf. 6.3.

- (c) The non-producing sectors react in many ways on the development of the producing sectors by their performances. These effects become greater in the course of the further formation of socialist society.

Table 8.1.

Redistribution from the producing sectors to the non-producing sectors (milliard marks)

	1970	1971	1972	1973
transfers or payments from net profits, production and trade fund levies, production related levies and other payments from the socialist sectors to the central state budget	37.4	42.3	44.2	51.3
allocations from the state budget to the following non-producing sectors:				
education system	5.8	6.4	6.8	7.3
health and social services	5.9	6.1	6.5	6.9
culture, sport and recreation*	1.1	1.2	1.3	1.5
defence	6.7	7.2	7.6	8.3

* excluding allocations for investments

Relations between producing sectors

The relations between the producing sectors comprise supplies of products and services according to the production fund levies of the final producers.

The general content is as follows:

- (a) About half of the gross product produced in the producing sectors is consumed in these sectors as materials and semi-manufactures. This takes place in a variety of material interlockings between and within the producing sectors and

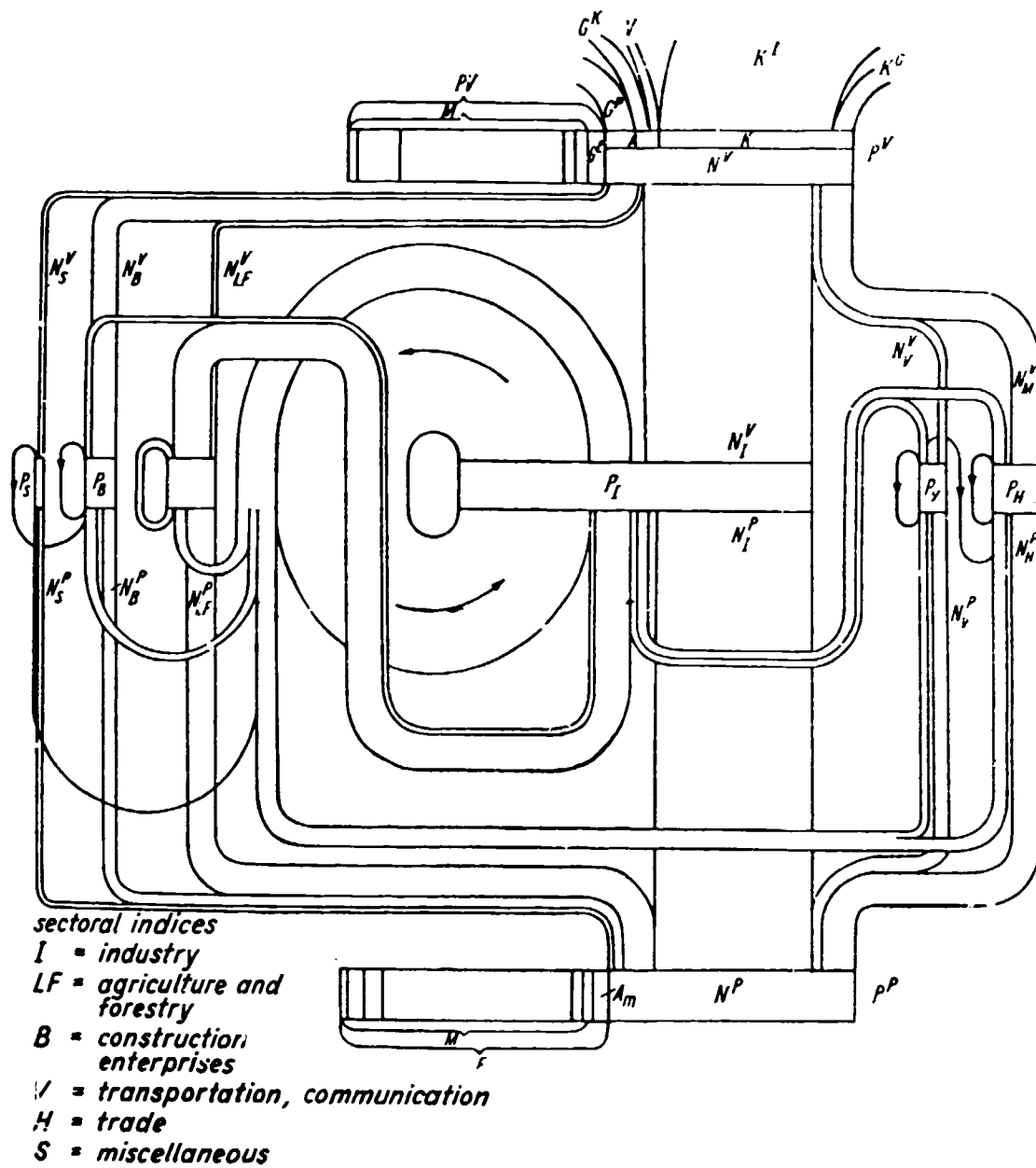


Illustration 8.2

Material (physical) interlocking relations between sectors of the national economy

branches.¹⁵ Supplies and services for investment are also part of these relations. The relations between the producing sectors and branches are derived by the performances of transportation, trade and of the posts and telecommunications. The sectors stated are also linkages to the non-producing sectors.

- (b) The material relations between and within the producing branches and sectors are consistent with the contrary course of money relations.¹⁶ They are an expression of the purchase and sales of products and services in order to carry through the production process.

The material relations between the economic sectors are shown in Illustration 8.2. This makes it clear that industry plays the dominant role in the producing sectors. It shows also how much of the gross product of each producing sector is used as production consumption and how much is at the disposal as the final product.

Relations between the non-producing sectors

The relations between the non-producing sectors are for the harmonious development of the socialist economy and hence are of great importance for the pace of development of the producing sectors. They have the following content:

- (a) Relations between the non-producing sectors take place by the provision and acceptance of services. For example, the services of the scientific research institutions of the Academy of Sciences of the GDR are used in the health services. From the envisaged development of the health and social services stem certain qualitative and quantitative requirements in the development of higher education according to certain periods (training of doctors, dentists and other personnel at a medium level).

¹⁵ Cf. 4.4.2., 5.6. and the Figure 8.2.

¹⁶

