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Central Eurasia
Economic Affairs

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[NOTICE: Given the course of events in the former Soviet Union, the titles of JPRS and FBIS Soviet publications have been changed to Central Eurasia. The "Central Eurasia: Economic Affairs" report will cease publication with this issue and pertinent material will subsequently appear in either the "Central Eurasia: Russia" report or the "Central Eurasia: Baltic and Eurasian States" report.]

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Firmness on Economic Liberalization Urged

924A0405A Moscow NEZAVISIMAYA GAZETA in Russian 31 Dec 91 p 4

[Article by economist Sergey Vasilyev: "The Journey Has Just Started. The Government Should Be Tough for 5 to 7 Years"]

[Text] So, on 2 January the long-awaited economic reform will start. The first step in that reform is a program of short-term economic stabilization based on the establishment of free prices, a strict budget and credit policy, and liberalization of foreign trade links.

This set of measures, called, not quite correctly, "shock therapy," has been tested in many countries of the world and does not present any technical difficulties to implement. Along with certain negative consequences (a decline in production and the living standard) economic stabilization brings the consumer a balanced market and economic freedom for the enterprise, and it significantly improves the country's foreign trade balance.

This stage of a difficult and painful economic reform is, however, only the start of more profound economic transformations.

In fact, price liberalization helps to establish equilibrium between supply and demand, and stabilization of the ruble will facilitate the operation of market forces, while privatization will force enterprises to make more intensive use of resources. At the same time, the structure of the national economy, with its hypertrophic development of heavy industry and the defense complex, remains unchanged. The main task for the post-stabilization period will also be to effect a profound structural reshaping of the Russian economy and its adaptation to the needs of domestic consumers and the world market.

It is precisely along this path that the reformers will be subject to the strongest temptations. Economic stabilization necessarily gives the country's leadership a temporary respite: The national currency is stabilized, the balance of payments improves sharply, economic links will be restored, and budget revenue will be equalized with spending.

It is during this period that, riding on the wave of success the voices will be heard saying that it is necessary to show some indulgence: Increase incomes for the population, and also state investment. The more so since the population's living standard will really be falling sharply, and in a number of industrial sectors there will be serious crisis.

Domestic producers, squeezed by competing imports and the threat of greater unemployment, will demand increases in customs duties.

Nothing is more dangerous than this easy road: raising wages and increasing state investments through the state budget will lead to a new round of inflation, and expensive investments will, as always, disappear like sand. After a certain time a new stabilization program will be needed.

The economy will be unstable for a prolonged period. Short periods of inflationary growth will alternate with prolonged depressions. It is difficult to think of a more unfavorable situation for long-term private investment and structural change in the economy. Given the generally low level of economic development in Russia, this kind of marking time at the local level will make it a third-world country for many years.

In this situation the one hope is that the government will be tough and will hold the line of economic liberalization for at least five to seven years, until the end of the first cycle of structural change in the economy.

During this period it is necessary to pursue a policy of minimizing state intervention, stabilizing the tax and customs system and economic legislation, and removing all restrictions on freedom of market relations.

On the other hand, the government must encourage entrepreneurial activity at the bottom in every possible way, because real economic recovery will be linked only to people's initiative and activeness and their own efforts to deal with the crisis.

The upcoming crisis and depression will be deep; it is the payment for 70 years of command economy. But the experience of foreign countries shows that the deeper the crisis the more profound the change in the economic structure and the more effectively the country is developed in the long term.

Official Views Worsening State of Industrial Supplies System

924A0365A Moscow DELOVOY MIR in Russian 6 Dec 91 p 1

[Interview with Petr Ivanovich Solomko, head of Commission for Material and Technical Supply of the National Economy, by Yuriy Vladimirov: "The National Economy Faces Collapse Unless Contracts Are Encouraged"]

[Text] **According to the data of Goskomstat [State Committee for Statistics], the number of contracts signed on deliveries of finished products to consumers and on the provision of enterprises with the material resources they need in 1992 is much lower than in past years, totaling only around 20 percent.**

The progress in the conclusion of economic contracts has been investigated thoroughly by the USSR Committee for the Operational Management of the National Economy. Our correspondent Yuriy Vladimirov spoke with Petr

Solomko, the head of the country's Commission for the Material and Technical Supply of the National Economy.

[Vladimirov] Petr Ivanovich, the data of USSR Goskomstat are extremely depressing. It seems to me that we can already expect hundreds and hundreds of plants to stop working in January and February. Production ties have been severed, and there are no contracts. Related enterprises will begin halting their operations and will have a "domino effect" on each other.

[Solomko] I think things will not be as dismal as you describe them. Everyone will, however, experience difficulties: republics, enterprises, and the population. The conclusion of economic contracts by enterprises and organizations is a reflection of the results of economic policy and might even be described as the result of the actions of all government agencies.

We should recall the preparations for operations in 1991. In spite of the changes in political and economic relations between republics and regions, the country's central government agencies took several organizational measures to secure the conclusion of contracts by economic entities on a level equivalent to 95 percent of the 1990 figure. The former USSR Gosplan [State Planning Committee], USSR Gossnab [State Committee for Material and Technical Supply], and USSR Goskomstat worked with ministries and departments in drawing up balance sheets and plans for the distribution of products in line with state needs. Branches were guaranteed material and technical resources, and the volumes of contracted deliveries were defined. In addition, there were the regional and interregional trade fairs USSR Gossnab conducted. In short, there was a working system of material and technical supply operations. Now it has been completely demolished.

[Vladimirov] What has taken its place?

[Solomko] The place of USSR Gossnab, and of the USSR Ministry of Material Resources which succeeded it for a short time, has been taken by the Inter-Republic Association of Ministries and Committees of Material and Technical Supply. Our commission used its proposals as a basis in our work on the draft agreement between the sovereign states on the prices and delivery volumes of goods (and services) to meet the requirements of intergovernmental contracts and the needs of the Community, which also recommended the assortment of goods to meet republic needs and inter-republic shipments in 1992.

Negative factors have had an increasingly strong impact, however, and have ruined the efforts of producers to conclude economic contracts. More and more new artificial barriers are impeding the movement of goods and services between republics. As a result, production volumes are decreasing, and economic ties involving technology transfers are being disrupted.

The petroleum industry in Russia—the source of our foreign currency—is a good example of this. The needs of the RSFSR oil and gas branches for pipeline materials and the main types of equipment (produced, incidentally, in Russia) in 1992 will be satisfied by only 38 percent and 43 percent respectively.

The Ukraine, whose metallurgical plants annually supplied Russia with 300,000 tons of casing and around 120,000 tons of pipe intends to sign contracts for no more than one-fourth of these amounts in 1992. Plants in the Ukraine have also failed to sign contracts for the delivery of 1.03 million tons of large-diameter arc-welded pipe and 1,250 kilometers of heavy-duty and standard cable to Russia.

The Republic of Azerbaijan is also reducing deliveries to Russia: deliveries of tubing by 19.5 percent, of casing ports by 20.4 percent, of well pumps by 12.4 percent, and of pump rods by 22 percent. In addition, Georgia also plans to reduce deliveries of casing, cable, electrical equipment, and other industrial stock to Russia.

According to Rosneftegazprom forecasts, all of this will increase Russia's purchases of imported materials and equipment by 995 million rubles in hard currency, the equivalent of additional exports of 13 million tons of oil. This will hurt all of our republics, and the profits will drift away to Western businessmen.

[Vladimirov] What do you think is keeping producers from signing contracts today?

[Solomko] It is the increasingly serious slump in production, especially in the basic and raw material branches. It has intensified the shortage of the material resources needed for normal enterprise operations. No one feels secure.

Another important reason is the instability of pricing policy in the states belonging to the Economic Community. This is forcing enterprises to disrupt economic ties, in circumvention of contracts signed with consumers. They are increasingly likely to use the barter system and exchange their products for the goods they need.

The reduction of purchases of imported crude resources and materials has also led to a situation in which most of the domestic enterprises producing chemical fibers and filament, paint, varnish, synthetic dyes, and polymer footwear are operating at only 50-60 percent of total capacity. Understandably, they will not be signing contracts above this level in 1992 either. Because of the reduction of imports of cold-rolled sheet metal and components, the number of trucks produced in our country could be reduced by 100,000 next year.

[Vladimirov] How are material and technical supply operations for the national economy organized in the states belonging to the Community?

[Solomko] According to the data of our commission, the procedures of material supply operations have been defined only in Russia, Ukraine, Belarus, and Kazakhstan. The draft agreement on the prices and delivery

volumes of goods in line with mutual (intergovernmental) contracts and to satisfy the general needs of the Economic Community envisages deliveries of goods and services to meet the Community's needs, but enterprises cannot sign contracts because the agreement has not been signed yet. For the same reason, several republics have not set the quotas for products scheduled for delivery to meet general needs.

[Vladimirov] Experts estimate that no more than 80-85 percent of production volumes will be secured by contracts by the beginning of 1992. This is certain to cause the further deterioration of the overall economic situation. What do you think might change the situation for the better?

[Solomko] First of all, this calls for a decision by the politicians, the presidents and parliaments responsible to their people. The final revision of the agreements envisaged in the Treaty on the Economic Community must be completed as quickly as possible, and their ratification must be secured. I am referring to the agreements on the prices and delivery volumes of goods in line with mutual (intergovernmental) contracts and to meet general needs; on customs policy and the customs tariff; on the procedure for the settlement of property and other disputes; and on the principles and mechanism of servicing the foreign debt of the Economic Community. In addition, there is what might be the most important one—the agreement on the coordination of the laws of members of the Community on economic activity.

We need the quickest possible decisions on the specific designation, assortment, and volumes of production for the satisfaction of general needs, the exact list of clients, and the coordination of volumes and sources of financing. A jointly operated commercial structure should be established by interested enterprises and associations for the organization and coordination of material and technical supplies to satisfy the general needs of the members of the Economic Community.

We also need an immediate joint decision on the elimination of all restrictions on the export of finished products, components, semimanufactured goods, crude resources, and materials included in intersectorial cooperative shipments in 1992. We also need a mechanism to secure its implementation throughout the territory of the Economic Community.

Businessmen Pessimistic On Economic Prospects For 1992

924A0404A Moscow IZVESTIYA in Russian 31 Dec 91 p 2

[Article by M. Krushinskiy: "Businessmen Believe That Business Will Be Smothered By Taxes"]

[Text] Is it necessary to mention how tense the past year was for Russian manufacturers, merchants and bankers? Last December, many were still reluctant to discuss private ownership aloud. Leonid Abalkin was the official legislator for the "economic methods." And packages of banking laws were published during the New Year's holidays which served to add fuel to the fire that had just begun to defuse the war betwen the union and republic banking authorities. And what about the exchanges? It is recalled how they quarreled with one another over trivial matters, until finally they were organized into unions and guilds. And subsequently, they quarreled to an even greater degree. In January, the discussions regarding privatization had just started, by summer they were proceeding in full force and today they possess such revolutionary force that it seems they are replacing the work itself.

What is going on there? August is recalled. A tricolored cloth 200 meters in length flies from the Russian Commodity-Raw Material Exchange as a symbol to the White House of a businesslike Russia rising from its knees and of its readiness for sacrifice and its faith in its president. Our "third estate" proved during this period that it not only exists but also that it can become a motive force for achieving the changes desired. What are the thoughts of its representatives today? Do they have an optimistic view of the future?

I addressed this question to some important Russian industrialists. So that nobody will be offended, I have arranged their responses alphabetically.

Konstantin Borovoy, chief manager of the Russian Commodity-Raw Material Exchange:

[Borovoy] Our market structures are sufficiently developed. For some time now, they have been capable of carrying out the functions of the destroyed state structures. There is one problem however—there are no owners. Just as in the past, the officials—from the president to the executive committee chairmen—do not wish to relinquish anything. Because they understand that the true owner will appear—they will have to prove their need to him and they will never tolerate this.

[Krushinskiy] Price liberalization is at hand. Will goods appear?

[Borovoy] Perhaps...for a half hour or so. A producer is needed if goods are to appear. Let us assume that a peasant who owns land and has an opportunity to obtain money on credit purchases the means of production. In the absence of land, he will never be able to bring himself to do this.

[Krushinskiy] Among the people, there is a saying: there are too many middlemen!

[Borovoy] We would be happy to become producers—but they will not permit this to happen. Our exchange is a large commercial organization and all of our property is leased. And with the best intentions in the world, we are unable to purchase land and engage in production operations: along the way, we would encounter modern feudal lords. And when the people lose patience, they, the feudal lords, will try to place the blame on us.

Moreover, the first concern of a people's riot will be precisely that of sweeping them away.

[Krushinskiy] Can we nevertheless still hope to survive?

[Borovoy] No, the outcome will be very sad.

Sergey Yegorov, president of the Association of Russian Banks:

[Yegorov] If the system of commercial banks is to commence operations, their number must be raised to at least 8,000-10,000 in the near future. Today there are 1,500 of them and in the U.S.A., by way of comparison, there are 15,000. There must be different types of banks: mortgage, investment and innovative types. There must also be societies for the mutual issuing of credits in rural areas. Private commercial banks are also needed.

[Krushinskiy] What are the relationships today between the "lower level" banks and the Central Bank of Russia?

[Yegorov] Just as in the past, the Central Bank is attempting to administer with the aid of command rather than economic methods. It dictates to the commercial banks the interest rates that they must charge their customers for loans and it is illegally requiring redundant reporting. The country lacks a civilized credit market: the Central Bank can sell a credit resource to one and not to another, based upon the latter's behavior, even though its work is limited to raising or lowering the discount rate. Finally, the Central Bank must be independent not only of the government but also of the parliament. And at no time can it issue credits for the purpose of plugging up budgetary holes.

Mark Masarskiy, chairman of the administration of the Volkhoz Industrial-Construction Cooperative, president of the International Association of Enterprise Leaders and member of the exchange council of the Moscow Commodity Exchange:

[Masarskiy] The Russian economy is sometimes compared to an automobile and it is maintained that the steering wheel must be in firm hands. But in such a case, as industrialists, we perform in the role of a road surface—the automobile rolls over our heads!

A clear example of an anti-industrialist policy is the system of taxes which the government is introducing. It is estimated that today the enterprises turn over up to 90 percent of their profits in the form of various types of taxes and fees. The tax for surplus value, introduced on 2 January, will finally do us in. Twenty eight percent, with each percent (this has also been estimated) corresponding to three percent of the net profit!

[Krushinskiy] By way of consolation, they state that this form of tax affects the consumers rather than the producers.

[Masarskiy] The one is inseparable from the other. Indeed each type, during the course of production, simultaneously consumes a portion of the output. The government forces us to raise the prices so that it can skim the cream off the top and later redistribute it, at its discretion, from the budgetary "bag." But this money will not "work." In our case, it is capital and for the officials—it is useless numerical figures.

[Krushinskiy] They also say that a high tax levy requires stabilization of the ruble and that the government needs money for the carrying out of social programs.

[Masarskiy] With regard to stabilization, this is true if you take into account that the most stable position is a reclining one. The same applies to monetary needs. Can hunger, even severe hunger, really serve as an argument in favor of gnawing away at one's own bones. The government's policy is suicidal. Its inevitable result will be a sharp decline in investments, the elimination of many jobs and a drop in production, even during the first quarter. This will be followed by a collapse and catastrophe.

Eduard Tenyakov, president of the Chelyabinsk Multi-Purpose Exchange:

[Tenyakov] The market must be civilized. And what do we have today? The vertical relationships are destroyed, the horizontal ones have not been organized and the structure of direct production relationships has been demolished. Relationships are predicated upon crude bartering. Contacts between the republics and even between individual oblasts throughout Russia are being disrupted. In order to save the situation, it is not enough to merely free prices. We must set in operation the entire commercial mechanism. As always, we restrict ourselves to the carrying out of half measures. They have made it possible to form a pitiful likeness of an exchange and they have authorized banks and private enterprises. And suddenly—a wild tax that prevents anyone from buying or selling anything. On the other hand, when a crisis approached, Reagan relieved the commercial structures from taxes. But once again we are placing the cart before the horse.

[Krushinskiy] Thus, would you say that the prospects for the new year are not very good?

[Tenyakov] The year will be a very difficult one. We may even see hunger riots. We have calculated the consumer basket for one individual: at the end of the first quarter of 1992, it will be 1,279 rubles. Nine tenths of the population will be below the poverty line. Added to this will be the need for shutting down certain unprofitable production operations, with no new ones being established in their place. The VPK [military industrial complex], in which everyone placed their hopes with the conversion over to the production of consumer goods, is becoming unprofitable. It bears mentioning that the Urals, Siberia and the Far East have a chance of extricating themselves more rapidly from the crisis. By means of a high concentration of raw material resources, fixed capital and energy production facilities.

[Krushinskiy] Is it possible for them to pull the entire country after them?

[Tenykakov] Hardly. According to our estimates, they have only enough for themselves.

Vadim Tumanov, leader of the "Stroitel" [builder] Highway-Construction Cooperative, the "Tumanov and Company" Joint Stock Company and the "Rossiyskoye Zoloto" [Russian Gold] Joint Stock Company.

[Tumanov] A solution to the crisis must be sought in the sphere of production. The remaining elements—trade, exchanges and banks—play an important but nonetheless auxiliary role. The chief cause of the crisis—poor production structure. The products needed by the country are not being produced. At the present time, great importance is being attached to concentrating efforts and resources in those spheres upon which saturation of the consumer market is dependent.

[Krushinskiy] What branches are these?

[Tumanov] Agriculture and construction. Land must be given to the farmers immediately. And it should be done in a manner such that he is independent of a kolkhoz chairman or sovkhoz director. Our farmers must be given tractors and all of the needed equipment free of charge. All such expenditures will be repaid one hundredfold. By autumn of next year, we will then be able to feed the entire country. It is that simple!

But the food problem will not be solved in the absence of vigorous development of a network of rural roads and points for the storage and initial processing of agricultural products. Here there will be no reliance upon state capital investments. The state can help in other ways: it can provide tax benefits which will stimulate business-like activities in the people and bring about a flow of labor and financial resources into these spheres.

What are the prospects for the coming year? I see no prospects if we continue to act in a slow manner, just as in the past, and also if we repeat old mistakes.

The intonation is not associated with the new year, although each of these individuals has something to recall or dream about. Let us take Tenyakov's epic, which ended only recently: the arrest during the coup, the detention in the isolation ward and the humiliating surveillance by the Directorate of Public Prosecutors. And how many hopes are based upon the Tumanov undertaking to sharply increase the mining of Russian gold? Is this not cause for a New Year's toast. But the situation is not conducive to the clink of glasses. Moreover, there is also the hope that during the first days of January there will be some progress noted in the privatization of land. Thus, let us raise a toast to this hope, gentlemen!

Bunich Assesses Privatization Options

924A0400A Moscow PRAVDA in Russian 3 Jan 92 p 2

[Article by Pavel Bunich, PRAVDA economic observer: "Leasing—A Help to the Market"]

[Text] **The appeals for "landslide" privatization have largely been successful. There are various methods for making people owners.**

We are a country of extremes and paradoxes. Without bringing a single matter to its logical conclusion, we rush headlong towards another. Today, if we may use this expression, there is a comprehensive "landslide" privatization. A great number of people have been involved in it, and literally all and everything is being privatized. But is this a good thing?

Before, the notion of free privatization prevailed. Today, it seems, the volume of paid privatization is increasing, since there is no other economic method of pumping money out of the population.

It is true, we could raise prices drastically, which is essentially what is being done. However, this is certainly not the best method, if it is possible to take this same money through paid privatization. Yes, it is possible that this will remove the dangerous tendency to raise prices endlessly. However, we must certainly not forget about free privatization as well. I stand in favor of approaching everything in a well-thought-out manner, and not spontaneously.

Everything that surrounds us we ourselves or the generations before us have created. Reasoning logically, all of this should really be handed out to the people free of charge. For decades we were underpaid our wages. Otherwise, we would have long ago been owners and stockholders. But, alas... We must seek a compromise. No, not with our conscience, but with the situation, with the current surroundings. It is clear that if we let everything around us go for free privatization, then the country will simply perish from the madness of the market. If, however, we give preference to the market, we ourselves will perish, metaphorically speaking, from infarction or insulitis, since our economic organism is afflicted with both at the same time.

They say that privatization should be performed in several stages: First, for example, we should privatize trade, the sphere of services, restaurants, shops and small-scale industry. Then—heavy industry. There is also another variant: First we will bring about order in agriculture, then—in industry, transport, etc. But this is impossible! This is like saying: The entire organism is sick, but we will treat only the vessels or only the heart.

Of course, we must start somewhere. We must hurry with the land. If we do not hand it out realistically in the next few months, we will doom the people to a famine. However, here too we must not allow distortions. They propose handing out land only in the village. What will this lead to? The village resident is poor and the city

dweller is also poor. But the poor village resident will not only receive his checks free of charge, which the city dweller will also have, but also the land with which to feed himself. Yet the city resident will not get it, at least the one who does not want to trade his urban residence for a rural one.

What is the solution? It does exist. City houses stand on land, just as do enterprises. If we give out this land to the hands of individuals—everyone will stand to gain. In essence this is the only possibility of finally equalizing the peasants and the city residents. They have an acute need for each other. The city needs bread and other farm products. The village needs equipment and fertilizers. A natural commodity exchange is being ordered, the economic circulatory system is pulsating smoothly.

Yet it is far from always that way in real life. One of the sacramental questions is: What to do with the state sector until it is privatized? It is simply impossible to privatize it immediately, even though it is no longer able to function normally. People are running away and capacities stand idle. Here is the answer: All state enterprises must immediately be given the right of free prices and free wages. Of course, a differentiated approach should be taken here. It is one thing to have cooperatives, which have already purchased their equipment or, say, leasing enterprises—they have been partially paid for. Yet state enterprises are an entirely different matter. Here we must find a rational measure which would relatively quickly remove the economic "fat" from these enterprises. Such a measure is lease payments.

For some reason, we harbor a feeling of distrust toward leasing, even though this year it has doubled in our country. Today, already 10 percent of the industrial production is based on leasing. Moreover, 26 percent of trade, 25 percent of public catering, 24 percent of consumer services, and 20 percent of construction are leased. This is in essence the largest part of our economy. One need not be an oracle to predict that in the new year, 1992, the leasing movement will expand by at least two times, and perhaps even more.

Short-sighted people maintain that leasing has outlived itself. But, first of all, I will repeat once again: Without leasing we cannot give rights to state enterprises or to privatize them. Secondly, who says that we must idolize that old, customary lease which has been formed in our country? This is a rather unique, Soviet form of leasing. In fact, it has been organized quite differently throughout the world: You must pay the lease payment, and then, after expiration of the specified time, return the property in its entirety and in good order. If you have returned it in damaged condition—you must also pay for this. That, essentially, is all. No one orders you about, you are your own boss, even though you are not the full owner.

Of course, it is better to be rich and healthy, i.e., it is better to be both the owner and free. But if you cannot be the owner in the direct sense of this word, then it is simply a necessity to become free. And this is possible specifically through leasing. In our country, however, the lessors today manage to throw a noose around the neck of the lessee, to deprive him of his already meager rights. Up until now, we might add, the law on leasing has not been clearly developed in Russia. It is extremely important to do so, and to make it much better than it was in the USSR, since the times have changed and now we can and must take broader and more confident strides toward the market.

Some leaders try to convince everyone that leasing and the market are mutually exclusive concepts. Yet this is complete rubbish! In Germany, half the land is leased. A third of the housing in the entire developed world is leased. Here is a simple example. No one buys automobiles when they go on a business trip. In the West they simply lease a car for a certain period. In general, leasing is the fourth largest sector in the world.

The attacks which are taking place in our country are founded on the interests of certain groups. Those who are obsessed with the idea of implementing "landslide" privatization reject any other variants at the outset. They must simply prove to everyone: Other variants are unacceptable here. The very same Piyasheva says that there are very many people who think like her. But this is not so. There are not all that many of them. It is simply that they announce themselves loudly in the press and on television, but a loud voice certainly does not mean that its owner is right.

They say that supposedly it is the bureaucrats who are interested in leasing. Everything is being turned upside down—leasing is a fierce enemy of bureaucratism. Nine out of ten people who have changed over to leasing are experiencing all kinds of deprivations specifically from bureaucrats, as leasing is pulling the chairs out from under them. Or, they maintain that under leasing the people do not care: Their wages are paid, they say, they are not free. Once again this is not true. Under leasing, if you did not work, you will not get paid. Suppose a state store stands empty—there are no goods. Such a store does not suffer. Yet one operated under leasing, if it stands empty, will simply not survive. It will not be able to exist.

So that the the appeals and commands to privatize all and everything at once are largely successful. We must also make better use of the other methods of making people owners, free people, and new entrepreneurs. Obviously, it would be good to implement rapid privatization. In principle, we must strive toward this. The danger lies in something else—in implementing it quickly, but poorly. And this is the very worst variant.

Goskomstat Figures on Shadow Economy Examined

924A0400B Moscow KULTURA in Russian No 16, 28 Dec 91 p 4

[Article by Professor Vladimir Kostakov, economist: "Super-Prohibitions and Super-Profits"]

[Text] **For the first time, the brief statistical handbook published annually by the USSR Goskomstat [State Committee for Statistics], "USSR in Figures for 1990," lists a section entitled "Individual Articles of Illegal Income of Citizens." Compiled for quite understandable reasons on the basis of various evaluations and therefore admittedly incomplete, it nevertheless presents a sufficiently clear understanding of the scope of the shadow economy and of the processes taking place in this ominous sphere.**

At the editors' request, the well-known economist, Professor Vladimir Georgiyevich Kostakov, comments on the published data.

In a year, from 1989 through 1990, the turnover of the shadow economy has significantly increased: From 59.0 to 68.8 billion rubles [R]. Even if we had no other data on the state of affairs in the national economy, this alone would have been sufficient for the most alarming diagnoses.

R68.8 billion—that is approximately 12 percent of the part of the national income used for consumption. That is over 10 percent of all the monetary income of the population. It is true, the final indicator includes articles which presuppose the redistribution of income: Bribes, extortion, "skimming" from resale, underweighing and undercounting. Yet, on the other hand, we must remember that we see before us only that which we have been able to take into account. The submerged part of the iceberg, as is always the case, is much larger. And there is one more important clarification. The general economic indicators encompass the entire population, while the statistics of income from illegal sources relates only to a comparatively small part of it. The multibillion turnover testifies that the "shadow operators" are flourishing, successfully putting together millions in assets. There remains an entire strata of society which functions entirely outside the boundaries of the law. These people either do not work anywhere else, or use their job exclusively as a "cover."

In a year, the bribes received by officials from cooperators have doubled—from one to two billion. This speaks not only of the sizeable scope of someone's unlawful enrichment. Since bribes are being used, that means the entrepreneur is encountering many roadblocks and limitations. Freedom has been declared, but not ensured. In the strategic plane this is the most dangerous signal. The near future of the economy may today be predicted in two variants. If the reforms are implemented on a background of general rejuvenation, a sort of entrepreneurial boom, there should truly be a real revitalization. If, however, the initiative is suppressed and the destruction of monopolism hindered, then the implementation of reforms will begin to occur with great loss to the people.

Several years ago, a large sector of the shadow economy was underground production. Today even such a column is absent from the table: In connection with the legalization of private enterprise, people, and together with them—material and financial resources, have moved into spheres of the economy which are open to view and legislative regulation. Middleman services are another matter. They continue to be viewed as resale—an illegal form of activity, and the payment for them has increased during the year from R10.3 to R13.8 billion, which in itself is indicatively qualified as a speculative price mark-up. But this is already a clearly withering branch of the shadow economy. As, we might add, is also the unlawful income obtained from mark-ups and distortions in accounting which had flourished in the socialist system of economic management. However, a new field of the legal struggle with lawlessness in economics has been delineated: The income of cooperators and persons engaging in individual labor activity concealed from taxation has exactly doubled—from R1.4 to R2.8 billion.

In absolute expression, the largest article of shadow business remains the production and sale of moonshine: R23 billion! Let us compare: In 1990 the state produced R55.2 billion worth of alcoholic beverages, while the production of all food productsd totalled R147.7 billion. It is an entire sector with a huge turnover, which has pulled in an inestimable number of workers! It is expanding and invincible. Yet perhaps the secret lies in the fact that we do not have to conquer it? We know that in some places—in Kyrgyzstan, in Sochi—they have begun to sell licenses for the production of alcoholic beverages. This immediately changes the picture. It becomes possible to monitor the quality. The state receives its legal share of the income. The consumer does not have to pay extra for the risk... Yet for now this is still a local initiative, an experiment, and not a principle review of the old outdated positions.

Even this brief analysis shows that the shadow economy is not an enemy which may be defeated in open combat. Legalization—as a consequence of the development of equal forms of ownership, of a flexible and prudent economic policy—reduces the very "shadow," favorable for illegal economic activity. Of course, channels for undermining the economy remain, which may be covered over by the continued application of strict legal standards. This, for example, is misappropriation. Its volume during the year declined from R4.9 to R4.3 billion, but even the latter figure speaks of the huge scope of theft. However, even here an owner who has a good head on his shoulders would not only see to reliable guards and strict punishments for thieves, but would also see to it that there were fewer stimuli for misappropriation. Perhaps it would be more profitable, despite the shortages, to release more products for free sale, rather than to allow an entire army of swindlers to feed themselves during a shortage?

The thesis on legalization may seem even more than controversial as applied to such types of illegal sales as drug dealing and prostitution (they, together with contraband, have demonstrated not simply growth, but a soaring increase—from R1.0 to R3.7 billion!). What is this—to allow free sale of drugs? What is this—to open public houses of ill repute? But let us discuss this calmly.

If an evil cannot be eradicated—and life proves that this is specifically the case—then we must think about how to reduce its tragic consequences. Of course, such a problem cannot be solved all at once.

There is a sphere of the shadow economy which should be legalized. But that which is a crime must be punished by the law.

VDNKh To Become Russian Business Center

924A0403A Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 92 p 9

[Article by V. Yevseyev and O. Robinov: "Farewell, VDNKh. Greetings, All-Russian Exhibit Center"]

[Text] The flag of the Russian Federation will henceforth be unfurled above the universally known USSR VDNKh [Exhibition of Achievements of the National Economy]. It is here that the joint-stock company "All-Russian Exhibit Center" is being created.

This decision has been handed down by the State Committee of Russia for the Administration of State Property and the Ministry of Science, Higher Schooling and Technical Policies, based upon the ukase of the RSFSR president entitled "Ensuring the Economic Foundation for RSFSR Sovereignty."

The exhibit's labor collective submitted a recommendation for turning the VDNKh over to the Russian Council of Ministers and for the establishment of the joint-stock company.

"Our recommendation," stated the general director of the VDNKh, Vadim Sayushev, "is based exclusively upon the desire to create the conditions needed for organizing effective and direct scientific, economic and cultural relationships between enterprises, organizations, republics, districts and oblasts of the Russian Federation, within the framework of a single economic expanse, and also with foreign partners. In short, and this is the chief consideration, the integrity of the territory occupied by the VDNKh must be preserved as the national property of Russia."

At the present time, we have already noted the appearance of a branch of Vneshekonombank [Bank for Foreign Economic Activity] and a number of foreign bank branches, where it is possible to conclude agreements and prepare bank documents.

"Actually," noted Vadim Sayushev, "such market structures as the International Multi-Purpose and Moscow Commodity Exchanges, Agrobirzha [Agricultural Exchange], Construction and Fishing Exchanges and the Tsentrosoyuz [Central Union of Consumers' Cooperatives] Exchange are already in operation at the exhibit. A number of joint enterprises have also appeared: Amskort (Soviet-American enterprise for the retraining of personnel and the development of contacts), a Soviet-German enterprise, a very powerful Soviet-Italian "Technopark" SP and some others. We are collaborating more actively with those structures which at one time were created by former ministries: information centers, bases, small enterprises and associations. It is precisely with these organizations that we are maintaining business-like contacts and carrying out exhibit measures. We are now responsible for the maintenance of the exposition, a responsibility that formerly belonged to the ministries and departments."

In 1990, when we began discussing the documents concerned with creating the joint-stock company, all of the republics (it bears mentioning that Uzbekistan is the leader in this respect) advocated the creation of commodity houses within the inter-republic exhibit center, where negotiations could be conducted with neighbors and where it would be convenient to communicate and coordinate trade policies and the conditions for mutual deliveries and to become acquainted with the scientific-technical achievements of others. Here, on average, it would be possible to clarify one's position with regard to a foreign partner. But here we do not have in mind the restoration of republic pavilions of a cultural-political nature, as was the case at one time (and for which we were quite fairly criticized). Definite advantages are even being developed for the independent states, if they wish to create their own trading houses.

