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Background Report

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SEMANTIC RELIEF FOR YUGOSLAV WORKERS -- NEW

"TAXES" NOT TAXES AT ALL

Starting from the argument that workers in Yugoslavia are not "hired laborers" but "managers of their own factories" in which they are working for their own and the national benefit, the Yugoslav Communist regime has proclaimed that the money to be taken in future from workers' wages as a tax, will in fact not be a tax at all in the "capitalist" sense of the word, but a "workers' contribution" to funds whose disposal will be decided by the workers themselves.

In his major speech in the Yugoslav National Assembly on December 11 (see RFE Gen. Desk Background Report of Dec 18 -- "More Power For Workers' Councils in Yugoslavia") Mijalko TODOROVIC, President of the Economic Committee of the Yugoslav Federal Executive Council (the Government), said:

"In connection with the setting aside of contributions... from the personal income of workers, I must point that these contributions should not be conceived as some tax taken away from them by someone who is beyond the direct producers (i.e. the workers) and who independently disposes of these funds.

"This may even be less compared with a tax on wages.

"Personal income, as a part of the income of an economic organization, is distributed among individual workers according to their share in the creation of that income and which, besides the part paid to workers for their personal expenditures, represents a new category.

"It is the question of funds which workers have created and earmarked for expenditure, on one hand, and on the other, of funds which are being distributed proportionally according to the work of each individual, regardless of whether it is a question of their personal or joint expenditures within the commune or larger social communities.

"Under conditions of social management it is a matter of specific forms of distribution and pooling that part of funds for expenditures on which workers themselves decide as citizens of the commune and through the commune, rather than of taxation, i.e. of taking away from the workers a part of their income.

"It is only with the creation of such a workers' personal income, i.e. such a production relationship, that the worker is socially fit to be a free initiator of the commune. The commune cannot be formed by hired laborers: only on the ground of such a contribution based upon their own work do they (i.e. the workers) become real members of the commune, directly concerned in the problems being solved by the commune by means of these funds and on the principle of self-management."

"Organized and Planned Market"

According to TODOROVIC "the distribution of social products" among various economic organizations and social funds, "should be carried out in such a way as to give the best possible stimulus for a harmonious development of production and for increasing labor productivity". In this connection TODOROVIC said:

"Distribution is also based on the allocation of means for socially-owned funds through contributions assessed on the basis of the value and quality of means used by economic organizations, through bank rates and land taxes, assessed on the basis of the branch of production, through trade taxation, etc.; the system of distribution also takes into account the policy of prices, or the direct or indirect factors which influence the level of prices, it also takes into account credit policies, etc..."

However, TODOROVIC added that in view of the fact that the distribution of "social products" in Yugoslavia is based "on the income realized on the market" the Yugoslav economic system "presumes the existence of a well-organized and planned market". In other words, a "free market" is allowed within certain limits. In TODOROVIC's words this means "implementation of such instruments of distribution and relationship in the distribution of national income which will best serve to secure the stability of the economy and to alleviate the deviations in the (free) market which might otherwise occur."

Precisely in this kind of the "well-organized and planned (free) market" TODOROVIC sees the precondition for great progress in Yugoslavia's economic development. He does not see any contradiction in the freedom to be given to the Yugoslav "economic organizations" and the restrictions imposed on them by the State in order to prevent "deviations in the market which might otherwise occur." Here is what TODOROVIC said:

"This system as a whole, in view of the fact that it makes possible more liberal forms of distribution, wider powers of workers' councils, and greater independence of economic organizations, presupposes a corresponding economic reserves, etc.

"Under such conditions in the system of distribution, planning must be more specified, although not going into very detailed specifications, instruments of economic planning must be more effective. Without such

stability, the system might turn into something very different than its primary objective..."

This cannot be explained otherwise than as the fear of the Yugoslav regime of the possibility of "too much freedom" turning into an instrument directed against the regime itself. The Yugoslav Communists must always have before their eyes the picture of what has happened in Poland where "too much freedom" led to excesses which are now very difficult to check.

"Narrow-Mindedness" to Be Checked

What the Yugoslav Communists would like to do is to give "economic organizations" more freedom but under the condition that the Party will be able to watch carefully that the granted independence is not turned into an "anti-socialist" excess. The Yugoslav Communists have seen that freedom given to the individual peasants, for instance, has brought about excellent results. Through agricultural collectives the Communists have been able to check any attempt made by individual peasants to use the "more liberal system" for their own purposes. Therefore we note that the Yugoslav Communists are now trying to achieve a compromise between free activities of "economic organizations" and a "well-organized and planned" economic system. The "freedom" being granted by the Yugoslav Communists to the workers and enterprises is the freedom of a prisoner within the four walls of a prison cell. The "cell" is better aired, and big windows without bars are built in and better food is given to the prisoner. However, any attempt made by him to escape from the "cell" will certainly be mercilessly punished.

This is how the following words of Mijalko TODOROVIC should be understood:

"A greater business autonomy of economic organizations is the condition of the free development of the entire national economy, of an unhindered work of production forces, of an unhindered development of relations within social distribution of work throughout the country, and it must be hindered by no territorial obstacles whatever..."

This "independence" of enterprises, in TODOROVIC's words, is based "upon the new socialist economic position of the worker as a free producer."

TODOROVIC, however, predicts that there will be "a fair number of undeveloped economic organizations with backward collectives" in which "various narrow-minded and short-sighted tendencies" will come into the open, rejecting taking into account "long-term interests and needs of the collective and of the economic organizations."

More than in factories this applies even to a greater extent to agricultural co-operatives where contradictions between personal and common interests are being complicated because of private ownership, etc.... "TODOROVIC, however, called trade unions and "other social organizations" to watch carefully and to play "a decisive role in a speedier formation of the socialist conscience".

End

S.S.