- (b) The monetary funds of non-producing sectors come mainly through the redistribution by the state budget. They are mainly for the purchase of products and services from the producing sectors as well as for payment of wages and salaries, pensions, scholarships etc. Money relations between the non-producing sectors are relatively insignificant.

The planned mastery of the correlations between the branches and sectors is a basic prerequisite of a proportionate and effective development of the economy. These correlations are planned in immediate collaboration of central state planning with self-responsible planning in enterprises and institutions.

8.1.3. The link between central state planning and planning in sectors, branches, enterprises and institutions

Democratic centralism

It is a basic principle in the planning process to link central state planning with self-responsible planning in enterprises and institutions.¹⁷ This basic principle is consistent with democratic centralism. This is laid down in the constitution of the GDR (205) which states that

- (a) in elaborating and implementing the national economic plan, the central state organs concentrate on the basic questions of the development of the economy,
- (b) enterprises and institutions take an active part in elaborating the economic plan and concentrate and implement the tasks laid down according to their specific conditions.

Central state planning

Central state planning of the economy assumes primacy. Without it, socialist property in the means of production is deprived of its essential operating conditions. Historical experiences have

¹⁷ Cf. 1.2.3., 3.2., 3.5. 5.1. and Chapter 9.

taught us that under-estimation of the economic functions of the socialist state and central state planning lead to losses in the pace of development and can question socialist production relations.¹⁸

The link between central state planning of the overall process with self-responsible planning in enterprises and institutions requires fixing precisely the rights and duties of economic managements at all levels as well as of enterprises and institutions. In central state planning the overall targets and proportions as well as the means and ways of realizing them are laid down by utilizing the initiatives and experiences of the working people. In this way it is ensured that enterprises and institutions

- (a) can act in accordance with social interests,
- (b) work according to plan and self-responsibly in the interest of strengthening the political and economic power of the working class and
- (c) employ the social productive forces consciously and effectively.

Incorporation of self-responsible planning

The incorporation of self-responsible activities according to plan in enterprises and institutions in the overall economic development takes place through state plan indicators, normatives and legal stipulations, through economic balance decisions and agreements or contracts as well as through material and moral stimuli. In this way the economic operating conditions for the activities of enterprises and institutions are ensured. On this basis the enterprise collectives tap all reserves to raise performances in the frame of self-responsible planning.

Improved plans

In this process, improved plans play a foremost role in developing rank and file initiative and the immediate cooperation of the

¹⁸ Cf. 1.1.

working people in elaborating and implementing the enterprise plan.