We have similar recommendations from foreign states. In particular, Italy and Germany have advocated rather definitely the organization of their own trading houses on the territory of our center.

As you can see, we have in mind here a very serious reorganization of the VDNKh. This will require powerful information systems, including satelitte communications. We are earnestly devoting ourselves to this task at the present time. A need has arisen for having an information center as a minimum for the Russian market and for having a data bank for all enterprises and agricultural organizations, so as to know where and what they are producing and what is being proposed for the domestic and foreign markets. The VVTs [Vserossiyskiy vystavochnyy tsentr; All-Russian Exhibit Center] can (and must) become a center for the advancement of Russian technologies. This will promote the revival of work by our designers and inventors. Towards this end, the pavilion of inventors, which has been operating jointly with VOIR [All-Union Society of Inventors and Efficiency Experts] for three years, is being converted into an Exchange for Intellectual Property—a place where each individual can advance his own project and participate in its realization.

"Here we have in mind the revival of the exhibit in a new, if we can express it in this manner, market quality," emphasized Vadim Sayushev in conclusion. "It is being transformed into a powerful business center for Russia and even the entire Commonwealth of Sovereign States."

The director also noted that six months have been set aside for the creation of the joint-stock company—up until 1 July 1992. Moreover, there is the possibility of the availability of foreign capital and all types of stock issues.

INVESTMENT, PRICES, BUDGET, FINANCE

Prospects for Economic Stability Assessed

924A0385A Moscow NEZAVISIMAYA GAZETA in Russian 28 Dec 91 pp 1, 4

[Interview with economist Vitaliy Nayshul by Mikhail Lvov; place and date not given: "Freed Prices May Not Want To Be Free: Freedom for Monetary Exchange Is Less Natural in This Country"]

[Text] **The government of Russia will set prices free on 2 January. Up to now, however, there is no certainty that prices will fulfill this order from the top.**

The reality of the Soviet (or CIS—editor) economy is the existence of several parallel distribution systems divided not only and not so much by administrative enterprises but rather by the actual economic relations between subjects of production that are not free, and exchange. And the money market is only one, and by no means the dominant, segment within the system of economic relations in the so-called ruble zone.

The fate of the entire stabilization program depends on whether or not the ruble agrees to carry out the will of Yeltsin and become an ordinary, even if weak, universal medium of exchange. Economist Vitaliy Nayshul comments on the situation on the eve of the reform.

[Nayshul] I would like to start by saying that for me this is the most interesting time of late. Perhaps the most interesting and important process is regionalization. This is now moving in two directions. First, the oblasts have started to "clump" together into conglomerates that in the future will play a very important role—the Northwest, the Far East, and so forth. On the other hand there are the oblasts where preparations are now being made for a final and decisive assault on state property. In any event, according to the results of polls conducted in the oblasts, the key figures at the local level, who previously engaged in barter, have now become the representatives of regional state committees for property.

[Lvov] That is, they are leading the processes of privatization?

[Nayshul] And that is very symptomatic. Mention should be made of the impression that is being formed on all kinds of regional issues. Traditionally the cities here are politicized, and that is where ideological passions rage—Moscow, St. Petersburg...

In most regions that we have studied, however, already by last summer a very interesting situation was taking shape: There is an entire zone where de-ideologization is total. I would say that there common sense has prevailed, which will not soon be seen at the center. People have stopped building the market and capitalism or socialism and have addressed the specific problem of survival. It does not matter whether you are a communist or a democrat; this has been pushed into second place; it has become clear that there are only a few people who are capable of solving the problems in the cities (and oblasts). One even more important detail is that previously everyone always turned to Moscow for the solution to any problem. Now there is a conviction that Moscow can solve nothing. If an agreement can be reached with Moscow, very well, but now no one will help you, you must survive on your own. And this businesslike attitude is playing a very important role in the shaping of reality.

This is the basic characteristic here. The administrative market that existed in the USSR has been smashed to pieces, and regions have been formed. A market does exist among them, but it is a barter market.

[Lvov] In your opinion, this is the basic kind of market—not between individual enterprises or entrepreneurs but between regions?

[Nayshul] Here we must go into detail. There is a commercial market where the ruble is being exchanged at free prices. This sector does not dominate. The attempts to explain what is available in the stock exchanges show that there is nothing.

The present economy is a far cry from monetization. And in the prevailing commodity relations, the barter market takes first place, while second place goes to exchange of the type "you give me something I give you something," but within the framework of departmental dealings. That is, a horizontal system based rather on the exchange of services rather than goods. In general, when some kind of relationship is established, even if it is a barter relationship, preservation of traditional contacts is of great value. Otherwise it is difficult to move out into the market. To put it crudely, it is more profitable for you not to sell at the top price to an old client with whom you have become personally accustomed to doing business.

Trading at free prices is also expanding. It is part barter and part administrative market. And there is hard currency trading. Although I think that with its latest ukases aimed at intimidation the government has introduced an imbalance in the currency market. It has become less promising.

I think that the overall picture is one of several interpenetrating markets using various kinds of mediums of exchange. Notwithstanding, for me as an economist, two problems remain the most painful, namely, interoblast barter, where they seek, for example, saw-timber as the medium of exchange—this is the universal commodity for a number of regions.

[Lvov] So in your opinion barter should be "monetized"?

[Nayshul] In my opinion there is a long way to go before barter is "monetized." I see no easy way for reform that will quickly transform barter into money operations. I think that it will be quite excruciating; there is a whole series of reasons for this. First is the fact that barter is associated with personal links. Accordingly, as soon as you move out into the free market you become an object of cheating. Not even in the sense that someone takes your money, but in the sense that they make promises but do nothing. That is the first problem. The second is that there is no money that could be considered a generally recognized money. Except for freely convertible currency.

To all appearances we shall be witnesses to a process of the appearance of surrogate money that will play an exchange role in barter. I know that some attempts at this are under way.

[Lvov] But what will be the backing for such money?

[Nayshul] Commodity stocks.

[Lvov] And what guarantee will there be that these commodity stocks exist? Will this be regional money?

[Nayshul] No, more likely commercial. Under normal conditions, state money is better guaranteed than commercial money. But it turns out that the state is meeting its obligations with respect to money even less than the commercial structures. Meanwhile, the commercial structures have not seriously violated their own monetary obligations. This has occurred with respect to the state. Therefore, the firmest currency is the dollar. But there are few dollars because that road is very expensive. For this we need to export a correspondingly large quantity of goods to the West.

But there is another operation—dollars are being exported. That is, money that is received as payment for goods does not come into the country but is deposited in accounts abroad. In addition to these, there are dollars that are in the country—in the Foreign Trade Bank and in cash circulation. But again I would like to say that this is an expensive route; there are few dollars. The money market is not saturated. The situation is such that demand for any kind of money is greater than the cash available. People and enterprises need money that they can use as a medium of exchange. Depending on what deals are concluded, various kinds of money may be used. A small example: Dollars are fine for operations in the foreign markets, particular in the dollar zone. On the other hand, take money that is based on commodity backup. It is clear that with the opening up of the economy it will be firmer than dollars; its buying power will be more stable. Therefore, if we want to make money for domestic barter circulation then money with a commodity backing is more advantageous and more stable than dollars.

We have become accustomed to state money as an historical tradition: it is the state that mints money. A great number of credit cards are now used in the West and there is competition between them; this is also essentially money. Certain services are associated with each of these kinds of payments, and competition has moved into the sphere of services. I would therefore like to say that a single-currency system is a certain oversimplification. And there is one more circumstance. Increasing numbers of companies are doing business on a world scale within a multiple-currency system, and for them no single currency plays a significant role.

Where am I leading? When we talk about "money" we imagine a unit in which accounts are handled. In fact, one kind of money is suitable for some operations, and another kind for others. Now a situation has arisen in which businessmen determine the demand for what may be used as the medium of exchange. On the other hand, there are certain possibilities. As a result of the present situation what we have is not chaos but a situation in which there is demand for money services, and there is a supply. And all services must be paid for, and that is what provides a certain equilibrium. How might this be deformed? Necessity is the mother of invention. The certificates of the All-Russian Exchange Bank, for example, are advertised as direct money that is better than state money. This kind of creativeness will flourish. But I believe that there is nothing bad in this.

In general it is very important that we see not the reality but the description of the reality. On the other hand, this question arises: Where is everything going? It seems to me that within the money system the normative image is inadequately shown. We are taking from the West experience that is long outdated, 30 or 40 years old. And so the central banking system that is being proposed deals with outdated things.

[Lvov] But what is the alternative?

[Nayshul] The alternative is a system of competing currencies. Especially for our country.

[Lvov] Let us return to the regions. It is a question of barter at the regional level reaching a point at which structures that are taking privatization into their own hands are emerging.

[Nayshul] These are two isolated phenomena. One is barter trade, which as a rule is actually done by the executive committee or state supply structures, or an association of enterprises or major enterprises. That is the face of barter trade. Now the question is where all this will lead. In the oblasts a certain tax has been formed that has been introduced into the oblast barter fund, but the oblast has exchanged this for some other commodity.

[Lvov] And how has this tax been collected?

[Nayshul] The enterprises can always be "ordered" and forced to pass some of their output for barter. And now it is clear to everyone that the partition of state property

is nearing its end; either today or tomorrow there will be nothing left to take. That is one factor. Another is that the system of commercial relations has started to dissipate. The oblast used to function as an administrative structure, but now those same processes that have occurred throughout the Soviet Union have started to take place there—collapse and a switch to horizontal markets.

[Lvov] We must think that this is precisely why the present government has set itself the goal, by making use of well-known mechanisms, of ensuring a solid currency in the form of the ruble through financial stabilization. What do you think about the idea of stabilization in principle?

[Nayshul] I will talk about only what exists now. And at present there is no real "monetization." It seems to me that the first task is not stabilization but "monetization" of the entire national economy. Whatever money you like. And it is not a question of the exchange rate for the ruble falling but of it having too many obligations. Too many deficiencies of freedom are associated with it.

[Lvov] But if we succeed in achieving price liberalization a considerable proportion of the deficiencies of freedom in this sense will disappear.

[Nayshul] Yes, that is correct. But the question is: When will price liberalization occur? The impression is that everyone is waiting for Yeltsin to decide personally when he will permit liberalization. It seems to me that the situation is not at all like that. It seems to me that the obstacle to price liberalization is found at the lower levels, not above. I could construct the following chain: the store—trade—the city bosses, where everything is tied together, and the city bosses have no interest at all in raising prices to a very high level. Yes, what they are interested in is that prices be raised so that the budget can somehow be balanced.

[Lvov] But not at the price of achieving market equilibrium.

[Nayshul] Yes, of course.

[Lvov] That is, to put it bluntly, a decision on price liberalization instead of an ukase on the commercialization of trade will force enterprises to raise prices?

[Nayshul] Prices must necessarily rise. The question is, will they rise until there is equilibrium? If we take the level in a city, then the city bosses, of course, are happy with this measure. Because there is no need for them themselves to assume responsibility for the higher prices, and they can say: "Boris Nikolayevich ordered it." Will prices rise to a level at which goods remain on the shelves and everyone goes about smacking his licks? I think not. There is no mechanism or incentive for forming balanced prices. Who needs them? Instead, will prices be raised to a particular mark so that the buyer becomes nauseous? What do free prices mean—that I move to another level of life, another method of life? I don't care a damn about anything, and I sell as I like, and you will not interfere with me? I don't give a damn about the concerns of the city bosses. Then the city bosses say to me: "And I don't give a damn about your concerns. If you want something, go look for it; look for it wherever you like." But this is not happening. Do you imagine that the chauffeurs who drive our government would start to work on that principle in the Council of Ministers?

[Lvov] A chauffeur might move out of the Council of Ministers "standing on that principle"

[Nayshul] What I have in mind is something else. The fact that the departmental systems are being preserved. Why does a ministry need its own vehicle base? Just pick up the telephone and call for a vehicle. But this will not happen! This is just a small example that shows the difference between abstract and real liberalization. Other channels operate, and obligations are provided. It is much simpler and cheaper for both parties to have mutual obligations than to convert them into pure money obligations.

There is more. Within a region money is circulated in the old way, through the administration—the enterprises and so forth. We do not have a situation in which there are free producers and free consumers. My prediction is that prices will rise, and significantly. As a result of these measures some part of trade will take a beating; this is quite possible. But I fear that the overall situation will be this: The more important a commodity, the more the political obligations involved. And the more strongly the political mechanism rather than the economic market will be involved.

[Lvov] Meat, for example?

[Nayshul] Yes. And they are afraid to touch bread. If the relations between businessmen were the same as relations between the buyer and the seller in a state store, then the freeing of prices would be significant and would alter the situation in a qualitative way. But in fact the situation is much more complicated in a consumer market.

[Lvov] That is, you think that there can be no hyperinflation? The same obstacles that are interfering with market equilibrium will not offer any opportunity for inflation to real astronomical scales?

[Nayshul] The fact is that inflation may be measured in different ways. In order to obtain a complete picture of the Soviet economy it is necessary to consider all the markets and all the different kinds of exchange. Accordingly, if we talk about inflation then we must take into account all the markets and all kinds of exchange. If we do that, then ruble inflation does not account for all inflation. Second, there is a difference between price inflation and money inflation.

[Lvov] Ruble inflation determines the situation in the consumer market. The population is more dependent on this than on anything else.

[Nayshul] I would say that the main flows nevertheless move along the line of administrative distribution. If this market were a free market then inflation really would exert a destructive effect on it. Look at what is being done in Moscow: Goods are distributed to the enterprises and then they are disposed of, and so forth. In real life there are many channels for distribution. If an enterprise is prosperous, those working there also receive orders and so forth. But if you go looking in the stores the impression is created that all Muscovites are living on air. But this is not so. Although particular population groups are having a very hard time of it, we still see that many mechanisms are operating. And there is a historical continuity. Freedom for monetary exchange is less natural in this country. It is achievable, but not by means of thinking that what is desired is the reality.

Activities of New 'Trading Houses' Described

924A0401A Moscow PRAVDA in Russian 3 Jan 92 p 3

[Article by Vera Shevtsova: "Trading and Investment House"]

[Text] A typical step taken by the United Exchange Committee, organized by the inter-republic multipurpose exchange, was the creation of the International Trading and Investment House. The founders of the Rosagrobirzha [Russian Agricultural Exchange] include: the Russian Foestry Exchange, the Exchange for Chemical Products, the Metal Exchange, "Mikroelektronika," the Fuel and Energy Exchange, the "Zhilishchnaya initsiativa" [Housing Initiative] Association and others.

Trading houses are an element of the trading-intermediate infrastructure of a market economy. Their appearance came as no mere coincidence. It resulted from the transformation of our numerous exchanges into their true organizational-functional forms.

What exactly is a trading house?

In the international understanding of the term, it is a firm or company that appears as an association of trade and production enterprise and intermediate institutions that are included in the association on a voluntary basis for the purpose of carrying out their activities within a particular country and also beyond its borders.

Foreign trading houses are oriented mainly towards the carrying out of foreign economic activities. In Japan, for example, they appear as trans-national corporations, in Hungary—as large state structures with diverse interests.

Trading houses are also permitted by our legislation. However, in actual practice all is not as simple as it appears on paper. Nor are matters proceeding smoothly for the cost accounting structures of the former USSR Ministry of Foreign Trade. And it is by no means an accident, when at times we witness the formation of trading houses that are based upon those principles that are most understandable to the industrialists.

The Moscow and Orel regional houses, the Povolzhye Trading House, the Ural-Germas Trading House in Yekaterinburg, the Kaliningrad Exchange Trading House, the Rossiya International Exchange Trading House in Moscow and others were created differently and are functioning in different manners.

Their operational activities are different. Some engage strictly in trade, and others—trade-middleman activities and particularly broker services in behalf of trade and purchasing work, investment operations through the investment of funds in the creation of new or the modernization of existing production operations.

A feature of all of the trading houses is the combining in them of commercial and investment operations, a factor which relieves the exchange of its distinctive function—the sale of non-exchange products.

The exchanges impart the profile of their own specialization to the trading houses and they promote the formation of the trade-intermediate infrastructure, thus assisting directly in the development of the production sphere.

The work of the mentioned trading house is directed towards furnishing assistance to the private farms. Saturation of the agricultural market with machines, equipment and consumer goods, support for the municipal economy and trade—these are the specific goals. The principal task must be that of integration of the producers, banks and wholesale-intermediate organizations.

Naturally, the realization of the obligations of a trading-investment house, with regard to industrial enterprises, does not promise to be easy. The packaging, storage, transporting and marketing of products require equipment and effort. The house must bear the expenses required for the modernization of production operations, the enterprises must be supplied with the needed material resources, credits must be made available under favorable conditions and, certainly, a study must be undertaken of the market conditions.

In foreign economic operations, the Trading House must perform the functions of exporting and importing products as required by the customers, participate in trading operations at foreign exchanges and create joint enterprises and also enterprises with foreign capital, both at the inter-republic level and abroad. Official representation will be required for the foreign firms.

The initial contacts between the Trading-investment House with the business circles of Germany have already appeared. A memorandum has been adopted concerning the prospects for collaboration with businessmen in the land of Saxony. Mutually advantageous trends, particularly the direct participation of German firms and industrial and agricultural enterprises in mutual and joint operations, have been prepared in detail and economically justified. Cooperative efforts and direct contacts between the producers of goods have also appeared. Licensing operations are planned. The Saxony firms

expressed a strong desire to collaborate with the exchanges of the United Committee. On the territory of Russia, plans call for developing the wholesale and retail network for the marketing of German products and on German territory—the creation of joint enterprises, including those with foreign capital. Worthy of attention is the agreement by the German side to collaborate on the complex programs "Fermer" [Farmer], "Zhiloy dom" [Apartment House] and "Munitsipalnoye khozyaystvo" [Municipal Economy].

The United Exchange Committee, by creating the International Trade-investment House, is initiating market relationships throughout the country and is making a definite contribution towards the development of our domestic economy.

'Menatep' Official Discusses Company's Structure, Activities

924A0367A Moscow SOVETSKIYE PROFSOYUZY in Russian No 8, 1991 pp 46-49

[Article by M. Mayskiy: "'Menatep' for Us, or We for 'Menatep'?"]

[Text] "There is that 'Menatep' again!" a man at the bus stop muttered. "It is not enough for them to advertise on television, now the name of the bank is on buses and taxis. And now they are beginning to issue stock. They say that someone is backing it up?"

And indeed, the very rapid growth of this association, which has become widely known, is unprecedented. Having started out as a modest investment center of the USSR GKNT [State Committee for Science and Technology], "Menatep" has in just four years been transformed into a powerful financial group coordinating the operation of 18 commercial banks, two insurance companies, and about 30 industrial enterprises. Moreover, the association's total turnover reached five billion rubles [R] last year. Plans for the current year call for expanding the network to 100 banks and financial turnover to nine billion.

What is the reason for this kind of growth? Last year, we published in one of our issues a brief report on the association's activity. But the "Menatep" phenomenon is so interesting that it allows for a topical discussion of the qualitatively new state of the banking business, which, as is well-known, is crucial to the state of affairs in the economy, and that means to the prosperity of each of us.

So, who stands behind "Menatep"? There are rumors going around that it is the military-industrial complex, international imperialism, the Masons....

Our improvised "round-table discussion" begins with V.M. Dubov, member of the banking association's board of directors.

"The rumors are clearly out-of-date. You see, I recently learned that our bank is a front for Japanese intelligence. But joking aside, the basis of all that nonsense is envy and financial ignorance. What is the key to the riddle of 'Menatep's' success? For the first time in our country's history, a commercial bank is operating not as an accounting office, but as a business partner seriously concerned about the financial prosperity of its clients.

"For example, today our investments are 'working' successfully for the national economy. Above all in the science-intensive sectors, in the trade sector, in agriculture. And in all cases the main financial accelerator is the high profitability of the enterprises and organizations in which scientific-technical achievements are being applied, where fundamental changes are taking place in the economic and organizational structure. As a rule, 'Menatep' is the initiator of these changes.

"This is suspicious to many people. Why would the bank, which never has done anything but monitor the expenditure of funds, which has practically been a Cerberus, now suddenly turned into an interested helper? But this is quite understandable. By deriving profit from extension of credit, the commercial bank must be still more convinced of its repayment than a state bank, and that repayment is guaranteed by the client's financial prosperity. That is why credit is extended only to those who are mastering progressive forms of ownership—leasing, joint stock companies, and cooperatives. Our experts help enterprises and organizations to carry out structural revamping of their economic activity, to master marketing and management, and they put clients in contact with foreign firms. All combinations of assistance, then, are possible, aside from generous credit. True, the bank does not render all these services for free. But—and this is important to emphasize—there is the interest of mutual advantage here. 'Menatep's' activity, then, is becoming an important factor in development of a market economy."

"Have you had losses?"

"As many tactical losses as you like. No strategic ones. For example, we were among the first to feel the need to create an association as a combination of related services. What in the West they call a 'department store for credit and financial services.' In every region where we operate, let it be the south of Russia, Siberia, or the Far East, we try to create not only banks, but also shopping centers, insurance companies, joint stock companies, which make it possible to surround the client with concern.

"An enterprise, say, can take credit and buy a commodity or equipment for us with that money. If you cannot pay off the order entirely—lease it and pay it off later. So we provide you leasing. If you cannot collect money from those you do business with, the bank will take that over: that is called factoring. If you are not confident that the contract with the bank will be performed—then take out an insurance policy. And so on.

The broad range of services gives the enterprise an opportunity to solve all its problems. I would add that all of our banks are bound together by mutual insurance, which practically eliminates large-scale financial risk.

"And as a result everything comes together into a well-thought-out banking strategy. More precisely, priority directions are determined for the investment of capital, it becomes possible to quickly shift capital over and obtain the highest return—to the food industry, the textile industry, the printing industry, the timber and lumber industry, the pulp and paper industry, publishing. Thus, 'Menatep' is realizing substantial profit not only for itself and its clients, but for the entire society as well. The economy is coming to life, the production of consumer goods is increasing, the purchasing power of the ruble is rising."

A. Tsemyanskiy, chief of the Commercial Bank Administration of USSR Gosbank [State Bank], agreed with these conclusions of one of the "Menatep" directors.

"'Menatep's' activity is typical of most of the country's commercial banks, whose number has reached 1,362 in just two and a half years. This is clear: The transition to the market is impossible without new commercial structures. It was not possible within the framework of the old administrative-distributive system to marshal available credit resources, and that means commit them to solving the priority tasks of the economy. Much has changed today. The Soviet banker now has an opportunity to serve his clients in a flexible and differentiated way and to greatly expand the range of his services. The banks have naturally begun to realize more profit.

"But since the beginning of this year Gosbank has begun to take steps to limit interest rates; in some cases, they have been dropped to one-fifth or one-sixth of what they were. This measure is not, of course, very popular among those commercial banks which intended to earn money from borrowers precisely through high interest. But USSR Gosbank decided to cut short the possibility of speculation. And it must be said that the oversight of our banks is far more liberal than what is practiced in the West. For example, in the United States commercial banks do not have the right to engage in investment activity and put funds attracted from individuals at risk. In our country, they already have that benefit—in order to stimulate the market for long-term investments. We have banks which are providing credit to finance major state programs. 'Avtovazbank,' for example, 'Avtobank,' 'Stankinbank.'"

"And 'Menatep'? Some people who have seen the advertising of this association about its beginning to issue stock on a broad basis feel that a new octopus has emerged."

"That is simply ridiculous. An octopus? After all, 'Menatep' cannot even be compared to 'Agroprombank,' which has authorized capital on the order of eight billion. As for the issuing of stock to attract the funds of a large number of small investors, USSR Gosbank not only welcomes it, it is doing everything to encourage it. After all, in this case authorized capital is significantly increased, which improves the bank's ability to pay. It has greater opportunities for large investments, to protect the interests of its clients, and to augment financial turnover."

"But is it not possible to increase authorized capital out of profit and to borrow funds from other banks?"

"That is possible, but that is the long way around. In addition, money is more expensive on the interbank market. The least expensive money is that obtained from individuals. And here we must pay due credit to the initiative of 'Menatep.' What is more, this is the ideal case in which the interests of the bank, the state, and the public coincide completely.

"People's money committed for a lengthy period is no longer putting pressure on the market by heating up inflation, and it is being used for economic development. That is, it is helping the economy to recover. I would add that if a sizable share of the association's ownership passes into the hands of many thousands of people through the sale of stock, the bank becomes a people's bank. Then, people are not afraid of any monetary reform, however harsh, because the individual does not hold money, but a 'piece' of property. Along with everything else, this precludes the possibility of the bank being dictated to by large founders and depositors.

"I would note that if USSR Gosbank is alarmed by anything, then it is the fact that some ministries have begun to create their own 'pocket' banks. Why is that bad? Because government departments may intervene incompetently in bank policy. By demanding, for instance, that preferential credits be granted for particular projects. This increases the risk of nonrepayment. After all, when credits are concentrated within a small group of borrowers encountering difficulties, the bank can go under. As the Egyptians say, do not put all your eggs in one basket.

"As a matter of fact, we have borrowed quite a bit from the City in London. To be specific, measures to protect small depositors, elements of antitrust legislation. For instance, under the new law on banks no shareholder may hold more than 35 percent of authorized capital."

"But if a bank goes under, will there be funds to pay off debts?"

"In order to ensure against risk, USSR Gosbank is encouraging development of interbank reserve funds. These insurance systems are like safety nets to protect the interests of depositors and they are supposed to reliably protect them against any financial upheavals."

Correspondent's Comments

As a matter of fact, let us talk about protection. Even since I met those I talked to this direction has received a strong and promising thrust in the activity of "Menatep."

"Menatep" decided to create a social protection fund (FSZ) under the association's sponsorship.

The FSZ is a financial institution that is new to the country. Its task is to mobilize the money resources of individuals, enterprises, and organizations, as a rule for the long term, with subsequent investment of this money through the association's system in various sectors of the economy. Here, the depositors obtain high annual interest on their deposits. Participation in the FSZ affords the possibility not only to build up capital, but also to guarantee its protection against inflation.

Such funds are widespread in the West. They are attractive for depositors because they are a very stable financial institution and also allow individuals to diversify, that is, to spread their savings around. For example, some of the private savings are kept in the bank, another portion is invested in the stock of enterprises, and still another in a pension fund. This kind of distribution of money resources insures depositors and investors against large financial losses in case of economic disruptions of some kind.

In the Soviet Union, the FSZ will constitute precisely that kind of alternative structure and will give our people additional choice in using the money they have accumulated.

A particular feature of the social protection fund is that it is not a monolithic organization, but a network of small, mainly municipal, funds based on local government structures. Such funds may be created by an enterprise or group of enterprises interested in protecting their personnel or by any group of people with initiative who understand banking. "Menatep" provides them the know-how—services in setting up such funds, registration, drafting the legal and economic substantiation, consulting, and insurance support. Finally, if the FSZ is placed in "Menatep" accounts, the association intends to invest it in flourishing profitable enterprises, thereby reaping guaranteed high dividends.

At this point, it is difficult to judge how successful the new initiative of the banking organization will be. But, it would seem, the very idea is promising of not only providing maximum protection and safety to the money of individuals in a restless time for the country, but also, equally important, to open up an additional opportunity aside from direct stock purchase for broad privatization of the financial sphere. That kind of privatization, when hundreds of thousands and millions of people become the owners of social protection funds, and that means also to a considerable extent owners of the banks serving them, can only be welcomed. Thus, not only are we profitable to "Menatep" as actual or potential clients, but it also becomes a custodian of our interests.

I. Kitaygorodskiy, chief of the subdivision for the unrestricted component of the circulation of financial resources and money of USSR Minfin [Ministry of Finance]:

"The recently adopted law on banks and banking activity also contains other benefits. For instance, legislation of the United States and indeed a number of other countries restrict the rights of banks in operations with securities of joint stock companies. There are no restrictions in our law. In our country, after all, the securities market and also the stock exchange are just being created. And the commercial banks can give sound help in the formation of that kind of primary market."

"Are any kind of violations and abuses possible in that process?"

"It is not precluded. Our law on banks is a pamphlet of a few pages. In the advanced countries, they are thick books and volumes with hundreds of various clarifications, supplements, and interpretations. So far, such laws are premature for us. But that is the essence of improvement of the legislative process, to gradually close the loopholes for abuses. Incidentally, the Ministry of Finance has already prepared a bill on the stock exchange, which will define the operation of this exceedingly important financial mechanism.

"Not so long ago one of the newspapers published a report from the RSFSR Central Bank concerning the issuance of securities by associations under the title 'Are "Menatep's" Billions Legitimate?' It said that 'Menatep' was not registered with it, did not have the appropriate license, had not furnished the RSFSR Central Bank information about its financial condition and organizational structure. As a consequence, the Central Bank declared that 'it will not take responsibility for the actions of that association.' Imagine the state of the ordinary citizen who has purchased stock: 'Has he given his money to a bunch of cheats?'

"Let us try to clear this up. Naturally, I will not make any comments on whether or not it is advisable to buy the stock of 'Menatep.' After all, I would then be acting as a broker and helping to move that stock. This is a very delicate matter. It is no accident that no official in Western practice has the right to make any forecasts or statements that might in any way influence the financial activity of the banks.

"A legal assessment is another matter. I feel that the claims of the RSFSR Central Bank are fundamentally incorrect. First of all, no license is required to issue securities under the bank law, as we know. Second, what does it mean not to be registered in the Central Bank? And is it necessary? The association is already registered with USSR Gosbank in full accordance with the rules in effect. Although 'Menatep' is located in Moscow, its operations are interregional in nature. But that is not the point either. Is it not possible to simply request from Gosbank all the reporting of the association, its balance sheets, the licenses issued? That would be natural. To force all banks without exception (good, bad, and average) to go through reregistration, and indeed to make this mandatory and hurried—would be an improper action.

"Banks are a living organism, they perform work. And if they are forced to wait for reregistration with the Central Bank, when there is a line there, and then they have to submit their reports all over again—that means paralyzing their activity. It is time to understand that banks are structures outside politics, they need to be relieved of involvement in the tug-of-war between the Union and the republics, which is causing the economy so much harm.

"Finally, about responsibility. True, the central republic banks will not take responsibility for the actions of the commercial banks. But this is an axiom adopted throughout the entire world and set down in our legislation. In all countries, people investing their money know that they are risking at least hundredths of a percentage point. And here we need to overcome the psychological barrier of the Soviet citizen. He needs to learn to take responsibility on himself. If you are afraid, keep your money in the Savings Bank or buy state treasury bills. That affords a 100-percent guarantee. But also the dividend is smaller as a rule."

V. Medvedev, chief of the Auditing Administration of USSR Gosbank:

"Let us take a look at those charges being made against the commercial banks: They are supposedly laundering the Mafia's money, and they are involved in exporting Soviet rubles abroad and in speculative deals.

"What is this 'laundering' of money? It means investing financial resources obtained illegally in some kind of business. Let us assume that this does go through the bank. But how does the bank know the origin of money, say, from some cooperative with which it is conducting operations? Have doubts arisen? Under the law and the charter of the commercial banks, the prosecutor's office has the right to a complete examination of their activity.

"As for the exporting of our money abroad, at the present time more efforts are being made to illegally forward payment documents. This is simpler, but illegal, because there is a government ban. Nevertheless, there have been certain cases of financial contraband. Not so long ago one of the banks—'AMBI'—issued a foreign national a promissory note in the amount of R1 billion, which the latter then presented in the FRG. The deal was stopped. But the idea was that the promissory notes would be presented under the guarantee of the Soviet bank, supposedly certifying that the issuer had a sound ability to pay. He used the promissory note as collateral in order to obtain credit in the form of material goods. Again computers. The bank's chairman of the board and chief accountant were involved in the forgery.

"Another bank—'Roskombank'—printed up 750 million in such promissory notes. Or take a branch of Promstroybank which registered a cooperative's promissory note for R1.8 billion. Later, the prosecutor's office established that the total amount of these promissory notes came to four billion. That is, the notes were issued by the cooperative itself, but the bank confirmed its ability to pay. And if anything happened, it would have to pay off that note.

"Such cases have forced USSR Goskombank to revise certain economic standards and to require that banks include checks (promissory notes) in their so-called risk coefficient. After all, guarantees are not actual money, but an obligation to pay for a client under certain circumstances. But certain of our bankers, altogether honorable, have been unjustifiably assuming that such a situation will never come about.

"Nevertheless, I must say that the overwhelming majority of the commercial banks are operating honestly and competently, including 'Menatep.'

"Today, USSR Gosbank has no complaints about that association. There was one concerning foreign exchange operations conducted before the license was obtained for this purpose. It seems they did not have the patience to wait. Now the license has been issued, everything is normal."

