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COMMUNIST AREA

● USSR: Labor
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GARBUZOV SUPPORTS DISMISSALS

The Minister of Finance of the USSR, V. Garbuzov, has come out strongly in favor of reductions in the labor force of numerous Soviet enterprises, beginning with the automobile transport industry. In a two-page article in Economic Gazette (13 October 1965) he warmly welcomes the main decisions of the September Plenum concerning profits, profitability, the interest rate etc., in terms which three years ago would only have been penned by revisionist economists of the Liberman-Gatovsky school of thought.

But progress has to be paid for, and the new freedom of Soviet managers to decide the size of their own labor force, the average wage level, and the magnitude of their productivity goals carries almost inevitably the corollary that dismissals are now in the wind. When Kosygin spoke to the September Plenum of the success of recent experiments in the automobile transport industry, he touched extremely lightly on the delicate political problem of the sackings:

"The number of plan indices set from above has been reduced Enterprises have found ways to improve their work through better loading, and above all through a reduction in empty runs. They have widened the circle of plants which they serve, have improved the organization of repairs, sold redundant vehicles and equipment, and have reduced superfluity in numbers of personnel."¹

[Emphasis supplied]

1) Radio Moscow, 27 September 1965.

Garbuzov, in his reference to the same experiment (which is being carried out at three large bases in Moscow and two in Leningrad serving industry, construction, the trade network and inter-city transport purposes), is much clearer in his formulation:

With a smaller number of employees and higher wages, the level of profit has increased considerably and part of it has been used to give incentives to the staff and to expand the enterprises.

[Emphasis supplied]

Garbuzov adds that it is important to expand the process throughout the country, because automobile transport is costing 2 1/2 billion rubles annually and employs almost four million people. He also remarks that if costs can be reduced by 20%, it would save the country half a billion rubles a year.

His high target for cost reduction is by no means impossible of achievement, because Kosygin claimed that in only four months of the new experiment, labor productivity had risen by 31%. But Garbuzov's proposal also implies a considerable number of sackings, even if it is applied only on the scale of an industry with four million workers.

But the September Plenum in fact gave the same freedom to fire to all Soviet managers in industry, construction and transport. Garbuzov's hint is likely to be taken seriously -- as it was meant to be -- by many directors in numerous other branches of the economy.

It must be remembered that there is a positive side to the picture, in that wages of the remaining workers will rise. Whether they will increase by as much, in total, as the savings made on the dismissals may reasonably be doubted. It is perfectly true,² as Maslova and Yagodkin recently wrote in Voprosy Ekonomiki,² that:

The release of employees engaged in hard or unskilled or semi-skilled labor is a progressive trend

2) No. 6, 1965.

but only provided better jobs can be found for the men who are fired. And it is precisely in this field that the USSR is so poorly organized. There are still no labor exchanges on a national scale, despite repeated agitation for them in the columns of Voprosy Ekonomiki, Izvestia and Kommunist during 1965.

Indeed the latest issue of Voprosy Ekonomiki to reach Munich (no. 9, 1965) concludes yet another article on the rational use of labor by condemning the present Orgnabor system as ineffective. It adds that all the functions connected with the distribution and redistribution of labor should be concentrated in one new department (which would collect information, provide news of vacancies, carry out re-training and, perhaps, the training of workers).

The Soviet requirement for a Ministry of Labor, with its attendant local labor exchanges, could scarcely have been more clearly delineated. It acquires greater urgency in the light of Garbuzov's remarks in Ekonomicheskaya Gazeta and of the September Plenum.

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