The linkage between central state planning and the self-responsible planning of managers and all working people in enterprises and institutions is constantly improved consistent with social requirements.

It is a principle task of the economic policy of the SED (Socialist Unity Party of Germany) to constantly facilitate the working people in participating at all levels in the management and planning of the economy according to the principle of democratic centralism. This principle task is realized under the leadership of the party of the working class and with the broad participation of trade unions.

The principle of cooperation of central state planning with self-responsible planning in enterprises and institutions stated here is realized in a differentiated way by observing the specific conditions in industry, building and construction, agriculture and forestry, transportation, posts and telecommunications, trade and the non-producing sectors.

Summary 68

The economy is divided according to producing (productive) and non-producing (non-productive) sectors and branches. There are multifarious material and financial relations between and within the producing and non-producing sectors. In order to master them according to plan, it is necessary to link central state planning with self-responsible planning in enterprises and institutions on the basis of democratic centralism.

8.2. Planning industry

8.2.1. Position of industry in the national economy

Leading position of industry

Industry is the leading and the biggest sector in the economy. On the basis of social property in the means of production, it is

the most important economic basis of the political power of the working class and its socialist state. The leading position of industry in the economy is characterised by the following features:

1. Industry is a basic reproduction sphere of the working class which as the leading social force organises the developed socialist society in alliance with cooperative farmers and other strata of the population.
2. It is characterised by large machine production and the use of highly developed engineering.
3. It produces the largest part of material production and creates as a result decisive prerequisites for the continually better satisfaction of material and cultural needs of the people.
4. In connection with other sectors, it creates the material bases for the intensification of the reproduction process, raising labour productivity and efficiency in all sectors of the economy on the basis of scientific-technical progress.
5. It influences to a great extent the location distribution of productive forces. It is a main factor for development in the areas.

Development of industry

From the very beginning of socialist construction, the party of the working class has paid a great deal of attention to the development of industry. It has based itself on the teachings of V. I. Lenin who characterised socialist large-scale industry as the material basis of socialism and substantiated the necessity of socialist industrialisation.

Development hitherto

Accordingly in the GDR,

- (i) from 1950 to 1973 with a growth in the gross national product by 520 per cent, industrial gross production increased by 640 per cent,

- (ii) the share of industry in the production of the national income which in 1950 was about 47 increased to 61.6 per cent,
- (iii) from the overall investments in the economy about 50 per cent was deployed in industry in 1960 and in 1973 it was 55 per cent.

In 1973, 99.9 per cent of industrial commodity production was produced in socialist enterprises under which 94.9 per cent fell to nationally-owned enterprises.

On the basis of socialist property in the means of production and consistent with the economic laws of socialism, there is a possibility and a necessity to develop concentration, combination, specialisation and cooperation as forms of organisation of social production according to plan for the benefit of society as a whole. This can be seen in the growing size of enterprises.

In 1972 in the GDR, the share of industrial enterprises with an annual production of more than 25 million marks in the total industrial enterprises was 11.8 per cent. 74.9 per cent of the work force employed and 81.8 per cent of the industrial gross production were concentrated in these enterprises. In the combines of nationally-owned industry which are immediately under the purview of industrial ministries, over one third of industrial commodity production and about half of all export goods were produced in centrally managed industry.

The position of industry in the economy is further characterised by the shares of industry in the important economic indicators as shown in Table 8.2.

Table 8.2.

Shares of industry in important economic indicators 1974 (202)

	quantity unit	quantity	share in economic indicators in per cent
gross product	milliard marks	206.5 ¹	67
net product	milliard marks	76.2 ¹	61
workers employed	thousand persons	3005	47 ³
fixed assets	milliard marks	200.4	61 ³
material consumption	milliard marks	121.7 ²	72

¹ including production by craft trades, 1972

² 1972

³ shares refer to the producing sector of the economy. With reference to the overall economy, the percentage is 38 both for the workers employed as well as for the fixed assets.

Tasks of industry

At present the task of industry lies in developing further the material and technical basis of the socialist economy and to raise the technical level as well as the efficiency of production.¹⁹ To secure the planned and proportionate development of the economy and the requirements of socialist economic integration, an effective production structure is being created. This would need a rapid rise in industrial commodity production and labour productivity as well as decreasing specific consumption of material and energy.