Correspondent's Afterword

So, we all really have much to learn. Specifically, to invest our capital perspicaciously, assessing the degree of risk. And the science, by no means simple, of being responsible for one's own actions.

Yes, it is difficult. But that is the way people live throughout the world. Time will pass, and the opportunity to freely buy and sell stock, notes, certificates, to learn from one's broker on the stock exchange the price of securities of a particular enterprise or joint stock company, will become for the Soviet people just as familiar and everyday as receiving their pay. The commercial banks will present them that opportunity. But the main virtue of the transition of banking structures to commercial principles, on this all those I talked to agreed, is the strong invigoration of the circulatory system of our economy, its enrichment with financial oxygen. You will agree that earlier one could only dream of this.

RESOURCE UTILIZATION SUPPLY

Raw Materials Market Price Trends Presented

924A0399A Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 92 p 10

[Article by Tsenakor academic staffer A. Pchelintseva: "Market Prices for Raw-Material Goods"]

[Text] *Market prices across the country rose steadily for virtually all goods over 1991, especially in the latter months. Cutbacks in production volumes, the break in economic ties and the switch to hard-currency transactions with the countries of the former Council for Mutual*

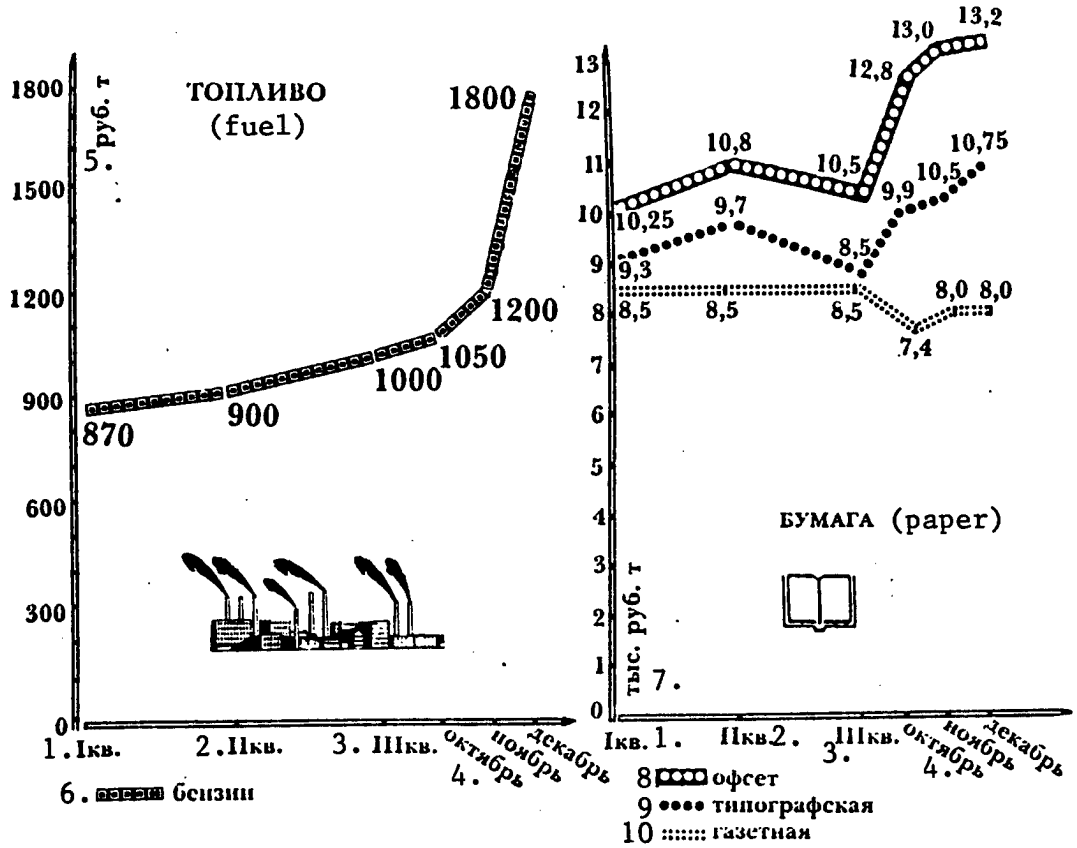
Economic Assistance have led to a sharp rise in demand for fuels, timber, forest products, building materials and paper.

Prices for raw materials were unwarrantedly low for a long time. Now, with the transition to market relations and liberalization of price formation and taking into account the worsened ecological situation and production conditions, prices will increase in the coming months.

The faster growth in prices for raw materials in the countries that used to be provided with deliveries from the Soviet Union affects the cost of raw materials in this country. The sharper trend toward an increase in gasoline prices in the center of the country was thus caused not only by the remoteness of the oilfields, but also the relative proximity to the former socialist countries and countries of the Baltic region. The surge of prices in the Siberian and Central Asian regions has not been as energetic.

Fuels. Prices for gasoline rose by almost 80 percent over the fourth quarter. They were the lowest (an average of 10 percent) in the Central Asian region. The prices followed the overall dynamic in markets in the center of the country.

The demand for goods not subject to inflation, and especially for fuel, increased sharply after the fall announcements of the Russian government on the price liberalization projected for the near future. The price of it increased an average of 13-16 percent as a result. The elaboration of the stage-by-stage nature of the price liberalization by representatives of the economic agencies of Russia somewhat lessened the speculative frenzy

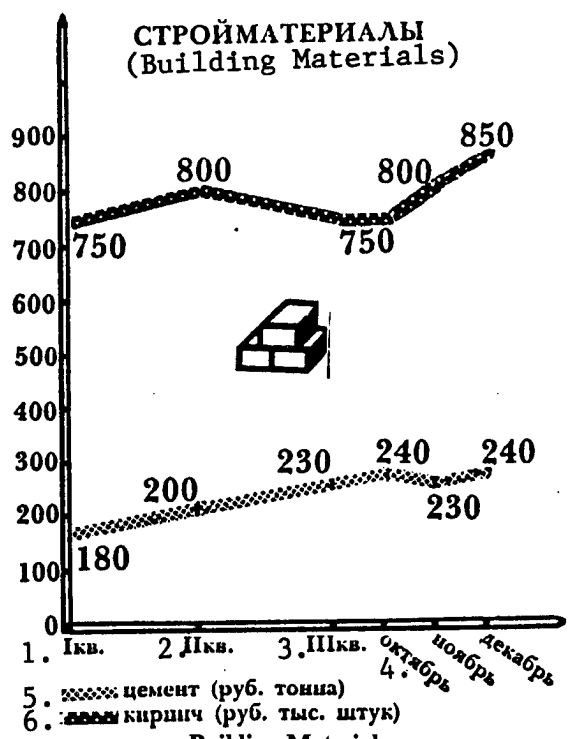


Left graph—Fuel; Right graph—Paper

Key:
1. 1st quarter
2. 2nd quarter
3. 3rd quarter
4. October, November, December
5. rubles/ton
6. gasoline;
7. 000 rubles/ton
8. offset
9. printing
10. newsprint

in the fuel market. A deal for gasoline at a price of 1,863 rubles/ton was recorded in November trading on the Moscow Commodities Exchange, however. That was a record value for the month. Gasoline will increase in price by 40-50 percent in the near future in the face of today's market climate—growth in the exchange rate of the dollar, increases in the volume of barter deals for fuel and continuing inflation.

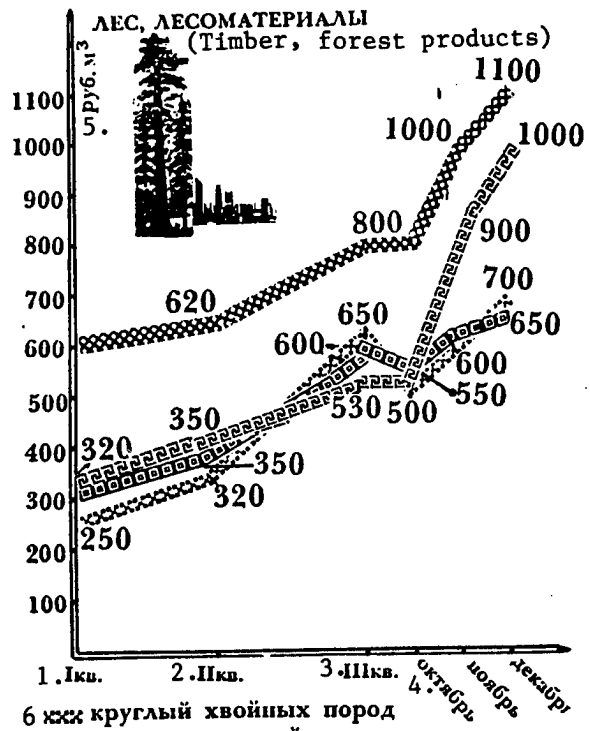
Building materials. Prices for building materials fluctuated within the range of 0.75-0.8 rubles per brick and 200-240 rubles per ton of cement. Large variations in price were observed in various regions of the country. There was no sharp jump in prices for building materials in October—December; average prices remained at the level of 0.8-0.85 rubles per brick and 230 rubles for cement. A rise in prices for building materials will occur in the near future due to the devaluation of money. A drop in demand for this type of product, however, is usually observed in the winter months. A regional analysis of the price situation in the building-materials market shows that both the magnitude and the trend toward increase were largest in the Ukraine. Prices for cement thus stabilized in the central region of the country in August—October, while they increased by almost a fourth in Donetsk.



Building Materials

Key:
1. 1st quarter
2. 2nd quarter
3. 3rd quarter
4. October, November, December
5. cement (rubles/ton)
6. brick (rubles/000)

Timber, forest products. Prices for timber and forest products were not stable in 1991. They increased by an average of 85 percent for rough softwood logs, 70 percent for sawn softwood logs, 50 percent for untrimmed softwood board and 30 percent for trimmed softwood board over the summer months, in the face of enhanced demand. Prices then declined somewhat after an increase in supply. Speculative frenzy could not be avoided in the market for forest products either, however. The fact that suppliers began holding onto timber, a sure product for barter transactions, also had an effect on price increases. It is not surprising that prices for



Timber, Forest Products

Key:
1. 1st quarter
2. 2nd quarter
3. 3rd quarter
4. October, November, December
5. rubles/m^3
6. rough softwood logs
7. sawn softwood logs
8. untrimmed softwood board
9. trimmed softwood board

rough softwood logs increased by 25 percent in November alone. The lowest prices—350-400 rubles per cubic meter—for this type of wood were in the Ural region. The most stable prices before November were for sawn softwood logs. This commodity, however, has recently gone up in price to 1,000 rubles per cubic meter in different markets around the country. After the virtual stabilization of prices for trimmed and untrimmed board at the level of 800 and 530 rubles per cubic meter respectively, they increased by 25 and 64 percent in November. The demand for timber-processing equipment is growing along with the increased demand for rough logs and untrimmed board. It is assumed that the market prices for timber and materials will increase by 60 percent in the first half of the year, depending on the region of production.

Paper. Shortages remain in the face of an expansion of the production volumes of book paper and newsprint. The demand for it is increasing, and prices are rising as well. They increased by 24 percent for offset and printing paper in August—November, after somewhat of a drop in the summer. A drop in prices was observed only for newsprint, by six percent. This is explained by the fact that its poor quality had ceased to be compensated for by its low price. A relative saturation of the market with this product also occurred. The prices for traditional types of paper were the lowest on the Rossiyskaya Bumaga exchange. The gap between the sales price of offset paper on that exchange and the price on the Kaliningrad Commodities and Funds Exchange was 47 percent.

A slowdown in price increases for traditional types of paper—offset, printing, newsprint—also occurred because new types of paper have come to be widely offered on the market lately: book and magazine stock at a price of 20,000 rubles per ton, coated (Finnish) paper at 11,000 rubles per ton and wrapping paper at 6,000 rubles per ton. Special paper has also begun to be offered—fax paper, insulating cardboard. This makes it possible to conclude that a sharp increase in prices for this commodity is not expected despite the scarcity. They could increase an average of 30-50 percent.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Agro-Industrial Administration Reform Law

925D0077A Moscow SELSKAYA ZHIZN in Russian 4 Jan 92 p 2

["Decree No. 81 by the Government of the Russian Federation on 28 December 1991, Moscow, 'On Reform of the System of State Management of the Agro-Industrial Complex of the Russian Federation'"]

[Text] In order to create a system of state management for the agro-industrial complex of the Russian Federation corresponding to the tasks relating to its function under the conditions of the agrarian reform, the government of the Russian Federation **decrees**:

1. To deem the following to be the main tasks of the organs of state management in the agro-industrial complex of the Russian Federation:

—creating favorable conditions for the effective development of agriculture and the other sectors of the agro-industrial complex;

—carrying out agrarian reform;

—organizing training for personnel in the agro-industrial complex;

—promoting the development of agrarian science and the spread of advanced technologies and the latest farming methods.

2. To form the following system of organs of state management for the agro-industrial complex of the Russian Federation;

—the Russian Federation Ministry of Agriculture;

—ministries of agriculture in the republics making up the Russian Federation;

—administrations (departments) for agriculture in krays, oblasts, and autonomous formations;

—food committees in the cities of Moscow and St. Petersburg;

—rayon administrations (sections) for agriculture.

The Russian Federation Ministry of Agriculture insures the unity of the system of organs of state management for the agro-industrial complex of the Russian Federation and promotes and coordinates its activity.

The Russian Federation Ministry of Agriculture is financed through the republic budget of the Russian Federation.

The Russian Federation Ministry of Agriculture, the councils of ministers of the republics making up the Russian Federation, and the leaders of the organs of executive power in the krays, oblasts, and autonomous formations, the cities of Moscow and St. Petersburg, and the rayons, will within a period of one month insure the creation of appropriate organs of state management in the agro-industrial complex and transfer to them all the functions of state management from agro-industrial combines, formations, associations, unions and other economic formations.

3. To establish that in order to fulfill the tasks assigned to them, the organs of state management in the agro-industrial complex of the Russian Federation will carry out the following functions:

—reproduction of soil fertility and implementation of environmental protection measures;

—organization of stud breeding;

—organization of seed growing, testing of varieties, renewal of varieties, and the production and marketing of planting materials;

—development of scientific and technical progress and organization of propaganda and information on scientific and technical achievements;

—pursuance of technical policy and the organization of agricultural services and consulting services in the agro-industrial complex;

—organization of training for personnel for the agro-industrial complex;

—organization of international scientific and technical and economic cooperation;

—organization of a legal service and legal backup for market relations;

—insuring state control over and supervision of compliance with legislative enactments and implementing plant protection measures, the quality of seeds and planting material, the material-technical status of the vehicle and tractor and equipment inventory, and compliance with veterinary rules and implementation of measures to protect livestock and carry out quarantine measures.

Together with other organs of state management, organs of state management in the agro-industrial complex will also do the following:

—decide on the main directions of agrarian and food policy;

—predict developments in the agro-industrial complex and the disposition of its sectors;

—organize training and implement state programs for the social and economic development of regions, territories, and sectors of the agro-industrial complex;

—help to develop peasant farms, cooperatives, and leased, joint-stock, and joint enterprises and other forms of entrepreneurship, private subsidiary farming

at industrial enterprises, private subsidiary farming by citizens, and collective horticulture and truck gardening;

—pursue state investment policy in the social sphere in the countryside;

—insure elimination of the consequences of natural disasters and other emergency situations;

—draw up methodological recommendations and organize bookkeeping, current and statistical accountability, and auditing work;

—draw up and implement a state program, legislative enactments, and recommendations on privatization;

—work out balances for food and scientifically substantiated norms and recommendations for diet, and study the state of the market by economic regions and zones;

—draw up proposals on regulating price and credit policies, taxation, financial support, and the formation of a market infrastructure.

4. To establish that in order to carry out the tasks and functions assigned to them, the organs of state management in the agro-industrial complex of the Russian Federation make use of measures devised by the state for economic regulation, including budget appropriations for the development of particular sectors and of entrepreneurial activity, economic incentive to participate in government programs, and tax policy.

5. To establish that the leaders of organs of state management in the agro-industrial complex in the republics making up the Russian Federation are appointed and dismissed in accordance with the procedure set forth by the legislation of those republics, giving due consideration to the opinion of the Russian Federation Ministry of Agriculture, while the leaders of administrations (departments) for agriculture in krays, oblasts, and autonomous formations and the food committees in the cities of Moscow and St. Petersburg are appointed and dismissed by the leaders of the corresponding organs of executive power giving due consideration to the opinion of the Russian Federation Ministry of Agriculture.

6. The structure of the ministries of agriculture in the republics making up the Russian Federation, the administrations (departments) for agriculture in krays, oblasts, and autonomous formations, and the food committees in the cities of Moscow and St. Petersburg is confirmed in accordance with established procedure with the agreement of the Russian Federation Ministry of Agriculture.

7. Provisions on the ministries of agriculture in the republics making up the Russian Federation are confirmed by the governments of those republics with the agreement of the Russian Federation Ministry of Agriculture, while provisions on administrations (departments) for agriculture in krays, oblasts, autonomous formations and the food committees in the cities of Moscow and St. Petersburg are confirmed by the leaders of the corresponding organs of executive power with the agreement of the Russian Federation Ministry of Agriculture.

[Signed] G. Burbulis, first deputy chairman of the government of the Russian Federation

Implementing Agro-Industrial Supply Priority Law

925D0077B Moscow SELSKAYA ZHIZN in Russian 4 Jan 92 p 2

["Decree No. 82 by the Government of the Russian Federation, 29 December 1991, Moscow, on Measures To Comply With the RSFSR Law 'On Priority Supplies of Material-Technical Resources for the Agro-Industrial Complex'"]

[Text] In compliance with the RSFSR law "On Priority Supplies of Material-Technical Resources for the Agro-Industrial Complex" the government of the Russian Federation **decrees**:

1. To deem the most important task during the period of transition to market relations to be carrying out the set of measures to protect the interests of the producers of agricultural products, attaching special importance to supplies of food for the population of the Russian Federation.

When entering into economic contracts for deliveries of products, wholesale-brokerage and commercial firms and companies and industrial enterprises on the territory of Russia will accept on a priority basis orders from and give consideration to the needs of enterprises and organizations in the agro-industrial complex.

The Russian Federation Ministry of Economics and Finance, the Russian Federation Ministry of Trade and Material Resources, and the Russian Federation Ministry of Agriculture will within a period of 10 days take steps aimed at providing for the agro-industrial complex the material resources needed to carry out the spring sowing work, take care of cattle during the winter, and other work, and also insure prompt delivery of these products to the countryside.

To establish that the provision of material-technical resources for kolkhozes and sovkhozes and other enterprises and organizations in the agro-industrial complex, and for peasant farms, is done on the basis of horizontal economic links with the producing enterprises and through cooperation with organizations in the wholesale-brokerage supply network of the Russian Federation Ministry of Agriculture and the Russian Federation Ministry of Trade and Material Resources.

2. The Russian Federation Ministry of Agriculture will do the following:

—help in every possible way to set up in 1992 new market structures and forms for supplying material-technical resources to the agro-industrial complex,

namely, stock markets, trading houses, commercial-information centers, leasing companies, office brokers, joint-stock supply companies, and others;

—take steps to reform the organs of material-technical supply in 1992 by adapting them to market conditions;

—pay special attention to the development of networks to act as conduits for trade, taking into account the specific features of peasant farms and the creation of private or state stores right there in villages and settlements to sell products needed by farmers;

—make maximum use of own production capacities and all stocks of commodity and material values held at bases and warehouses to manufacture production-technical products;

—insure the development and implementation of comprehensive programs to save resources and make use of secondary materials;

—expand the network of commission and retail trade and machinery and equipment rental points, pre-assembly and pre-sale service shops, technical exchange points, pattern shops for shaping metal and glass, bottling shops, and transport sections to deliver material-technical resources to kolkhozes, sovkhozes, and peasant farms and provide services of a production nature.

3. The Russian Federation Ministry of Trade and Material Resources together with the Russian Federation Ministry of Economy and Finances, the Russian Federation Ministry of Agriculture, and other ministries and departments will within a period of three months draw up and submit to the government of the Russian Federation draft provisions on deliveries of production-technical products. Here they should proceed on the basis of market methods and the special features of supplying material-technical resources for the agro-industrial complex.

4. The Russian Federation Ministry of Economy and Finances will on a priority basis allocate to the Russian Federation Ministry of Agriculture and other ministries and departments and organizations in the agro-industrial complex hard currency appropriations to acquire machines, equipment, spare parts, and materials abroad.

5. Organs of executive power in the republics making up the Russian Federation and of autonomous formations, krays, and oblasts, and in the cities of Moscow and St. Petersburg will do the following:

—take steps to increase to the maximum the output of production-technical products for the agro-industrial complex at local industrial enterprises by offering them privileges within the limits of the competence of local organs of power;

—encourage the creation of production capacities on the basis of various forms to produce production-technical products for the agro-industrial complex.

6. To take into consideration the fact that the RSFSR law "On Priority Supplies of Material-Technical Resources for the Agro-Industrial Complex" has established material liability for enterprises and organizations, as follows:

—for refusal to enter into contracts to deliver products to the agro-industrial complex of the RSFSR for the product list in the state order, and refusal to establish economic links—a fine in the amount of 100 percent of the value of that output;

—for failure to deliver products in accordance with contracts concluded—a forfeit in the amount of 100 percent of the value of the products not delivered.

Payment of fines and compensation for losses do not release suppliers and transport organizations from their contractual obligations.

7. In compliance with RSFSR Presidential Ukase No. 256 of 3 December 1991, "On Measures To Stabilize the Work of the RSFSR Agro-Industrial Complex Under the Conditions of the Economic Reform," the Russian Federation Ministry of Trade and Material Resources, the Russian Federation Ministry of Agriculture, and the Russian Federation Ministry of Industry will, with the agreement of the organs of executive power in the republics making up the Russian Federation and in autonomous formations, krays, and oblasts, and the cities of Moscow and St. Petersburg, take urgent steps to provide agriculture with fuels and lubricants, spare parts, sowing and soil-working equipment, sheeting for vegetable growers, and other resources during the first quarter of 1992.

Talks will be held with the competent organs of the sovereign states that are former Union republics on the immediate delivery of equipment and other material resources required to carry out spring field work and other urgent work in agriculture.

[Signed] G. Burbulis, first deputy chairman of the government of the Russian Federation

Collective Farm Reorganization Resolution

925D0084A Moscow SELSKAYA ZHIZN in Russian 7 Jan 92 p 1

[Text of 29 December 1991 Resolution of the Government of the Russian Federation "On the Procedure for Reorganization of Kolkhozes and Sovkhozes"]

[Text] In order to increase the efficiency of agricultural production and create conditions for entrepreneurship in the countryside and in accordance with the Ukase of the President of the Russian Federation "On Emergency Measures To Implement Land Reform in the RSFSR," the Government of the Russian Federation decrees the following:

1. Sovkhozes and kolkhozes are obligated, before 1 January 1993, to conduct reorganization and bring their status into line with the RSFSR Law "On Enterprises and Entrepreneurial Activity" and other legislative enactments and to reregister in the established manner.

2. The Ministry of Agriculture of the Russian Federation and the Russian Federation State Committee for Management of State Property and their local organs, the councils of ministers of the republics which make up the Russian Federation, and the administrations of krays, oblasts, and autonomous formations are to form, before 1 February 1992, republic, kray, oblast, autonomous oblast, autonomous okrug, and rayon joint commissions on privatization of land used by sovkhozes and kolkhozes and reorganization of these farms.

3. Commissions are to be set up in each kolkhoz and sovkhoz to privatize land and reorganize farms. They include representatives of local organs of power, farm administrations, labor collectives, rayon administrations of agriculture, committees on land reform, and creditors. Leadership of these commissions is entrusted to the chairmen of the kolkhozes and directors of the sovkhozes, and they bear the responsibility for executing this resolution. For violating the procedure or schedules of privatization the guilty officials are brought to responsibility in accordance with the Ukase of the President of the Russian Federation "On Emergency Measures To Implement Land Reform in the RSFSR."

4. Rayon and internal farm commissions are to set the boundaries of lands being used by kolkhozes and sovkhozes, separating the land remaining in state ownership from the land being transferred to private, individual, or collective-share ownership by citizens.

5. Kolkhozes and sovkhozes may transfer installations of the social sphere, housing resources, internal farm roads, energy supply, water supply, gas supply, and telephone systems, and other installations to the ownership of the rural (or settlement) soviets of people's deputies.

In this situation the obligations for state loans used to build the listed installations pass to the rural (or settlement) soviets of people's deputies.

6. Kolkhozes and sovkhozes have the right to sell or rent out housing resources and certain other installations of the social sphere (other than education installations).

7. The Ministry of Agriculture of the Russian Federation and the Russian Federation State Committee for Management of State Property are to work up instructions on the procedure for transfer, sale, and rental of the property of kolkhozes and sovkhozes to municipal organs before 1 February 1992.

8. The value of the fixed and working capital of the kolkhoz or sovkhoz (excluding property transferred to municipal ownership) makes up the common share ownership of the members of the kolkhoz or the employees of the sovkhoz.

9. All the members of the kolkhoz and the employees of the sovkhoz, including those who have gone on pension, have the right to a free land and property share in the common share ownership.

By decision of the collective of the farm a share may be offered to workers of installations of the social sphere located on the farm's territory.

The amount of the land share is established in physical or cost terms. When the land is of average quality, in physical terms the land share should not exceed the upper limit of free transfer of land into ownership authorized in the rayon.

The amount of the property share is established relative to the labor contribution. The land and property shares may be combined into a single share; in this case its value is denoted and stock certificates or other proof of ownership is issued.

Shares of stock and other proof of ownership of the value of the unclaimed shares are transferred to the rural (or settlement) soviet of people's deputies.

10. The owner of a share must submit an application to the internal farm commission and indicate in it one of the following forms of use of his share:

—receipt for the amount of the share of land and means of production in order to set up a peasant farm or a private enterprise for repair, construction, service, or trade, or other enterprises;

—transfer of the share as a charter contribution to a partnership or joint stock company;

—transfer of the share as an entrance fee into a cooperative;

—sale of the share to other workers of the farm or to the farm.

11. Unclaimed plots of land and economic installations are sold at auction to residents of populated points on the given farm's territory, and after 3 months—to any other buyers.

12. Shares of stock and other proof of ownership transferred to the rural (or settlement) soviet of people's deputies when the boundaries of the property are set may be used for the same purposes, as can state capital.

13. Enterprises being formed with the reorganization of kolkhozes or sovkhozes have the right to buy land and property of the farm from workers of the farm, the state property fund, or the rural (or settlement) soviet of people's deputies.

14. Kolkhozes and sovkhozes which do not have the financial resources to pay off debts for wages and credits are declared insolvent (bankrupt) before 1 February 1992 and are subject to liquidation and reorganization within the first quarter of 1992.

The initiative to declare the farm insolvent may be taken by a meeting of creditors (or a creditor) or a meeting (or conference) of the labor collective (or the general meeting of the kolkhoz members). The petition is submitted to the oblast, kray, autonomous oblast, or autonomous okrug administration. The decision on the insolvency (bankruptcy) of the kolkhoz or sovkhoz is made by the appropriate administration and published in the local press.

At insolvent farms the commissions for privatization and reorganization are assigned the functions of liquidation commissions. They declare a competition to recruit management units to participate in paying off the debts. Enterprises which have assumed the responsibility for paying off the debt of an insolvent farm receive the right to participate in its reorganization and subsequently to receive, on a priority basis, production funds worth the total debt paid off after the state and municipal property has been identified.

If there are no management units participating in paying off the debts, the debt of the insolvent farm is covered through receipts from the sale of property at auction.

It is primarily workers of the farm who are allowed to participate in the auctions. The property remaining after being put up for closed auction is sold at an auction open to all those who wish to engage in agricultural activity on the former farm's territory.

The following order is established for satisfying claims against the insolvent farm:

—claims for labor payment charged but not paid;

—unfulfilled obligations for taxes and other payments into budgets;

—obligations for bank credits;

—other obligations.

Distribution of land and property which remain after claims against the farm declared insolvent are satisfied is carried out in the manner envisioned by the provisions of this resolution.

15. The Ministry of Agriculture of the Russian Federation and the Russian Federation State Committee for Management of State Property are to establish the list of agricultural enterprises which are not subject to this decree before 1 February 1992.

[signed] B. Yeltsin

Minister Discusses Agrarian Reform Speedup

925D0084B Moscow SELSKAYA ZHIZN in Russian 7 Jan 92 p 2

[Interview with Viktor Nikolayevich Khlystun, Russian Federation minister of agriculture, by M. Silvanovich; date, place, and time not specified]

[Text]

[Silvanovich] Viktor Nikolayevich, the documents published in the previous and this issue of SELSKAYA ZHIZN signify a transition from land reform, which is pretty much spinning its wheels, to a more large-scale reform—agrarian. Isn't this the starting signal for the final collapse of kolkhozes and sovkhozes?

[Khlystun] The adoption of the Ukase of the Russian Federation president and the decrees of Russia's government should be interpreted as the creation of a mechanism for the fastest possible reformation of all agriculture, rather than administrative coercion to bring about the collapse of kolkhozes and sovkhozes, as you put it. But we will talk about that separately. I would like to begin with a description of the origin of what it is that impels us to speed up implementation of the reform.

A sad result of the past year was the sharp fall in production in all spheres, reduction in the number of head of livestock and poultry, and the fact that we failed to receive an enormous number of breeding stock of agricultural animals. The planting area of grain and vegetable crops and potatoes declined and the yield and procurement of grain and other types of output declined. All these facts suggest that the orders, coercion, and administrative pressure on whoever are no longer working. We can only count on the interest of the producer. This interest can be secured only under one condition: if the producer becomes the owner of the land and property. Or the owner of both things in a joint stock company. Incidentally, the first stage in the implementation of land reform revealed that many managers of agricultural enterprises, specialists, and simply workers in agriculture understand the essence of this aspect.

[Silvanovich] So you think there will be more supporters of the reform?

[Khlystun] Each person is being given the opportunity to seek his own advantage himself. However we are not abandoning state regulation, but it will be carried out by involving the commodity producer in structures related to the implementation of a particular state program for production, storage, processing, or realization of output. Within the framework of the reform we face the job of creating a system of new, mutually advantageous relations of agricultural commodity producers with the processing and food industries and trade.

What, for example, does a dairy plant or combine represent today? It is a monopoly on the rayon scale. There is no one else for the peasant to sell his milk to. So how much can he realize on the market himself? Very little.

[Silvanovich] But the dairy plant will remain a monopoly even after it is privatized. The plant will begin to dictate lower procurement prices for raw materials and will sell the finished output at a slightly higher price itself.

[Khlystun] That is just where regulation is needed. Such a scheme of relations between the both of them is being proposed. Processing enterprises become joint stock subdivisions which rural commodity producers will join with the priority rights to the controlling block of stock. Everyone wins. The processing enterprise—from the fact that a stable raw material base has grown up around it. The suppliers of agricultural raw materials—from the fact that they have the opportunity to control prices and receive the real equivalent of their labor. That is, mutual benefit. The reform and privatization of the processing and food enterprises must also merge into the process of agrarian reform.

[Silvanovich] Let us talk in more detail, Viktor Nikolayevich, about what fate awaits kolkhozes and sovkhozes because of the packet of documents which came out. Especially since at the start of the conversation you promised to dwell on this separately.

[Khlystun] I would like to talk briefly about the organizational aspect of the matter. According to the president's Ukase, two months are allowed so that each kolkhoz and sovkhoz can hold meetings of its collective. They must show people all the ways to change to the new forms of economic activity in great detail, very convincingly, and with a great deal of documentation and propose possible alternatives. The first is to change into an association of peasant farms. The second is to change into a joint stock company. The third is to change into a production cooperative with the share form of ownership. Finally, the fourth is to leave everything as it is, which, however, would in all likelihood be wrong.

[Silvanovich] But this possibility still remains?

[Khlystun] It does. If the collective makes such a decision, no one has the right to oppose it. The only exception is planned-loss farms which do not have the potential to use the land independently. But we have to be fairly cautious here too. For many farms have proved to be insolvent because of weather conditions. Or because the state did not compensate them for the difference in prices for output they sold and output they bought and did not compensate expenditures for social and road construction and the like. That is, an objective approach should be taken to each collective. I think that it is useless to provide a postponement for the reformation of those kolkhozes whose debts were written off in the past and the long past and now have again been built up, and besides, there is no one to work there now. These farms will be forced to reform.

[Silvanovich] But the decision was made...

[Khlystun] Yes, let us use an example to examine the reform of an agricultural enterprise. Let us say that there are 400 working people assembled at the farm. Of them 50 decide to break off to work peasant family farms. This right is guaranteed to them and they receive their land and property shares. And the other 350 make the decision to form an open-type joint stock company. That is their right. Then we will have to help them make the appropriate calculations, determine the shares of stock and issue them, and work up and adopt a charter.

