
In order to attain this objective, the Party of Labour of Albania, as the leading, guiding and organizing force of the Albanian working people, has pursued, with wisdom and revolutionary courage, a correct economic policy, creatively applying the universal principles of Marxism-Leninism, in the specific historic conditions of socialist construction in Albania. A central place is given to the question of the conscious use of the relations of commodities and currency, prices and the other economic factors connected with them, as very important instruments for the management and development of the socialist economy, and the education of the working people with a concern for thrift in the use of materials and funds, and a socialist attitude towards work and common property.

PRIAMO BOLLANO - Economist, long-standing scientific expert at the Institute of Economic Studies, under the Academy of Sciences of the P.R. of Albania.

Prices are a vital factor in the socialist economy

Prices, and the other economic factors connected with them, such as the market, money, etc., are the economic categories characteristic of the commodity economy. With the triumph of the socialist revolution and the establishment of common ownership over the means of production, commodity production does not disappear, but develops under different conditions. The development of production and the circulation of goods determines the necessity of preserving exchange and prices, as an important element in the sale and purchase of goods.

In these circumstances, prices and connected factors are among the important, tricky problems for the economic policy of the party and the dictatorship of the proletariat, after the victory of the socialist revolution. The experience of socialist construction in the P.R. of Albania shows that the price system is not a momentary feature of the socio-economic development of the country, or a simple intermediate device in the process of buying and selling goods. On the contrary, it is a reflection of socio-economic rela-
The distinctive feature of prices in Albania - stability. They do not know the vacillation, spontaneity or unpredictability of market forces. Unified, planned criteria in the system of a unified economy, which develops vigorously in the framework of building the socialist society and in conformity with the interests of the working people.

by PRIAMO BOLLANO

forms of ownership also determine the presence of different owners: the state, as the owner of the means of production and the products of labour of state enterprises, and the agricultural cooperatives, as owners of the means of production and the products of the cooperativist sector. In these conditions the exchange of the results of work between the two forms of ownership, as shown by the historic experience of the construction of socialism in the P.R. of Albania, cannot be realized other than through buying and selling goods.

These are the principal material factors which determine the need to use prices in the socialist economy. There are also social factors. Socialism preserves, from every viewpoint, the traces of the old society from which it has emerged. Work has not yet become a vital question for all the members of society. The consciousness of men shows the stains of the old ideology, the ideology of the overthrown classes. These stains and old mentalities become an obstacle, and slacken the rate of the socio-economic development of the country.

All this determines the need for the socialist society, represented by the proletarian state, to exercise permanent control over and keep a general account of the rate of work and consumption. Prices, too, are a very important means of exercising control over the rate of work and consumption, of keeping account, and of educating the working people with a sense of order and discipline, and the thrifty use of the results of their own toil and sweat.

The Party of Labour of Albania, considering the many factors that determine the need for prices in the socialist economy, has followed a correct and cautious line in this field. A characteristic, distinctive feature of this course has been the setting of prices in a conscious, centralized and planned manner, on the basis of unified principles and criteria throughout the country's economy.
The application of such a policy has made it possible to avoid the free play of prices in the market, secure the stability of the market and of prices, increase the purchasing power of the lek, and make planned use of the relations of commodities and money, so as to benefit the development of the planned economy.

This policy originates from the early days of the establishment of the people's power in Albania. Parallel with the other revolutionary measures that the party and the people's power implemented in the early post-liberation years, an important place was held by these measures connected with stopping the rise of prices and inflation which had occurred during the years of the National Liberation War as well as with stabilizing the market, and monetary circulation.

**How was the rise of prices stopped?**

Liberation found Albania in a lamentable economic situation. Besides the great material and economic damage caused by the war, the people's power inherited enormous monetary inflation and a great confusion of prices.

In these circumstances, the people's power was faced with a very important economic problem: it had to restore the war-ravaged economy and put an end, once and for all, to the chaos that existed in the Albanian economy and finances.

These were great difficulties which the newly created People's Republic of Albania had to cope with. The imperialists and the overthrown classes, who had formed a close counterrevolutionary alliance were convinced that this situation, apparently insurmountable, would force the people's power to its knees. They hoped that although the People's Republic of Albania had won on the political front, it would never be able to face its economic and financial difficulties.

