Dr. Aurel Iancu

EFICIENȚA ECONOMICĂ MAXIMĂ. METODE DE MODELARE

(Maximum Economic Efficiency. Modelling Methods)

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The work we want to present to the reader tackles one of the fundamental problems of economic activity: the maximum increase of economic efficiency. A number of valuable publications analysing problems of the economic efficiency of investments have been published under the aegis of the Bucharest Economic Research Institute. Dr. Aurel Iancu's work distinguishes itself by a particular note.

In the following, we shall reveal some of its most important characteristics.

1) Besides approaching a highly topical issue for our economic policy, the work analyses the economic efficiency, in a large, modern and original outlook, using a mathematical apparatus not abusively, but, to the extent to which the better and more rigourous understanding of the economic phenomena is necessary. The work has a theoretical character and a corresponding scientific conduct, at the same time presenting a practical interest, being inscribed for the way of putting problems and of analysing them alongside the best works published in the contemporary world economic literature.

2) The author has critically analysed a vast literature of speciality, each time being proccupied to maintain and use what is most useful for the development and improvement of our socialist economy. We want to underline that the utilization and interpretation of Western literature and of some non-Marxist economists are made from the main Marxist-Leninist positions, the work being inscribed, from this point of view, on the political line of our party of observing the historical truth and of using all that is more advanced for our economic and social development.

3) Although embracing a rather wide subject-matter, the work succeeds is systematizing rationally both the ideas and the mathematical instrument, an interesting structure resulting thereof. The following question might possibly arise in this connection: why does a work on economic efficiency begin with the study of consumption? In our opinion, one of the big mistakes made in our economic theory is that many authors neglect the study of consumption and the problems of living standards. The motivation given by the author in connection with the introduction of the study of consumption in the first chapters is fully justified.

The author was also preoccupied to give to the entire work a logical thread in the exposition of ideas. Thus, after a scientific approach to the concept of maximum efficiency, a notion presented already at the beginning in a wide and modern outlook, the work passes to the analysis of the demand of the population and to its comparison with supply. (It is an obvious economic phenomenon which, however, was often omitted in the preoccupations of our economic theory). After comparing demand with supply in a scientific light and after analysing the corresponding economic notions resulting thereof (the balance price, the adaptation of supply to the needs of demand, the contracting mechanism, etc.) the work passes on to the study of the essence of the economic phenomena, stress being laid on the finding of various ways of increasing the economic efficiency of production at the level of the enterprise, branch and of the national economy. This part which, in fact, forms the framework of the entire work competently describes two of the essential stages of the increase of the economic efficiency of social production: the stage of calculations and of economic analysis and the stage of the effective unfolding of the economic processes. The first stage pertains to the field of planning and economic analysis and is of great importance in discovering the reserves for raising the level of efficiency and the second stage pertains to the economic mechanism and to the key factors setting economy in action and to their improvement.

Worth mentioning in connection with the improvement of the methods of planning and analysis is especially the problem of the concordance between the structure of demand and the structure of production and the possibilities of calculus and analysis offered by the input-output analysis for the reduction of intermediary consumptions and the increase of final production. Also worth mentioning are the critical references to the present methods of calculating the economic efficiency of investments, convincingly underlining not only the drawbacks as regards concept and methods but also the ways of solving them by using mathematical programming, concrete methods of calculus being given in this direction.

The chapter entitled "Price Modelling" analyses the possibilities of reaching, by modelling, an improved price system, built on the basis of the Marxist concept on the socially necessary labour expenses, taking into consideration the volume of labour expenses determined with the aid of the input-output analysis and the real situation of resources, their restrictive degree in economy, determined with the aid of mathematical programming. The author is thus competently developing the theoretical concept of extreme prices and is trying to clear up the real meaning of the socially necessary labour expenses which, in fact, represents the supreme criterion of the efficiency of social production. Using the qualitative and quantitative analysis, the author draws the necessary conclusions in connection with the improvement of the supply and marketing mechanism, both in the field of consumer goods and in that of the means of production, the improvement of the planning system on various links and the consistent application of the principle of democratic centralism, the further improvement of the price system, etc.

The introduction of this chapter into the work is justified by the increasing role which prices have to play both as an instrument of computation and, especially, as an instrument of material incentive in view of the raising of economic efficiency.

Obviously, maximum efficiency cannot be conceived without a dynamic prospect of the economic phenomenon. The author underlines this fact and outlines the main problems arising in this direction.

4) From one end to another, the work has a close logic: the analysis of maximum efficiency begins with the simplest elements and is gradually calibrated as regards problems and the mathematical apparatus used. Generally, digressions from the subject are alien of the work except for those places where the explanation to some mathematical calculus of greater complexity is necessary.

5) In my opinion, a number of critical references to the interpretation and use of economic categories (demand and supply, prices, etc.) or to some state of things in our economy are very necessay and welcome in the work, aiming at drawing attention not only to the importance of the respective problem and to the necessity of chaning the way of thinking and acting through, the economic policy; we refer, for example, to the taking of the final production into consideration in estimating the plan variants, to the taking of the extreme sizes into consideration in solving the price problem, to the effective taking into consideration of the population's demand and of the enterprises, supply of means of production. All this increases not only the scientific value of the work but also its practical utility.

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