

## Some Issues Concerning Economic Rationality in USSR and East European Countries

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The purpose of this paper is to examine in the context of Soviet and East European economies, a few issues and instruments of rationality of the post-reform period. The main emphasis has been to understand the socialist point/s of view regarding economic rationality. The description part of prices, cost etc. has been included for identifying the supra-institutional and intra-institutional components of these parameters and also for identifying the conceptual foundation. A few issues of value-price debate have been included for the same purpose. The role of the state and also of the party as superstructure in relation to the economy, that is, the base in socialist countries in the light of experiences has also been attempted to understand the importance of the base-superstructure nexus for ensuring economic rationality in socialism. The paper is divided into two sections seemingly detached thematically but an important connection could be found to identify the author's contention.

### I

"The new system of management and planning" after the reform introduced a model of the working of the economy in which one important feature was the multiplicity of levels of decision making. Decentralization and devolution of economic power were immediate necessities for the reform. An interesting comment by Josef Lenart was that the old system was incapable of introducing innovations at the micro-level successfully because in the ultimate analysis, these could be possible only by the creative initiative of the working people. The problem of linkage between higher authorities and micro organs since the reform are not solved by commands but mostly by indirect methods like indicators and regulators. Due to introduction of a wider market, horizontal links between micro economic organs like enterprises, combines and associations became possible because provisions for contracts and agreements between these were introduced. The old practice of relying exclusively on *zaiavki*, (requisition for materials and technical supplies) and their subsequent approval by the relevant ministry had to be replaced considerably by an organizational structure