In order to make the economic and financial situation more difficult, the imperialists and their servants, the overthrown classes and the Yugoslav Titoite revisionists, in a thousand and one ways, took overt and covert measures against the people's power, from economic blockades, and sabotage to the preparation of armed interventions against new Albania. However, events took a different turn. Their hopes were completely dashed. Under the farsighted leadership of the Communist Party of Albania, with comrade Enver Hoxha at the head, the People's Republic of Albania, within a very short period, fully relying on the creative energies of our people, and on the internal forces, put an end to monetary inflation, and to the free play of prices on the market, and began to organize and manage the economy on a new basis.

Among the principal economic measures the people's power implemented in this field were the following:

1. Confiscation of the property of foreign and local capitalists through the nationalization of the principal means of production, and the formation, on this basis, of the socialist state sector of the economy. A first and preparatory step in this direction was state control over production and distribution, which was established in December 1944. During 1945 nationalization took place, mainly of the industrial, mining, trade, agricultural, and transport enterprises, the joint stock companies, and the banks, which were owned by foreign capital; all the properties of the war criminals and political exiles, were also confiscated. During 1946, particularly after the February 1946 Plenum of the Central Committee of the Party, which exposed and condemned the opportunist line of Sejfiolla Maleseova, a general offensive was launched against the foundations of capitalism, for the expropriation of the bourgeoisie from the principal means of production, and their passing into the hands of the working masses.

2. The establishment and application of a revolutionary policy in the field of taxation, as well as the implementation of the first measures in the field of organizing socialist state trade. This aim was served by the law on extraordinary taxes on war profits, enacted in January 1945, the confiscation without compensation of the property of those who did not pay the extraordinary taxes, as well as the application of the law on the requisition of foodstuffs and other raw materials needed for reconstruction, and the establishment of state control over retail prices.

3. The creation and organization of the Albanian State Bank on the basis of nationalization, without compensation, of the National Bank and the other banks which functioned in our country, as well as other measures in the field of monetary circulation. Through these measures, a powerful blow was dealt to private capital and to the bourgeoisie of the country, by wresting from them one of the most powerful means of exploiting the labouring masses, and conditions were created for the establishment of State control over all the monetary relations that operated in the people's economy, and for the planned arrangement of issuing and circulating money. The Albanian State Bank set up to help solve the problem of overcoming the temporary economic difficulties in the field of monetary circulation, thus contributing to the restoration and development of the economy, and strengthening the economic independence of the country.

4. Measures for the organization and planned regulation of the market, for the prohibition of the sale and purchase of gold, silver and foreign exchange currencies, as well as the establishment of the state system of purchase, procurement and sale of grain. On the basis of these, the state monopoly on foreign trade and foreign exchange currencies was established, and the state trade enterprises and the consumer cooperatives were organized, as the first economic organizations of factory and office workers, depriving private merchants of the chance to speculate.

5. Transition to the planned management and development of the people's economy, on the basis of the unmistak principle of democratic centralism. The planned management and centralized control of the economy was carried out in its three main aspects:

   - organization of centralized management and development, on the basis of a general state plan for the entire economy of the country. This was helped by the measures to set up the organs of state planning, the law on the state plan for the development of the people's economy and culture, and the other measures for planned and centralized price setting. For this purpose, the state economic enterprises were organized by the self-financing method, which is based on the centralized guidance of the activity of the enterprises by the state, and on their economic and operative independence.
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- centralized organization, management and control in the field of the formation and use of accumulated funds, income and expenditure of the socialist state, through the reorganization of the financial system, the state budget, and the taxes and functions of the bank. The state budget was transformed into a principal financial plan of the people’s economy, taxes lost their fiscal character, and the state bank became the sole accounting and credit centre.

- centralized and planned management and control of the monetary income of the population and all the articles of prime necessity for the national economy, the population and the defence of the country. This aim was served by the measures to institute the 8-hour day, the socialist principle of ‘equal pay for equal work’, the right to a fully paid 15-day holiday, and by the application of the rationing system, in order to have a guaranteed supply of foodstuffs according to set norms, to the country’s population.

The above measures made it possible for the P.R. of Albania to eliminate phenomena alien to the socialist mode of production, such as inflation, rising prices, etc., but also to use the economic factors of socialism (prices, finances, credit, money, etc.) to benefit the socialist economy, and raise the material and cultural wellbeing of the working masses.

