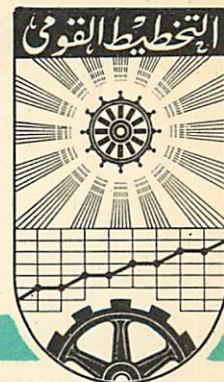


UNITED ARAB REPUBLIC

THE INSTITUTE OF NATIONAL PLANNING



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Classification of National Economy

by

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Classification of National Economy

Contents

0. Introduction
1. Argumentation of Classification
2. Classification of National Economy
3. Concluding remarks

0. Introduction

In June 1964 a memorandum has been published by Dr. Manfred Engert concerning classification of industry in socialist countries (Memo No. 450). In this mentioned memorandum some special problems are dealt with as to the classification of industry itself and as to the classification of some special products. It has been the purpose of Dr. Engert to show by some examples the system of classification. On the other hand, it was not yet possible in June 1964 to give a comprehensive survey upon the system in question, for the process of drafting has not been finished up to now.

Thus, the now presented memorandum must be seen in close connection with Memo No. 450. Our submitted memorandum, dealing with the classification of socialist economies, represents the skeleton of classification. Memorandum No. 450, however, contains the special classification of industry (parts of it), and must, therefore, be seen as part (as specializing part) of our memorandum.

In our submitted memorandum, for instance, industry has got the classification - number:

1. - Industry

Within industry, for instance again, there is

1.11. - Energy

In memorandum No. 450 you will find now the further subdivision of 1.11 (Energy) as, for example:

1.11.10.00 - Electricity,

and there again

1.11.11.00 - Electricity

from thermal
power stations,

or:

1.11.11.10 - Electricity

from hard coal
and its
derivates,

as:

- 1.11.11.11. - Electricity
from hard coal,
- 1.11.11.12 - Electricity
from hard coal
briquets
- 1.11.11.13 - Electricity
from hard coal
coke, a.s.o.

That means, the now submitted and by the Council of Mutual Economic Aid resolved classification is a comprehensive one and contains the classification of the whole national economy, of the single economic branches as well as the classification of produced goods. The code, in this respect, is as follows:

The first digit indicates the respective sector or branch of the national economy:

1. - Industry

:

3. - Agriculture and forestry

(in Memorandum No. 450 agriculture has been signed by No. 2; according to the last resolves of the CMEA this has been changed into No. 3);

The second and third digit indicate the respective branch or sector and the related goods as well:

1.11 - Energy

1.61 - Textile industry;

The branches, sectors, and related goods shall be more specified by the fourth and fifth digit:

1.11.10 - Electricity at all,

1.11.11 - Electricity from thermal power stations, and here, again,

1.11.11.10 - Electricity from hard coal and its derivatives

1.11.11.20 - Electricity from brown coal and its derivatives;
so, for instance:

1.11.11.21 - Electricity from soft coal

22 - " " " " briquets

23 - Electricity from dry coal

24 - " " soft coal coke, a.s.o.

1. Argumentation of Classification

Important auxiliary means for planning any national economy are represented by exactly elaborated national economic taxonomies. This so, because by these taxonomies important preconditions are given for making possible and for ensuring an unitary co-ordination of the numerous objects to fixed upper - conceptions. Especially, regarding the immense number of goods an affirmative grouping will only be possible, if the guarantee is given that the same (or identical) goods are co-ordinated in any cases to the same groups. And that is the task of the taxonomy, now elaborated in close collaboration between all countries belonging to the Council of Mutual Economic Aid.

The necessity of such a strong kind of co-ordination is resulting from the main task of national economic planning at all, consisting in ensuring necessary national economic proportions. These proportions have to be consisting between:

- i - the two main sectors of the national economy; that means, between the production of producer goods (sector I) and the production of consumer goods (sector II)
- ii - within the single sectors between the single branches; that means, for instance, between metallurgy and metal-processing industry, or (another example) between general engineering and vehicle construction, etc.
- iii - within the single branches, again, between single enterprises or producer groups etc.

