

čine koje su uniformno proporcionalne radnim cenama i ujedno veće od njih.

(3) Da naglasi da je teorijski zadovoljavajuće rešenje transformacionog problema u samoupravnoj, tj. ujedno i u kapitalističkoj privredi, jedino moguće uz istovremenu upotrebu Srafinog pronalaska standardnog sistema i teorije proširene radne vrednosti (mada u samom postupku rešavanja nije neophodno računanje niti elemenata standardnog sistema, niti proširenih radnih cena).

ECONOMIC POLICY IN THE SELF-MANAGEMENT SYSTEM

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1. For many decades, in Marxist and other literature, it was an accepted view that the socialist economy, with public ownership of the important means of production, must be a centralized planned economy as distinct from the capitalist economy. On the other hand, the opinion prevailed that only the capitalist economy, with private ownership of the means of production, can be a market economy. A decentralized and market-oriented socialist economy could not be conceived of in the economic literature up to the thirties and, in practice, up to the fifties of this century. Yugoslavia was the first socialist country to accept a decentralized, market-oriented economic system, the system of workers' self-management, in 1950. It is characterized by the autonomy of working organizations, by free economic decision-making as regards what, how and for whom to produce, i.e., as regards the amount and composition of production and investments, the pricing of their commodities (and services) and the income distribution.

Contemporary economic systems can no longer be viewed as they were earlier. They can no longer be classified only on the basis of ownership of the means of production. The classification into two chief economic systems — the capitalist system with private ownership of the means of production, and the socialist system with public ownership of the important means of production — is no longer satisfactory. This is due not only to the fact that the public sector of the capitalist economy has strengthened, that the market has been restricted, that the state interferes with economic life and that other changes have occurred, particularly in the area of distribution. All this has induced many economic and other authors to talk about a mixed economic system which differs considerably from the classical capitalist system.

The classification of contemporary economic systems, particularly of socialist systems, must also be made on the basis of who is making the decisions. Namely, decisions on production and investments, on how much will be produced and in what way, as well as decisions on prices, distribution and personal incomes, can be made centralistically, i.e., administratively, through planning by a governmental or planning

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board. This happens to be the case in the centralized planned economies of most socialist countries. Such a system is essentially a centralized, administrative-planned economic system, a system of directive planning. Higher planning or governmental authorities set tasks for business organizations regarding the amount and composition of production and investments, the quality and prices of commodities, the distribution, the level of personal incomes, etc.

Contrariwise economic decisions can be made in a decentralized way by the business organizations themselves, which are hence more or less autonomous and free and are not subject to direct, centralistic directive-planned regulation. This happens to be the case, for the most part, with the capitalist and socialist market-oriented economies such as the Yugoslav one. Enterprises make decisions regarding the amount and composition of their production and investments in dependence on the level and composition of market demand. Being dependent on market conditions, they make decisions on prices, marketing, distribution, personal incomes and the like. Such a system is, in its essence, a decentralized market or market-oriented economic system.

The historical dilemma of whether the socialist economy with public ownership of the important means of production can be solely a centralized, administrative-planned economy, has been thus solved in practice as well. The Yugoslav system of workers' self-management, with its twenty-five years of experience, has proved that the socialist economy can also be decentralized and market-oriented with autonomous business organizations which are managed by the producers, who make all the vital decisions. This means, at the same time, that a decentralized market-oriented economy, in which working organizations are free to make business decisions, is no longer the basis of the capitalist economy only.

However, we must make the following two important observations.

Firstly, none of these two models, as regards decision-making — the centralized, administrative as distinct from the decentralized, market system — is pure in practical life. Elements of one model are to be found in the other one in an altered, hardly perceptible form, or in the early stage of development.

Secondly, even though the major economic decisions are made, as a rule, on the level of business organizations in both private enterprise, i.e., the capitalist system and under the Yugoslav self-managing economic system, there is still a great difference between them as regards those making the decisions. As to capitalist enterprises, just because the means of production are in private ownership, economic decisions are made by the owners of enterprises or rather by stockholders and managers, whom they (or rather the most influential ones among them) have elected. The decisions are not made by the workers and other direct producers.