Structural changes

In various stages of development of socialist construction, the extent the different branches and sectors of industry take part in the solution of economic tasks varies. The structure of industry is greatly determined by the main task and socialist economic integration of CMEA countries. That is why certain branches

¹⁹ Cf. (13, 46).

assume a development-determinant significance.²⁰ Whilst, for example, gross industrial production rose by 120 per cent between 1970 and 1973, electrical engineering, electronics and apparatus manufacturing rose by 132 per cent, the chemical industry by 125 per cent and metallurgy by 123 per cent. The foremost growth of the chemical industry, electrical engineering and electronics, glass and ceramics industries will continue in the following years. This applies also to the machine building and highly productive equipment and machines for rationalisation in the economy and for export. This foremost development jointly with international cooperation in CMEA increases the efficiency of industrial manufacturing and the pace of scientific-technical development. The collaboration of the internal structural development of industry with international socialist cooperation becomes clear, for example, in the uniform system of electronics computer engineering of socialist countries (ESER). ESER is the core of technical apparatus basis of future automated management systems. The ESER System comprises, apart from the central units with varying capacities of performance, more than a hundred peripheral equipments. According to division of labour, they are developed and produced in Bulgaria, Hungary, Poland, the USSR and the CSSR. The high pace of growth of the electronics industry in all the countries participating is co-determined by this.

8.2.2. Requirements in planning industry

Requirements

The point of departure in planning industry are the economic tasks. Industrial production has to be planned in such a way that it is in accord with the growing needs, serves the continual supply of goods to the people, ensures supplies of efficient and highly effective capital goods or means of production to all sectors of the economy and contributes to establishing stable and effective external economic relations. Further specialisation, concentration, cooperation and combination serve production within the economy and in the frame of CMEA countries as well as the effective use of fixed assets, materials and labour power whilst cons-

²⁰ Cf. 5.6.

tantly increasing the technical level and profitability of production. Hence, the requirements of environmental protection have to be taken into consideration allround.

Plan components or parts

The subject of planning industry is the industrial reproduction process with its relations with all sectors and branches of the economy as well as with the industry of other CMEA countries. Planning industrial branches and enterprises comprises (197)²¹:

- (i) planning production and services structured according to needs, capacities and technical and economic indicators,
- (ii) planning total commodities available (supplies to the home consumer goods trade),
- (iii) planning efficiency development,
- (iv) planning the tasks of socialist economic integration,
- (v) planning foreign trade tasks,
- (vi) planning the tasks of science and engineering,
- (vii) planning the development of fixed assets and investments,
- (viii) planning tasks in material economy including the use of norms, normatives and the aggregate coefficients of inputs or consumption of materials,
- (ix) planning labour productivity, manpower and wages,
- (x) planning the development of working and living conditions of the working people including enterprise recreation,
- (xi) planning transport needs,
- (xii) planning further training and retraining,
- (xiii) planning finance and prices,
- (xiv) planning tasks in environmental protection.

²¹ The balances used in planning industry are dealt with in Chapter 4.

Specific requirements in planning

In planning industry in the frame of the general proceeding, there are specific requirements in the content and methodology of planning which stem from the production conditions in the various industrial branches.

When production and consumption take place at the same time, the consequence for planning is to take the peak periods of consumption as the point of departure in determining capacities. This simultaneousness of production and consumption appears in those branches or processes whose products cannot or can scarcely be stored because of technical or economic reasons. This is the case, for example, in electricity generation.

When production is dependent on natural conditions, frequently special plan calculations and separate plan components are necessary. This appears in all branches of the extractive industry (mining conditions, concentration and composition of minerals etc.). Such separate plan components are, for example, the plan for waste removal in open-cast lignite mining or the plan of load on the rail section during the day.

When production is dependent on seasonal conditions, it is necessary to plan production in the industrial branch concerned in conformity with the seasonal cycle and to elaborate special plans for utilizing capacities outside the season. This, for example, is necessary in industrial branches which process agricultural products in the first stage. With the introduction of industrial-scale methods of agricultural production, there is a decrease of seasonal influences on this production and the industrial sequential stages.

The dependence of production on the influences of fashion requires special planning methods. Some of these are planning and balancing of products for supplies to the population according to separate nomenclatures, the use of tolerances in planning as well as increased use of short-term plans.

Further, the methodology and the volume of planning work is greatly influenced by how broad the production range is of the branch concerned, what technologies are applied, whether it is a question of single or serial mass production, the number of enterprises and others.