In accordance with the average land share, these 350 people are entitled to, let us say, 2,500 hectares of land. But after the peasant farms have broken away, they are left with 4,000. Then we must set forth the legal conditions: the 2,500 hectares are free, while the 1,500 can either be bought out (bought in installments) or leased. If the conditions for the buy out do not suit you and you refuse these 1,500 hectares, they are included in the redistribution fund and can be sold first to the farmers who broke away and second—to those urban residents and other categories of citizens who want to work in agriculture.

[Silvanovich] But what is the procedure for withdrawing from kolkhozes and sovkhozes?

[Khlystun] When they withdraw peasants receive their land and property shares. As for the land share, it is set at the average rayon norm. According to the president's Ukase the local areas should determine both the threshold amounts of the plots of land for the peasant farm and the average rayon norms of free transfer of land. It is not difficult to surmise that in densely populated rayons the specific amounts will be less than in, for example, the Russian Chernozem Region or Siberia. And within the framework of this legislation it is virtually impossible to avoid this feature. So, a family of, let us say, three people who work on the farm receive three land shares of 1.5 hectares each. Is it really possible to operate a commodity farm on 4.5 hectares of land?

[Silvanovich] What is the solution?

[Khlystun] A solution has been provided. Everyone on this farm receives land and property shares: even the services sphere employees and the pensioners who can no longer work even 1.5 hectares of land. And, moreover, in general only part of the workers will want to engage directly in farming. So two possibilities have been envisioned. One is that the exchange of fund and property shares for land, and vice versa, is allowed. The second is that everyone is granted the right to rent or sell his shares, but primarily to members of this collective.

[Silvanovich] Twice you have emphasized rural residents' priority right to land.

[Khlystun] A person from outside, that is, an urban resident, may also obtain land, but from the redistribution fund. In other words, from resources which are not claimed by local residents or from existing surpluses.

However, I will go on with the idea of how the process of formation of the optimal amounts of land use will go on. In the course of time only a certain number of the peasant households will begin to work on the land and produce crop-farming output. Others will be engaged in fattening up livestock, and yet others will form small enterprises and undertake to provide services for commodity producers. They will transfer their land shares

for rent or sale to those fellow villagers who want to produce grain, vegetables, or livestock feed. Everyone will have his place.

[Silvanovich] As everyone knows, kolkhozes and sovkhozes maintain the entire infrastructure in the countryside today. What is its fate in the future?

[Khlystun] If a farm reforms itself altogether into an association of independent farmers, the entire infrastructure must be transferred to the local organ of power. And the funds and the service personnel too. It will be maintained through the municipal budget. But if most of the commodity producers remain part of the kolkhoz or sovkhoz, this transfer is also proposed, but it will not happen immediately, the process will be slightly extended.

We will persistently recommend that the form of economic operation be changed, but we will only recommend it. In our view, the transformation of kolkhozes and sovkhozes into associations of peasant farms, each of which will have the status of a legal entity and its own account in the bank, is the most acceptable. The creation of small agricultural cooperatives working on stock farms is possible. In some places the traditional link of 5-7 people will want to work together and open their own account in the bank. The collective of the machine and tractor workshop will begin to repair the equipment with the rights of a small enterprise. The bookkeeping office will become the cost accounting and finance center which performs intermediary functions for a certain percentage of the turnover of finances. But even so each person will be an owner.

The second form is the joint stock company, an enterprise. Each of its members will be an owner of land and production and other funds and will receive dividends. He has the right to dispose of the output produced. We intend to recommend these forms to replace the present kolkhozes and sovkhozes. It is wrong to think that the reforms will bring about a complete mutual estrangement of workers in agriculture. Quite the opposite, the personal interest of the commodity producers and the representatives of service offices in setting up business contacts under profitable conditions will bring them even closer together.

[Silvanovich] The documents also encompass a change in the system of state management of the agroindustrial complex. You emphasize the principle of regulation rather than command, coercion, and so on. Such schemes and desires have already hovered over our state more than once. But something else was always found which prevented them from coming true. The beaten track of the administrative-command system was in fact retained. And now the new government is removing a whole number of democratic institutions from its structures and replacing them with one-man management by chiefs appointed from above. So then, are they, these new bosses, made of different stuff and able to avoid the old rut?

[Khlystun] Indeed, we envision abandoning the methods of command management of agriculture and propose selecting all kinds of support for commodity producers as the main principle. Through involvement in implementation of state programs and in information support, through training and retraining of cadres, and through the creation of a stable agroservice office and an effective credit-insurance system. The right to private ownership will fundamentally change production relations within agricultural enterprises and outside them.

We must fundamentally update the system of communal and domestic services to the rural population. Up to now an abnormal situation has predominated in this sphere where the manager of the economic link wasted 80 percent of his time on resolving social-domestic and supply questions rather than managing production. This matter is troublesome; it became tiresome very quickly and became a burden. At the same time, however, there were rural soviets which did not have anything and were not responsible for anything at all. Today the more radical thinkers see here a municipal organ which would support all the vital activities of the population and satisfy its needs rather than merely provide information.

I believe that the president's Ukase removes those barriers against conducting land reform which were revealed during its first stage. Among other things, four local organs had a bearing on the question of redistribution of land: the committee for land reform, the deputy land commission, the soviet of people's deputies, and its executive committee. But in fact there was no one to be responsible for the matter. I will say right off that up to 30 percent of the refusals to grant plots of land were illegal. We proposed to the government a mechanism of direct responsibility for compliance with legislation; only two representatives of power would bear it: the committee for land reform and the head of the administration. An application from citizens comes to the administration and is handed over for review to the land reform committee, which prepares a documented substantiated draft decision. The head of the administration confirms this decision. Yes, the collegial organ is removed from the process. But more professionalism, responsibility, and accuracy are manifested. The path from the application or request from citizens to the adoption of a decision becomes much shorter.

The decisions of the president and the government of Russia envision conducting the entire reorganization of management in the shortest possible time. First of all we must put state management structures in the local areas in order. Please note that the APO [agroindustrial association] operates in some oblasts, krays, and republics, the APK [the agroindustrial complex] in others, and the agriculture administration in yet others. All have equal status.

But it should be the state organs which carry out a whole number of functions. I will name them: investment policy, realization of state programs, and development

of the social infrastructure—engineering and road construction, gas supply, water supply, and the like. The production infrastructure involves establishment of rental offices for agricultural equipment, procurement points, and processing enterprises. Market regulation of the economy in this region. The creation of consultative service offices which work for the producer, and support of personnel training and retraining. Control and inspection offices: veterinary, technical supervision, quarantine service, and the like.

All these functions are to be removed from management organs which currently exist, such as the APO, the APK, and the agriculture administration. The state will assume them. And then we say to the commodity producers: Get ready to determine which supplemental structures to support your normal vital activities you need and which you would consider feasible to maintain at your own expense. And let them improve your operation as economic structures without infringing on the prerogative of the state.

But the question arises: if the state assumes all the functions listed above, what kinds of additional economic formations are needed? However the commodity producers themselves have a better picture of this.

The structure of the Russian Ministry of Agriculture is also changing. Its functions have been precisely defined, and I would hope that they extend to all the regional agricultural structures. These organs of state management of agriculture will be financed through the state budget and have double subordination—to the head of the administration and to the Ministry of Agriculture of the Russian Federation.

[Silvanovich] What place do you see for agrocombines and agrofirms, which now represent very developed enterprises, in these structures?

[Khlystun] There are no problems. The participants in these combines, associations, and firms must themselves determine in what form they will henceforth be part of those formations. I think that it would be a good idea to keep these powerful structures which have managed to develop production and their own storage facilities and output processing. It is important that they fully comply with market conditions of activity.

[Silvanovich] It remains for me to ask one of the, in my opinion, most complex questions. The packet of documents also includes the question of priority support of the agroindustrial complex. Here is what sets everyone's teeth on edge! The words are from the old lexicon of stagnation. But they are only words. How can we make people believe that deeds will finally be forthcoming?

[Khlystun] I would not say unequivocally that the concept of priority support of the countryside has been definitively compromised. Even last year the countryside received more resources than in previous years as compared with other sectors of the economy. Have the state's obligations not been fully realized? Yes. This is the result of the complicated economic situation. But even so the priority was maintained to a certain degree. And we intend to reinforce it in the future, above all in the sphere of investments and in deliveries of material-technical resources.

Difficulties remain with production of agricultural equipment. Industry receives up to 50 percent of the rolled metal products out of necessity. It predominates over all the rest. In the situation which has evolved, we see this solution: a significant number of the assembly components produced by agricultural machine building plants which are not claimed because of the shortage of rolled metal products at the pilot assembly plants should be handed over to rural commodity producers in the form of spare parts and assemblies. And the existing stock of metal should be primarily concentrated in the production of the least metal-intensive tractors at the Lipetsk, Vladimir, and other tractor plants.

I share the viewpoint of those politicians and economists who believe that it would be a good idea to enlist foreign capital in developing our Federation's capacities to produce small equipment for individual and peasant farms, as well as service offices.

Official Explains Law on Payment for Land

924A0408A Moscow SELSKAYA ZHIZN in Russian 11 Jan 92 pp 1, 2

[Interview with V.V. Alakoz, deputy chairman of the Committee for Land Reform and Land Resources under the Government of the Russian Federation, by SELSKAYA ZHIZN correspondent Mikhail Seslavin; place and date not given: "Timely Interview. Land Appraised"]

[Text] **A new Russian law went into force on 1 January 1992: "On Payment for Land." Our correspondent's questions are answered by V.V. Alakoz, deputy chairman of the Committee for Land Reform and Land Resources under the Government of the Russian Federation.**

[Seslavin] Valeriy Vladimirovich, let us clarify at the outset: Is payment for land a bad thing or a good thing? I hope you will not be caught off guard by such a blunt question. Previously we were proud of the fact that in our country land was common property and had no price. And now? We are introducing payment and establishing the property owner. What brought this about? And what does our practice tell us about this?

[Alakoz] Let us begin here with the results of our management. We will draw conclusions and make assessments later. Where has the availability of free land led us? Let us turn to statistics. During the past 15 years in the non-Chernozem zone alone they have written off 5.4 million hectares of agricultural land, of which more than a million hectares is plowed land. And why not write it off since it has become marshy and is overgrown with shrubs.

The picture of our socialist management relying on the availability of free land is even more alarming when you analyze the data for a longer period. During the past 50 years the area of productive agricultural land, for example, in Vologda Oblast it has decreased from 3.8 million to 1.5 million hectares. Two out of every three hectares have been lost! In 1940 Novgorod Oblast had 1.9 million hectares of land and today it has only 0.9 million. In Tver Oblast only 2.7 million of the former 4.5 million hectares are left, and Ryazan Oblast has lost 800,000 hectares or one-fourth of its land. The same picture, with certain variations, can be observed in all zones—of Siberia and the southern part of the country. We are inexorably losing land. And yet we are not turning it over to farmers, gardeners, or orchard growers.

There is your answer as to whether it is bad or good. The lack of payment—this is clear—means mismanaging, squandering, and losing our main means of production. To assign a price to the land means to restore its power as well.

[Seslavin] But what if we are more concrete? What precise goals are pursued by the introduction of payment for land?

[Alakoz] The land tax will make it possible to untie several knots at once. Without the establishment of payment it is impossible to acquire land for ownership and create farmer-run farms of optimal sizes. Now if someone wants to become an independent businessman, he may obtain his share of land free of charge. This share, as a rule, is not large and varies, depending on the region, from one to 10-15 hectares. And a peasant farm of an optimal size, say, in the central belt of Russia, takes up 30-50 hectares. Therefore, we can clearly see today that a portion the size of the free land share leads to the creation of small, unprofitable farms. Where are they going to get products to sell—it is all they can do to feed themselves!

Here are the figures for various regions. Miserly plots of land are allotted to farmers in Nizhnyy Novgorod, Belgorod, and Sverdlovsk Oblasts, Stavropol and Maritime Krays, and the Mari ASSR. There one-third of the farmer-run farms receive less than five hectares. And in Krasnodar Kray these tiny farms comprise more than 60 percent. These are not farmer-run farms but simply large yards.

The second group of problems. Two-thirds of today's farmers are people who have come from the cities and other places where they have had nothing to do with farming. And the professional peasants working on the kolkhozes and sovkhozes have not made their choice. This bothers us a great deal. Now we will devote most of our attention to questions of transforming public production and creating conditions there for a transition to more democratic forms of management which open the way to privatization. But this process has been held up because we have not established payment for the land.

The third problem is credit for farmer-run farms. The majority of people who wish to become independent farmers do not have the initial capital. Where will they get the money to buy the land? The banks, understandably, do not wish to take the risk—how will they get their money back if the people go bankrupt? The kolkhozes and sovkhozes are guarantors, but, as a rule, they try to avoid this and they impose a lot of stipulations. The association of farmer-run farms is helping. The billion which the government has given to it is being used mainly as a guarantee for credit and reimbursement for the differences in interest rates on it. Let me note that the bank gives credit for 12 percent annually and the association reduces this interest to two percent. But the capabilities of the AKKOR [Association of Peasant Farms and Agricultural Cooperatives of Russia] are also limited. And the farmer has nothing except for the land that is granted to him. And how much is that worth? And how does one use it as a guarantee for credit? Again a monetary appraisal is needed.

And one more extremely important aspect. We are now conducting land reform mainly by administrative means. We are searching for effectively utilized land, we are taking it from the kolkhozes and sovkhozes, and we are creating a redistribution fund. And all this is taking place with the manifest and generally understandable resistance of the kolkhozes and sovkhozes.

But there is another path, the economic one. And we should take advantage of it. This means taxation of all land. The land tax is equal to land rent. The state does not dip into the pockets of the kolkhozes and sovkhozes, but only takes the profit they obtain as a result of higher land quality and better locations.

[Seslavin] And what about the worst plots?

[Alakoz] For the worst plots there is a token rent or none at all. The payment is only R10 per hectare. The land tax is established on the basis of the normative harvest. If the actual harvest is less, the farm will sustain losses. Previously it would stubbornly refuse to give up land it used poorly because it did not cost anything. Now, with the introduction of payment, it will cost them a lot and work to their disadvantage. Previously the idle plots made up a kind of "slush fund"—it is lying there and let it lie there, it needs nothing to eat or drink, if necessary I will do somebody a favor. Taxation of everything will make it necessary to get rid of these dependent hectares.

With the introduction of payment, conditions are created for determining each individual's fair share of the land. What is this about? One person receives a share which is closer in and better and another gets one which is farther away and not as good. Judging from the number of hectares they would seem to be equal. But is this fair? With the introduction of evaluation indicators the approach changes. The person who gets the land that is closer in and more productive receives less of it, and the farmers whose land is farther away will get more. The mechanism is simple, understandable, and workable.

There is now an immense waiting list for garden plots. Where does this attraction come from? One of the factors is free land. Therefore it is being grabbed up by fair means or foul. Of course, people try to get their plot as close to the capital as possible and it is valued more highly. A person who has the power and the resources receives a plot almost right outside Moscow and occupies plowed land and prepared areas. And the people who do not have these capabilities have to go to the Shatura Swamps, the armpit of the earth. Payment will regulate these questions and equalize conditions.

There are other problems as well. One of the crucial ones is the allotment of land for nonagricultural needs. Say a plant receives the area it needs. Naturally it tries to cover as much area as possible and have the most advantageous location. After all, the land costs nothing! But payment—for each square meter—will moderate their appetites. The norms for payment of city land are extremely severe. Thus in Moscow the annual payment for one square meter averages 13.5 rubles [R]! The coefficient works, and it is quite significant. And if you claim any space in an historical structure, a prohibitive norm applies.

It is worth discussing one more economic category. In the West it is called confidence of management, reliability of expectations. If you have been given something free of charge, naturally, you have the right to expect that at any moment you may be deprived of this gift, you will simply be driven out. After all, it is not yours, you did not buy it.

But there is another extremely important argument. It is the receipt of capital by the soviets. Now the soviets that have jurisdiction over the land get nothing from it. And they are in no hurry to turn it over to anyone. They will give you the runaround! The establishment of payment for land will enable them to reinforce their budgets and motivate them to put the land to work.

[Seslavin] Some of our readers express misgivings as to whether payment for the land will not become another—legalized!—kind of extortion of the land user, namely the peasant.

[Alakoz] There is this concern. All future taxpayers express uneasiness. It was especially apparent during the consideration of the draft of this law in the Supreme Soviet.

Now about whether or not people are capable of paying this tax. As I have already said, it is based on land rent, the collection of the additional income that is gained from it because of the better quality and location of the land. Income within the limits of 53 percent of the profitability remains on the farm. But if the prices of agricultural products are fixed, and at a low level at that, and the prices of industrial goods are growing, the tax can be recalculated. To this end we are monitoring them—we are observing the movement of prices. And if the land rent changes by more than 10 percent, we will make suggestions to change the tax rates. As for the population, citizens, and owners of yards and garden plots, preferential tax rates are established for them—only one or two kopeks per square meter. The payment has practically not increased as compared to former times.

[Seslavin] Clarify, please, from whom payment for land will be collected.

[Alakoz] From all to whom land has been granted to own, possess, use, or lease. They include legal entities and citizens, including foreign ones, conducting any kind of activity.

[Seslavin] Precisely which categories of land are subject to taxation?

[Alakoz] Agricultural land, gardens, dacha plots, areas for private subsidiary farms and orchards, forested areas to be used for operational purposes, land allotted to industry, transportation communications, defense, and organs of power and administration, recreational land, and land used for other purposes.

[Seslavin] I would like to find out which normatives determine the level of payment and rates of the land tax?

[Alakoz] In the new law the average rates are determined according to the territories. The calculations were done on the basis of data from the cadastre appraisals for each soil group throughout Russia. But we have not tried to establish these rates centrally for all of Russia—that would be the old approach, which could lead to serious mistakes. Although our data were certainly not thought up in an office; we obtained them from the local areas and we rechecked the land appraisals four times and processed material for 30 years. On this basis we developed and established the normative price for land.

[Seslavin] Yes, but the situation is qualitatively different and the laws of the market will go into effect. Everything is being decided by the "duo": supply and demand. Are they taken into account?

[Alakoz] Unfortunately, supply and demand are not yet functioning here, and the payment is normative and calculated. In the future, undoubtedly, the market will make its own adjustments. The existing restrictions on the purchase and sale of land hamper and restrict the development of market relations in the sphere of agricultural production. An important step to eliminating them was taken in the ukase of the president of the Russian Federation, "On Urgent Measures for Implementation of the Land Reform in the RSFSR," which permits the sale of plots of land in certain cases. A compulsory requirement is that the land be used for specific purposes.

[Seslavin] And to whom may land be sold and in which cases.

[Alakoz] The aforementioned ukase grants this right to citizens who are in possession of plots of land with the rights of ownership. In which specific cases? When they

go on pension, when the land is inherited, when they move in order to organize a peasant farm on free land for distribution, and when they invest money earned from the sale of land to processing, trade, construction, and service enterprises in rural areas. Agricultural workers of enterprises who have portions or shares of land are permitted to sell them to other workers of the farm or to the farm itself at free prices.

[Seslavin] It would be interesting to know in which forms paid uses of land is offered.

[Alakoz] Three basic forms are envisioned. The first and main one is the annual. The principle is that everyone must pay. And then came the privileges—some people did not have to pay.

The second form is the normative price I have already mentioned. It is in effect in places where there is privately owned property. It is applied, say, when a farmer needs to buy up a certain quantity of land in order to have a farm of optimal size. This right is granted only to people who will be engaging in agricultural production. How is the normative price determined? You take the amount of the annual land tax and multiply it by 50. This ratio between the land tax and the value of the land has become established in many countries.

And, finally, the third form is the lease payment. There are two approaches here. If it is being used for agriculture, the lease payment should not exceed the land tax. If it is not used for agriculture, there are no restrictions; the law of supply and demand goes into effect.

[Seslavin] And the last question. Valeriy Vladimirovich: Where does the money from payments for land go and what is it used for? For its improvement, the social needs of the land user, or, as before, the bottomless pocket of the Ministry of Finance, only now it is the Russian one?

[Alakoz] The main areas for the use of these funds are listed in the RSFSR Land Code. Most of the money will be placed at the disposal of the local soviets so that it can be put back into the land—for increasing fertility, protecting the land, various kinds of land development work, and, of course, for building up the given territory.

According to our calculations, about R200 million will be placed at the disposal of the rural soviets from the collection of the land tax, and about R21 billion—for city and village soviets. A considerable amount of money, about R3.6 billion, will go to the rayon soviets. Through redistribution of funds from the more abundant southern regions to the northern ones they will receive about R3.3 billion, and the rayon soviets will also receive R2.3 billion from general land revenues of the cities for the development of infrastructures. Of course, the soviets will have money, a considerable amount, for improving and protecting the land, developing social programs, and developing the territory, funds which have never been included in the state budget before.

Oblast Food Tax in Kind Planned

924A0408B Moscow SELSKAYA ZHIZN in Russian 11 Jan 92 p 2

[Article by A. Gulyayev: "A Critical Signal. They Are Stealing as Before"]

[Text] More and more new resolutions are appearing, which remind one of the well forgotten old ones. We read in the newspaper VITEBSKIY RABOCHIY: "Kolkhozes, sovkhozes, and other agricultural organizations are permitted to establish an agricultural tax based on existing purchase prices in the amount of 70 percent of the output obtained as a result of natural fertility and commercial output." These lines are from a report from the session of the oblast soviet.

The food tax is left over from the well forgotten wartime communism. Well, is this the time to recall it in practice?

"No," says the deputy chairman of the oblast agroindustrial organization for economics, Ye.A. Massalskaya. "Moreover, the food tax itself has not been approved yet."

"And what has been approved?"

"The concept of forming food resources through the food tax. This was a necessary decision. For the production and, correspondingly, the sale of agricultural products are decreasing. Throughout the oblast, for example, this figures has decreased by 10.6 percent as compared to last year.

"But it is not simply that we are producing less meat and milk. The kolkhozes have 'thrown themselves into barter trade,' completely forgetting about delivery discipline, and the farmers... We have 166 of them and each has 50 hectares of land. But in any case they are not selling food to the state yet. But we must get food from somewhere so that we can then sell it to at least the most vulnerable segments of the population at fixed prices."

"Is the food tax in any way different from the state order?"

"If only in that it is mandatory for all forms of ownership. Both for the kolkhozes and for the farmer-run farms. And the state order as such no longer exists today. Rather we have deliveries on a contractual basis.:

"And what percentage of the production volumes of the kolkhoz and farmer-run farm does the food tax comprise?"

"Approximately from 25 to 40 percent."

"Could this figure not increase if, for example, the food situation becomes worse?"

"No, it could not. We are not back to those times."

One could take issue with Yeva Andreyevna about times. They are determined by morals. And morals are determined not least of all by the quantity of what we have come to call agricultural products. And in the present times, this quantity could quite possibly reach a level where it would be moral to vote in favor of taking not 40 but 99.9 percent. And not at procurement prices, but free of charge, since we have entered on this path anyway.

Incidentally, I do not wish to frighten anyone. I will return to that about which there can be no question: The food tax already exists in an individual oblast (and not the worst in the country with respect to the provision of food).

Khlystun Comments on Reform, Inter-Republic Relations in Agriculture

924A0372A Moscow IZVESTIYA in Russian 31 Dec 91 Union Edition p 2

[Report by V. Konovalov on interview with Russian Minister of Agriculture V. Khlystun; place and date not given: "Russian Minister of Agriculture V. Khlystun: 'I'd Like To Reassure Urbanites Without Frightening the Peasants'"]

[Text] An entire bouquet—or rather, package—of documents on agrarian reform for Russia was prepared on the very eve of the new year. Some of them are already signed; the rest will be soon.

"This is an energetic action program that will finally make drastic changes in the countryside and the food situation," Russia's Minister of Agriculture Viktor Khlystun believes.

He is convinced that real possibilities for agriculture to recuperate sufficiently briskly and famine averted still exist, although the situation in the agrarian sector has reached an extremely dangerous point. The most critical problem today is feed for livestock. The supply of concentrated feed is lower this year than ever before—less than 60 percent. This could result in a sharp drop in head of cattle, which would be very difficult to recover later (in 1991 the number of cattle fell due to insufficient feed by 7 percent; hogs by 11 percent), and in any case in a significant decline in animal husbandry, which means substantial difficulties with meat and milk.

Genuine famine, however, can be avoided, according to Khlystun. Titanic efforts, as he put it, are being made to guarantee animal husbandry at least a minimum of feed and to maintain numbers this winter.

The minister's chief hope, though, lies not on "emergency" measures but on the immediate radical restructuring of the rural economy, as defined by the president's package of decrees and the government's decisions. What stands out in these documents above all?

The reorganization of the kolkhoz-sovkhoz system. In the short term—the next two to three months—this means reregistering all farms. Prior to this, each collective must meet to determine which form of organization of work it prefers. Recommendations have been prepared for several models: from the division of kolkhozes and sovkhozes into individual farms to their transformation into joint-stock enterprises. The minister is concerned that people in the countryside might perceive this measure as another assault on the peasant, yet another campaign—decollectivization this time.

"There's not going to be any kind of diktat," Khlystun emphasized. "If the collective decides to retain the kolkhoz form unchanged, then that's its right, even though we don't feel that that decision is correct."

Possible choices will be limited for unprofitable farms, of which there are about 2,600 in Russia today, or 1 in 10. Not all of them went bust this last year due to their own fault, and the majority will not have to cease their dependent existence.

The procurement system for agricultural output will change. There will no longer be any state procurement or tax in kind. Contracting agreements will be made with agro-producers for the creation of state food resources. Moreover, mandatory contracting volumes are being established for output: 25 percent for farming; 40 percent for animal husbandry (except meat and milk); and 50 percent for meat and milk. What is fundamentally new is that the purchases will be made at market prices for the given time period: in January at the January market price; in June at the June price; and so on. For farmers the level of mandatory contracting is no more than 25 percent for all types of output.

The minister is convinced that mandatory contracting, unlike state procurement and tax in kind, will not be a new form of quit-rent for the peasants but rather a firm guarantee for the sale of some of their output at the market price.

The system of state administration of the agro-industrial complex is being reformed. The word "administration" applied to the countryside might also alarm peasants, and here the minister would like to be correctly understood. Unlike past reforms, when the old structures and functions were maintained under new signs, now, according to him, functionally entirely new organs stripped of any command possibilities will be operating under what are basically the old names (the same agro-administrations except now consisting of local administrations). Their goals are to reform management forms, create a system of agro-service, train specialists, consult, and so on. The structure and functions of the ministry itself are changing: from command functions to economic and investment ones.

"In a year," said Khlystun, "we will leave behind the centralized distribution of material-technical resources for the countryside, and a network of commercial cooperative services will be created."

Measures have been worked out to accelerate land reform, state support of peasant farms, the creation of an agro-service system, and processing of agricultural output. In the coming years the number of peasant farms in Russia must grow to half a million, and the process of acquiring land will be greatly simplified. Peasants, for example, will be able to exchange a share of capital for a share of land.

According to the minister, restricting private ownership of land and the right to sell it slowed matters significantly. The resolution of this problem will move us closer to a genuine market.

A sensitive issue for our countryside is output processing. Processing facilities are inadequate, poorly equipped, and outdated. Those we do have are geared toward large-scale production, far distant from the producers, so that gigantic losses during shipment are inevitable.

"Changing the situation for the better will take at least two or three years," Khlystun believes. "And we will not be able to manage it without foreign investments. We are already negotiating with several European and North American firms for the construction of enterprises to process agricultural output and make processing equipment. Also, we are proposing building enterprises with the rights of full ownership and the transfer of land on long-term lease—up to 50 years. I think construction will begin on 20-25 such enterprises by the end of 1992.

The uncertainty involved in the coordination of the common structures of the CIS does not worry the minister very much with respect to the problems of his branch. According to him, the Commonwealth's upper structures will not have that much to do with ensuring the mutual supply between the republics' agro-industrial complexes. Direct intergovernmental agreements and economic interests can serve as guarantees.

Kulik Interviewed on Progress, Problems Under His Administration

924A0357A Moscow SELSKAYA ZHIZN in Russian 25 Dec 91 p 2

[Interview with Gennadiy Vasilyevich Kulik, former RSFSR minister of agriculture and foodstuffs and deputy chairman of the Intergovernmental Economic Committee, by V. Raskin: "One Minister Comes and Another One Goes, But What Changes?"]

[Text] **Just recently G.V. Kulik was the RSFSR minister of agriculture and foodstuffs. Now he is the deputy chairman of the body that was once called the Intergovernmental Economic Committee [IEC] and was headed by I.S. Silayev.**

Time goes by so quickly that it is difficult to keep up with new appointments. The latest report is that I.S. Silayev is no longer the head of the IEC. He has been appointed permanent representative of the RSFSR to the European Community. Other structures for the coordination of the economic activity of the Commonwealth of Independent States are to be set up in accordance with the decisions made in Alma-Ata. Therefore, Gennadiy Vasilyevich Kulik can also expect a new appointment.

Viktor Nikolayevich Khlystun became the RSFSR minister of agriculture. He was born in the village of Dmitriyevka in Shchuchinskiy Rayon in Kazakhstan's Kokchetava Oblast. After working for a brief time as an assistant excavator operator at the Sokolovo-Sarbay Mining and Metallurgical Combine, he moved to the Urumkay Sovkhoz in Shchuchinskiy Rayon, where he began working as an electrical fitter. He received a higher education at the Moscow Land Management Engineering Institute. There he became the pro-rector, a doctor of economic sciences, and a professor. After winning an open competition, he moved from the institute to the State Committee of the RSFSR for Land Reform. This is the resume of the new Russian minister of agriculture.

We decided to go against the tradition of interviewing the new minister and asked the departing one about his views, his work, and his plans for the near future. Today's interview is with G.V. Kulik.

[Raskin] Gennadiy Vasilyevich, you recently said goodbye to the ministry staff. What did you say to the people when you were leaving, and did you have a chance to talk to the new minister?

[Kulik] It is definitely not that easy to say goodbye to people with whom you have solved so many extremely urgent problems. When I was leaving, I told them that the Ministry of Agriculture must help the president of Russia and the parliament solve the food crisis. We discussed the structure of the agency and the kind of financial resources it should have. This is extremely important: Resources must be allocated for specific programs.

As for my private conversation with Minister V.N. Khlystun, we also discussed the new structure. I also gathered from our talk that he would support many different forms of agricultural production.

[Raskin] Let us speak frankly. In the past a transfer from a republic ministry to a central agency was always called a promotion. Now things are different. Would you call your departure a resignation, a dismissal, or a promotion?

[Kulik] It would be difficult for me to give you a simple explanation of what happened. I will tell you what I told the corps of deputies: The situation in the republic is extremely grave, and this applies above all to problems in agriculture and the food supply. I am ready and willing to continue the work I began.

[Raskin] Minister Kulik had his own program. The deputies liked it too. Which of your objectives were you able to attain?

[Kulik] I was fortunate because I was working on the program that was discussed at the Congress of People's Deputies of the RSFSR. It was drawn up by a large group, of course, but many of my plans and ideas were embodied in the program. First of all, we managed to raise the issue of different forms of ownership, including private ownership, for the first time. We took actual steps to promote these different forms and did not confine ourselves to mere verbal support. In spite of the different reactions to this idea in the society, the program has produced perceptible results. By the beginning of 1991 there were 40,000 peasant family farms.

I think one of the positive features of the program was our effort to stipulate the exact performers, locations, and procedures of different projects. Many construction organizations went to work on the Russian roads. The work of supplying gas to rural communities was performed more successfully. We did not, however, manage to do any more.

Now I will try to give the readers and myself an honest answer to the question of where the root of this evil lies. I think the problem was our inability to find the right economic model for the transition period, a model combining the centralized approach to procurements of agricultural products with the freedom of farms. The state requisition was the main stumbling block. The idea of tax in kind sounded appealing. You may recall that we lowered it to 70 percent. This is where we got into trouble. On the one hand, we were criticized for reducing state requisitions to the point at which they could not secure normal supply operations on the local level. There was pressure from local executive bodies. Agricultural administrators were pressured to raise the level of the guaranteed tax in kind. This was followed by deviations: In many oblasts the tax in kind on meat and milk was raised to 90-95 percent. Then we became the targets of vehement criticism by kolkhozes and sovkhozes. We were carrying out our program within the rigid framework of centralized retail prices. I could cite some figures to provide a clear idea of the results of our policy. Could the ministry have changed anything without the funds for subsidies when retail prices were frozen? The republic budget was incapable of supporting the food program. It was so essential that we receive meat, milk, and grain from producers, but we did not.