Their role in the planned development and management of the Albanian economy was very great. Despite this, as a consequence of the interference of the Yugoslav revisionists, at the first stage it was impossible to avoid some shortcomings in the field of the planned prices. Once this hostile interference was got rid of, these defects were righted.

After the first Congress of the communist Party of Albania, the main criteria for setting prices were worked out on Marxist-Leninist foundations. They were embodied in the ordinance of the Council of Ministers of the P.R. of Albania of April 1949. This ordinance stipulated that the Council of Ministers directs the price policy according to the supreme interests of the national economy and the working masses and that in the P.R. of Albania, prices are set in a centralized, planned way.

Thus, beginning from 1949, in the People’s Republic of Albania prices were set by applying one sole and centralized policy, on the basis of the knowledge and profound application of the precepts of Marxism-Leninism, the requirements of the objective economic laws of socialism, and the economic policy of the party for the construction of the socialist society in Albania.

Working out a unified policy in setting prices

The policy of price-setting in the P.R. of Albania has been continually developed and improved, in conformity with the development of the productive forces, the maturity of the socialist relations of production, and the main political and economic tasks at every stage of developing the Albanian economy on the road of socialism. In the application of this policy, we can distinguish two main stages:

First stage characterized by the establishment and consolidation of unified prices throughout the country. The planned setting of prices, in this period, considered the existence of the multi-form economy, the organized struggle against the capitalist-speculator elements, the supply of the population under the conditions of the temporary application of the rationing system, and the need to create the necessary accumulated funds for the development of extended socialist reproduction.

The price system that was implemented at this stage had a marked class character. It aimed at stimulating, with the help of prices, the development of the productive forces, at further strengthening the economic ties between the countryside and the town, the working class and the toiling peasantry, and at strengthening and consolidating the socialist relations of production, in struggle with the capitalist ones, by the further application of the principle no work, no food.

At this stage, great attention was devoted to the regulation of the price relationship. Here we must bear in mind the fact that the creation of stability in the field of prices had to take into account the existing price relations for certain goods. But on the basis of these relations, prices for agricultural articles were very low, and there was an enormous gap between such prices and those of industrial articles. The policy of the party in the transition to the new procurement and supply system, approved in January 1949, was very important here. This system was based on the simultaneous existence of three kinds of markets supplying the population with food and industrial items (a guaranteed market, a reciprocal market and a free market); and the principle of the obligatory delivery of agricultural and livestock products by the peasantry, in accordance with the principle of taxation in kind for every hectare of land. In conformity with this system a system of purchase prices for industrial products and of procurement prices for agricultural and livestock products was built up.

The supply and procurement system and, in connection with this, the system of prices applied during this period, played an important role in consolidating the economic ties between the town and the countryside, in order to accumulate the funds needed for the industrialization and collectivization of the country, and the development of the ideological and cultural revolution. They also played a very great role in developing the productive forces, strengthening and consolidating the socialist elements of the economy, limiting the capitalist elements, and narrowing the differences in standards of living between the countryside and the town. As a consequence of this, in 1957, the last year of the first stage of the party’s policy of price-setting, industrial production was 15.7 times higher than in 1938, and agricultural production had increased by 76 per cent, whereas the goods turnover through socialist trade was 2.7 times larger than in 1950.

The second stage of the party’s policy of price-setting has been developed during the entire period after the construction of the economic base of socialism in our country, up to the present. It has been characterized by the further improvement of the system and of relations in the prices of various products, on the basis of the new economic and social conditions created after the establishment everywhere, in the town and the countryside alike, of socialist relations of production.

The price system and policy applied during this whole historic period, has aimed, parallel with the development and improvement of socialist relations of production and the planned accumulation of the funds needed for the construction of the material and technical base of so-
socialism, to secure at the same time the most correct distribution and re-distribution of national incomes, and increased material and cultural wellbeing for the working people, as well as strengthening the economic management of socialist enterprises.

At this stage, particular attention was paid to the further improvement of the price relations between the various products, particularly to narrowing the gap between prices of industrial items and prices of agricultural and livestock articles. This aim was served by the measures carried out by the people’s power to raise the procurement prices of agricultural and livestock products and to reduce prices of means of production (machinery, chemical fertilizers, insecticides, etc.) destined for agricultural use. As a result of this, at the end of 1959, the prices paid for compulsory procurement of grain were about 6 times higher than those paid in 1956, the price for grain surpluses was 12.5 per cent higher than that in 1959, meat procurement prices, depending on kind and quality, were 15-35 per cent higher, wool procurement prices – 30-90 per cent higher, etc. At the same time the general index of retail prices for mass consumer goods sold in the countryside during this period showed a reduction of almost 16 per cent.