8.2.3. Organs for planning industry

Central planning

Industrial ministries are responsible for elaborating plans within their management sphere on the basis of central stipulations.²² The management sphere of an industrial ministry as a rule comprises several industrial branches. The elaboration of plans takes place in close cooperation of industrial ministries with other central organs as well as with VVBs, combines and enterprises as shown in Illustration 8.3. illustrating the management and planning organs of industry.

Industrial ministries must ensure that VVBs and combines under their purview can elaborate plans on the basis of state plan indicators. Compared with locally managed industrial enterprises, industrial ministries, VVBs and enterprises acting on the latter's behalf exercise a guiding and coordinating function within the product groups. They thus work together with the Ministry of Regionally Managed Industry and Foodstuffs Industry and the local state organs.

Self-responsible planning

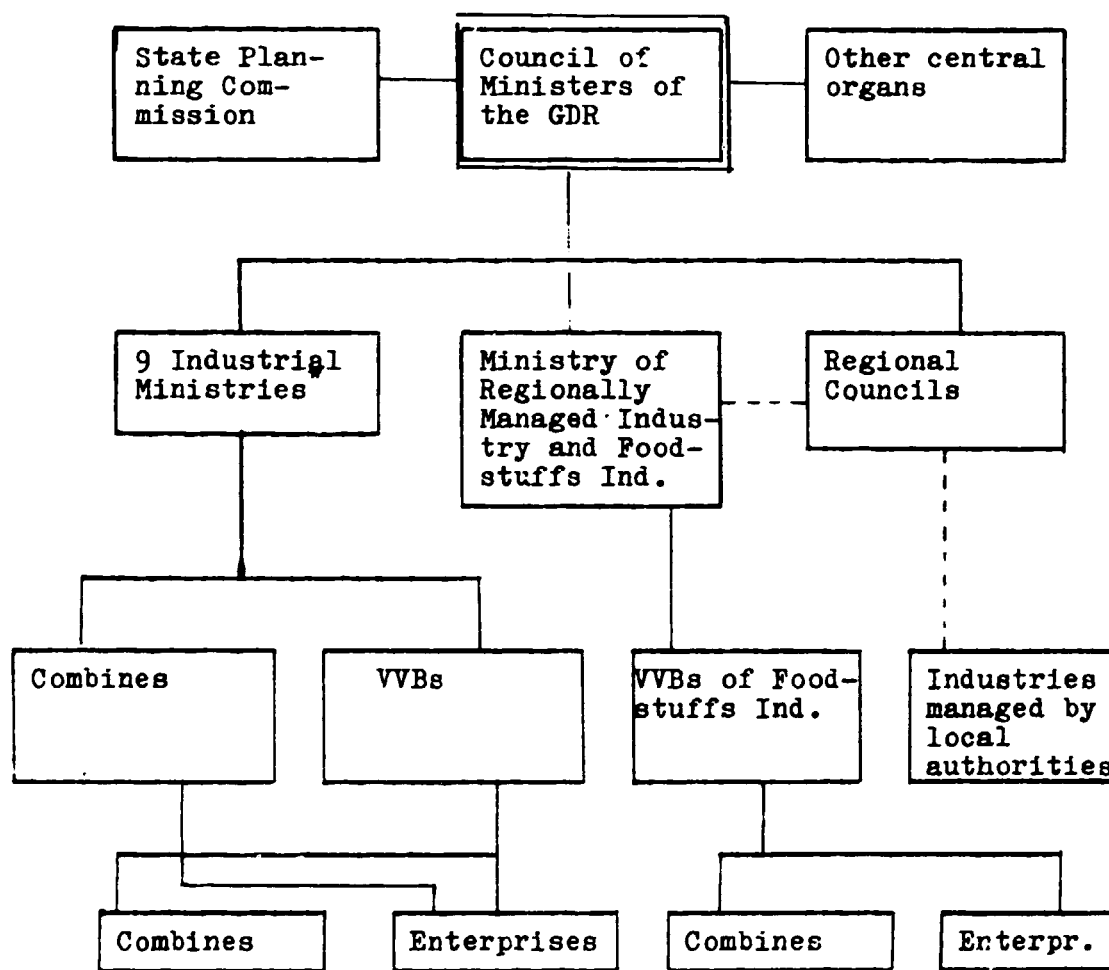
The VVB, the Regional Economic Council, the combine and the enterprise plan on their own the development of the reproduction process in their spheres of management. They take as their starting point the state plan indicators and balance decisions, the regulations of economic accounting and other legal stipulations. A characteristic feature in all these is the allround participation of working people in elaborating, implementing and super-

²² Cf. 3.2.2.

vising plans. In this way, it is ensured that the creative initiative of the working people is effective in organising and fulfilling plan tasks and the development of socialist competition.