Now there is more freedom, and we shall see how the new leadership copes with this problem. I also have to point out our inability to protect kolkhozes and sovkhozes from rising equipment prices. You will recall the endless criticism of the government, implying that we were engineering the collapse of kolkhozes and sovkhozes. Our attempts to correct the situation were less successful as time went on. There was the decree of the republic Council of Ministers and Supreme Soviet on compensation, for example, but all of our efforts were futile under the conditions of that time.

[Raskin] When you were interviewed by SELSKAYA ZHIZN around two months ago, you said that all of the "Harvest-90" chits would be honored. Was this a complete failure? Today this is a stumbling block in all negotiations with the peasants. An item in our paper just a few days ago said that grain was rotting in the Altay region, but the peasants would not give it up. They had been deceived too many times to trust anyone.

[Kulik] The original idea of the chits was absolutely correct. We were trying to give agricultural workers a specific quantity of goods instead of "wooden" rubles. This was a joint decision of the legislative and executive branches. It was a good decree, but it was passed at a time when the republic did not have anything. The treasury was empty, and without funds we had no right to issue delivery licenses. This naturally led to serious complications. We made an earnest effort, but it was all in vain. We had absolutely no hard currency at all. We decided to enlist the services of several joint ventures. We began working with Istok and Russia House, as well as with the Rosvneshtorg Association. These organizations and enterprises were highly optimistic at first. Decisions were made to distribute material resources to them, but they never got them. Istok and Russia House promised us goods worth 300-400 million dollars, but what we received through them was only one-tenth or one-twentieth of this amount. The peasants were understandably angry. Then the government decided to look for some kind of credit and was able to find the necessary credit literally as I was leaving the ministry. For this reason, I can confidently say that all of the chits will be honored.

Incidentally, the rural population can confirm the fact that they did receive refrigerators, washing machines, and sewing machines, even if the supply and quality may have left something to be desired. We were able to fulfill these delivery volumes by 80-90 percent. The situation with regard to motor vehicles was much worse. Around 50,000 Zhigulis were delivered. Not many, but one of the reasons was the production cuts at the Volga plant. Regrettably, not everything depends on us.

[Raskin] Gennadiy Vasilyevich, a recent news item in our paper quoted a Moscow millionaire who said he had a warehouse full of goods and did not know where to sell them. Is this true?

[Kulik] I always look at things of this kind from the practical standpoint: If you have goods, let us have them. Yes, a few commercial structures were willing to supply us with goods, but at commercial prices, and not at the prices of the Union of Consumer Cooperatives. The peasants do not want to pay 10 or 12 times as much for these goods, and we sympathize with them, but the market is coming soon, and commercial structures have no wish to operate at a loss.

[Raskin] It will soon be time to plant new crops. Time flies. You have a new position now and you can probably see what is going on in agriculture throughout the country as a whole. Tell our readers what they can expect in the near future.

[Kulik] We are worried because it is almost the start of the new year, but contracts for the delivery of materials to rural communities have not been signed yet. We still do not have a coherent tax policy. And who can say how the mechanism of free prices will work? How will this look on the technical level? Farm managers and producers of goods do not know much about this, but definite decisions must be made and they must be accompanied by thorough explanations. As for the sowing season, I feel somewhat optimistic about this. The area planted to winter crops is 3.5 million hectares larger. The state of the new crops appears to be satisfactory. Farms have more sowing material and potato seeds now. Therefore, we can expect a harvest. I think the peasant farms will begin flourishing in the spring. After all, free prices will stimulate production growth.

Union Plenum Underlines Peasants' Problems

924A0352A Moscow TRUD in Russian 13 Dec 91 p 2

[Article by V. Natykin: "Is Starodubtsev's Cause Alive?"]

[Text] **Everything is in a state of flux, but there is little change in the Agrarian House. So, the plenum of the Central Council of the Agrarian Union once again adopted a resolution along the lines of "facilitating in every way possible" and "participating vigorously."**

Meanwhile, alarming statistics and facts were aired in statements made from the floor. The life of the peasant is getting progressively worse, and for this reason the lives of urban dwellers are becoming unbearable. The gross harvest of grain comes to only 164 million tons—the lowest level in five years. Out of what has been threshed, just over half of last year's amount has ended in the "granaries of the Motherland." Milk and meat output is declining catastrophically; there will be a five-billion shortfall in egg production. Cattle and poultry are being lost because of the lack of fodder and because of disease. In a word, it could not be any worse.

So, we hear that there is a shortage of metal and capacity? In this case, let the military industrial complex stop "cranking out tanks and guns," said participants in the plenum. So, is the labor of farmers unproductive? It is, given the fact that nobody is giving serious thought to the production of small-size equipment. The number of farms which have gone bankrupt is already in the thousands, but the state's agrarian policy is undermining the potential of even more solid farms. They are being smothered by state requisitions, merchandise shortages, and inordinate prices. They are already asking 150,000 rubles [R] for the Don combine harvester. In Ukraine, gasoline is sold to kolkhozes at R1.50 a liter, whereas milk is procured from them at R0.50. What farm or farmer may carry this burden on the way to a market economy with which everyone in unison is luring the plowman?

Many such questions were asked, but no answers followed, or the answers were as fuzzy and unclear as the future of the Peasant Union itself. It appears that the members of its presidium are at a complete loss: Who are they to plead with now, who are they to ask for help? Previously, the union's founder, V. Starodubtsev, who is currently being held in the Matrosskaya Tishina prison, knew how to do it. In the absence of their "father," his associates have ended up at the crossroads: They have neither a program nor access to the power structure.

A quite peculiar way out of this impasse was found. Participants in the plenum unanimously adopted a declaration addressed to the president of the country and general prosecutors of the Union and Russia with a request... to free V. Starodubtsev (who technically sort of remains chairman of the Peasant Union) from custody.

However, we think that the fate of the leaders of the August coup should be decided by the court. As far as participants in the plenum are concerned, they would do well to consider the future of the Peasant Union in earnest. It was created to defend the interests of rural areas, but it leaves the peasantry without social protection in the difficult environment of our transition to a market economy.

Union Appeals for Starodubtsev's Release

924A0352B Moscow SELSKAYA ZHIZN in Russian 20 Dec 91 p 1

[Declaration adopted by a plenum of the Central Council of the USSR Peasant Union, 11 December 1991]

[Text]

To USSR President Comrade M.S. Gorbachev
To RSFSR President Comrade B.N. Yeltsin
To USSR General Prosecutor Comrade N.S. Trubin
To RSFSR General Prosecutor Comrade V.G. Stepankov

Declaration

We, the members of the Central Council of the USSR Peasant Union, consider it necessary to approach you with the present declaration requesting a more careful examination of the legitimacy of charges filed against Vasiliy Aleksandrovich Starodubtsev, chairman of Kolkhoz imeni Lenin in Tula Oblast and chairman of the USSR Peasant Union.

All of us know V.A. Starodubtsev well, as one of the most active functionaries of the peasant movement, as a prominent, principled, and talented economic manager who selflessly devoted the entirety of his efforts to the demanding cause of the rebirth of rural areas and to the defense of the legal, economic, and spiritual interests of the peasantry.

The working people of the agroindustrial complex believe that V.A. Starodubtsev is innocent. He was included in the composition of the State Committee for the State of Emergency as leader of a mass peasant organization, and without prior coordination with him.

In our opinion, during his tenure with the committee, V.A. Starodubtsev did not engage in any unlawful actions aimed at changing the Constitution of the country or directed against the people.

This is why we believe that there are no legal grounds for the charges of treason to the Motherland and an attempt to seize power which have been filed against him.

The plenum supports a declaration by the Agrarian Union and the RSFSR Kolkhoz Council concerning the release of V.A. Starodubtsev from custody.

In view of the above, we consider the detention of V.A. Starodubtsev in custody to be illegitimate, and we urgently request that he be released.

We hope that the forthcoming trial will objectively prove his complete innocence.

Adopted unanimously at the plenum of the Central Council of the USSR Peasant Union on 11 December 1991.

The Council of the Agrarian Union of Russia and the All-Russian Council of Kolkhozes addressed a similar statement to RSFSR President B.N. Yeltsin, RSFSR General Prosecutor V.G. Stepankov, and the RSFSR Constitutional Court.

Vorontsov Asks for Starodubtsev's Release

924A0352C Moscow SOVETSKAYA ROSSIYA in Russian 21 Dec 91 p 3

[Declaration by the Council of the Agrarian Union of Russia and the All-Russian Kolkhoz Council, addressed to RSFSR President B.N. Yeltsin, RSFSR General Prosecutor V.G. Stepankov, and the RSFSR Constitutional Court: "Free Starodubtsev!"]

[Text] The Council of the Agrarian Union of Russia and the All-Russian Kolkhoz Council submit the present declaration to RSFSR President B.N. Yeltsin, RSFSR General Prosecutor V.G. Stepankov, and the RSFSR Constitutional Court.

At the Fifth Congress of RSFSR People's Deputies, a large group of agrarian deputies appealed to the congress and personally to RSFSR President B.N. Yeltsin with a request to release from custody Vasiliy Aleksandrovich Starodubtsev, chairman of Kolkhoz imeni Lenin in Tula Oblast and chairman of the USSR Peasant Union and the Agrarian Union of Russia. However, the collective enquiry by the deputies went without a response.

Taking into account the public judgment of an overwhelming majority of the peasantry concerning the innocence of V.A. Starodubtsev before the people, the Council of the Agrarian Union of Russia considers it necessary to state the following:

In view of the fact that, in our opinion, V.A. Starodubtsev did not harm the state through his actions, did not betray the USSR Constitution and the fundamental interests of his people, and allowed no personally committed unlawful actions to occur, we view the charges of treason to the Motherland filed against him as groundless. We demand that V.A. Starodubtsev be released from custody, and that the criminal case against him be closed.

We are convinced that the detention in custody of V.A. Starodubtsev, a leader of the peasant movement, brings about a confrontation between various social groups of the populace and does not facilitate the rallying of the public forces of our country with a view to accomplishing the most significant tasks of the rebirth of the Russian rural areas.

The Council of the Agrarian Union of Russia has canceled the resolution of the Presidium of the Agrarian Union on relieving V.A. Starodubtsev from the position of chairman of the union.

This is to notify you that we are calling on all citizens of Russia to vigorously rise to the defense of USSR People's Deputy V.A. Starodubtsev, and that we will publish the present declaration in the mass media.

[Signed] A. Vorontsov, first deputy chairman of the Agrarian Union of Russia

Starodubtsev, Peasant Union Criticized

924A0352D Moscow ROSSIYSKAYA GAZETA in Russian 21 Dec 91 p 1

[Commentary by Yelena Tokareva: "Set Starodubtsev and Prices Free!"]

[Text] The proceedings of a recent plenum of the country's Peasant Union were somewhat languid and poorly attended: Its main oracle, Vasiliy Starodubtsev, was absent.

The thicket of hands raised to vote in favor of a petition, or rather a demand, to let Starodubtsev go, being "published in all newspapers" and "forwarded to Yeltsin personally," came in response to an appeal. Virtually simultaneously with this, Vasiliy Starodubtsev tearfully appealed to Gorbachev through a puny newspaper saying that actually he did not manage to harm the legitimate authorities in any way because he was informed of his participation in the State Committee for the State of Emergency as late as the morning of 19 August. Perhaps this is true.

I recall the summer of the year now ending, a congress of the Peasant Union in the Rossiya concert hall, and speeches by Mikhail Gorbachev and Valentin Pavlov at the congress. At that second, organizing congress, Vasiliy Starodubtsev thundered from the stage: "It is necessary to create a Communist Peasant Party!" Though he did not manage to harm the people, the character in question did not end up in the State Committee for the State of Emergency by happenstance, as he subscribed to the idea

of the extreme monopolization of power by the Communist Party and the idea of the harsh dictation of prices by the producers of agricultural output. Vasiliy Starodubtsev transplanted the idea of a centralized state to the sphere of agricultural production; apparently, he envisioned himself as the supreme meat and milk dictator. Actually, Starodubtsev wholeheartedly supported and protected the system of the agroindustrial complex which pooled absolutely everything under its single bureaucratic "roof" and resembled an empire so closely: lines for product processing purchased for hard currency, all farms that were solid to any degree, all agricultural machinery, and the entire supply system. This system made it possible not only to grab all profits from producing raw materials, processing them, and selling finished products; given our never-ending food shortage, it also made it possible to assure a genuine political domination of our hungry people. As you cut a slice of bread for a famished person, you can drum into his head whatever you please into the bargain. Vasiliy Starodubtsev is the common noun which is applicable to a majority of directors of agrarian empires who have managed to join the ranks of the meritorious. As they defend a system of the monstrous concentration of production and its single-person management, they suppress all germinating agricultural free thinking and down sizing, such as the idea of family farming.

At present, they are facing the task of an even more stringent reinforcement of their empires by also drawing into them systems which support the operation of agriculture accepted on our land—this includes motor vehicle servicing, chemical protection services, and supplies. The directors of poorly developed and unprofitable farms are clearly not a part of this circle of the masters of our stomachs. The fate of their sovkhozes has already been decided by the Russian Government in theory—they will no longer be sustained with investment, and they will die. In the process, we do not hear their death-rattle or their complaints about the cruelty of the government. Those who prosper and fight on belong to the Peasant Union rather than those poor and perishing. The poor do not have an organization of their own, they do not have a voice. The fight against poor sovkhozes which Starodubtsev waged for many years is being completed by the Russian Government.

However, as our providers gather today for yet another agrarian sit-in, they face clear-cut tasks and a new, or rather renewed, enemy. An industry, agricultural machine building, which is as monopolized as agriculture, is the enemy. Having gathered for yet another plenum of the Agrarian Union, the agrarians once again sought an alliance with a strong authority of the state which previously regulated prices for everything. Agricultural producers faced the government, which failed to hear them, with a stark alternative: either to subdue the spiral of prices set by agricultural machine builders, or allow agricultural producers a similar price spiral for their products. Two powerful camps stand against each other, as was the case in the 1920's: One threatens starvation, and the other high prices. Anti-monopoly legislation in our country is as exotic as respect for human rights. A triumphant procession of the era of monopolistic capitalism through the former Land of the Soviets is beginning.

Judging by today's package of laws, the main priority of the new government still is not to rein in the arbitrary price setting by producers, but to secure taxes which would replenish the lean state budget. To this end, the government agreed to not impose limits on the profit margins of any type of production or trade, as was the case before. The consumer will pay for everything; if we take a careful look at the sociological aspect of bank accounts, we will see that he does not really have the wherewithal to pay.

Private Farming Efforts Progress

Military Agricultural Land Assets

924A0373A Moscow ZEMLEDELIYE in Russian No 7, Jul 91 p 45

[Article: "Military Allotment"]

[Text] The president's ukase "On Priority Tasks Concerning the Realization of Land Reform" envisages, in particular, taking an inventory of land granted to Union ministries and departments. The USSR Ministry of Defense is one of our major land users.

This ministry has 42 million hectares of land, not counting the 22 million hectares, which, without withdrawal from kolkhozes, sovkhozes, and timber establishments, are used periodically.

Land for the use of the USSR Armed Forces, especially in the country's central, western, and southern parts, was allocated during the 1920's to the 1950's. A great deal has changed since then (armament and the nature of the action of military formations). Only the following condition has remained constant: An inventory of land must be taken systematically and sizes of used territories must be brought in conformity with urgent needs.

However, this condition is not fulfilled everywhere. For example, in Kazakhstan one of the military units, having 4.3 million hectares of land at its disposal, uses it according to purpose, on the average, 20 to 30 days annually. In the Turkestan Military District at the time of the check land users did not have documents for 40 percent of the plots. In the Crimea, where the shortage of land is very acute, and in Simferopolskiy and Feodosiyskiy rayons there are state documents only for 32 out of the 116 land plots occupied by the army. A total of 35,000 hectares have been excluded from the airfield network of the Ministry of Defense. However, they have not been fully transferred to the national economy. Often land is polluted with petroleum products, fuel components, and remainders of various structures.

Of course, one must pay for land. It is important to include in the price a mechanism that would limit the appetites for an excessive scale of land use.

RSFSR Peasant Farms as of April 91

924A0373B Moscow ZEMLEDELIYE in Russian No 7, Jul 91 p 45

[Article: "Statistics Indicate"]

[Text] A total of 13,602 peasant (private) farms were registered in Russia on 1 April 1991. Let us recall that on 1 April 1990 there were only 231 of them.

At the beginning of April of this year the area of granted land plots totaled 604,700 hectares, or 44 hectares per farm. A total of 13 percent of the peasant (private) farms have land allotments of up to 3 hectares; 30 percent, from 4 to 20 hectares; 33 percent, from 21 to 100 hectares; and 6 percent, from 101 to 200 hectares.

RSFSR Peasant Farms—Fall 1991

924A0373C Moscow EKONOMIKA I ZHIZN in Russian No 49, Dec 91 p 1 (supplement)

[Question by N. Petrov and answer: "Private Farms"]

[Text] *How is the development of private peasant farms in Russia proceeding? What is their usual size? [signed] N. Petrov, Tobolsk*

In the RSFSR at the beginning of November there were 34,700 private peasant farms. A total of 1.4 million hectares of land were granted to them. This averages 41 hectares per farm. In Amur and Kamchatka oblasts and in the Yakut-Sakha SSR there are six deer breeding farms with an area of 1.7 million hectares. Three farms for breeding Yakut horses—59,000 hectares—were established in Magadan Oblast.

It is characteristic that, whereas in September 2,600 farms were registered in the RSFSR, in October, 3,500. From 60 to 140 hectares of land per farm established in October were allocated in Kaluga, Orel, Volgograd, Saratov, Orenburg, Perm, and Chita oblasts, Krasnoyarsk Kray, and the Republic of Tuva. Up to 20 hectares were granted to farmers in Kostroma, Tula, Nizhegorod, and Yekaterinburg oblasts, the Mari and Chuvash republics, and a number of other regions.

RSFSR Peasant Farms Increasing

924A0373D Moscow SOVETSKAYA ROSSIYA in Russian 28 Dec 91 p 1

[Article: "There Are More Farmers"]

[Text] TASS—Many new rural dwellers will greet the new year in a new capacity. They decided to become farmers and received land before the holiday.

Almost 7,000 peasants have become land owners in Russia in the last few days alone. According to the data of the State Committee for Statistics of the Russian Federation, their total number is 41,500.

A total of 1.6 million hectares of land are attached to farmers. On the average, there are 40 hectares per farmer. This is a sizable area if we take into consideration that not everything is satisfactory with labor mechanization in agriculture and many jobs have to be performed manually. Nevertheless, most farmers manage skillfully. This year they have obtained a rich harvest of vegetables, as well as of grain and other crops. The biggest increase in the number of peasant farms is observed in Krasnodar Kray and in Volgograd, Saratov, Perm, and Rostov oblasts.

Farm Problems Noted

924A0373E Moscow SELSKAYA ZHIZN in Russian 1 Jan 92 p 1

[Article]

[Excerpt] An increase in private peasant farms is observed in agriculture. According to the figures, everything seems satisfactory here. The number of the mentioned farms in the republic is more than 35,000. However, what puts us on the alert? They gave only one percent of the agricultural output. On the average, one farm accounts for 41 hectares of land. Farmers have big difficulties with the purchase of equipment and introduction of modern technologies.

Role of Collective Gardens, Orchards Discussed

924A0373F Moscow EKONOMIKA I ZHIZN in Russian No 49, Dec 91 p 10

[Article by N. Dudorov: "Support for Your Table"]

[Text] In the Russian Federation, areas of collective orchards and gardens are increasing every year. The following are data of the republic's State Committee for Statistics on the increase in their areas:

	1980	1985	1990
Collective gardens:			
number of families, thous.	3155	4711	8534
area, thous. hectares	199	302	576
Collective gardens:			
number of families, thous.	3731	4207	5086
area, thous. hectares	269	296	379

As we see, in the last five years the number of families with orchard and garden plots has increased one and a half-fold. Last year they produced approximately 10

percent of all the potatoes, nine percent of all the vegetables, and more than one-fifth of all the fruits and berries produced in the republic.

With regard to orchard plots, their owners engage mainly in the cultivation of vegetables and fruit and berry crops, while potatoes predominate on collective gardens. It must be said that far from all owners of plots and gardens attain high results. In a number of cases land allocated for gardens is not used at all. Here is an example.

Last year 765 hectares of arable land were taken away from the educational farm of Kuban State Agro-Industrial University. Then, despite all the protests, another 700 hectares of land were chopped off for gardens for Krasnodar residents. An inspection of the fields transferred to city dwellers was carried out in July. What did turn out? A total of 20 percent of the land remained uncultivated and about one-half was occupied by various vegetable crops, which overgrew with weeds. Only about one-third of the plots were cultivated well. Nevertheless, this entire reshuffling resulted in big losses. Having been deprived of part of the land, the educational farm was forced to reduce the cattle stock by 1,000 head and, as a result, to reduce meat deliveries by 250 to 300 tons annually.

Some representatives of local soviets literally suffer from euphoria about small farms in rural areas without any objective reasons for this.

For example, there was a report in the press that this year 12,000 hectares were distributed to Moscow residents for gardens and that they obtained as many potatoes as were produced by all kolkhozes and sovkhozes in Moscow Oblast combined.

Such a statement in no way corresponds to reality. According to the data of specialists at the Department for Potato Production of the Moscow Oblast Agro-Industrial Committee, on 1 June 8,400 hectares of land were allocated for gardens in Moscow. Approximately 6,000 hectares were planted with potatoes. A sample survey in a number of rayons showed that some plots were not cultivated at all and others were developed only partially.

On the average, 120 quintals of tubers per hectare were gathered in the oblast during this far from favorable year. Individual rayons obtained 160 to 200 quintals. On garden plots the potato yield also averaged no more than 120 quintals per hectare. The total output was on the order of 78,000 tons.

In turn, in 1991 kolkhozes and sovkhozes sold 340,000 tons of potatoes, including about 200,000 tons in Moscow. A total of 250,000 tons were left for seeds. About 10 percent of the small tubers were used for livestock feeding. In all, approximately 650,000 tons of tubers were gathered. Please compare: 650,000 tons and 78,000 tons—this is the result.

To be sure, if land is granted for collective gardens, it should be allocated directly to enterprises, general soil preparation and potato planting should be organized, and then [land] should be divided along furrows among workers for care of the crop. This is already being done on a number of farms and is producing excellent results.

I would also like to raise the following question. Until recently only six hundredths of a hectare has been allocated for orchards and gardens and in some rayons, even less. Is it really possible to establish oneself on such a meager area? One can understand this when it is a matter of the establishment of collective orchards and gardens around big cities, where there is not much vacant land. The plots now allocated to Moscow residents are not closer than 100 km. However, there is a large number of small cities and settlements, especially in Russia's nonchernozem zone, around which there is a great deal of vacant land and poorly utilized areas. There even earlier 10 to 15 hundredths of a hectare and more could have been given to those who wanted them. After all, many residents have their own homes and can keep animals or sell surplus potatoes and vegetables.

And last, concerning the marketing of surplus products of horticultural associations. During bountiful years plot owners with pain in their hearts dump good-quality fruits into compost piles. They preserve and process part of the produce for themselves. However, a great deal of it is also lost.

Evidently, receiving centers of consumer cooperatives should be established directly on the territory of collective horticultural plots and stores available there should also be utilized for this.

At the same time, optimum prices of sold products, which justify the expenditures on their production, of course, should be set. It should be profitable for horticulturists to cooperate with procurement officials.

Numbers of Peasant Farms by Republic

924A0373G Moscow EKONOMIKA I ZHIZN in Russian No 49, Dec 91 p 10

[Table based on the data of the USSR State Committee for Statistics]

[Text]

Number of Farms			
	On 1 July 1990	On 1 January 1991	On 1 July 1991
USSR	29525	49618	69539
RSFSR	900	4432	25159
Ukraine	12	82	1013
Republic of Belarus	17	84	437
Republic of Uzbekistan	1076	1358	452
Kazakh SSR	188	324	1508
Republic of Georgia	16156	20273	20750
Azerbaijan Republic	24	65	79
Lithuanian Republic	1718	2892	5690
Republic of Moldova	-	-	4
Latvian Republic	6974	7518	8912
Republic of Kyrgyzstan	-	-	216
Republic of Tajikistan	-	-	-
Republic of Armenia	2	-	-
Turkmenistan	-	-	32
Estonian Republic	2098	3590	5287

Property Holdings in the Ukraine by Category

924A0373H Moscow EKONOMIKA I ZHIZN in Russian No 49, Dec 91 p 10

[Table based on report by the Ukrainian Ministry of Statistics]

[Text]

Operation of Enterprises in Diverse Forms of Property During First Half of 1991					
	Number of Enterprises		Volume of Output		Rate of Increase, Decrease (-)
	total	in percent of total	total (mill. rub.)	in percent of total	of the volume of output during the first half of 1991 with respect to the first half of 1990
Ukraine	6478	100	137445	100	-5.2
State property	5533	85.4	121759	88.7	-5.7
Including:					
all-Union ones	1476	22.8	62069	44.6	-3.6
of the Union republics	3887	60.0	59005	43.6	-7.7
of autonomous republics	8	0.1	49	0.04	4.6
Municipal property	162	2.5	636	0.5	-0.9
Nonstate property	945	14.6	15686	11.3	-1.4
Including:					
of leasing entrepreneurship	569	8.8	12553	0.2	-0.9

Property Holdings in the Ukraine by Oblast

924A0373I Moscow EKONOMIKA I ZHIZN in Russian No 49, Dec 91 p 10

[Table based on report by the Ukrainian Ministry of Statistics]

[Text]

Proportion of Enterprises Operating in Diverse Forms of Property (in percent of the total number of enterprises)

		Of it		
	State Property	All-Union Property	Republic Property	Nonstate Property
Ukraine	85.4	22.8	60.0	14.6
Crimean ASSR	78.3	20.9	52.6	21.7
Vinnitsa	80.9	13.4	66.4	19.1
Volyn	92.5	9.5	83.0	7.5
Dnepropetrovsk	85.2	27.1	56.6	14.8
Donetsk	86.9	39.4	47.3	13.1
Zhitomir	92.1	15.8	76.3	7.9
Transcarpathian	69.5	24.7	44.8	30.5
Zaporozhye	84.1	33.7	49.2	15.9
Ivano-Frankovsk	95.2	13.5	57.8	4.8
Kiev	84.0	18.5	64.6	16.0
Kirovograd	95.4	20.7	74.9	4.6
Lugan	87.3	36.3	48.9	12.7
Lvov	93.4	26.0	63.0	6.6
Nikolayev	85.4	19.6	65.2	14.6
Odessa	70.2	19.8	49.3	29.8
Poltava	85.2	20.2	65.0	14.8
Rovno	68.8	10.4	57.8	31.2
Sumy	69.9	19.7	50.3	30.1
Ternopol	95.3	5.8	89.5	4.7
Kharkov	85.1	31.9	53.2	14.9
Kherson	93.2	12.6	79.6	6.8
Khmelnitskiy	93.9	16.4	77.5	6.1
Cherkassy	87.3	21.1	64.8	12.7
Chernovtsy	82.4	11.1	71.3	17.6
Chernigov	89.6	12.4	67.9	10.4
City of Kiev	87.5	32.1	42.5	12.5

Management School Dean on Path to Market Economy

924A0328A Krasnodar SELSKIYE ZORI in Russian No 10, Oct 91 pp 2-9

[Article by G. Budylkin, academician, rector of the All-Union Higher School of APK Management: "Rural Areas and Market"]

[Text] **The country's agro-industrial production is in a state of a protracted crisis. It encompasses all the aspects of rural life, the resource base of agriculture, and all APK sectors. A slump in the per-capita production of goods of agricultural origin is observed. The annual shortage of food products is estimated at 30 billion rubles and the dependence on import is increasing. In 1990 a total of 44 million tons of grain, almost 1 million tons of meat, 1.3 million tons of vegetable oil, and 4.5 million tons of raw sugar were purchased abroad. The migration of the rural population has assumed a threatening nature, land fertility, the ecological situation, and the quality of output are deteriorating sharply, the efficiency of management is declining, and social and other problems of rural areas are being aggravated.**

Problems concerning the development of the agrarian sector of the economy are becoming key problems in our society. The development of the country's food complex,

which determines the level of people's well-being, as well as living conditions, including the life span, depends on them.

Therefore, they have been actively discussed in the country recently. The evaluations and the choice of ways of developing this economic sector often are polar.

In this connection I would like to dwell on some general problems, in which differences in evaluations of and approaches to their solution persist.

In general outline the expressed opinions on the causes of the crisis state of agrarian production and the concept of its development can be reduced to the following points:

1. Some authors believe that all problems lie in forms of ownership, which give rise to peasants' alienation from land. Therefore, it is sufficient to give the right of private ownership of land and other means of production and the situation will sharply change for the better. These views are widely and actively popularized mainly by representatives of the urban scientific and technical intelligentsia, journalists, and writers, who, usually, are not very connected with the real processes occurring in rural areas, although in their own way are deeply concerned about the existing situation.

2. Conversely, others think that kolkhozes and sovkhozes have not uncovered their potential and under equal conditions with other forms of management during the transition to market relations are capable of a significant increase in production efficiency.

3. A number of specialists are confident that the revival of rural areas according to an overall state program with a simultaneous development of all forms of ownership is the most important direction.

On a wider plane these positions, essentially, are a reflection of the stratification of the entire society and aggravation of the contradictions among the material interests of individual social groups. The deep crisis that has enveloped the agrarian sector of the economy is the consequence of the general crisis of society and, consequently, to attribute all the troubles with food to agriculture alone and, more accurately, to the kolkhoz and sovkhoz system is nothing but an attempt to shift the disease from a sick head to a healthy one.

The causes of the agrarian crisis are diverse. It is impossible to reduce them to some group of factors alone, as it is impossible to overcome it on the basis of a fragmentary approach, putting forward a single cause, even if very important, as the decisive one.

The roots of the crisis have profound historical causes and lie at the source of our agrarian policy and of the production and land relations that began to be formed during the post-revolutionary period. We will not be able to develop a correct policy if we cannot profoundly and comprehensively give an evaluation of the past and understand and separate the objective from the subjective. Unfortunately, in my opinion, this has not yet been done. Hence, in recent years our actions with respect to the agrarian sector often have been of an accidental nature and have not followed from the logic of life and of the historical past, as a result of which very often we have been plunging from one extreme to another.

Proceeding from these considerations, I will permit myself to briefly recall the basic outline of the approaches to and solutions of the agrarian problem in the country during the post-revolutionary period.

As is well known, the socialist revolution in Russia occurred, skipping over the natural historical phase of development—the capitalist phase—and this presupposed the existence of a long period of transition to socialism. V. I. Lenin substantiated the need for such a period, as well as the inevitable functioning of a mixed economy. However, in practical policy under the effect of a number of circumstances a transition to the practice of war communism was made and requisitioning of grain by force and other methods of a military and bureaucratic nature were introduced.

The majority of the party functionaries educated under underground conditions easily perceived the method of solving problems along the paths of a skillful organization of and universal coercion to labor and transformation of the economy into a single centrally managed mechanism. Such methods of acting rapidly and on impulse left a deep mark in the consciousness of many party members.

Under conditions of the ruin and burdens of life the majority of the population also enlisted ideas and slogans, which promised a speedy attainment of well-being. Present conditions are similar in many respects and can become a nutrient medium for neo-Bolshevism and, as a consequence, can lead to the curtailment of democratic institutions and to the transition to autocracy. In this sense the imposition of "new" models of management and ownership differs little from Stalin's forcible propagation of a "new" policy at that time. In this respect many actions and, moreover, slogans and appeals differ little from those times. It is time for us to give serious thought to this.

At that time in this context rural areas were viewed by the party, on the one hand, as a petty-bourgeois breeding ground of capitalism and, on the other, as a bottomless reserve of recruits and horses for the army and a supplier of agricultural products for urban areas, as a rule, on a gratuitous basis. Peasant revolts, which encompassed Russia's vast expanses, strikes in Moscow and Leningrad, and the mutiny in Kronstadt became the consequences of such a policy. Under the effect of those events V. I. Lenin arrived at the thought about the need "to revise the entire point of view of socialism so as to change over from a political approach (seizing power and holding it) to the organization of cultural work." As a result, requisitioning of grain by force was abolished, the

food tax was introduced, a system of management and administration based on levers and regulators designed to ensure in practice independence for subjects of ownership began to be formed, and norms and rules ensuring an adequate effect on every form of ownership and management began to be worked out. These approaches found the fullest expression in the new economic policy and in Lenin's cooperative plan.