The difficulties connected with such a co-ordination may be illustrated by the following survey:

According to the composition of the gross national product (physical composition) the single branches of any national economy, and thus the single enterprises and the single goods as well, must be ordered as follows:

- a - production of means of production for
production of means of production:

- metal working industry
- construction
- chemical industry
- metallurgy
- mining
- agriculture
- forestry
- construction material industry

producing
investment goods

producing
intermediate
goods

- b - production of means of production for the
production of consumer goods:

- metal-working industry
- construction
- power industry
- chemical industry
- metallurgy
- construction material industry
- mining
- agriculture
- forestry
- wood industry
- leather industry
- textile industry
- pulp and paper industry

producing
investment goods

producing
intermediate
goods

c - production of consumer goods:

- metal-working industry
- construction
- power provision
- coal industry
- chemical industry
- wood working industry
- polygraphy
- garment industry
- shoe-making industry
- food industry
- agriculture

producing
consumer goods

By this list it is made evident that there is nearly no possibility to separate the single branches of a national economy according to the two main sectors I and II. For planning the relations resulting from the gross national production, it is, however, necessary to seize the physical composition as meticulously as possible. For, by a wrong or incorrect addition of the single products or branches regarding the main sectors, mistakes can be calculated disguising or overdoing existing disproportions.

Generally, there are three methods for adding the products or enterprises with regard to the two main sectors:

1. according to the real employment of the single products;
2. according to the main employment
3. the so-called enterprise method.

The first method would be the most correct one, but for the time being this method cannot be realized. This so, because there has been up till now no correct taxonomy to order the single products in such a clear way.

By the second and the third only auxiliary methods are represented not able to fulfil the existing task most exactly. But only one of these last methods could be applied in our economic practice (up till now!).

The necessity of a correct taxonomy or classification, however, is not only resulting from domestic affairs; it is resulting, too, from the necessity of international adjustments as an outcome of the close collaboration between socialist countries, connected within the Council of Mutual Economic Aid; it is, finally, an outcome of international division of labour.

2. CLASSIFICATION OF NATIONAL ECONOMY

- 0 - Investment
- 01 - Investment for industry
- 02 - Investment for construction
- 03 - Investment for agriculture and forestry
- 04 - Investment for communication
- 05 - Investment for trade
- 06 - Investment for sundry branches of productive sphere
- 07 - Investment for services
- 08 - Investment for cultural and social establishments

- 1 - Industry
 - 101- Leading organs of industry

 - 111- Energy
 - 112- Industry of compact and gaseous fuels
 - 113- Industry of liquid fuels and earthgas and related gas as well

 - 121- Ferrous metallurgy (incl. ore-mining)
 - 122- Non-ferrous metallurgy (incl. ore-mining)
 - 128- Ferrous-metal foundries and forgings
 - 129- Non-ferrous-metal foundries and forgings

 - 130- Engineering and metal-working industry
 - 131- Engineering for basic industry, chemical industry, metal-working industry, and construction industry.
 - 132- Engineering for light-and foodstuffs industry
 - 133- Engineering for sundry economic branches and general engineering.
 - 134- Vehicle production
 - 135- Construction of completing parts and tools
 - 136- Electrical industry (without radio-technology and electronical industry)

- 137- Radio-technology and elect^ronical industry
- 138- Measuring technique, precision engineering, and optics
- 139- Production of goods of metal-working for households and economy.
- 140- Chemical, rubber, and asbestos industry
- 141- Chemical raw-materials mining industry
- 142- Inorganic basic-chemistry
- 143- Organic basic-chemistry
- 144- Pharmaceutical industry
- 145- Plastics industry
- 146- Rubber and asbestos industry
- 147- Artificial fibre industry
- 148- Production of chemical and chemo-technical special goods mainly for production
- 149- Production of chemical and chemo-technical special goods mainly for consumption
- 151- Construction materials industry
- 152- Glass and Ceramics
- 153- Wood-working industry
- 154- Cellulose and paper industry
- 155- Polygraphic industry
- 161- Textile industry
- 162- Garment industry
- 163- Leather-, shoes-, and furs industry
- 170- Foodstuffs industry
- 171- Fish industry
- 172- Meat industry
- 173- Milk industry (incl. dairies)
- 174- Mill-, pastry-, and farinaceous goods industry
- 175- Vegetable oil industry
- 176- Sugar-, Sweet wares-, and starch industry
- 177- Fruit and vegetable working industry