The Yugoslav decentralized, market-oriented system is a socialist economic system in which the means of production are in social¹⁾ and

¹⁾ In the Yugoslav self-management system, public ownership is (called) "social" as distinct from "state" ownership in the centralized, Soviet-type socialist systems.

not in private ownership, as well as in which the management had been transferred to the working collectives. It is just because of this system of workers' self-management that economic decisions are made by the direct producers, by workers and by others who are employed.²⁾ The workers, who are managers at the same time, make these decisions either directly or indirectly. Of course, they have to preserve the value of the basic social means of production (setting apart an adequate rate of amortization in order to replace worn-out equipment).

2. The self-management economy in its pure form should be predominantly a market (oriented) economy in the sense that (the employees in) the business firms autonomously make the main economic decisions on the volume and structure of production (and investment) depending on the market, on market prospects, on market demand (which, of course, is not fixed and could be changed by different means). The more an economy is a market economy, the more the market (i.e., the level and pattern of demand and not the administrative centralized plan) is the factor that determines the volume and structure of investments and production. In other words, the market (i.e., demand) is the determinant of the volume and structure of the production of consumer goods and, indirectly, of production of producer goods also.

A socialist market-oriented economy, like all market economies, is subject to cyclical fluctuations. In other words, the socialist economy, from the moment it abandons the centralistic administrative system of rule, must count on economic cycles, on cyclical trends. The market, the market mechanism, cannot either in the private enterprise economy or in the socialist self-management market-oriented economy always assure full employment and price stability.

Both could have unemployment and inflation. Economic policy against recession, unemployment and inflation is needed in both systems. In other words, a self-management economy must rely on economic policy in order to increase the level of economic activity and employment and to decrease or curb inflation.

Problems of recession, unemployment and inflation had not been analyzed by Marxist writers, for long period from the point of view of the economic policy needed to solve those problems. This is not difficult to understand. Namely, Marxist economic thought analyzed the capitalist economy and capitalist socio-economic relations at a time when there were no socialist socio-economic systems. It goes without saying that it did not analyze problems of unemployment or seek solutions that might help the policy of capitalist countries to solve these problems within the framework of capitalism. This has mainly also been true of recent Marxist economic literature insofar as it has dealt with the capitalist economy and capitalist socio-economic relations. When analyzing the socialist economy, Marxist economists have until recently equalized the socialist and centralized planned economy and

²⁾ The term "workers" in Yugoslavia implies, all those employed in self-managing business and other organizations, i.e., experts with university education as well as manual, unskilled workers. The terms "wages" and "salaries" have been replaced hence by the unique term "personal incomes".

held that these problems, particularly those of unemployment, are incompatible with the planned character of a socialist and centralized planned economy if the planning is skilled enough.

The attitude of Marxist writers toward the analysis of unemployment and the stability of prices, as a precondition for a comprehensive counter-cyclical economic policy based on scientific arguments, will have to, and has already started to, change to a new type a socialist decentralized, market-oriented, firstly, self-management economy which started to face those problems.

Higher level of economic activity, full employment (specially in the extensive way, with covered unemployment) and relative price stability could be achieved without economic policy by means of central, administrative, directive planning. However, that kind of planning is compatible with the administrative centralized socialist system but incompatible with the self-management system, in which business organizations (and not the government or the central planning board) are making economic decisions as to the volume and structure of production, investment, distribution, prices, personal incomes, capital formation, etc. Moreover, that kind of planning would jeopardize the essence of the self-management system.

Built-in mechanisms (stabilizers) in the economic system, which we will enumerate later, could play only a certain role in dealing with problems of the level of economic activity, unemployment and inflation.

So, economic policy unavoidably remains the most appropriate and efficient means in the self-management system for dealing with macro-economic problems.

3. Economic policy for achieving a higher level of economic activity and employment, i.e., against recession and unemployment, has to start from the following assumptions.

Self-managing business organizations make decisions on production starting, first of all, from market conditions, from outlooks for the sale of their products, in other words — and this requires great emphasis — from the level and composition of effective demand.

The increase or decrease of effective demand will expand or reduce the amount of production of self-managing business organizations. The level (and composition) of effective demand for consumer and investment goods is the decisive factor bearing on the amount (and composition) of production and consequently — even though in a reverse relation to changes in labour productivity — also on the level (and composition) of employment. Effective demand is hence the main determinant of production and employment.