Illustration 8.3.

Management and planning organs of industry



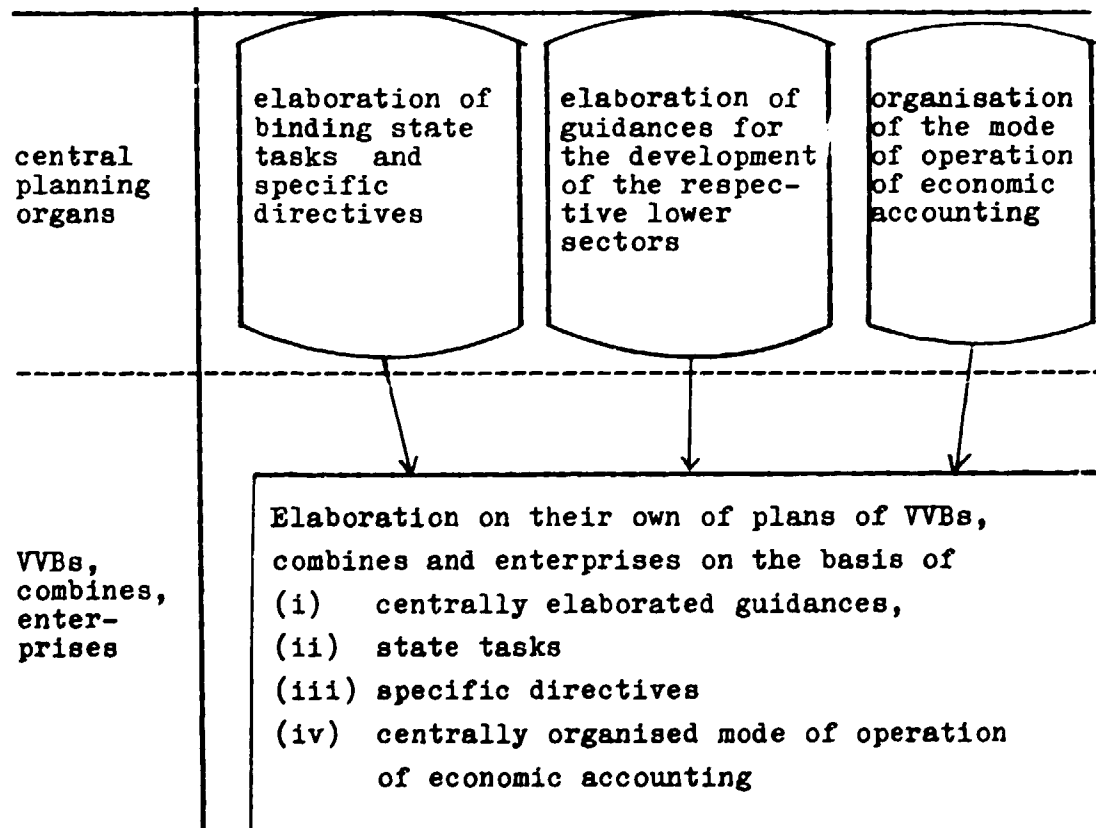
- * Ministry of Coal and Energy
- Ministry of Ore-Mining, Metallurgy and Potash
- Ministry of Chemical Industry
- Ministry of Electrical Engineering and Electronics
- Ministry of Heavy Engineering and Plant Construction
- Ministry of Tools and Processing Machines
- Ministry of General Engineering, Agricultural Machines and Vehicles
- Ministry of Glass and Ceramics Industry
- Ministry of Light Industry

8.2.4. Indicators for planning industry

In elaborating their plans, economic management organs, combines and enterprises receive from their next respective senior organ instructions or guidance for the development of their spheres in the plan period in the form of state plan tasks, specific instructions and indicators of national economic accounting. These are always used in the planning process simultaneously, thus supplementing each other and bringing about consistency. This is shown in the Illustration 8.4.