The system of war-barrack socialism began to be destroyed. All the country's productive forces were activated and agriculture began to grow at rapid rates. However, NEP [New Economic Policy] existed for too short a period and did not have time to develop into an integrated system. After V. I. Lenin's death a struggle raged between NEP supporters and opponents, in the course of which by the end of the 1920's supporters of quick and simple solutions and a strict administrative effect on the economy held the dominating position. The complications with grain procurements in 1927 were viewed as the inability of the small-scale peasant economy to solve problems of industrialization and food supply for urban areas. Therefore, owing to reasons connected with the history of the party, Stalin's leadership succeeded in imposing on the party the idea of a "big leap" in industrial development at the expense of agriculture and in embarking on a forced expropriation of the majority of the country's population along the paths of "complete collectivization" and dispossession of the kulaks.

Collectivization destroyed the productive forces of rural areas. Owing to repressions against peasants and their flight, the labor potential of rural areas was undermined, about one-half of the livestock was lost, and nonfarming income was reduced sharply, totaling about one-half of the peasants' income in 1927-1928. The policy of elimination of nonfarming types of activities has continued until recently, which is simply devastating for our country's agricultural production with its lengthy off-season in labor utilization. All this is not merely a statement of historical facts, but also a lesson for the future. However, we do not take it into account. For example, "unpromising" rural areas are reinforced at the expense of promising ones only because we have not learned the main lesson: Any purely agrarian production structure in any rural area does not ensure the availability of the necessary work places for the population's active age group. The nonequivalence of exchange between urban and rural areas inevitably has led to the unprofitability of production and has sharply lowered peasants' interest in an increase in the production of agricultural products.

During subsequent decades the bureaucratic command system systematically pursued a policy of nationalization of kolkhozes. The grain grower was deprived of independence in the choice of the farm structure and direction in its development and his wages were constructed apart from results and were of a leveling nature, which gradually led to the formation of a day worker indifferent to everything. The peasant virtually was alienated from the decision-making process. As a result, he ceased to bear economic responsibility for everything that occurred on the land attached to the farm and for other means of production. Beginning in 1926 the scissors of prices of agricultural products were such that often funds for simple reproduction did not remain for the peasant. The countryside has been ruined in all respects and it must be restored anew in many regions. In this connection the subject of the kolkhoz and sovkhoz system's "blame" for difficulties with the population's provision with food—it is useless to pour capital investments into it, it is a bottomless barrel—deserves special attention.

Such statements point either to their authors' incompetence, or to attempts to deliberately mislead society. For example, while in 1988 about 5,200 rubles of the national income per worker were produced in agriculture, 4,200 rubles, in other national economic sectors; 123 and 63 rubles of the national income, per 100 rubles of material expenditures respectively; 40 and 34 rubles, per 100 rubles of fixed productive capital.

We did not search for alternative solutions as to how to ensure the production of agricultural products necessary for society from these funds. It would be naive to consider that these approaches are in the past. Suffice it to recall the practice of grain purchases for many billions in hard currency, from which a modern processing industry and many other things could have been established a long time ago.

Similar examples could be continued: "unpromising" rural areas, repeated consolidations of kolkhozes, policy of a systematic suffocation of the private subsidiary sector, and so forth and so on. However, the essence always remained the same—measures gradually, but steadily, leading to the peasant's alienation from the means of production and to the destruction of the habitat formed for decades and of the entire way of life were imposed on him from above by the bureaucratic command system. All this inevitably led to the development of noneconomic forms of activity and to the loss of the sense of being the master. In 70 years a new type of hired worker was created, whose basic relationship became the payment for current types of jobs, not for the final result. Thus, half-truth can lead us to a new, perhaps even darker, blind alley, where not only the necessary income will not be available, but, owing to the peasantry's loss of faith in itself, there will be such a lack of spirituality that society's breakdown will be a natural result of such a process.

Extremism in the economy is dangerous because of its economic, as well as political, consequences, especially owing to the loss of social and moral guidelines and values. Even if we were 100 percent confident that kolkhozes and sovkhozes must be liquidated, in this case serious policy should have consisted in the existence of a well-reasoned program for the development of other forms and experience in their rapid construction with smaller expenditures and higher results. However, having neither, we began a campaign aimed at destroying production structures that give more than 70 percent of the food in the country. Incidentally, having done everything to complicate harvesting in 1990, the same forces accused kolkhozes and

sovkhozes of incapacity, undermined the belief of many peasants in social justice itself, and created a situation of uncertainty concerning the advisability of this activity itself. For now only the peasants' age-old guarded attitude toward innovations prevents an escalation in the processes of ruin in rural areas. All this is too serious to permit forces engaged in political intrigues to continue playing with fire. Serious policy should take into account the totality of circumstances: the historical past and present of our rural areas and the nature of relations formed here, not in the FRG or in the United States. They can and should be taken into account, but cannot be applied to our reality. We have already been punished for an idealistic vision and for such a model of management. Therefore, it is time to stop, to look around calmly, and to thoughtfully decide how we are to build a bridge in Russia.

For now, however, we continue to make our own mistakes on a more specific plane. The policy of priority development of rural areas has led to an increasingly worse provision of agricultural enterprises with all types of material and technical resources. In the last 4 years the deliveries of equipment, building materials, and mineral fertilizers have decreased from 12 to 50 percent.

And so, the experience of economically developed countries and our own experience have shown that giving ownership of the basic means of production to every member of society and overcoming man's alienation from them are the general—and I would say, initial—condition for an increase in production efficiency. Therefore, in order not to make mistakes of a specific nature so often, we must determine our position with respect to the general understanding of things and processes.

In October 1917 an attempt was made to overcome man's alienation from the means of production and the basic contradiction, on which capital property exhausts itself. The transformation of all members of society into coowners of the means of production is the initial factor in the activity of all institutions of power during the post-revolutionary period. The effectiveness of the economic potential of socialism is here and this determines the need for the participation of all workers in management, extensive democratization in society and production, and development of self-management. Every member of society has the right [to adopt] and, accordingly, bears full responsibility for the adoption of decisions on the level on which he realizes direct property relations and participates in the adoption of management decisions. No one "draws" or "involves" us in management, as was interpreted and carried out in practice until recently, and we, owing to the very nature of the attitude toward property, as its coowners, are direct participants in the management process.

It is another matter why this initial position of revolutionary reorganization was not realized in our country, which brought our economy and our society to such serious consequences. Essentially, at present we are forced to go back to the initial position, but under totally different conditions: Powerful state property monopolized by departments has been formed. The question of its transfer to every member of society in one form or another poses a task, which even from the technical point of view is quite complex. Denationalization of this part of property, nevertheless, is inevitable if we intend to significantly increase the efficiency of its functioning as a whole and on this basis to ensure the population's higher standard of living. Only by ensuring the access of wide strata of the population to property is it possible to change social psychology—the psychology of leveling, dependence on others, and expedition—into an active search for reserves, a creative attitude toward work, initiative, independence, and enterprise.

The experience of economically developed countries shows that the owner of the means of production more than anyone else is interested in attaining the highest efficiency of its management. When we talk about the farmer, it should be kept in mind that the owner of the means of production and the worker are combined in one person here, that is, the labor nature of appropriation occurs. Whereas, speaking of capitalism, we have in mind a situation when property and labor are separate. It is another matter that, as this society matures, it more actively seeks and finds ways of overcoming alienation. They include the conversion of property into joint-stock property, its buyout, and establishment of public enterprises. Consequently, the status of workers as owners—with equal rights—of the conditions, as well as results, of production is the initial constituting sign of socialist property. Therefore, any limitation of this status signifies workers' alienation from property. It is necessary not only to recognize such a status as contradicting the very essence of socialist production relations, but also to intensify in every possible way the development of economic normatives and legal mechanisms, which would exclude such actions on the part of management bodies. For, in addition, in the long term this inevitably leads to a sharp decline in production efficiency. Unfortunately, with respect to the agrarian sector of the economy this practice continues.

Another, although fully reasonable question, is how to carry out this process so that not shadow economy operators, not undisguised swindlers and scroungers become owners, especially as there are not many real owners among kolkhoz and sovkhoz workers. For example, on RSFSR sovkhozes one worker accounts for 10,000 to 100,000 rubles of the value of fixed productive capital with an average capital-labor ratio of 17,000 rubles. In 1990 the total amount of profit per worker was less than 1,000 rubles (the average per-capita amount of deposits among the rural population totals 1,100 rubles).

This signifies that the denationalization and privatization of property should be carried out according to different schemes: from a gratuitous transfer of a certain share of the means of production to workers of a given collective to a full payment for the residual value of these means by them and so forth. In this case we wanted to

stress the fundamental nature of the problem, not the technique of solving it. Although both its aspects are strictly interconnected.

On the basis of a gratuitous transfer of state property created with internal sources and the buyout of its part purchased with budget funds in 1989 the Stavropol Broiler Association was transformed into a public (collective) enterprise. Property worth 425 million rubles purchased with internal sources was transferred to the possession of the collective of this association. These funds formed the initial ownership capital of the public enterprise, which is an indivisible joint property of its owners.

According to the contract concluded with the RSFSR Ministry of Agriculture and Food, the public (collective) enterprise buys out fixed capital created with budget appropriations in the amount of 52 million rubles from the state within 10 years. The value of bought out capital is distributed among coowner workers, is the personal property of every one, and at the time of the buyout will total about 11,000 rubles per worker.

With due regard for every worker's share of property a monthly distribution of 60 percent of the consumption fund (income for capital ownership) is envisaged here. At the Stavropol Mechanized Poultry Factory the income of a poultry woman for capital ownership in January-April of the current year totaled more than 200 rubles per month.

During two years of operation of the Stavropol Collective Enterprise under the new conditions an improvement in workers' attitude toward labor, increase in initiative, and manifestation of interest in personal participation in production management have been noted. This contributed to the strengthening of the enterprise economy. In 1990 the profit rose by 16.8 percent, totaling 68.2 million rubles, and production profitability reached 55.6 percent.

Another approach to the establishment of collective enterprises is based on a gratuitous transfer of property for possession and use without the right of disposal. Bought out property and property newly commissioned with internal funds in the process of activity of a collective enterprise passes into full possession.

To individual enterprises all property is transferred gratuitously for full possession.

The property of insufficiently profitable and unprofitable farms, when they are transformed into associations of peasant farms, small enterprises, and cooperatives, is also transferred gratuitously for possession. Work on the establishment of associations on the basis of insufficiently profitable and unprofitable farms has begun on the Stepnoy Sovkhoz in Rostov Oblast and in other regions.

Practice has determined the buyout of the entire property of an enterprise by its labor collective as one of the directions in privatization. For example, the property of the Ust-Labinsk Sugar Plant in Krasnodar Kray in the amount of 11 million rubles was bought out by the labor collective and the Svoboda Collective Enterprise was established on its basis. The bought out part of the fixed capital was distributed among the personal accounts of shareholders—plant workers—with due regard for the specific labor contribution of every coowner to the final results (about 11,000 rubles per worker).

The denationalization and privatization of property are also carried out on the basis of the organization of joint-stock companies. During the past period, as a rule, joint-stock companies were established inside kolkhozes and sovkhozes without granting them the right of a legal entity. At present there are 53 such formations. Their ownership capital is formed from workers' personal savings.

In individual sectors the process of denationalization and privatization of property occurs through the establishment of leasing enterprises with a subsequent buyout of property. For example, in 1990 the collective of the Rodniki Experimental Production Enterprise in Ramenskiy Rayon, Moscow Oblast, bought out the leased property totaling 1.5 million rubles with the profit and by attracting workers' personal savings and credits.

Under market conditions an expansion of the production and economic independence of primary leasing subdivisions, including the transformation of enterprises into associations of independent commodity producers, is also a promising direction in an improvement in leasing relations.

Cooperatives established on the basis of collective ownership with the leasing of part of the property are developed in many sectors.

In agriculture they have been organized primarily through the separation of lagging brigades and departments from kolkhozes and sovkhozes. Cooperatives also have full production and financial independence and open accounts in the bank. The labor of cooperative members is remunerated according to the principle of residue from cost-accounting income.

In connection with the continuing attack on kolkhozes and sovkhozes and attempts to break them up (wholesale prices and the practice of the state order represent a well-thought out action of this kind) we consider it necessary to pay special attention to the role of large enterprises in all economic spheres, including in the agrarian sector, which produce 75 to 80 percent of the gross agricultural output and about 90 percent of the commodity output.

Nowhere in the world does the efficiency of large enterprises evoke doubt. It should be a matter of the following: During the transition to market relations it is necessary to implement measures aimed at transforming them into enterprises of the associative type based on joint-stock, share, and group forms of ownership, but preserving them as large-scale unified production. Ideologies of "pulling apart" must be avoided. Such cases already exist. This is dangerous. Incidentally, American specialists express bewilderment in connection with

these attempts. The experience of the United States, Norway, Sweden, and Finland shows that precisely large and medium-size enterprises ensure a high level of economic efficiency and, thereby, create conditions for the redistribution of part of the income for social and other programs (selection and pedigree stock breeding, programs for scientific and technical progress, investment programs, and so forth), which small forms cannot ensure.

These enterprises are to see to it that income is received for the production of science-intensive products and serve as the base for the development of scientific and technical progress. For example, in 1989 a total of 3,900 of the largest farms in the United States, or 1.8 percent of the total number of farms, gave 22,038 million dollars of net monetary income, whereas 1,019,000 small family farms, or 46.9 percent of the total number, brought a loss of 1,017 million dollars. The first group obtained commodity output worth 1.42 dollars per dollar of monetary expenditures, whereas small farms, 0.58 dollars; net income per dollar of monetary expenditures, 0.48 and 18 dollars respectively. For this reason a steady process of consolidation of farms and ruin of small ones is going on in all countries. For example, on Hessen land in the FRG in 1983 there were 22,305 peasant farms and in 1987, a total of 16,530. According to the calculations of their specialists, in the year 2000 a total of 6,500 and in the year 2020 a total of 1,500 will remain, or their number will decrease almost 15-fold. This process is stimulated by the state. At the same time, which is of no small importance, during the period from 1978 through 1987 the number of large farms increased 2.1-fold. Farms with more than 30 hectares exist at the expense of income from agriculture, while on this land 25 percent of the farms have 1 to 10 hectares. Farms with more than 50 hectares are the most efficient. And this with a very high level of production mechanization and automation. Reflections on the fate of new farms with an area of 30 to 50 hectares of land and pitchfork-spade mechanization will not be superfluous. Everyone pretends that there are no problems here. We must develop an economic mechanism of enlisting people in work in rural areas, which evokes many disputes. Although the least bit knowledgeable person knows that farmers in the United States would not have ensured the sowing of vegetables and cotton and the harvesting of many other crops without the use of several millions of seasonal workers. I saw in California how workers live for years without civil rights. With our "umbilical" mechanization there will also be a need for seasonal workers. The fact that the share of government subsidies allocated to farmers is higher for large farms than for small ones is noteworthy. For example, in the United States on large farms they comprised 11.4 percent of the total amount of proceeds, while on small farms, only 2.8 percent. In other words, while they recommend that we go in for small farms, they themselves stimulate the development of large industrial-type farms, which use hired workers and managers.

Exceptional attention should be paid to the development of citizens' private subsidiary farms, which produce 20 to 25 percent of the gross agricultural output, including almost 60 percent of the potatoes, 30 percent of the vegetables, 53 percent of the fruits and berries, and 26 percent of the meat. This form of production is the most dynamic and flexible and, owing to its mass nature (about 34 million farms) and sizable unutilized manpower resources and production structures, has real opportunities to rapidly (within 2 or 3 years) and in big volumes to increase the production of a number of agricultural products, especially vegetables, berries, potatoes, pork, and poultry.

It is necessary to provide these farms with high-quality seeds, young pedigree stock, all types of services at the disposal of kolkhozes, sovkhozes, and other large agro-industrial formations, and mixed feed, and, above all, in strict conformity with contracts to ensure the sale of received products at contractual prices and so forth (such experience has been accumulated in the Kuban APK in Krasnodar Kray). We must remember that with such an approach the training of a genetically healthy young generation for the entire society is ensured, the income of a large group of citizens increases, and real conditions for a gradual transformation of these types of farms into private ones are created. This circumstance is very important, because a new type of production based on the experience of generations, which is perceived from childhood, is formed in this case. However, we have become accustomed to campaigns and introductions mostly by coercive methods. In this case we must develop a mechanism of relations, under which this form would be organically included in the structure of sovkhozes and kolkhozes. In our opinion, it is time to consider the latter territorial agro-industrial formations providing functional technological services on a cost-accounting basis to all other small forms of management, including orchard and garden associations, subsidiary farms of industrial enterprises, and so forth.

Individual peasant (private) farms, as one of the forms of management, are at the stage of formation and as yet do not play a real role in agricultural commodity output. About 60,000 private farms have been established and 840,000 hectares of agricultural land, or 49 hectares per farm, on the average, have been attached to them. As a rule, farmers have 5 to 10 cows and 30 to 50 hogs and sheep. We believe that the establishment of such a competitive structure is also an incentive for the internal dynamic transformation of agricultural enterprises. It seems that our task is to create conditions for the development of this form of management not to the detriment of existing ones, but on the basis of interaction, especially in the sphere of utilization of the services of agricultural service subdivisions on sovkhozes and kolkhozes, on the basis of mutual benefit, giving the latter high-quality seeds and young pedigree stock, and consultations by specialists in veterinary, engineering, agrochemical, and other functional farm services. An artificial push toward a mass development of this form can lead to a deadlock situation, because in its essence this production is separated from all others and, in addition, technical-technological and agro-technical problems of its management and the system of

material and technical provision have not been worked out and the mechanism of conducting land reform has not been developed down to the fine points, which leads to social and political tension in rural areas. Problems should be solved and new ones should not be created.

The forms of intraeconomic transformation of agricultural and agro-industrial enterprises can be the most diverse and one form can change into another as the conditions for each one ripen. The most diverse forms of production and management can be combined on the same farm.

It is advisable to transform subsidiary agricultural production facilities of industrial enterprises into small enterprises or cooperatives as intraeconomic subdivisions of kolkhozes and sovkhozes. This will make it possible to more fully utilize the manpower of these farms, especially specialists, and the existing service system and to more rationally and efficiently utilize capital investments and material resources allocated by industrial enterprises for the development of subsidiary agriculture.

As land reform is carried out and state property is privatized and demonopolized, other forms of management will also be developed. At the same time, we should proceed from the proposition that the establishment of new forms of management is not an end in itself, but a means of attaining the goal—a rapid saturation of the market with food and an improvement in the social conditions of life of rural dwellers. If a form does not ensure this, it makes no sense to support it through credits and other services.

In our opinion, small enterprises, individual peasant farms, lessees. cooperatives, and citizens' private subsidiary farms will occupy the voids and cells in public production, in which it is difficult for large-scale production to manifest efficiency. They are noted for the necessary flexibility, more rapidly utilize the achievements of scientific and technical progress, and ensure employment more easily. In our opinion, integration with large enterprises through the establishment of various types of associations is the most important condition for an increase in their efficiency. This will make it possible to more rapidly develop agricultural service subdivisions and on this basis to increase output with decreasing expenditures per unit.

During the transition to the market emphasis should be placed not on relations of distribution and superstructure, but on improvement in production and increase in its efficiency. In agro-industrial production economic systems should be formed not "from top to bottom," but "from bottom to top," as voluntary unions and associations of primary small production and economic formations. International experience in the management of highly intensive agriculture shows that the highest activity of rank-and-file workers is attained where primary labor formations have the status of independent commodity producers.

In production there are various economic niches, each of which is filled by a form of property and management adequate to it and, consequently, each of them manifests its efficiency only in this case. In agriculture, owing to its unavoidable specific characteristics connected with the very nature of biological objects and vast differences in natural and climatic conditions, essentially, the competition will be not so much among various forms of management, but will begin to be dictated by the correspondence of the chosen form to the economic niche. Thus, if a large specialized enterprise masters the technology of machine production, for example, of parsley and, accordingly, displaces individual peasant or private subsidiary farms from the market, the latter will shift to another niche; for example, to the production of some especially valuable and "capricious" rose varieties.

Our country is noted for vast differences in natural-climatic, economic, and historical conditions and in the population's traditions and customs, which can be fully realized by the forms of management inherent in a particular place alone. The uniformity of forms of management, as well as of sizes of enterprises, in agriculture is always a synonym of declining efficiency. The efficiency of any form should be manifested not in official rooms, but on the market in the process of exchange between commodity producers and consumers of products and services. Those that produce products and services of the necessary quality with lower costs per unit, in the final analysis, those will live and develop normally. This should be affirmed by constantly developing legal norms and economic normatives.

Finally, the availability of diverse forms of ownership and management makes it possible to fully realize the rights of every citizen to choose his own path of solving the problems facing him. This will enable everyone to show his worth, to uncover his abilities, and so forth, which, undoubtedly, will become the most important condition for and factor in an increase in the efficiency of the agrarian sector of the economy as a whole.

Contractual organizational structures and forms built on the basis of the following principles should become the basis for the organizational market mechanism: a) economic and social expediency; b) self-organization according to a mutual agreement between formally equal parties; c) existence of bodies and institutions promoting the establishment of contacts among potential partners facilitating the selection of the most efficient of them; d) existence of general rules and laws and their execution, as well as those envisaging the determination of sanctions for a breach of obligations; strong legal support; d) existence of a control apparatus: arbitration and forcing the execution of the obligations and decisions adopted by the board of arbitration.

Consequently, the task is to see to it that scientists and practical workers concentrate their efforts on establishing a mechanism of management in the APK, which would ensure equal conditions of functioning for all

forms of management: from the agro-industrial combine to an individual peasant farm.

The entire modern practice of restructuring demonstrates the inability or incapacity of our consciousness to utilize the historically formed type of relations in Russian rural areas—the communal type—in the interests of an accelerated development of agriculture. Under conditions of the transition to market relations people's alienation inevitably will be intensified and the psychology of individualism will develop. On this plane Japan's experience is useful. In Japan even large companies were able to combine the achievements of taylorism with the theory of human relations. They not only did not destroy communal relations formed in rural areas, but also transferred communal orientations to life in cities and preserved the sense of belonging to a community and of social unity.

Collectivism, mutual assistance, a sense of duty and obligation, and a close connection to and dependence on nature are developed in every possible way in the Japanese through the literature, theater, myths, and traditions. Here, too, we have thrown all efforts into destroying the positive aspects of the communal nature of the Russian rural dweller. But he proceeded toward this for thousands of years of struggle against severe natural and climatic conditions, invasions by enemies, and so forth. He worked out his stereotype of overcoming life difficulties. We have learned to use violence against common sense and the vast historical experience of our rural dwellers. The new models of market relations proclaimed by a number of agrarian scientists differ in no way in the method of setting them up from those used since the 1920's. There are neither profound philosophical evaluations of both the prerevolutionary experience of rural areas and of post-revolutionary years, nor are there attempts to even slightly rehearse the situations with new models from the standpoint of the totality of the path traversed by our peasantry. An armchair political struggle is going on, in which the main character—the peasant—in no way participates. Instead of urgently solving problems, which complicate peasants' life, we are engaged in modeling his behavior; instead of helping in gathering the richest harvest, we use this situation to accuse kolkhozes and sovkhozes of inability to provide food, not being in the least concerned about the quality of equipment and the construction of processing plants, shops, refrigerators, and storage facilities. Unfortunately, scientists and agrarian economist have also been drawn into this process.

The entire practice of the West and the United States is based on the fact that unsuccessful solutions are checked accurately and down to the fine points and new rules of the game, economic and legal norms, and so forth are introduced, that is, constant improvements in the system, not revolutionary reorganizations, are going on.

At the same time, everyone points to farming, not to mention that in economically developed countries a habitat is created for the farmer, where all its mechanisms are directed toward an ideal functioning of production, where the farmer realizes himself fully as the producer of goods, not the provider of resources or services—and both are given to him at the set time and in the required quantity and quality.

Thus, the creation of conditions for the development of diverse forms of ownership and management, democratization of management, development of a healthy competition among them, and formation of a structure and mechanism of management, which would ensure an access by the independent commodity producer to the market, are some of the most important conditions for an efficient functioning of the market mechanism in the APK. At the same time, it is necessary to ensure state support for competition and prevention of monopolistic policy. In recent years the attention of scientists and practical workers and, moreover, of the country's leadership, in fact, has been concentrated only on reforming production relations.

However, we should realize that material and physical aspects of any production are permanently operating factors. And if attention is not shown to them and urgent problems are not solved, we will not accomplish a single task.

The processing and food industry remains the weakest link in the agro-industrial complex. With a shortage of meat and milk processing capacities within 15 to 20 percent, owing to their complete wear, no less than 20 percent will be withdrawn in the next few years. Many enterprises are located on adapted and, often, unserviceable premises. Only one-sixth of the structures meet the necessary requirements and conditions, 36 percent of the machinery and equipment of these enterprises have completed their depreciation period, and 28 percent are subject to an immediate replacement. Refrigerating facilities are in an extremely neglected state. Only 19 percent of the machine pool meets world standards. However, in the last three years new technological processes have been introduced at slow rates and the enterprises of these sectors have been poorly provided with modern equipment, container and packaging materials, and so forth.

As a result, according to the data of the RSFSR State Committee for Statistics, in our republic 15 to 20 million tons of grain, four million tons of potatoes, two million tons of vegetables, 350,000 tons of sugar, and 500,000 tons of vegetable oil are annually lost at all the stages of storage and processing. Owing to poor storage alone, meat losses total 200,000 tons. Throughout the republic losses of edible agricultural raw materials are annually estimated at 12 billion rubles.

In the United States in 1990 the trade network received finished output worth 320 billion dollars from agricultural raw materials worth 100 billion dollars, as a result of their intensive processing, weighing out, and packaging. Thus, initial value increased almost 3.2-fold.

In our country finished output worth only 111 billion rubles is received from agricultural output used for food purposes, which is worth 83 billion rubles, that is, in the course of processing its value increases only 1.3-fold, or,

simply, there is hardly any processing. There is the same order of figures in Russia. It is not only a matter of the order of figures, but also of the new quality of consumer products and the widest assortment, which agriculture itself can never ensure and which is the key factor in the rise in the life span of the population in these countries. Whereas in the United States 1.22 dollars—per dollar invested in the development of agriculture—is invested in processing, in our country one ruble of expenditures in agriculture accounts for 10 kopecks invested in processing.

Therefore, it is necessary not only to develop an overall program, but also immediately 1) to implement measures to develop the sphere of processing of agricultural products; 2) to carry out a rapid reconstruction of existing enterprises; 3) to provide kolkhozes, sovkhozes, and other agro-industrial formations with modern technological equipment and small- and medium-capacity modules for processing agricultural products in them; 4) to accelerate the construction of refrigerating and storage facilities. In these spheres, first of all, it is necessary to establish small enterprises and cooperatives, to change over to leasing relations, to promote the development of entrepreneurial activity in every possible way, to introduce preferential credit for those that are ready to invest resources in the production of industrial equipment, and so forth. It is necessary to change the entire investment policy with respect to this entire sphere of the agro-industrial complex. It is time not only to realize that nothing happens from nothing, but to act according to this.

The experience of economically developed countries indicates that not in any of them would farming have met the population's needs for food products without the economic support of the state. State regulation encompasses the most various aspects of agricultural production and agro-industrial activity. The traditional directions in agrarian policy in the countries of Western Europe include, for example, measures in the field of land organization and rationalization of land use (liquidation of very small fragmentary forms of land use through their consolidation). During the postwar period measures for the rationalization of land use affected more than 40 percent of the agricultural areas in Belgium, the Netherlands, France, and the FRG. As an individual direction in agrarian policy Western countries single out measures aimed at changing the production structure of farms (creation of conditions for their consolidation and modernization). They include granting loans on preferential terms to farmers for the purchase of additional land for the purpose of expanding farms; compensatory payments and life pensions for elderly farmers who transfer their farms to young successors; subsidies for providing young beginning farmers, who have the necessary agricultural skills, with their own farms; financing the retraining of young people trying to leave work on land. As a result of these programs carried out since the beginning of the 1960's, in France 650,000 farmers retired on pensions and transferred farms to young successors, 350,000 farmers underwent retraining courses, and 80,000 young rural proprietors received help in connection with the foundation of farms.

In capitalist countries the state undertakes the main concerns for maintaining farmers' income. For example, in the United States state expenditures on government programs for price maintenance and land conservation at the expense of budget appropriations from 1980 through 1987 increased from 1,286 million to 16,747 million dollars. In 1987 government subsidies made up 36 percent of the total amount of all farmers' income.

The policy of subsidizing farms, which are at the boundary line, beyond which a destruction sets in, is also of special interest. The bourgeois state incurs big expenditures on keeping these farms "afloat" for social considerations—for the purpose of preserving work places in rural areas. Some of our own economic scientists, including specialists in agrarian problems, with unusual ease suggest that economically weak kolkhozes and sovkhozes be liquidated in one stroke, in no way being disturbed by the question as to where farm workers, especially of pension age, who have devoted their health to farming, will go.

From the end of the 1970's and the beginning of the 1980's within the framework of agrarian policy measures in the field of social and regional development of rural regions and environmental protection acquire ever greater importance. Regional programs, including specific problems of regions under less favorable conditions, are realized by means of investments, subsidies, and other measures for the purpose of equalizing the economic position of various regions. In order to cover the high production costs connected with unfavorable natural and climatic conditions, farmers in these regions receive compensatory payments per hectare of agricultural land or per head of livestock. In 1975-1981 more than 550,000 farmers in Great Britain, Ireland, France, and other countries received such payments. Problems of leveling out the population's standards of living among regions, settling the population more uniformly, and ensuring its employment are solved in the course of attainment of this goal.

In most West European countries special attention is paid to the development in rural regions (especially remote and lagging ones) of nonagricultural types of activities (tourism, handicrafts, and so forth), the income from which farmers use as an additional source of livelihood. The state supports farmers' use of advanced technologies and innovations and of local resources, revival of forgotten or centralized services and activities, and development of not very capital-intensive industrial production facilities.

Many important and acute social problems of the entire society intersect in the agrarian sphere. However, this signifies that the state should be concerned about the necessary level and stability of its development. It is impossible to ensure social protection for citizens, especially socially vulnerable population groups, without the availability of a sufficient quantity of food products at an accessible price in the country. Not only the government, but all the country's citizens, should realize this. There is

a need for a powerful and systematically realized program for state protectionism with respect to agriculture and a policy of state assistance not only to farmers, but to all agriculture for a thorough structural reorganization.

We have also dwelled in such detail on problems concerning the development of forms of ownership and management, because they play a decisive role in the formation of the management system and predetermine the content, forms, and methods of activity of the managerial apparatus at all its levels. Unfortunately, the changes made in APK management bodies are not adequate to processes occurring in production itself both with respect to structure and, especially, content, forms, and methods. The number of workers engaged in the reproduction of unnecessary and, at times, "harmful" information is excessive.

During the performance of work aimed at further improving the system of management of agriculture and the APK as a whole it is necessary to proceed from the nature of changes that will occur ever more intensively directly in production itself.

1. In the process of modification of kolkhozes, sovkhozes, and other agro-industrial formations toward the establishment of various small structural subdivisions interconnected by cooperative or coordination-type ties chief specialists will begin to perform functions of direct management of cooperatives and leasing subdivisions of basic production, or of service subdivisions and small enterprises. In this case the enterprise management apparatus will begin to service appropriate production processes and not stand over them.

2. Since enterprises and some of their structural subdivisions will become free commodity producers, the activity of which will be based on the derivation of cost-accounting income, they will enter into various kinds of unions, associations, consortiums, and other horizontal structures ensuring the derivation of additional income for them through the intensification of specialization and concentration of performed functions at another level of the system. Proceeding from this, they will delegate to these levels only the functions or types of operations and services, the performance of which will ensure additional income.

3. The diversity of forms of ownership and, even more, of management brings about the same diversity of interests, which can be brought to some unity only on the basis of their coordination, not subordination, as was the case until now. Therefore, on the one hand, the talks and actions on resubordinating enterprises and organizations from one level to another, from one management body to another, will not lead to any useful result. The economic independence of commodity producers determines: 1) the need for a clear separation of the functions of economic management from state management; 2) development of the broadest democratism in management. The latter signifies that the general meeting of representatives of all formations forming part of a rayon APK should be the supreme body of management of the rayon APK, in whatever form it may exist. It develops the agrarian policy on a given territory for a certain period of time and elects the executive council (board), which exercises direct control over its realization. For the accomplishment of specific tasks determined by the council a small highly skilled staff is hired on a competitive basis. With such an approach the administrative apparatus will not stand over production, but will concentrate its efforts on servicing it and on creating conditions for a normal functioning of the system as a whole. At rayon and oblast levels it is necessary to gradually carry out work on developing consultation and mediation centers and services operating on a contractual basis and with cost-accounting interest.