Production and employment are two interrelated categories or rather two parallel processes. This does not imply that their intensity is always the same, too. Increased effective demand will result in an expansion of production, either immediately or after the stocks have been sold (if they are piled up). This increased production will raise employment either immediately or after the existing »surplus« (the underemployed and "semi-employed") labour force has been more fully employed (if there are such "surpluses"). A decline in (the rate of) effective demand brings about, as a rule, a decline in (the growth of)

production after a certain time period (during which stocks pile up). The slowdown in the growth of production will rapidly affect the level of employment; in other words, it will slow down the rate at which the new labour force is employed (young people from rural areas, workers returning home from abroad).

As to the effect of (the level of) production on the existing (level of) employment, matters stand differently. A cut in production under the workers' self-managing economic system (as distinct from the private enterprise system) does not ordinarily result in a reduction of the labour force which is already employed. The self-managing character of decision-making in business organizations and hence of decisions on employment, and the principle of solidarity in general and as regards the existing level of employment in particular, will function so as to ensure economic security or rather job security. This is an important achievement of the socialist system in the social field.

Therefore, business organizations will not displace workers if production is cut. They will accept extensive, economically unreasonable solutions — underemployment, employed labour force surplus — fully aware of what they are doing. A decline in the total amount of production which is not accompanied by a decline in employment will result in a labour-extensive or rather in an even more labour-extensive economic activity in a rise of unit costs of production. In other words, it will slow down the transition to a capital-intensive economic activity and to a higher labour productivity. It will slow down export and create additional trouble as regards the balance of payments. And these are grave problems for any economy. This is why the increase of (the growth rate of) production or rather an upswing in economic activity in general, and in some parts of the economy in particular, is so important. It creates conditions for a fuller employment of underemployed workers and frees the business organizations from unnecessary "surpluses". Business organizations can intensify their business activity and hire unemployed workers (those who are registered, as well as others).

The following conclusions may be derived. The more independent business organizations are in the self-management system in their decisions on the amount (and composition) of their production, the more the level (and composition) of effective demand will bear on the level (and composition) of economic activity, that is, production.³⁾

If there occur no considerable changes in the organic composition of capital and in labour productivity during the period under consideration, then changes in the level of economic activity, that is in production, will be accompanied by similar changes in the level of employment. The situation in the self-management economy is characterized by (a) a non-responsiveness of the existing level of employment to downward movements in economic activity. Namely, when production is cut, the existing level of employment will not decline (for reasons

³⁾ Business organizations holding a monopolistic or oligopolistic position can, of course, influence the prices of their products to some extent (they can raise them), as well as the amount of their production (they can cut it).

of solidarity). Another distinguished feature of that situation is (b) the retarded response of employment to upward movements in economic activity, that is, if production is expanded there is a considerable "time-lag" in the case of new employment (because of surpluses of employed workers).

Besides, problems of employment are more complex in Yugoslavia than in the developed market economy due to the following factors, which are outside of the self-management system.

Yugoslavia, as a predominantly agrarian country (it had 78 per cent agrarian population in 1945), underwent rapid industrialization in a rather short postwar period (the agrarian population dropped to 37 per cent). The very high migration of the agrarian population to urban centres, which is still ongoing, exerts a considerable additional pressure on employment, and an additional target to the policy of employment. It also imposes new tasks on the society in the field of housing, public utilities, education, health, culture and so on. These problems used to be solved gradually, over a much longer historical period, and they practically do not exist in economically advanced countries.

Another grave problem to economic policy of employment in Yugoslavia is the huge number of Yugoslav workers engaged in temporary work abroad. Preparations should be made for their return and employment in Yugoslavia. This problem has become a current one under conditions of the economic crisis which western European economies have undergone in recent years. The crisis has resulted in restrictions regarding the employment of foreign workers. Another important reason why this problem has become such a severe one is the fact that workers who are employed abroad are in the prime of their biological power and the majority of them have reached the critical point at which their temporary stay may turn into a lasting one. The Yugoslav economy needs, more and more, many of the workers with the job qualifications and skills which they have acquired in foreign enterprises.

