

RADIO FREE EUROPE *Research*

EAST EUROPE

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EAST EUROPEAN ASSOCIATIONS AND INCOME DISTRIBUTION

Radio Sofia reported on March 24 that the Bulgarian government has issued a decree creating new state associations in the construction industry. Bulgaria and most of the other East European countries are establishing the association as the new center of power within the new economic system of management. Among the main functions of the associations are the right to distribute income and to pool capital funds at the association level. The granting of these very associational functions is being attacked by various Yugoslav authorities.

While visiting a Zagreb clothing collective called the Naprijed Combine, according to Radio Belgrade of March 23, Vice President of the Federal Assembly Mijalko Todorovic argued that business associations "should not mean the expropriation of individual production units and the garnering of capital at the association level."

This is not the first time this criticism has been raised about the effects of an association's activities in the fields of distribution and investments. During the second meeting of the Third Plenary Session of the Central Committee, Secretary of the CC Edward Kardelj severely criticized giving the Directorate General of an association powers similar to those being granted in most of East Europe under the new economic reforms. He did so uncompromisingly in the following manner:(1)

Now, however, there are tendencies to create mergers and associated enterprises, and in frequent cases of similar integrations, the rights of work organizations, work units, and workers are practically restricted to the right to distribute the personal incomes within the limits fixed by their Directorate General. Integrations of this kind represent, in their essence, an expropriation of work collectives and direct producers. Within the framework of these directorates general, new bureaucratic bodies would be created and would, with the development of integration, have at their disposal increasing sums of funds without any direct responsibility toward the work organization and without its control, unless we were able to secure, under our social system, and in all forms of integration, socialist economic relations and self-managing rights which would be the inviolable basic principles of organizations of all forms.

(1) Borba, 13 March 1966.

Kardelj went on to discuss the consequences of centering power over distribution and investment by saying:

Of course, one of the consequences of these tendencies in integrational processes is the disintegration of various forms of associations of work organizations -- associations which in their essence are good, justified and progressive -- because of unsettled and inadequately organized economic relations. Recently I had an opportunity to see relations in the distribution in several integrated and associated enterprises, formed not long ago. The economic relations in none of the enterprises which I reviewed were established on a basis which would express the principles we have in mind here. The purpose of all these integrations is to remove resources for enlarged reproduction from the control of the working people, under the guise of common interests, and to concentrate these funds in the independent funds of directorates general, which have no organic links with enterprises or collectives. True, various "central workers' councils" are usually set up there, but they are a mere formality and a method for countering (majoriziranje) internal resistance.

The seriousness with which the Yugoslav authorities view the dangers arising from the exercise of power by the associations over the distribution of income and investments even when these organizations are supposedly established on a voluntary basis, is quite apparent to anyone. Certainly the associational organizational system imposed on the enterprises by the regimes of the various East European countries will be much more suspect. Under this involuntary association, the individual enterprises and their workers are bound to view the association as an instrument for expropriating from them their hard won gains in production.

Harry Trend

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