Regardless of the APK management structure adopted in a specific rayon and oblast the following should become the most important direction in their activity: establishing relations and ensuring an intersectorial interaction of enterprises and organizations irrespective of their sectorial affiliation, development of a production and social infrastructure common for the region and of road construction, and creation of conditions for the development of all new structures necessary for market relations, that is, exchanges, auctions, wholesale trade in the means of production, and information support systems well equipped with monitoring and testing instruments of services for controlling the quality of products and the environment (water sources, the air basin, and so forth).

4. In this connection a natural and legitimate question concerning the realization of the functions of managing such a key national economic sector as agriculture and the APK as a whole arises. When solving this complex problem, we must proceed from two considerations: 1) If we preserve the USSR as a single federative state, then 2) we should lean on the experience of economically developed countries, which have a similar state structure, primarily the United States and the FRG.

During the 127 years of its existence the U.S. Department of Agriculture was transformed from a narrowly specialized department dealing with problems of land use into a multistructural regulating body. The competence of the Department of Agriculture includes matters concerning the maintenance of farmers' income, expansion of export markets for their products, control of soil erosion, protection of the purity of fresh waters, forests, and other natural resources, economic development of rural regions, allocation of credit to farmers, organization of scientific research, and supervision of the quality of food.

The structure of the U. S. Department of Agriculture, which employs more than 10,500 workers, is built in accordance with these functions. Every state has its own department, which also has quite a large managerial apparatus. In all, about 105,000 highly skilled workers are employed in the state and federal administrative apparatus. Essentially, they perform functions connected with protecting farmers' interests and servicing them.

For example, the Administration for Farmers' Affairs deals with the allocation of credit on preferential terms to farmers and other dwellers in rural regions. The administration grants several types of loans (for financing current operations, for young people, in case of a natural calamity, for the purchase of farms, and so forth) to farmers and other rural dwellers, who cannot receive them from other sources and have low income. By means of preferential credits the administration also promotes the development of the rural infrastructure, nonproductive sphere, and small enterprises ensuring employment for the local population.

The state considers its main task the organization of efficient production, in which its costs would make it possible to have the necessary profitability level for the farmer's survival under economic conditions created in large measure by the government. It is not accidental that the policy of the American Federation of Farmers' Offices adopted on 10 January 1990 states that the Department of Agriculture "should continue to exist as a sovereign department. We will resist in every possible way all attempts to rename it, or to merge it with other departments and government agencies."

While the differences in the structure of ministries of agriculture, for example, in the FRG, France, and Canada, are significant, the direction of activity toward servicing the farm economy and creating conditions for its stable development for the purpose of satisfying the market for food products is characteristic of all of them.

All the reorganizations of management bodies carried out in our country, essentially, were never aimed at adapting their functions to meeting the needs of the peasantry and have always been of the nature of a change of signboards. Moreover, during the years of perestroyka the management systematically implemented measures to destroy any structure, which would really protected the peasantry's interests on a national level. Every 1 and ½ to 2 years there was a reorganization, that is, as soon a newly established management structure began to function stably and, therefore, raise competent questions about meeting the needs of rural areas, a new reorganization of the system of management of agriculture and, in recent years, of the APK as a whole was proposed "above."

At present there are no realistically operating structures of management of this key national economic sector, nor programs ensuring the priority development of agriculture and the APK as a whole. This is also an indicator of society's attitude toward rural areas. Many important problems concerning the development of rural areas of decisive importance for a rapid increase in food have not been worked out, or have been designated in too general a form, state obligations concerning their social development, development of the infrastructure, participation in the revival of the spiritual and moral environment of rural areas, and so forth have not been determined. If all of us do not realize the need for the solution of these problems right now, difficult times will await us. It is important not only "to give this and that," but it is even more important to say precisely and clearly where we are going and at which stage and what we will solve. Under the conditions of uncertainty of actions even the modest resources available to rural areas do not operate in full volume and the country fails to obtain what it would have obtained in another case.

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MAJOR CROP PROGRESS, WEATHER REPORTS

Former Administration Head Discusses Seed Situation for '92

924A0370A Moscow SELSKAYA ZHIZN in Russian 25 Dec 91 p 2

[Interview with Ivan Ivanovich Kuzmin, formerly Chief of the Main Grain Administration of USSR Goskomprod, now president and general director of the Semena [Seed] Production-Science Association, by V. Istomin]

[Text] **For those who have forgotten or did not know, we remind them: Our country, which now has been torn to shreds, has been expending up to 30 million tons of grain on seed. All elements of the seed-growing system have worked reliably, and each agronomist always has been confident that, even during a poor harvest, he will not be face to face with misfortune. For within state resources alone 7,000 special farms have shipped annually up to seven million tons of varietal and hybrid seeds for grain, oil-bearing crops, and grasses!**

This flywheel has not suffered failure up to the time that we began to fence each other in with administrative and nationality boundaries. But the first signal of trouble was sounded in August, when certain areas of the Russian Nonchernozem Zone were left without seed grain for winter wheat. They had to go to the prime minister of the Ukraine himself in order to lift the taboo on export of this product from the republic. But it was already late, the train had left.

What awaits us now, with final destruction of the Union? Will not many give up breeding innovations and promising varieties as hopeless, yet during a poor harvest of, let us say, buckwheat in some region will they not replace it with oats or barley in timely fashion? What sort of a general ray of hope for seed production is seen under the rule of large and small principalities, in an era of no overall agrarian ministry or, it would seem, other coordinating structures? I. I. Kuzmin answers these and other questions put by our correspondent. Not so long ago he was chief of the Main Grain Administration of USSR Goskomprod and now has been elected president and general director of the Semena Production-Science Administration.

[Istomin] Ivan Ivanovich! I heard that recently we have begun to dissipate even our priceless scientific potential. I have in mind selection—the holy of holies of agriculture, as well as some of our scientists' crossing of the border to work. Will this not have an effect on the creation of a backlog of new strains? For there was a time when these strains were famous throughout all of Europe.

[Kuzmin] There was a time when we exported our seed over the border in large amounts. And this did not pass

unnoticed by European agriculture, about which we recently again reminded the foreign guests who had gathered at the Mironov Institute on the occasion of the 80th anniversary of its founding. Every last one of them noted: there was a surge in the yield in Europe through Mironovskaya-808 and Bezostaya-1 wheat. There is much Russian and Ukrainian blood in Western varieties that are being cultivated right now.

And what about us? Are we in someone else's wake? No, our scientific centers have not eaten bread in vain. In particular, Kuban breeders have created such remarkable varieties of wheat as Spartanka, Obriy, and Olympiya-2. The first of these has now given 120 centners in a 30-hectare area during the Krasnodar grain harvest.

As for the "brain" drain....There are such cases but they do not make the difference. We have a colossal breeding backlog. Another question that is especially difficult for the scientists right now: our breeders have to get funds for their existence with all the truths and untruths. There are no basic vehicles, and the equipment often operates on old-fashioned technology. And if Semena will yield good sprouts and grow stronger, then we shall not leave the breeders without help. We have still decided to support breeding. Misfortune is knocking on the door here with increasing persistence.

[Istomin] You have in mind a drop in seed production?

[Kuzmin] Not just that. Since the state became unstable, there have been numerous shakeups in the management structures, and we have begun to note that simple agronomic discipline and the exactingness of specialists toward their work have literally been dropping before our very eyes. Furthermore, little by little we have recently lost breeder-agronomists, and not by far do you find them now in each region. They have been reduced to the point where one chief agronomist for a region hauls a whole agricultural van over one main agronomic region. And it has grain, vegetables and fruit—the whole botanical garden. Seed production is at the point of being a matter of exquisite precision.

You go to some seed farm now and you see rye, buckwheat and oats in wheat plantings....But in a conversation on this topic, the agronomist makes an effort not to use in his lexicon such concepts as varietal and species weed control and certification of plantings. They have been surviving! We forget, and we banish from practice obvious truths; if they are not followed, one cannot maintain varietal purity, and that means also the intensive development of production. There are cases where a farmer, on getting land, asks for the planting not of seed of a high rate of reproduction but of ordinary grain. Only because it is cheaper. But this is sacrilege!

I am afraid that if we, the specialists, will not propagandize and prove the top value of pure-bred seeds, we can commit a lot of foolishness. It is no sin to remember that even the most impoverished pauper always left the best grain in the planting, he selected and cleaned it, and he calibrated the sieve. And he preserved it as he would the apple of his eye!

[Istomin] The association was registered before the Union finally broke up. Does this mean that everything will have to be done from scratch? Or were all the seed-growing structures somehow previously taken care of in regard to integration?

[Kuzmin] We foresaw the difficulties that agriculture would collide with when the independent states were formed, especially in the propagation of new varieties and the introduction of them. And so we have been working in anticipation of them. Back in 1989 a conference of fully authorized representatives of all the Union republics was held in Kaluga, and it arranged for our relationships and for interrepublic transfers of seed. The amount, it would seem, is not great—somewhere about 500,000-600,000 tons, but since this seed has high reproduction rates, it was enough for conducting planned strain renovation and strain changing. The conference's protocol was carried out completely.

Exchange of seeds, I consider, is an exchange of living material, and it always depends upon the level of the mutual relationships among peoples. And this, perhaps is the main problem. And when the heads of republic seed-production organs gathered for a second time in the Ukraine, I rejoiced, observing with what friendliness and interest they held talks with each other, and how they agonized over the fate of the branch and the fate of intensive agriculture. Such an atmosphere was a sort of foundation for creating the interstate association Semena.

[Istomin] But it is no secret that by no means did administrative methods play the last role in the seedsmen's mutual relationships.

[Kuzmin] Yes, that was earlier. I am afraid that it did not become better. With the adoption of certain laws in the republics and decrees at the presidential or government level that subjected all shipped output to licensing, a ban was also imposed on haulage. And this, of course, could not be permitted! However, this is how we managed: the prime minister of some republic signs a decree about licensing, at times even without suspecting that the ban extends also to seed. In the hinterlands, the old mechanism of administrative dictation operates strictly.

[Istomin] And how about now? Won't bureaucratic obstacles become denser and more impenetrable?

[Kuzmin] Perhaps they won't. The protocol of the third conference of seedsmen, which was held at Vitebsk this autumn (incidentally, fully authorized representatives of 13 republic-states came to it, including Latvia, which receives grain for corn and peas from elsewhere), recorded: in concluding bilateral intergovernment agreements, take into account the amounts of seed necessary for one region or another, the state receiving the seed

being obligated to compensate the shippers with commodity grain, depending upon the significance of one crop or another. Thus, for a ton of seed of grain a ton of forage or foodstuff grain must be sent, for a ton of legumes one and a half tons, for a ton of hybrid corn from two to five tons.

[Istomin] But if the states have agreed on the haulage of seed, what is the association's role?

[Kuzmin] To coordinate the work. We will be intermediaries in the conclusion of specific contracts, as the market requires it. When I speak about coordination, I have in mind the whole process for producing seed, including scientific support, organizational matters, and problems of specialization. We have agreed: in the coming five years, winter-wheat seed of winter wheat will be produced by Russia, the Ukraine, and Uzbekistan, and, let's say, buckwheat seed by just the Ukraine. Thus it is intended that basically Belarus and the Latvian Republic will specialize in clover. And so on for all crops.

[Istomin] You are talking about the long term, leaving out the short term. But what will be planted this coming spring, can the tillers be assured that, as before, select grain will go into the soil?

[Kuzmin] They can. The basis for such a statement is, first, the fact that three-fourths of the fall harvest was left where it was grown. This has enabled not only forage reserves for payment in kind to be created, but also for seed to be sent out for most crops. The quality is good. So it is, as is said, that there is no evil without its good side (I have in mind a breakdown of the state order).

Which seeds are the basis of the shortage? Primarily legumes. There are not enough peas for parts of the Nonchernozem Zone, and Central Asia, the Caucasus, and Kazakhstan are experiencing a shortage of oats. Return shipments of peas are coming from the Ukraine. True, they were procured here this time because there was not much rain at the time of harvesting. Usually 50,000-60,000 tons of peas go into the state reserve in Vinnitsa Oblast, but right now the whole amount of the procurement does not exceed 10,000 tons. But the Ukraine, we have agreed, will share even these reserves. Russia is sending oats, but less than half of the requirement was procured. But also, in so doing, I think, the republic is sharing in a fraternal fashion.

If one generalizes for the former Union as a whole, 16.3 million tons of ready seed—96 percent of the requirement—are available.

[Istomin] If I am not mistaken, the figures that you have given relate also to spring grain?

[Kuzmin] Thanks for the refinement—it is so related. I can, however, make the situation clear also for other crops. At a session of the Interrepublic Foodstuffs Commission (it is still operating) recently, it was noted that we have sufficient seed corn stored (except for early-ripening and regular-ripening hybrids), sugar beets, cotton, vegetable-type cucurbits, and potatoes, as well as oil-producers. It is true, this planting material often is far from where it is to be put into the soil. Russia, for example, lacks 1,300 tons of flaxseed, but then it is in surplus in Belarus and Lithuania.

It is extremely important not to hold back shipments! The amounts of them, I repeat, were determined accurately at Vitebsk by authorized representatives of the sovereign states. In all, it is envisioned that one billion rubles' worth of planting material will be transferred among the former republics. As we see, creation of the Semena Association is worth the candle!

FOOD PROCESSING, DISTRIBUTION

Increased Prices on Basic Foods Reported

924A0377A Moscow KOMSOMOLSKAYA PRAVDA in Russian 3 Jan 92 p 1

[Reports from different correspondents: "We Are Directing the Flight of Our Prices Higher and Higher and Ever Higher!"

[Text] **Yesterday we experienced the latest historic event: the liberalization of prices which the Russian government promised long ago began. But, it seems, the main experiences are ahead.**

"Moscow Report" [by S. Frolov with photo by V. Nekrasova]

Thick snow is falling in Moscow and the first signs of the promised liberalization of prices have appeared on store shelves. But what has it brought to the tormented city?

The price of eggs was declared at 12 rubles [R] for 10. We found old stocks of champagne at the surprisingly stable price of R121.50 in all the stores we visited. No less surprising was the persistence of the small stands, not two steps from the state trade center, offering the very same champagne, but at R250. We are protecting the brand's reputation, so to speak.

Despite the fact that we searched actively, we could find no trace of milk or such semimythical products as cheese and butter. Bread was virtually everywhere—at a price of R2-3 a loaf.

At the Novoarbatskiy grocery store several customers were carefully choosing pieces of pork at R50 a kilogram. At the time foreign journalists were taking pictures of them and there were more than twice as many of those journalists as customers. However, business in 50- to 70-ruble cooked sausages was quite brisk, although people were no longer buying the long strings.

It was much quieter yesterday at several of the Moscow markets which were working. The price formation process given minimum supply is underway here at the present time. Butchers inclined to act without restraint were trying to insist on R200-250 for a kilogram of pork. Ordinary Moscow people who were inclined toward mob law promised to give the butchers the fig if they did not listen to reason. Incidentally, on Kutuzov Prospect we found a ruined stall belonging to "merchants," as they say, and it is not the only one in Moscow.

At the Dorogomilovskiy market yesterday you could buy eggs for R30 (for 10), a lemon for R15 (one), or pickles for R40 (a kilogram) or eat a little bowl of cabbage soup for R14.

So, what can we say about the results of the first day of liberalized prices? Bread has gotten more expensive, but the price of vegetables has hardly changed at all. Meat products have gotten more expensive but not too much, so that Moscow pigeons are still wandering around little public gardens without being in danger of ending up in the soup. Prices for industrial goods have not had time to show their teeth since the stores are closed. Prices for alcohol were the same as preholiday speculator prices, so no one was surprised.

It seems that the main events in the life of prices will begin slightly later.

"The Ruble, Metal, and Fantasy" [Report from D. Shevarov, correspondent in Volgograd]

The price of Volgograd steel has risen 10-fold so far.

For your information, the Volgograd Krasnyy Oktyabr plant was built at the end of the last century according to the latest French technology and is still in operation. This century the plant stopped working only twice—once during the first Russian revolution, for purely political reasons, and once during the civil war, because it was completely destroyed. It was in partial operation during World War II, even when the battles were going on on the plant's territory. Now three of the seven open-hearth furnaces are in operation. The rest stopped working in the fall because of interrupted supplies of firebricks from the Ukraine and they will have to be restarted again. The peak of the crisis came in November-December of last year.

The Krasnyy Oktyabr is one of the leaders in production of special types of steel in the CIS [Commonwealth of Independent States]. About 30 percent of the bearing steel is produced here. Now the time has come when it is a sin for the plant not to use its monopoly position. During the New Year holidays, general director Nodar Ordzhonikidze and his economists tossed out new prices with wild enthusiasm. It turned out that they have to ask at least R8,000-9,000 as opposed to last year's price of R900 for a ton of finished rolled products. The price of raw materials has risen sharply; scrap metal, for example, has risen 6-fold. There is nothing to say about Norilsk nickel and so a sheet of steel containing nickel will now cost consumers (the agroindustry, chemists, and nuclear workers) R18,000 as opposed to last year's price of R1,500.

The first order of the new year signed by the director of Krasnyy Oktyabr is for allocating R3 million for compensation payments to cover lunches in the plant's cafeteria. The complete price of a lunch today is about R15 (Russian salad, first course, two second courses, compote, and bread). For workers the price will be the same as the old one for now, slightly more than a 3-ruble note. In his New Year's greeting, the director promised rather hastily that there would be no reductions. Such exotic benefits for our day as granting one day's paid leave when the wife is discharged from the maternity home are retained in the collective contract for 1992.

And here is some more about prices. On 15 January Ordzhonikidze is assembling a "large," as he said, conference of consumers here—the final price for Volgograd steel will be announced there.

"A Journey Around the CIS with a Purse"

[Report from I. Potekhini, correspondent in St. Petersburg]

The joy of encountering the new prices was delayed one more day for St. Petersburgers: all the stores for industrial goods in the city were closed on 2 January. Food stores were not working either—with the exception of a few watchmen.

And people crowded only into bakeries and vegetable stores.

[Report from Ye. Dotsuk, correspondent in Alma-Ata]

Yesterday I found out from the apparat of the president of Kazakhstan that on 6 January prices will finally be set free in the republic. This will be officially announced to the people on 4 January. But for now invitation cards are being distributed at all housing administrations and families are being assigned to neighborhood stores. Cards for eggs, margarine, butter, tea, groats, flour, macaroni, confections, and meat are now being added to the coupons we had last year. Everything is staying at the old prices.

[Report from G. Mironova, correspondent in Khabarovsk]

In Khabarovsk people felt the free prices only for bread: a loaf of plain bread now costs 1 ruble 92 kopecks, long loaves cost R3.78 each, and small wheat loaves are almost R5 apiece. People in the bakeries were loudly complaining, but all the shelves were empty by evening.

People learned that sausage shops had bloated the price for cooked sausage: R260 a kilogram. Trade refuses to accept "varenka" [cooked sausage] at that price.

The markets are completely empty.

Trading on the exchange has ceased for a week. It appears that businessmen are lying low, in order to see what will happen.

[Report from A. Cherkasov, correspondent in Kemerovo]

It is easy to buy sour cream at the grocery store, but at R75 a kilogram no one wants it.

The associates of the corrective-labor institutions are not too saddened by the expensive prices. As of January an order of the Russian ministry established monthly free food rations for officers. They include meat, flour, and fruit juice, 22 items in all.

There is other good news too. The city bathhouse reported that the cost of a bath remains the same.

[Report from S. Kuzmin, correspondent in Barnaul]

There were few visitors to the Barnaul stores on 2 January—most of the city's residents were resting after the noisy New Year's celebrations, and, moreover, those who approached the counters were more curious than intending to buy. "Ekskursiya" does not please anyone—small white loaves cost R3.50, sugar—R7, and cheese—R60 a kilogram. For Altay Kray, which was relatively saturated in the recent past, this is still very expensive. But there is other good news—"Belomor" [brand of cigarettes] fell from 96 kopecks to 60 kopecks. And a large box of matches, which last year "weighed in" at a whole R10, now costs only R3.40. And a small box is just 24 kopecks.

"It Is Cheaper To Walk" [Report from S. Pluzhnikov]

I was able to catch a taxi on Manege Square in Moscow right away. Out of habit I inquired of the driver if he wouldn't be so kind as to take me to the Belorusskiy Station. The taxi driver's gloomy face suddenly lit up—with a smile.

On the way the taxi driver asked if I wanted to listen to music. Then he flicked his lighter and gave me a light.

I figured out the reason for such striking changes after reading the new plate on the instrument panel. The sign on it announced: the charge for travel in a taxi during the day has increased 10-fold as compared with last year's price and for rides at night—15-fold. That is, a kilometer on any Moscow street now costs a minimum of R2.

We began to talk about the prospects of taxis. Now the plan of any Moscow taxi driver is R570 rubles a shift.

"That's an unrealistic sum," the driver shrugged, directing my attention to the dozens of empty taxis along the side of the road.

When we reached the entryway which I needed, I glanced at the meter, added on a "zero" in my head, and handed the money to the taxi driver. I overpaid a couple of rubles anyway. For his courtesy.

"And To Sleep Sitting in Long Distance Train Cars" [unattributed]

The doubling in price of railway tickets did not take passengers unawares, because it was done before the New Year. But the fact that they are still continuing to rise (most likely 1.5-fold) will be a surprise to many people. As the chief of one of the Moscow railroad terminals reported to our correspondent, the managers of railroad transport made a proposal to the government of Russia to bring prices to the level of other states and the recent Union republics.

Did people begin to travel less after prices rose? Generally yes, but those who have to travel must do so at any price. Reaction to the jump in prices is being manifested in different ways. There have been more "cheaters" on

suburban trains, and on long-distance trains, theft of property. Some irritated passengers are threatening to set the cars on fire.

Incidentally, a bed on the Oktyabr and certain other routes now costs R5.

"Our Commentary" [By A. Kalinin]

Despite the predictions, the citizens of sovereign Russia were not shocked at the liberalization of prices. At least yesterday. And not only because they seemed to be morally prepared for it. It was the prices themselves which were not prepared for it. Many stores in many cities were closed for inventory. The suppliers themselves and the direct producers of goods are still trying to determine how much to ask for from the customer. Trade did not appear to be prepared for the liberalization of prices either. For the most part it remained state trade, that is, not interested in the quantity and quality of goods on the shelves, as usual. Since there was no milk at 60 kopecks, there could not be any at R6 either. The delayed privatization of stores will involve a whole number of difficulties: it does not mean much to be the owner of empty shelves and contracts still have to be concluded with suppliers, and that also takes time.

It is ridiculous to say that when hauling rates went up the plan was increased for taxi drivers. Yes, our economy remains some kind of socialist hybrid. Without a whole number of market reforms the liberalization of prices promises to develop only into the next spiral of inflation. Western experts even mention this. "By privatizing the economy after liberalizing prices," the newspaper INDEPENDENT writes, for example, "the Russian government will repeat the mistake of the Polish government. Freeing of prices without competition increases the risk of establishing monopolistic high prices and creates difficulties in checking inflation processes." And the WASHINGTON POST notes that "poorly devised shock therapy measures are being introduced too late," and in all probability they "may result in the coming months in battles over food products, social unrest, and, most alarmingly, disappointment in the very idea of democracy and a market economy."

A reevaluation is also underway at exchanges. However, as TASS reports, Vladivostok brokers are not experiencing any particular joy at the liberalization of prices. Here the danger is being suggested that most of the goods will not reach the exchanges but will be bought up by mafia groups. As a result many brokerages will remain without commodity nourishment and will go bankrupt.

The shock did not occur, but that does not mean that it will not happen at all. It is simply delayed, like all of our changes.

Interregional Independent Miners Trade Union Congress Held

924A0381A Moscow NEZAVISIMAYA GAZETA in Russian 25 Dec 91 p 2

[Article by Anna Ostapchuk: "Miners Preserve the Common Strike Space: A Congress of the Interregional Independent Trade Union of Miners Has Been Held"]

[Text] Several days ago the First Congress of the Interregional Independent Trade Union of Miners (MNPG) came to a close. The independent miners met in the suburban boarding hotel "Union" of the now defunct USSR Ministry of Foreign Affairs. Viktor Utkin, president of the NPG [Independent Trade Union of Miners] and secretary of the Economic Reform Commission of the RSFSR Supreme Soviet, stated that this choice of premises was attributable to the unfavorable political situation in Moscow. However, the delegates from Vorkuta were hardly satisfied with that version: Having invested half a million into the congress, they had to pay on top of that for taxi fares from Moscow to the boarding hotel.

It appears that the main goal of the congress was to preserve the united Interregional NPG to which the miners of Russia, Ukraine, Belarus, and Kazakhstan belong at present. Despite some differences, everybody recognized the need for consolidation. It was stated in one of the main resolutions that, if miners of one of the states are on strike, no primary organization (mine) of the MNPG shall deliver coal to the striking region.

In his summary report, Viktor Utkin expressed his bewilderment about who to fight now; it is unclear who the enemies and the partners are. For example, the Russian government proposes that they buy out the mines while not giving them an opportunity to dispose of the coal mined. Besides, nobody knows what the current need for coal in the country is at present.

In Utkin's opinion, the amount of coal which is left at the disposal of the miners must be increased to 30 percent or more (at present, five percent). In Donetsk the miners secured a fourfold increase in wages; this is what they should strive for in other regions. The issue of the "depoliticization of the NPG" was raised. It was proposed to begin depoliticization by giving New Year's presents to the children of miners. Some medical and social problems were touched upon: It turned out that two-thirds of the miners are impotent.

The congress adopted an MNPG statute and accepted the sample General Pay Scale Agreement and collective contract for guidance.

Incidentally, the "first call," or rather siren, for a strike was heard. By 16 December the Tentekskaya Mine in Karaganda Oblast had been on strike for eight days. As the strike committee stated, the miners "were up in arms to defend their right to be people rather than over a slice of sausage or 10 rubles on top of their wages." The congress adopted a document in support of the strikers, demanding that the Nazarbayev government immediately embark on negotiations with the miners.

At the same time, Kuzbass representatives informed the delegates that the Council of NPG Representatives for Kemerovo Oblast had announced a strike alert from 16 December to 15 January.

A lot was said about guaranteed wages; it was resolved to push for some of them to be issued to the collectives in goods or in hard currency.

It is interesting that en route to the congress the most business-minded delegates proposed their variant of combating the depreciation of trade union funds: to buy black caviar "with all of it."

Not too many journalists and politicians from our country attended the congress, but numerous foreign guests were in attendance: delegations of the AFL-CIO (United States), the Union of Democratic Miners (Great Britain), the Israeli Association of Miners, and others.

The Americans offered a seminar on trade union work right there in the lobby. An agreement on opening a training and consultative center in the Commonwealth of Independent States, with American equipment and instructors, was concluded with the Americans.

The Israelis shared their experience in organizing a trade union bank.

There was an element of drama involved too—a report by the auditing commission. The commission found a discrepancy in funds equal to 191,000 rubles [R], $1,700, and a certain amount in pound sterling. The commission found anarchy in financial documentation, whereby 15 individuals from the NPG leadership failed to account for between 4,000 and 15,000 rubles each, so depressing that all of its members, headed by Chairman Nikolay Volynko, resigned, despite requests by the congress to continue their work.

However, in the opinion of Andrey Smirnov, secretary treasurer of the NPG of Russia, this shortfall did not result from embezzlement; it was due rather to the lack of accounting sophistication on the part of the miners' leaders who collected money during spring picketing in support of the strike, but did not process transfer documentation.

Nonetheless, the former composition of the NPG executive bureau was highly compromised. As Viktor Utkin (as of that time, candidate for NPG president) stated, "a river of cognac flowed here (in Moscow—note by Anna Ostapchuk) while miners were on strike and earned not a penny." Two proposals were made in the matter: To hold a miners' trial of honor "which will be stricter than criminal court proceedings," and to write off the shortfall, taking them "at their word."

However, taking into account the wishes of the suspects themselves, it was resolved to refer the case to investigative organs. After all, this is also a possible way to acquit the leaders of the spring strikes of 1991 of the heavy charges of financial abuses.

RAIL SYSTEMS

Resolution on Stabilizing Work of Railroads

925D0085A Moscow GUDOK in Russian 28 Dec 91 p 1

[RSFSR Government Resolution: "Urgent Measures for Stabilizing the Operation of Russian Railroads and for the Social Support of Railroad Workers in 1992"]

[Text] **Resolution of the Russian Federation Government of 26 December 1991.**

The RSFSR Government **resolves:**

1. To allocate to the Ministry of Railways in 1991, 700 million rubles for Russian railroads from funds of the RSFSR's republic budget, and also to authorize the RSFSR Ministry of Economics and Finance to grant the RSFSR Ministry of Transport an interestfree budget credit for Russian railroads in the amount of R800 million in payment for the delivery of rolling stock and equipment and for construction and installing work that has been done.

2. The Ministry of Economics and Finance of Russia and the Ministry of Transport of Russia: to prepare and introduce in December 1991, for the consideration of the Foreign-Currency and Economics Council, recommendations on allocating $105 million US from the republic's foreign-currency reserve of Russia, for sale to the Ministry of Transport of Russia at the rate of exchange of rubles to foreign currency that was in effect in 1991, for the purpose of paying off the debt to foreign railroads for the passage over their territory of passengers who had purchased travel documents in the RSFSR in 1991; on reserving $210 million US for these purposes in 1992; and

on applying the appropriate rate of exchange of rubles to foreign currency, for the sale within the USSR in 1992 to passengers, for rubles, of travel documents for international rail travel.

3. The Ministry of Trade and Material Resources RSFSR: to allocate to the Ministry of Railways centrally regulated products in a quantity that will provide for the repair and operating needs of RSFSR rail transport enterprises in 1992.

4. To entrust to the RSFSR Government's Special Commission for Responsive Regulation of the Provisioning of Resources: to adopt a decision to provide RSFSR railroad transport with bridge beams, group B and V diesel lubricating oils, K-12 compressor oil, winter diesel fuel, and winter axle oil.

5. To extend the effect of paragraph 9 of the RSFSR Council of Ministers Decree No 558, 23 October 1991, to enterprises and organizations that fill orders for the delivery of spare parts to Russian railroads.

6. To call for an increase, beginning in January 1992, of the earnings of railroad-transport workers and subway workers in RSFSR territory to not less than 1.9-fold that of the November 1991 level.

7. To support the recommendation of the railroads and the branch's trade union to add to the list of worker vocations which have the right under RSFSR legislation to preferential longevity pensions, the railroad-transport and subways worker vocations that have obtained this right under Union pension legislation.

8. The RSFSR Ministry of Economics and Finance: to call for, beginning with 1992, an appropriation from the RSFSR republic budget to finance the upkeep and development of the institutions of public health, education, and culture that are part of the railroad-transport system within the RSFSR.

9. To extend the effect of the 3 December 1991 RSFSR Government Order No 91-r to workers of educational institutions that are financed by the budget and are part of the railroad transport system.

10. The RSFSR Ministry of Economics and Finances, the RSFSR Minister of Trade and Material Resources: to allocate to the Ministry of Railways for the Russian railroads, beginning with 1991, funds for basic foodstuff commodities (meat and meat products, fish and fish products, animal fat, vegetable oil, margarine, sugar, pastries, groats and beans, macaroni items, milk and milk products, flour, eggs, tea, and tobacco products) in order to provide food products to railroad workers whose work involves travel, and also for the network of enterprises for public eating that serve round-the-clock shift workers who are associated with train movements, including workers on the open lines.

The RSFSR Ministry of Trade and Material Resources, jointly with the RSFSR Ministry of Transport and the Ministry of Railways: to prepare coordinated recommendations on the amounts of shipments of the indicated basic foodstuff commodities.

Organs of executive authority of the republics within the RSFSR and krays, oblasts, and cities: to allocate to railroad transport enterprises other foodstuff commodities, as well as all nonfoodstuff commodities, in amounts no lower than the level for enterprises of basic branches of the national economy.

11. The RSFSR Ministry of Economics and Finances:

to call for, in the RSFSR's republic budget for the first quarter of 1992, the allocation to the RSFSR Ministry of Transport, for the Russian railroads, funds for paying for shipments of rolling stock and for financing the most important construction projects within the limits approved in the Russian Federation's state investment program.

to call for the RSFSR Ministry of Transport's recommendations on change in rate levels, taking into account the dynamics of the prices for products required by railroad transport.

12. The RSFSR Ministry of Transport and the Ministry of Railways, with the participation of the RSFSR Ministry of Foreign Affairs: to negotiate the conclusion, beginning with 1992, of RSFSR agreements with the Baltic republics (Lithuania, Latvia, and Estonia) about the terms for admission on their railroads of in-transit export and import freight to ports and to Kaliningrad Oblast.