Apart from these problems, which do not press other developed countries, economic policy in the self-management system in Yugoslavia has to solve, like in other countries, the problem of the young, mainly educated labour force, which has come of age. It has to give work to registered unemployed workers and to employ job seekers who have not been registered as unemployed workers in employment agencies for some reason or other.

In the formulation of the economic policy against unemployment, one has to keep in mind that the problem of unemployment is not the same in countries which have arrived at an optimal and relatively steady proportion of agrarian to nonagrarian active population, as in those which are still far from it, as happens to be the case with Yugoslavia. The number of unemployed workers here also covers the agrarian population which is looking for jobs, but has got some means of production (land, tools and the like), houses and other living conditions. This does not happen to be the case, in the main, with unemployed workers in the developed countries.

Economic policy promoting a higher rate of economic growth and employment cannot be considered apart from the effects which it

would produce in the field of inflation. And vice-versa, anti-inflationary economic policy ought to take account of effects in the field of (growth of) economic activity and employment.

The economic policy of employment, that is, the economic policy against unemployment, would be simple in a situation when there is no inflation; it ought to be aimed at the increase of the overall effective demand. This could be done by an expansionary monetary and credit policy (an additional issue of money and better conditions for the granting of consumer and investment credits, a lower interest rate in the first place, and the like), a moderate (moderated) taxation policy (reduced taxes for business organizations and the population) and an expansionary policy of the public expenditure (particularly in the field of housing and public utilities, the building of schools, hospitals, cultural and other institutions, lines of transport, melioration works, energy projects, etc.). The growth of the overall effective demand by way of economic policy incentives would result in an increase of production and investments in such a situation and, consequently, also in a higher level of employment of the labour force, technical facilities and available natural resources.

4. Economic policy against inflation in the self-management system is more complex than economic policy for employment. If there is inflation in the situation of full employment of the human and other (technical and natural) factors of production, the kind of inflation and anti-inflationary policy are more easily identified and formulated. That would be inflation due to excessive total effective demand, "demand-pull" inflation. Economic policy against this kind of inflation should be aimed to reduce the level of overall effective demand. That could be done by introducing a restrictive monetary and credit policy (lowering, first of all, interest rate), a severe (more severe) policy of taxation and "contributions" (increasing taxes and "contributions" paid by business and other working organizations and the population), and a restrictive policy of public expenditure ("budgetary and collective consumption"). These measures, in the full employment situation, would produce no negative effect on employment if they are taken only until the goal has been reached, that is, until overall excessive effective demand has been reduced, until the equilibrium between "money and commodity funds" has been reestablished.

The problem is aggravated immensely when, under conditions of unemployment or underemployment or a slack economic activity, there is a general rise in prices, an inflation. If in such a situation the above-mentioned measures of the anti-inflationary economic policy were put into effect without any selection (a restrictive monetary and credit policy, a policy of increased taxation and restrictive policy of public expenditure), then they would not only fail in slowing down — not to say curbing inflation, but they would aggravate the situation in the field of employment by reducing effective demand. The system would face an unaltered inflation and increased unemployment.

The self-management economy could experience — and Yugoslav economy has experienced — the inflation which appears in the underemployment or unemployment situation. The cause of that inflation

cannot be excessive overall effective demand. That inflation is not "demand-pull" inflation.

The causes of that inflation are different and manifold. In my opinion, they lie, primarily, in the autonomous increase of personal incomes and prices of certain products, in the first place, in monopoly and deficient areas of economic activity, which, in their own areas, permit the increase of personal incomes while appearing in other areas in the form of higher production costs or encouraging the increase of personal incomes in those areas as well. To be more specific, that inflation is generated by personal incomes which grow at a faster rate than labour productivity and other production costs which enter production as the "input", that is, which affect the price of capital and consumer goods and other personal incomes. This inflation is the result of monopoly or oligopoly conditions in individual economic areas due either to structural discrepancies and upheavals or to the short supply of individual products, to higher contributions and taxes imposed by the administrative bodies, to excessive dependence on or the unfavourable structure of imports from countries with inflation, or to a sudden leap of the prices of certain imported goods due to natural or artificial restriction of their production (in the latter case, inflation can be described as "imported"). This inflation becomes particularly severe if the mentioned situations (monopoly, structural, administrative, imported) — as is the case in Yugoslavia — apply to energy, raw materials, manufacturing components and essential products (primarily food).