Illustration 8.4.

Collaboration of general guidance, tasks, specific instructions and indicators of national economic accounting in planning industry



General guidance

The general guidance is based on the directives of the party of the working class for the development of the economy in the plan period as well as on government decrees and agreements on heightening socialist economic integration of CMEA countries. It can summarily be described as directives for elaborating medium-term plans, resolutions of management organs of the state on central economic projects, programmes, policy outlines (e.g. on socialist rationalisation, specialisation or automation). Further, it contains fundamental stipulations which are required for elaborating plans. Some of these are the principle targets of the plan, certain central tasks as well as resources to secure plan targets and central tasks.

State plan tasks

State plan tasks comprise the binding plan indicators in terms of quantity and prices which form the basis in elaborating plans.²³ The indicators to be used are stated in the "Regulations of Planning the National Economy of the GDR 1976 - 1980". Important indicators for planning industry are shown in Table 3.3. Further, special indicators are used. Some of these are:

production of selected products for the needs of the people according to price groups,

tasks in introducing scientific-technical results in production,

selected rationalisation or automation projects under central state control,

balance components for procuring economically important raw materials, energy, materials and products in units of quantity,

normatives for reserve stocks as well as the building up of economic reserves in selected products,

tasks linked to products,

amortisation transfer (in special cases),

specific heat consumption in power stations,

²³ Cf 3.6.3.

development of durable vehicle (motor) tyres,
input of raw steel per ton of rolling steel,
share of amortised plants in the fixed assets,
manufacturing costs of the total production of textile fabric.

Specific instructions

Specific instructions play a role during the elaboration and implementation of plans of industry at all levels. In principle they are given in the frame of plan tasks and serve the differentiation and adaptation of these tasks to the varying material, personnel and financial conditions as well as the emphasis on the main points.

Economic accounting

The indicators of economic accounting²⁴ are established by the central planning organs in such a way that:

- (i) the unity between material (physical) and financial planning is always better ensured,
- (ii) the working people in enterprises, combines and VVEs are materially interested in high plan tasks and in their fulfilment.

Economic accounting requires consistency of personal and collective interests with the social requirements reflected in the economic plan. The basic condition for this is that the indicators of economic accounting orientate distinctly toward production structured according to needs, raising labour productivity, a better utilization of fixed assets and working capital, a high rate of material economy, growing efficiency of investments, research and development as well as increasing profitability. To achieve these, it is necessary that enterprises, combines and VVEs of industry:

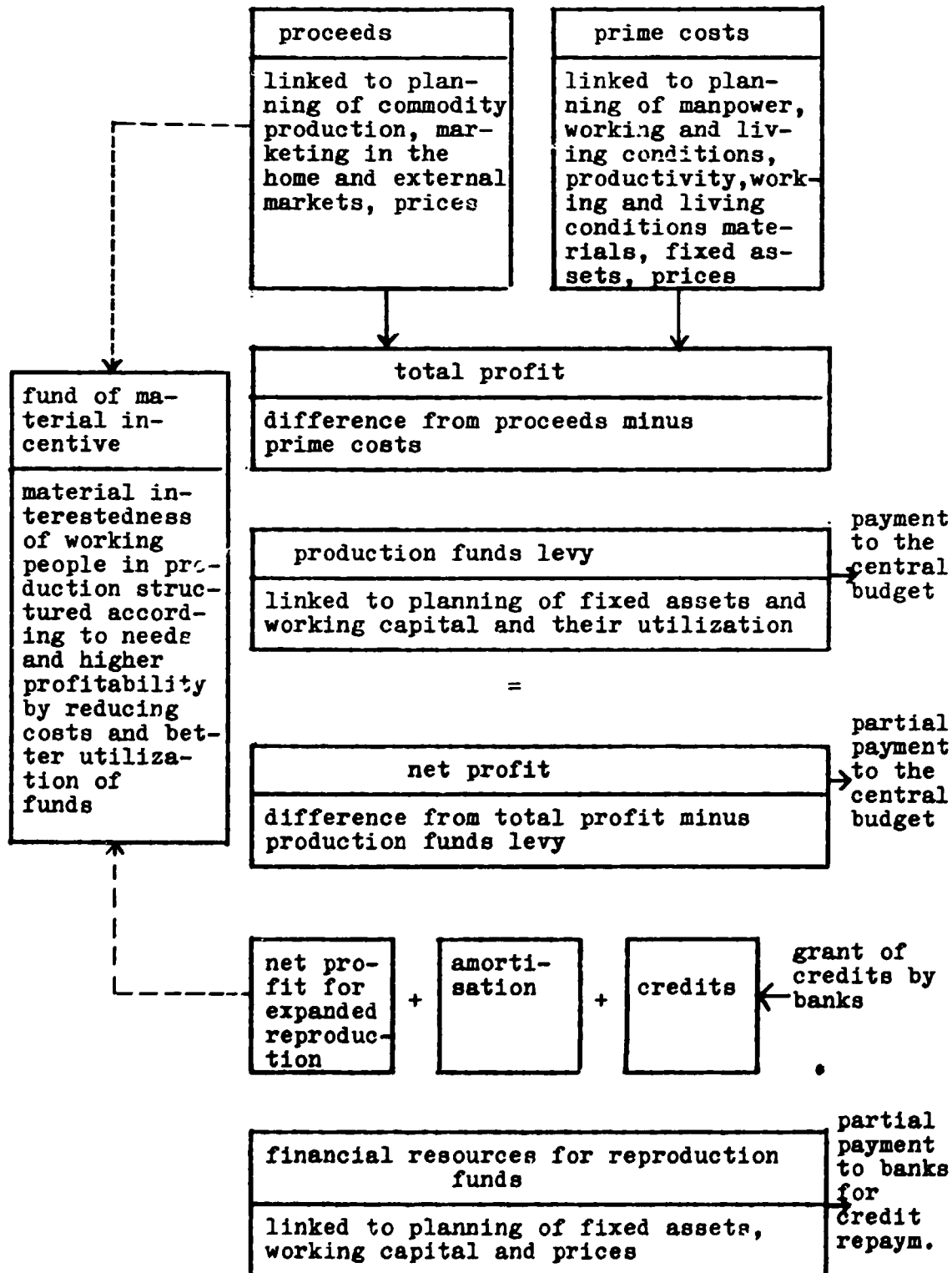
24 The mode of operation of economic accounting described here applies also to other producing sectors though in a modified form. Hence, only the specific features will be gone into.

- (i) organise on their own responsibility their reproduction process on the basis of the general guidance, state plan tasks and specific directives as well as substantiated ideas of their own,
- (ii) work on the principle of individual management by drawing in the working people comprehensively,
- (iii) are materially interested in the results of their labour,
- (iv) are materially responsible for discharging their duties toward the state, the working people and to the parties they are cooperating with,
- (v) work according to the principle of profitability and the principle of self-generation of resources,
- (iv) build up and utilize according to plan their own funds (e.g., the bonus fund, incentive and investment funds).

In order that economic accounting exerts an influence desired by society on VVBs, combines and enterprises, the various indicators of economic accounting and their collaboration have to be organised by the state according to plan. That is why the following have to be fixed centrally, namely, what expenditures may be calculated as prime costs of the enterprise, in what forms can the net income of the enterprise be realized and how is it to be used and earmarked, the duration and the rate of interest of credits to be used. Further, a decision has to be made on what economic indicators may be applied as binding state plan indicators. All indicators of economic accounting have to be linked to one another and with the plan in such a way that enterprises, combines and VVBs orientate themselves toward high plan targets and their fulfilment and that they have economic disadvantages if irregularities occur owing to their own fault. Illustration 8.5. shows in a simplified form the current collaboration of indicators of economic accounting, their linkage with the plan and the correlations between plan fulfilment and the material incentive fund.

Illustration 8.5.

Collaboration of indicators of economic accounting and their linkage with the plan



Historical experience has taught us that the central state organisation of the mode of operation of economic accounting is a fundamental question in every country building socialism. To dispense with this would mean weakening economic planning in decisive areas. This experience has been the point of departure in the economic construction of the GDR.

Summary

Industry is the leading sector of socialist economy and the most important economic basis of the political power of the working class. Planning industry means planning the industrial reproduction process and the specific reproduction conditions of the various industrial branches. Planning industry is directed toward covering the needs of the economy in industrial products taking into account the requirements of socialist economic integration and the scientific-technical revolution. The elaboration of plans of industry on behalf of the Council of Ministers falls on the industrial ministries which cooperate closely with other central state organs, VVBs, combines and enterprises as well as the local organs.