Korol views Kremlin
Soviet economic policies analyzed

By Jim Smith

Author of a recent book on Soviet Research and Development, Mr. Alexander Korol of MIT's Center for International Studies explained his views of the Kremlin's latest economic reorganizations.

According to Mr. Korol, the present reorganization is merely one in a series of fluctuations between emphasis on centralization and emphasis on efficiency. On the one hand the Soviet leaders insist that the government maintains absolute control and supervision over the economy and its outlets; yet on the other hand, the leaders realize that efficiency is hard to achieve under such centralization.

The present reorganization, explained Mr. Korol, comes at a time in the Soviet economy of high centralization and low efficiency, and hence it is that this reorganization stresses efficiency, whereas the last one (1962) stressed centralization.

When asked whether he had ex-pected the present reorganization Mr. Korol said it was inevitable as Soviet Union, in trying to establish and maintain a still efficient market mechanism, has succeeded in the former but failed in the latter. They simply could not continue to operate the self controlled free market mechanism of supply and demand.

When asked whether he consid-ered the inefficiency the result of poor problem analysis or poor solution management Mr. Korol pointed out that the problem al-most entirely in the management of the economy. He said that inefficiency was caused basically by two factors. First, by having each factory manager directly responsible solely to Moscow, econom-ization on the plant to plant level was almost non-existent and, duplication, cross-hauling of weight, and the such resulted. Secondly, it has always been and will always be impossible for hu-mans to actually plan an econ-omy by dictating demand and sup-plying supply. Soviet Union lacks incentive Furthermore, the classic prob-lem of missing incentive has re-quired the Soviet Union in the past to set up quota systems by which Moscow tells each factory what is expected of it according to the analysis of the central planners. Since each factory had nothing to gain by increasing pro-duct quality, sloppiness workmanship and unmarketable articles were

If a certain extent, then, econo-mic efficiency was solely in the hands of the planners, and only when the planners knew exactly the comparative need for each item could factory safety demand and not waste ma-terial, forming only heavy screws to satisfy a weight quota or tiny nails to satisfy a numerical quota.

When asked whether Soviet planners had considered consumer-aided planning as a remedy to inefficient market mechanisms, Mr. Korol pointed out that in

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