The transition to unified state trade, the regulation of the system of procurement prices, and the further improvement of price relations for various products, in conformity with the new conditions created after the abolition of the rationing system in the P.R. of Albania, became a great force in developing production and increasing the material and cultural welfare of the population in general, and the peasantry in particular. In comparison with 1955, by 1960 the real incomes of the peasantry had increased by 35 per cent, making important advances in narrowing differences in living standards between the countryside and the town. As well, during the year of the third five-year plan, 1961-1965, and later on, despite the difficulties caused by the imperialist-revisionist blockade, supplies of mass consumer goods were never interrupted, but on the contrary, improved. Consequently, prices and the market did not vacillate; they achieved complete stability, allowing special measures to be taken to reduce prices.

As a result, at the beginning of 1969, the retail price index showed a further reduction, as against the 1958 level. The price index for the most important mass consumer goods at the start of 1969 was from 92 to 75 per cent of the 1958 level, at a time when, in the capitalist countries and those where the modern revisionists are in power, the price index had shown a considerable rise. In 1969, on the eve of the glorious jubilee of the 25th anniversary of the liberation of the country and of the triumph of the people’s revolution, further measures were taken to reduce retail prices; these added up to total reductions of 170 million leks annually.

The Party of Labour of Albania sees planned price setting, on the basis of a unified policy for the entire country, as a general, universal rule for the successful construction of socialism, strengthening the economic ties between the working class and the cooperativist peasantry, and constantly raising the material and cultural welfare of the working people of town and the countryside. Some measures of particular importance were those carried out in 1971, before the historic 6th Congress of the PLA, to improve the system of supplying the countryside with industrial goods and processed foods, to abolish the system of compulsory deliveries of agricultural products, and move to a free State purchasing system through contracts, and to make prices for the machinery, chemical fertilizers and electric power used in the countryside level with those for state enterprises. As the 6th Congress of the Party stated, and these recent years have shown, these measures are playing a great role in extending exchange relations, improving monetary circulation, and increasing the role of economic factors as important instruments, so as to increase the effectiveness of social labour, to strengthen discipline at work, and to improve the running and control of production, the distribution and consumption.

Centralized management of the economy - a sure guarantee of price stability

The main reason for the stability of prices and the market in the Albanian economy is the fact that the P.R. of Albania is a socialist country. The people’s power as a form of the dictatorship of the proletariat, controls all the principal means of production, and regulates the economic life of the country in a centralized manner, on the basis of the general unified state plan.

The Albanian socialist economy consciously develops in conformity with the requirements of the objective economic laws of socialism. In new socialist Albania, «the domination of products over the producers» was eliminated long ago, and the anarchy of social production has been replaced with planned organization and regulation, so that, as Engels said, men have become the masters of their living conditions.

Being diametrically opposed to the models of bureaucratic centralism and liberal anarcho-syndicalist decentralization, or the so-called model of «market socialism», the socialist management of the Albanian economy has focussed round one sole criterion: how and how much does social production serve to fulfill the immediate and always growing future needs of the economy and the working people. To realize this objective, the Albanian State uses, in a planned and organized manner the entire economic mechanism of the socialist mode of production.

In this framework, the study of the market and its mechanism is very important. The Albanian State takes into account the fact that the market, with its mechanism, objectively exists in the conditions of socialism, irrespective of the fact that, like all other aspects of the economy, it is subject to conscious and planned regulation on the part of society. As a consequence, during the regulation and management of the Albanian economy, we combat as alien to socialism both ten-

At the Durrës sea port – a snapshot of handling of motor-vehicles.
dencies to undervalue the market and its role in the development of social production, and tendencies to overvalue and absolutize this, as is happening today in the countries where the modern revisionists are in power, or in the capitalist countries.

This means that the economic and state organs must continuously study the market and its dynamics, the demands of the people, and the dynamic changes that occur in the structure of their purchasing power. An important role here is played by the strengthening ties and collaboration between the productive and the trade organs, so that the social labour spent in production will secure not just consumption values in general, but those concrete consumption values which the economy and the working people really need.