The first and probably most important of that kind of inflation is generated by personal incomes (wages and salaries) which grow faster than productivity. The economic policy needed to counter that kind of inflation is an all-embracing income policy, more precisely, the policy of (distribution of) income and personal incomes".

This is a point I want to raise. In the self-management system, personal incomes could autonomously (unrelated to the productivity) be raised more easily than in both capitalist and centralized (administrative) socialist systems. Namely, thanks to the (from the social point of view, highly progressive) system of self-management, the producers in their capacity of self-managers make very important decisions on income distribution between personal consumption expenditures and accumulation. These decisions on income distribution may unjustifiably favour personal consumption expenditures at the expense of accumulation, particularly where there is a monopoly and oligopoly situation and where a typical "consumer" psychology and short-term approach is adopted. This is the case in the business organizations in which the workers are strongly linked by their property to agriculture and have still not become vitally interested in the fate of their business organization. This is mostly the case in the farming and underdeveloped regions of the country.

The policy of income and personal incomes can be established by social compacts and self-management agreements. A well-conceived income policy:

a) by restricting personal incomes within the bounds of labour productivity increase;

b) by establishing a normal relationship between personal consumption expenditures and accumulation;

c) by eliminating the possibility of extra profits and rent being spent exclusively or predominantly on personal incomes;

can have three major effects:

firstly, an anti-inflationary effect,

secondly, a development effect in the direction of extending possibilities for expanded reproduction; and

thirdly, an effect on personal incomes by ensuring their distribution in accordance with the socialist principle of remuneration according to the quality and quantity and results of work.

The inflation which is generated by monopolistic or oligopolistic conditions, (in which monopolistic or oligopolistic firms could easily raise prices and personal incomes) needs the following measures of economic policy in order to overcome and moderate these conditions: the price policy, but rather an anti-monopoly policy, a selective taxation policy and a policy of (distribution of) incomes and personal incomes.

The inflation which is generated by structural disproportions and by the lack of some products needs quite different measures of economic policy. Namely, in order to overcome and moderate structural disproportions and deficiency, a selective development policy is needed: first of all, a stimulative credit (expansive) and fiscal (light) policy, and also, for these industries, a beneficiary policy in foreign economic relations (foreign trade, investments, credits, etc.).

Similar measures have to be taken to curb the "imported inflation" generated by the excessive dependence on imports from countries which are in inflation or face an extraordinary rise in the prices of some products (because of the natural or artificial cut in their production). To mitigate the dependence on imports and to ensure an adequate volume and structure of foreign exchange, a selective incentive development policy (particularly credit and taxation policy) is required for the deficient branches and for those with relative advantages, as well as facilities in foreign economic policy (foreign trade, investments, credits).

The inflation generated by an increase in taxes and contributions which are imposed by administrative authorities, the "administrative inflation" (in the narrower sense of the term), has to be curbed differently. In order to moderate the administrative effects which become manifest in higher costs of production (because of higher income taxes and contributions) and prices (because of increased turnover taxes, etc.), a selective and cautious approach should be recommended, which would favour industries producing articles of mass consumption, particularly food and other essential consumer goods, as well as investment goods necessary for their production. A restrictive policy of public expenditure on selective and differentiated bases is needed.

We hold that such a different economic policy against the kind of inflation which arises in situations of underemployment would not only slow down and curb these aspects of the inflation in the self-management system. It would also remove structural disproportions in the economy and result in a higher level of economic activity, that

is, in a growth of total output. This would bring about a higher level of employment unless it were accompanied by abrupt changes in productivity.

Only after the abovementioned measures of anti-inflationary policy have been taken, and after they have produced some results, we might also put into effect non-selective and non-differentiated classical remedies of economic policy against unemployment by stimulating overall effective demand (an expansionary monetary and credit policy, a light taxation policy and an expansionary policy of budgetary and collective expenditure). If these classical remedies of economic policy against unemployment were applied without, or in advance of, these anti-inflationary measures, they would undoubtedly produce positive effects on economic activity and employment, but they would aggravate the situation as regards inflation. We would have a lower level of unemployment but higher inflation.