- 178- Non -essential goods industry (tobacco etc.)
- 179- Sundry foodstuffs industry
- 181- Special and mixed feeding stuffs industry
- 182- Industry of musical instruments, cultural goods, and brush-making industry
- 184- Film copying and record industry
- 185- Grinding materials industry
- 188- Water for drinking and industrial use
- 189- Sundry non-mentioned industry

- 19 - Material performances of industry
 - (Classification of goods; further subdivision corresponding to the branches)

- 2 - Construction industry
 - 201- Leading organs of construction industry
 - 211- Construction of production-buildings and architectural equipments of industry and warehouse-companies
 - 212- Construction of production-buildings and architectural equipments of water conservation.
 - 213- Construction of production-buildings and architectural equipments of communication
 - 214- Construction of production-buildings and architectural equipments of agriculture
 - 215- Residential buildings
 - 216- Construction of buildings and architectural equipments for other social spheres
 - 218- Specially-technological enterprises for construction
 - 219- Civil construction repairs

- 3 - Agriculture and forestry
 - 301- Leading organs of agriculture and forestry

- 311- General agricultural enterprises
- 312- Plant cultivation
- 313- Cattle breeding
- 314- Agricultural technique
- 321- Inland fishery
- 331- Veterinary system and protection of plants
- 341- Melioration system
- 351- Forestry
- 4 - Communication
- 401- Leading organs of communication
- 411- Railway
- 412- Motor traffic and dispatch (without local traffic)
- 413- Inland shipping
- 414- Merchant (sea) shipping
- 415- Air-traffic
- 416- Pipe-line-traffic
- 417- Local traffic
- 419- Sundry passengers and goods traffic
- 451- Postal and telephone service system.
- 5 - Trade
- 501- Leading organs of trade
- 511- Foreign trade
- 521- Home trade (in means of production)
- 522- Wholesale trade in agricultural goods
- 523- Wholesale trade in consumer goods
- 524- Retail trade in consumer goods
- 526- Restaurants and cooking enterprises
- 6 - Sundry branches of the material sphere

61 - Research centres

611- Institutes of industry

612- " " construction

613- " " agriculture and forestry

614- " " the communication system

615- " " trade

62 - Projecting enterprises

621- Projecting enterprises for industrial equipments

622- Technological specially-projecting enterprises

623- Architectural projecting enterprises

631- Geologic investigations

641- Publishing houses

644- News agencies

660- Public service companies

671- Cleaning service for textiles

699- Sundry groups of the material sphere

7 - Services

711- Service-enterprises

721- Advisory bureaus

731- Leasings and lendings

741- Lodgings

751- Housing

761- Municipal affairs

771- Banking system

781- Insurances

791- Lotteries, tolos, and betting bureaus

- 8 - Cultural and social establishments
- 810- Science and research
- 820- Educational establishments
- 830- Culture and art
- 840- Public Health
- 850- Social establishments (Kindergartens etc.)
- 860- Physical culture and sport
- 9 - State administrations and social organisations
- 911- State economic managements (centralized and local)
- 921- Central state organs
- 931- Councils of districts
- 941- Councils of counties
- 951- Councils of communities
- 961- Social insurance
- 971- Parties and social organisations
- 981- Communities of interests
- 991- Population

3. Concluding remarks

The submitted classification is the first step, taken by the Council of Mutual Economic Aid, to shape a comprehensive taxonomy valid for all the socialist countries connected within this council. The next steps concerning the completion and the specification of the single categories will be following within the next time. Therefore, this memorandum must be completed, too.