From this viewpoint, the improvement of exchange relations and the price system is closely connected with the struggle that must be waged against alien manifestations and liberal stands in economy, about which the IVth Plenum of the CC of the PLA has approved a scientifically studied programme. An integral part of this struggle is the fight against inclinations to realise the plan only in its general aspects and totals, not according to lines, assortments, quality of products, etc.

As the experience of building socialism in new Albania shows, the centralized management of the economy, according to the principle of democratic centralism, presents the highest and the most effective form, from the socio-economic viewpoint, of state management and the planned organization and development of national economy. This organization and regulation of the economy is the only way to achieve scientific direction of economic factors and processes, and the conscious use of the entire economic mechanism of the socialist mode of production, in order to attain set objectives while using the minimum of social labour. This management and regulation is also the main factor which excludes capitalist anarchy, revisionist stagnation and so-called self-governing in the management of the economy, together with the other negative effects arising from them.

By strictly applying democratic centralism in the management of the Albanian economy, it has become possible for every cell in the organization of social production, and every economic enterprise, to work according to the principle that what benefits, and is needed by society as a whole, is the best thing for society to produce. As a result, in the economy of the P.R. of Albania, it has become possible for every enterprise to work, produce and distribute material wealth in full harmony with this principle, having as its fundamental objective the best possible fulfillment of the needs of the economy, the population and the country's defense.

To realize this, the socialist society makes organized use of the economic factors of socialism; as important elements of the economic policy of the dictatorship of the proletariat, they are subject to planned regulation. In the Albanian economy, the level of prices, the dynamics and proportions of trade, currency circulation, etc., are not set spontaneously and are not dependant on effective or subjective elements, but are set in conformity with the rates and proportions of the development of extended socialist reproduction. The steady increase in volume of production and goods turnover, and the avoidance of crises of overproduction or competition, have made it possible to strengthen the market stability in the P.R. of Albania from year to year, to eliminate once and for all the spontaneous movement of prices according to supply and demand, to preserve their stability, and to continually strengthen the purchasing power of the lek.

These factors, as well as the state monopoly on foreign trade and foreign currencies, have also made it possible for the level of prices and their movement, the stability of the currency, and the increase of its purchasing power, not to be affected by short-term factors, or be dependent on the changes which occur in the value of foreign currencies, as a consequence of the economic and financial crises of the capitalist-revisionist world, or of inflation and rising prices on the international market.

It is an indisputable fact that in the P.R. of Albania, over recent years, the level of prices has been kept completely stable, while the feverish rise in the prices of machinery, equipment, raw materials, fuels, grain, etc., which has occurred in the capitalist and revisionist world, has had no influence whatever on prices or on the purchasing power of the lek. At the end of 1973 the general retail price index, as against 1960, is calculated to have shown a reduction of almost 8 percent, while our currency is becoming increasingly stronger. The meeting of the Finance Ministers of the countries ruled by the modern revisionists, held in Prague in 1963, accepted and approved a change in the exchange rate of the ruble with the lek in our favour. The rate was fixed at 83.72 leks per ruble, as against 100 leks per ruble previously, thus effecting a reduction in the value of the ruble, in favour of the Albanian lek, of 16.28 percent.

The revolutionary experience of socialist construction in the P.R. of Albania shows that the socialist state, through planning and centralized management of the economy, as well as by applying a correct policy in the field of price-setting, is in a position to preserve the stability of prices and the market, and to use them to the benefit of the people's economy and culture. The Albanian experience shows that even in those cases where, due to objective or subjective reasons, anomalies may arise between supply and demand, between the purchasing power of the population and the amount of goods on the market, it is fully possible, through the socialist planning of the economy, to coordinate the entire development of the various economic branches and secure the stability of prices and the market.

The correct revolutionary course pursued by the Party of Labour of Albania, for the planned, organized and centralized setting of prices, is an expression of the creative application, in the specific conditions of Albania, of the universal truths of Marxism-Leninism. From this viewpoint the PLA's course in this field is eloquent and convincing evidence that, in the fierce class struggle being waged in the world today, socialism is reaping one victory after another, it shows that Marxism-Leninism, this great enlightening doctrine, is triumphing, and winning victories against the bourgeois and revisionist ideology.
A snapshot of one of the sections of the plant in Ballsh. The photo shows two solderers who have claimed distinction in the assembly of many industrial establishments in various zones of the country.