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EKONOMSKA POLITIKA U SAMOUPRAVNOM SISTEMU

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Re z i m e

Godinama je preovladavalo mišljenje da samo kapitalistička privreda sa privatnim vlasništvom nad sredstvima za proizvodnju može da bude tržišna privreda. Savremeni ekonomski sistemi ne mogu se više klasifikovati samo na osnovu vlasništva nad sredstvima za proizvodnju. Posebno, kada je reč o socijalističkim sistemima, ova klasifikacija se mora bazirati i na tome ko je nosilac odlučivanja.

U praksi je isto tako razrešena istorijska dilema o tome da li jedna socijalistička privreda, u kojoj se glavni deo sredstava za proizvodnju nalazi u društvenom vlasništvu, mora da bude isključivo centralizovana, administrativno planska privreda. Jugoslovenski sistem radničkog samoupravljanja je dokazao da socijalistička privreda može isto tako da bude i decentralizovana, tržišno orijentisana i da se sastoji od autonomnih organizacija kojima upravljaju proizvođači koji samostalno odlučuju o svim bitnim pitanjima.

Jedna socijalistička, tržišno orijentisana, privreda kao i sve tržišne privrede, podložna je cikličnim fluktuacijama. Ona mora da se oslanja na određenu ekonomsku politiku da bi povećala nivo svoje ekonomske aktivnosti i zaposlenosti odnosno da bi smanjila ili obuzdala inflaciju. Pokušaji da se ovakvi problemi reše putem centralizovanog, administrativnog i direktivnog planiranja doveli bi u opasnost samu suštinu samoupravnog sistema.

Prema tome, i u samoupravnom sistemu ekonomska politika ostaje kao neizbežno, najpodesnije i najefikasnije sredstvo za savladavanje tih makroekonomskih problema.

Karakteristike samoupravne privrede su (a) da postojeći nivo zaposlenosti ne reaguje na silazna kretanja ekonomske aktivnosti i (b) da zaposlenost usporeno reaguje na uzlazna kretanja u ekonomskoj aktivnosti. Pored toga, problemi zaposlenosti, a prema tome i ekonomska politika za suzbijanje nezaposlenosti, mnogo su složeniji u Jugoslaviji nego što je to slučaj u razvijenim tržišnim privredama usled niza faktora koji su izvan samog sistema samoupravljanja. Antiinflaciona politika u samoupravnom sistemu mnogo je kompleksnija od ekonomske politike zapošljavanja.

Samoupravna privreda može da doživi inflaciju koja se javlja u situacijama nedovoljne zaposlenosti ili nezaposlenosti. Uzrok takve inflacije ne može da bude prekomerna ukupna efektivna tražnja. Uzroci takve inflacije su mnogostruki i različiti. Po autorovom mišljenju, oni prvenstveno leže u autonomnom povećanju ličnih dohodaka i cena pojedinih proizvoda, i to pre svega u monopolističkim i deficitarnim oblastima ekonomske aktivnosti, što u tim područjima dopušta porast ličnih dohodaka dok se u drugim područjima javlja u vidu povećanih troškova proizvodnje odnosno i u tim oblastima podstiče povećanje ličnih dohodaka. Konkretnije, stvaranju takve inflacije doprinose lični dohoci koji rastu po stopi bržoj od stope produktivnosti rada kao i „drugi“ proizvodni troškovi koji se u proizvodnji javljaju kao „utrošci“ tj. koji utiču na cenu osnovnih i potrošnih dobara i druge lične dohotke. Ova inflacija je posledica monopolističkih i oligopolističkih uslova koji vladaju u pojedinim sektorima privrede i to usled strukturne diskrepancije i poremećaja ili nedovoljne ponude pojedinih proizvoda, usled visokih doprinosa i poreza koje nameću administrativni organi, prekomerne uvozne zavisnosti odn. nepovoljne strukture uvoza iz zemalja u kojima vlada inflacija ili usled iznenadnog skoka cena nekih proizvoda zbog prirodne ili veštačke restrikcije proizvodnje (u ovom poslednjem slučaju takva se inflacija može nazvati „uvoznom“).