13. The RSFSR Ministry of Transport, jointly with the RSFSR Ministry of Security and Internal Affairs: to prepare in the first quarter of 1992 drafts of an Order of the RSFSR President and an RSFSR Government decree on the problems of providing for the protection of freight and of intensifying the struggle with theft during transport.

14. The RSFSR Ministry of Economics and Finance: to call for an annual allocation of capital investment, within the ceilings on supply-and-equipment resources, needed for completing construction of the Baykal-Amur main line in 1995. Also, within a month, to examine the question of continuing to build the Berkakit-Tommot-Yakutsk rail line, and to present recommendations on problems that require the government's decision.

15. The RSFSR Ministry of Transport, jointly with the RSFSR Ministry of Justice and the Ministry of Railways: to develop and present in 1992 to the RSFSR Government a draft of an RSFSR Statute, "Railroad Transport."

16. The RSFSR Ministry of Transport, jointly with interested RSFSR ministries and agencies, with the participation of the Ministry of Railways: to define the procedures and deadlines for solving problems raised by supervisors of the Russian railroads and the branch's trade union that are connected with organization of economic control and state regulation of the republic's railroad transport activity; with the coordination of intergovernment in-transit rates; with the interrelationships of the railroads and of enterprises that independently sell part of their products for export, including barter exchange; with payment in foreign currency for hauling export freight; with joint-stock railroads; with the regularization of economic relationships with cooperatives and sea ports; and with the conclusion of master agreements on social and economic development and trilateral branch rate agreements.

To present appropriate recommendations on problems that require solution by the RSFSR government.

[Signed] G. Burbulis

Rail Conference on Stabilizing Operations

924A0383A Moscow GUDOK in Russian 26 Dec 91 p 1

[Report by P. Vasilyev on G. E. Burbulis' statements at conference of selected railroad employees: "Urgent Measures to Stabilize Railroad Operations"]

[Text] In opening the conference yesterday, Gennadiy Eduardovich Burbulis, speaking on behalf of Russian President B.N. Yeltsin and the entire government, thanked railroad employees for their stability, discipline, and efficient operation. The difficult problems now facing society can be resolved only on such a reliable basis. And here he considered it necessary to apologize for the delays in paying wages in a number of regions, assuring them that this would be corrected by the end of the year or in the first week of the new year.

G. Burbulis stated further that a special government decree which has been prepared provides for urgent measures to stabilize the operation of Russian railoads and to ensure social support for the sector's employees during the transition to market relationships.

In particular, they provide for the allocation of substantial funds to pay for new rolling stock, for construction needs, and for social purposes. The Russian Ministry of Trade and Physical Resources has been instructed to provide railroad employees whose duties involve travel and round-the-clock work hours with meat, fish, sugar, tobacco, and other products.

And there was one more decision—to extend the RSFSR laws adopted earlier to budgetary public education, public health, and cultural institutions for railroad transport. That is, wages are increased for their employees by the same amount as for all budgetary organizations in Russia, by 1.9 times as much.

Later on, G. Burbulis responded to numerous questions from managers of the East Siberian, North Caucasus, Kuybyshev, and Transbaykal mainlines. The questions concerned the difficult conditions faced by transportation because of the decline in industrial production, tariff rates and the dictates of producers whose output is transported, the criminogenic conditions in transportation, social weak spots, and naturally, the fate of the Ministry of Railways as a unified system for managing the transportation process throughout the entire territory of the former union.

The leadership of Russia has demonstrated its understanding of the role of a unified space for railroad operations in the independent states' territory which is able to stem the breakdown of ties which were established. To a certain extent, this is also shown by the fact that it is planned to transfer railroad transport property to federal ownership and not to allow its "impudent" privatization, as G. Burbulis stated. The intent to protect the sector from the dictates of producers during the market transition period was reassuring as well. The government will be issuing special notices for the delivery of materials and equipment for railroad employees.

Far from all the responses to questions were as reassuring, of course. Including the vitally important question of tariffs. As G. Burbulis noted, integrating the interests of the sector and passengers is a real problem. A similar situation probably exists with respect to the

problems of preferential taxes, quarterly wage compensation for price increases, and so forth. Nevertheless, all those who spoke expressed their satisfaction with the exchange of opinions and their hope that meetings such as this would become a tradition.

In closing the conference, Gennadiy Eduardovich Burbulis sent holiday greetings to railroad employees on behalf of the President of Russia, noting that the New Year may become a turning point in our history.

The selective meeting was conducted by G.M. Fadeyev, the acting minister of railways.

Transport System Unity Examined

924A0383B Moscow GUDOK in Russian 26 Dec 91 p 2

[Article by L. Komlik and N. Malkevich, associates of the BelIIZhT [Belorussian Railroad Transport Scientific Research Institute] and candidates of technical sciences: "Cooperation, Not Dictation, Will Help to Maintain a Unified Transportation System"]

[Text] So the Ministry of Railways in its previous form does not and cannot exist now. The railroads of the former USSR have been put under the jurisdiction of their states. It is obvious that this fact in itself has not brought economic methods of management any closer at all. Procrastination in resolving this problem is fraught with tremendous losses for the independent economy of the independent states. In each one of them, railroad transport threatens to hang the heaviest weight on the state budget's weak neck unless railroad employees are changed from workers without initiative into employees that are actively independent.

Taking political realities into account, a system for economic management of rail transport should be implemented in a coordinated manner on three levels: the EXTERNAL level (among the transport systems of the independent states), the INTERNAL STATE level (among the state's railroads), and the RAILROAD level (among a line's subunits and enterprises).

It is clear that cutting off rail systems at their boundaries would destroy the economy of the independent states, and there is no question about the need for integration. But it is just as apparent that the extent of railroad integration should be appropriate for the overall economic situation in the former republics. For this reason, a fundamentally different coordinating body—an Allied Railroad Committee (SZhK)—should be formed in place of the Ministry of Railways. The transport committees (TK) established in the former republics would delegate to it only those functions which are not advantageous or expedient for each one to perform singly. The SZhK should operate with funds assigned by the republics' TK's under specific programs. The work of the SZhK should be directed and supervised by a council of founders made up of the republics' representatives (in accordance with the established standard for representation). This is the first step.

Secondly, a common space for railroads should be established on the basis of interaction among transport systems in accordance with economic agreements between neighboring railroads. The agreement should establish their mutual commitments and the economic and legal machinery for their execution and reimbursement for expenses. This will apply to payments for locomotive operations on unfamiliar runs, joint maintenance of freight cars, and funds for automation, communications, electrification, and so forth.

In order not to "raze to the ground" the transport technology that has been developed (this applies especially to the work of classification yards and freight stations), the agreement must provide an economic mechanism to pay for services to make up unit trains and grouped trains if they pass through the servicing stations of a neighboring station named in the agreement without having the consists made up again. The amount of payment will depend on the number of these stations, the number of railcars in a consist (the "nucleus" of a grouped train), and the accounting price just to do away with rehandling of the cars. This price will be coordinated among the contracting sides.

It may be assumed that the neighhboring railroads would be pleased to include this point in the agreement, based on consideration for their own benefit, by avoiding additional routine expenses and capital investments. Thus an **economically** expedient system for making up trains will be established which will also serve as the only correct basis for developing stations and junctions and their technical facilities.

Naturally, the interaction of state railroad systems in a common space of economic cooperation will require a legal basis as well.

But the problem of increasing the efficiency of rail transportation service will not be resolved just by having an interstate center manage it instead of a union center. It is important to replace administrative-command methods with a self-adjusting economic mechanism.

A change in the form of ownership of the railroads' means of production —leasing as an intermediate form between state and private (joint stock company) ownership—will become a powerful incentive. If even England and Canada are leasing or privatizing their railroads, it is even more necessary for our former republics to do so. Although support feasible for the budget as stipulated by a leasing agreement is not ruled out by any means.

A railroad's financial independence, based on the specific principle of obtaining income from transportation in direct service, should be provided for first of all. The railroad must be given what it has earned, thereby providing it with incentive to earn even more. Preliminary studies have shown that the income from transportation (ton-kilometer) operation in direct freight service should be collected in the state's central account and transferred to the railroads in proportion to the number of tariff ton-kilometers, adjusted beforehand with the

help of a coefficient that is stable for each railroad. It would make it possible to take into consideration the geographic and structural conditions which affect most of the trains, the type of traction, the proportion of runs by empty cars, and so forth. Payment for operations at the start and finish of a run, in accordance with revenue rates differentiated by the designated groups of freight, should remain with the railroad, just as all the income from local service does.

The neighboring railroads of one state should conclude economic agreements with each other similar to those between states. Income from making up unit trains and grouped trains will be redistributed in accordance with this agreement.

The railroads' coordinated actions and common interests (methods and production and scientific interests) will require that they join together in a state association. The objective of the association would be to do everything possible to establish conditions to improve the efficiency of rail service by enlisting scientists on a contract basis, by disseminating propaganda on practical experience, and by placing railway employees' orders in other sectors' enterprises. For this reason, financing of the association should depend on the efficiency of rail service.

What are the overall outlines of a self-adjusting, cost accounting mechanism as applied to a railroad?

First, the income from transportation is earned by the divisions, which are changed into economic entities with a vested interest.

Secondly, a division, by being a kind of "assembly shop" for the output of a transport "product," that is, service, establishes cost accounting relationships with its subcontractors—the locomotive depots, stations, and subdivisions of a line, signals and communications, and power supply—and finances them in accordance with the accounting prices for the amount and quality of their product (service).

Thirdly, the sectorial units of a railroad are cost accounting associations and implement technical and investment policy by making use of a centralized fund for restoration and development of their production facilities. This fund is formed not by means of distribution "from above," but as the result of deductions received (in accordance with methods that are strictly stipulated) "from below," that is, from their subunits.

Fourthly, the enterprises which are part of the sectorial associations function on the basis of cost accounting principles by having the necessary economic independence and by bearing financial responsibility for the results of their work.

The railroad division and its enterprises operate in accordance with internal cost accounting of the internal-production leasing type and a collective contract and their modifications.

Clearly, the shift to cost accounting sectorial units will substantially change the division's status by giving it the production functions of atransportation organizer. By earning income from them, the division settles accounts with its contractors in a strictly established procedure (in accordance with objective prices and the amount and quality of the product). And the profit deducted by these cost accounting enterprises should be transferred to their sectorial association.

In order to "kill two birds with one stone"—namely, to decentralize the Ministry of Railways and avoid economic and social cataclysms on the railroad at the same time—it is necessary first to draft and sign an agreement on the basic principles for the sector's transition to market rules. This will guarantee coordinated movement of the economic reform in all the independent states' rail transportation service. Then we will be able to maintain a rail transportation system in a common economic space.

Rail Freight Problems at PRC Border

924A0396A Moscow GUDOK in Russian 20 Dec 91 p 2

[Interview with Igor Yevgenevich Melnikov, chief of the Grodekovo Railroad Yard, by GUDOK correspondent V. Martynov: "Who Will Open the Gate?"]

[Text]

Along both sides of the border.

I. Melnikov is not 30 yet. But he already has quite a bit of experience in working with foreign partners at railroad yards on the border. He began at Grodekovo, then was deputy chief of the Khasan Railroad Yard, then he worked at Khabarovsk, from where he went again to the Grodekovo Railroad Yard, and he is now its chief.

This railroad yard is called the gate to the Chinese People's Republic, not only because it is the only one in the Far East that has a direct outlet to the neighboring country but also because today enormous flows of people and freight have been rushed here.

[Martynov] Igor Yevgenevich, so everything is still the same: are these "gates" thrown wide open or barely half opened? I will narrow it down to the station, which is jampacked with passengers, and to the dozens of strings of freight cars on the approaches.

[Melnikov] Perhaps the second expression is more suitable. Each day hundreds of our people—tourists, businessmen, and representatives of authoritative bodies—have been trying at any price to get "to that side," and to push their freight, which at times simply is not needed or is not expected right away. There are 1,400 cars there now with lumber, metal, and fertilizer, which stand motionless, and this occurs each year.

[Martynov] The foreign partners do not want to take the freight, or is it that they cannot?

[Melnikov] Both the one and the other, simultaneously. For example, 700 cars with mineral fertilizer have piled up in the railroad yard. The fertilizer must be exported beginning in February in order that in the spring it can be delivered to the fields in China "just in time." For there are no warehouses on that side for storage. The Chinese do not consider it necessary to build them since the fertilizer will be exposed to decomposition, dispersion by the wind, and damage. So they do not take it. And in order not to appear to be violators of the joint agreements, they find a thousand excuses for their refusal. Right now this is winter. In the spring, perhaps, they will accept it in any amount.

[Martynov] You have tried to explain this to those who are engaged in sending the fertilizer and in hauling it?

[Melnikov] Not just once, the MPS [Ministry of Railways] included. But what is the use? They do not listen to us. The yardmasters at Brest, Chop, and other yards on the country's western borders have told about similar troubles. The sores are one and the same, and they must be treated at the state level. But instead of this, telegrams go out with the instructions: "Accept," "Ship," "Send".... Our entrepreneurs, especially at the end of the year, striving to carry out contractual obligations and not let a profit slip by, push their freight closer to the border by any method. Why not export steel, lumber, and cement in the winter and fertilizer in the spring? See, there would be no cork.

[Martynov] In our case, it is winter but railroad cars with lumber also are parked outdoors.

[Melnikov] And they will stay there. Until such time as those who plan from the top seek our advice. Each month I meet with the chief of the neighboring Suifenhe railroad yard and I coordinate plans. And each time he, smiling rudely, speaks about unrealistic amounts of hauling. It is no use for me to object.

Our freight destined for the KNR [Chinese People's Republic] comes to a standstill. The division and the railroad bear enormous losses and they have no one to hold accountable. At one of the joint meetings at Chita, we tried to pose the problem about responsibility of the Chinese side for nonacceptance of the railroad cars. Nothing of the kind! They refused to sign the document. They hope to get our materials at less cost.

[Martynov] Is it not time that our side sought its own advantage?

[Melnikov] It was time to do so long ago. But still we count the losses: a freight car that is idle for a day costs 150-200 rubles, and remember now that there are 1,400 of them. From our railroad yard we send freight to the Chinese at rates that have been obsolete for a long time. For one 60-ton car we are paid 186 rubles, whereas the motorists get 250 rubles for a truck with a weight of 6-7 tons. In working with foreign partners, we settle only in rubles. Chinese citizens, including railroad workers, who come to our side, get foreign currency in dollars. Here they exchange them for rubles and settle with them for transport, the hotel, and everything else. We end up the loser. And nothing here in the East is being changed.

Let us return to haulage. Since the start of the year, the Chinese side has not accepted 4,000 railroad cars from you. Given the norm of 60, the railroad yard sends to the neighbors 20 freight cars daily.

[Martynov] And the motor-vehicle crossing, which you said was capable of relieving the railroad yard and taking a portion of the freight upon its shoulders?

[Melnikov] Alas, the motor-vehicle crossing—it is high-sounding. This road is lousy on our section, where minimum conditions for the work of all those who are employed here are absent. In the winter it is in the open, in the wind. Is this really a crossing? Finally the rates—186 rubles for a 60-ton railroad car and 250 rubles for a 6-ton truck! So it is that shippers send their products to the railroad yard.

The railroad must be improved, and bridges, a drainage system, and good buildings for the crossing's workers instead of temporary structures must be built. Thus when competition appears, there will be two agencies, motor vehicle and the railroad. And this can only be welcomed.

[Martynov] Igor Yevgenevich, a year and a half ago we spoke about those same problems. There have been few changes for the better. The question of passenger hauling remains especially severe.

[Melnikov] It is becoming still more acute. There were 60,000 passengers last year and more than 120,000 this year. People are still being accommodated there in the old station buildings, where customs also operates. The waiting room cannot accommodate more than a hundred passengers, but today some 300 to 400 people travel daily. There are no elementary everyday facilities. There are things there that you will not see anywhere else: people are taken to the toilet under the muzzle of an automatic weapon. The fact is that, after the customs formalities, the person is juridically considered over the border, and the toilet is in the station's outdoors. So the border guard conducts him there and back.

It is clear, a new station must be built. But where do you get the money with our losses? The design, a contractor, and the materials—finding all these right now is not simple and is not done quickly. Don't be envious of the customs workers, although we are all squeezed together to the detriment of the station. The growing stream of passengers and baggage puts them in a most difficult position. The number of places for inspection is limited to the utmost, and there is no place to put the technical equipment. Because of this there is minimal throughput of the room and low sophistication of service, and inspection time is increased. Space has to be shared with the customs workers, although they themselves have assigned their commodity cashiers to temporary structures. They have no offices.

If we want to conduct businesslike relationships successfully with the neighboring country, the station's transport capability and throughput must be increased quickly. Primarily, a new modern station with all the necessary infrastructure is needed. Extremely necessary today is a passenger train which runs into the adjacent country instead of the present two cars traveling back and forth. The technical equipment for freight operations also leaves something to be desired. Out of 14 grain reloaders of West German manufacture, which we obtained long, long ago, only six remain, and those have one foot in the grave. We patch them up indefinitely.

I understand: the country is in a complicated situation, there is no place to get the equipment, and no one to hold accountable. But then, not only do we, but also those who send railroad cars here with their freight, have their headaches.

[Martynov] And what is the way out?

[Melnikov] The railroad yard received international status on the first of December. Many business people and agencies are interested in improving its operation. Right now we have Chinese brigades that are working on the construction of housing and social and cultural facilities. They have done more in two years than was done in the preceding 30 years.

Settlements in foreign currency with foreign partners and tourists, whose numbers are constantly increasing, must be introduced more quickly. In the long term, a free trade zone will be opened in the area of the Pogranichnyy settlement, where the railroad yard is located. Recently, a local delegation composed of economists, customs workers, and foreign economic organizations visited the province of Jilin, where such zones have been functioning successfully for 10 years.

The "gate" at the junction of the two states should be thrown wide open in both directions.

Railroad Automation Development Viewed

924A0380A Moscow AVTOMATIKA, TELEMEKHANIKA I SVYAZ in Russian No 7, Jul 91 pp 2-6

[Article by A. M. Dudnichenko, head of the Department of Automation and Telemechanics of the Soyuzzheldoravtomatizatsiya Scientific Production Association, candidate in Technical Sciences: "Basic Directions in Developing and Improving Automated Railroad Systems"]

[Text] Today, when economic and market relations are gathering force, it is absolutely necessary that our approaches to selecting the directions of scientific research and design developments be drastically revised. Under the conditions of the economic independence of the railroad transport enterprises, the Ministry of Railways no longer determines what to introduce and where. The solution to this problem is being transferred to the sites. Since in this case, it is not "other people's money, sent down from above" that is being spent, but their own money, "earned by the sweat of their brows," it is necessary to achieve, when introducing a solution, not a conditional, but a real economic effect, and this imposes heightened demands on scientific workers, designers and planners.

There must be a thorough study of the objective needs of the railroads and careful working out of the operational-technical requirements for new types of equipment, technical-economic estimates must be given and the chosen technical approaches reinforced by the appropriate substantiations.

These generally known and natural requirements are by no means always fulfilled. In the past it often happened that an externally attractive idea was put into development without a sufficiently thorough analysis, which led to large material expenses, but did not yield the necessary effect. Examples of these inadequately thought-out and insufficiently weighed decisions are generally known.

Automated railroad systems have long been solidly occupying a leading place among the technical devices for transport, providing the throughput capacity for lines and the processing capacity of stations and junctions, and performing a special role in train traffic safety.

In order to ensure further harmonious development of this equipment, we must determine the basic trends in developing and improving it, and correctly formulate the tasks to create a new generation of devices and automated railroad systems, in consideration of today's requirements.

In this connection I should like to express certain thoughts on this problem, in order to arouse scientists and specialists to discuss them on the pages of our journal.

In evaluating the experience of highly developed countries, the following general tendencies may be singled out in the development of STsB [signalization, centralization and blocking] equipment abroad: integrating individual devices and systems (automatic blocking, ALS [automatic locomotive signaling], dispatcher and electrical centralization) into integrated train traffic control systems; wide use of computer and microprocessor equipment; further expansion of the functional potentials of devices and systems through automating not only the routine, but also the intelligence functions of the operating personnel, including through the creation of expert systems.

The problems of interval regulation and dispatcher control of train traffic are best solved in integrated systems, which have recently appeared on the railroads of the developed countries. For example, the national railroad company of France has begun to develop ASTREE centralized traffic control systems. The central processor

of this system gathers data on the location and movement parameters of all the trains in the zone of control, and on the state of the tracks, switches and signals, and on the basis of this information, formalizes and transmits the control commands to the trains, ensuring the regulation of traffic in accordance with the requirements for safety and fulfillment of the schedule.

The railroad companies of the United States, Japan and Canada are also developing similar systems. The use of integrated systems makes it possible to achieve maximum throughput and high precision in fulfilling the traffic schedule on the control sections, and through eliminating unwarranted brakings, to achieve a reduction in the energy consumed to draw the trains and ensure optimal control of crossings on the basis of the speed at which the trains are traveling.

In our country, work on developing an integrated system was begun in 1981 by VNIIZhT [All-Union Railroad Transport Scientific Research Institute]. Unfortunately, this work did not become a priority at the MPS. After the creation of the Soyuzzheldoravtomatizatsiya Scientific Production Association, the potentials of VNIIZhT were substantially reduced and, although work is continuing, there is no certainty that a system suitable for widescale use will be developed in the near future.

The structure of train traffic control on the road network, including the ADTsU [automated dispatcher control center] of the MPS and road and regional centers, has now been virtually determined. Integrated systems should be used at the level of a train dispatcher section with heavy traffic, including passenger traffic. Considering the extreme urgency of developing a KSAUDP [integrated automated train traffic control system], it will be necessary in the near future to connect to it additional forces, to reinforce it organizationally and to continue working under the management of the Signalization, Communications and Computer Technology Main Administration.

Automatic blocking and ALS. The increase in train weight, speed and traffic intensity lead to an increase in the mechanical effect on the track, an increase in the propulsion current and accelerated loss of the dielectric properties of the road bed and the electrical conductivity of the rail lines at the joints. Under these conditions, it becomes inadvisable to use panel tracks, and the use of rail lengths, including those with a length equal to that of the line, is specified. Through doing this, the strength and reliability of the track is substantially increased and the conditions for conducting the propulsion current are improved. At the same time, it rules out the possibility of installing insulated joints for the track circuit equipment on these sections. Continuous rail track circuits must therefore be developed. Their introduction on the railroad network has clearly shown their indisputable promise.

The basic directions in improving track circuits are: increasing the operational reliability; ensuring operation when the hardware is a considerable distance away from the rail line; improving the precision of fixing the boundaries of the track circuits; using hardware based on microprocessor equipment.

Track circuits have now been developed which make it possible to eliminate the need to install insulated joints on lines. It does not appear fully possible to solve this problem for stations having continuous ALS. First priority should therefore be given to studies and development of continuous rail track circuits for sorting humps and the shunting areas of stations, lines and industrial transport stations.

Although track circuits remain the basic and most widely used means of monitoring open line track, in certain specific cases it is advisable to use alternative technical approaches, particularly to monitor the open state of lines with PAB [semi-automatic blocking], sections with low ballast resistance, at railroad crossings and at bridge transitions with metal girders, where it is difficult to ensure insulation of the rail lines.

For the examples listed, it may be most efficient to use axle counting equipment. Unfortunately, there are no domestic models of this equipment, and work is yet to be done on developing it.

Traditionally, automatic blocking and ALS use the same systems, both on lines with heavy traffic and on low-activity sections, which is by no means always warranted. It is expedient from the operational-technical and economic standpoint to use systems with a different degree of complexity, depending on the amount of traffic and other conditions of operating specific lines. In this case, the devices should be made according to the unit principle. For example, at the first stage, out of the general set of devices, it is possible to use only the devices to monitor the open state of the line and the arrival of a train in full consist. With an increased amount of traffic and the use of a group schedule, movement may be implemented according to ALS signals. When necessary for a further increase in the amount of movement, backup ALS locomotive devices should be specified, in order to eliminate delays in traffic due to possible failures of the devices. With particularly heavy traffic, it is advisable to have backup track devices as well.

In the initial period of introducing the TsAB system, the use of two ALS systems was specified—the digital ALSN operated on the road network and the frequency ALS. The frequency system has found limited use on railroads, and its further introduction has been unjustifiably dragged out. Because of this situation, and also in order to simplify the devices and lower their cost at this stage, the digital ALSN system may also be used as a standby. This requires no additions to the track devices, but a second configuration of locomotive devices should be used on the locomotives. Some locomotives, two-section ones, for example, already have a second configuration.

Backup digital ALSN locomotive devices must be very quickly developed to ensure that the undoubtedly advanced and economically and technically expedient TsAB system will be introduced without hindrance, not only on single-tracked but also on double-tracked lines with any amount of traffic, without waiting for widescale introduction of frequency ALS. There is no doubt that in the future it will be possible and necessary to use frequency ALS in order to increase the volume of information transmitted and guard against the effect of interference of the propulsion current.

An important direction in improving the automatic blocking and ALS is solving the tasks of stopping trains in front of stop signals and improving crossing signalization control.

Considering the fact that the problem of preventing the running of stop signals will undoubtedly remain an urgent one for a long time, future interval regulation devices must provide for its full solution. The SAUT [automatic brake control system] may be considered a prototype of this solution. It ensures the precise stopping of a train by calculating its speed program on the section before the stop signal and monitoring its fulfillment. In view of the urgency of the problem and the need to solve it rapidly, however, a number of routes that have reserve throughput capacity must use simpler and less expensive technical devices.

It is therefore expedient, as the next task, to return to the question of using overlaps. This is necessary because, under the conditions of relatively short block-sections and long trains, the probability of running stop signals has substantially increased.

When the overlap is placed beyond a traffic control signal with a red light, however, the spatial interval between trains increases, which leads to a certain loss of throughput capacity (5-7 percent). In addition, with this variant, train collisions are prevented, but running stop signals is not ruled out. Considering these shortcomings, it is more expedient to place the overlap in front of the traffic control signal with the red light. With sufficiently long block-sections, this positioning variant has less effect on the throughput capacity, and also rules out the running of the stop signals. With short block-sections, the variant of separating trains by two red signals is possible.

There is a problem of ensuring traffic safety when rail and motor vehicle roads intersect at the same level. The existing traffic light signalization with automatic barriers, which is widespread, does not fully solve this problem. The accident rate at crossings remains very high, and there are also large losses from the idle times of the motor vehicle transport. This situation is to a considerable extent caused by the fact that the automatic equipment at the crossings is technically imperfect, and the crossing is closed for a considerably longer time than necessary for the train to pass. As a result, in a number of cases, undisciplined drivers head for a crossing in spite of the stop light, and if there are automatic barriers, go around them. If motor vehicle transport stops on an unguarded crossing, there are no technical devices to give the locomotive crew information on this in time to take measures to stop the train.

These shortcomings should be completely eliminated in interval regulation systems of the new generation. Some of the tasks of improving the operational properties of automated equipment at crossings may be solved if the existing STsB devices are modernized. For example, at the present time, a crossing is closed for an unnecessarily long time because of the fact that notice of the approach of a train is as a rule sent prematurely, and the speed of its movement is assumed (for safety considerations) to be the maximum permissible, while in reality the speed may be considerably less. This time can be substantially cut down by lessening the distance from which the notice is sent to the crossing, bringing it to the minimum necessary. Since this distance does not coincide with the boundaries of the block-sections, an additional track circuit, preferably continuous, must be used. Measuring the speed of the train makes it possible to reduce the crossing closure time even more. Calculations show that for traditional decentralized interval regulation systems, this reduction will not be over 20 percent, since it is necessary to consider the fact that at any point on the approach section, the train may begin to accelerate to the maximum permissible speed. In interval regulation systems, in which the train movement modes on a section, as well as at a crossing, are controlled from a single center, this reduction may be more radical.

Dispatcher control of train traffic. The technology of dispatcher control as an advanced form, arising at a certain stage of railroad development, has quickly become widespread. In the early days it was based exclusively on communication between the train dispatchers and the duty attendants at the stations located on the train sections. The boundaries of the latter corresponded to the shoulders (operation polygons of the locomotives) and, as a rule, to the sections of the railroads between major sorting stations. The main proportion of the train dispatcher's work time was spent in telephone conversations. The train information obtained through them was unreliable, and the quality of control was poor. The need to raise the quality and efficiency of control gave rise to the DTs [centralized traffic control] systems, which provided objective monitoring of the train position and the possibility of remote-controlled switches and signals. These were widely used on single-tracked lines, where they proved their high efficiency. On double-tracked lines, however, the DTs systems are in only limited use, as a rule under conditions of dispatcher monitoring, since here their technical potentials do not correspond to the psychophysiological potentials of the train dispatchers.

The DTs equipment developed met the railroad requirements for a long time. Today, however, work conditions have changed radically. Locomotive traction shoulders have sharply increased, train traffic intensity has risen,

objective tendencies toward concentrating dispatcher train traffic control have arisen and the demands on the automation level of train dispatcher work have increased.

A number of railroads are now doing active work on developing and introducing road and regional dispatcher centers for transport process control. One of the most important functions of these centers is train traffic control, and the technical basis of its implementation is the centralized traffic control system. Under the conditions of working as part of dispatcher centers, however, a number of requirements, new in principle, are being imposed on the DTs systems. These requirements are particularly related to the need to ensure remote control of switches and signals on double-tracked lines with heavy traffic, as well as on longer lines.

Today's DTs should ensure the tracking of the trains and display of their numbers. To further intensify the train dispatcher's activity, a model study of the train must be made and, on the basis of it, the schedule executed must be automatically recorded and analyzed, and the routes assigned by automation.

The functions named are particularly necessary for double-tracked lines with heavy traffic, on which manual route control is impossible.

Automated route control also brings forth qualitatively new demands on the reliability of the information transmitted. In this area, the DTs system should be related to systems that are telemechanically first-class. In order to ensure high reliability, equipment of the line points must be on backup, with the possibility of switching on the backup automatically or upon the command of the control point.

In the following stages, the system should automate not only the routine, but also the intelligent functions of the train dispatcher. Prediction of the train position, elimination of conflict situations and formation of the control commands and recommendations for normalization of train movement should be automated. The train dispatcher's work place should be equipped with an expert system.

The introduction of DTs on low-activity lines should be discussed separately. The lack of automatic blocking and, consequently, of the monitoring of the open state of the lines, makes it impossible to use DTs equipment on these lines. As a result, a large and prospective polygon of railroads proves to be outside the zone of train traffic dispatcher control automation. Solving the problem of monitoring the lines through equipping them with track circuits, axle-counting equipment or other alternative devices will remove the obstacle to equipping these lines with DTs equipment and will make it possible to gain a large economic effect through reducing the contingent, increasing labor productivity and increasing the section speed of the train traffic.

Quite large reserves are contained in developing and using the equipment that makes it possible to concentrate train traffic control at the level of the stations and junctions. By using remote control equipment, there is a possibility of ensuring, on the section of one support station, control of the other stations adjacent to it.

Automating sorting humps. We know that stations, and particularly sorting stations, limit the throughput capacity of railroads. Trains often stand idle in front of the entry stop signals of sorting stations. The main reason is the insufficient productivity of the humps.

Despite the relatively high rates of mechanization, the proportion of dangerous manual and heavy labor is still high at humps. A large number of cars and a large amount of freight are damaged when consists are broken up. This situation is to a considerable extent dictated by the extremely neglected state of the hump service, the poor condition of the car retarders, the air conduit network and the upper structure of the track, and by the great deviations of the hump structures from the planned designs. An entire group of measures must therefore be carried out in order to have a radical improvement of the sorting process. One of the most efficient measures is automation. If one considers the fact that out of the more than 300 sorting humps on the railroad network, only a small number of them are automated (including railcar braking), it becomes clear that this measure is so far virtually unused.

Automation of the sorting humps began at the end of the 1940's, with the development and introduction of automated hump centralization. The system proved to be highly efficient and reliable, and in a relatively short time over 100 sorting humps were equipped with it.

The first automated uncoupling speed regulation system, ARS, appeared at the beginning of the 1960's. Subsequently, the braking of the cars was automated at several humps in accordance with individual designs.

The standard design developed in the last few years on the basis of microprocessor equipment, as was shown by experience in introducing it, did not permit total achievement of the desired result. Sorting humps automated by this system have not yet received the anticipated effect, both with respect to raising the reserves of processing capacity and breaking up the consists. This forces us to seek additional sources of increased automation efficiency.

The MPS has recently considerably stiffened the requirements for hump equipment, having been faced with the task of ensuring the detaching of consists at speeds of up to 10-12 km/hr and regulation of the uncoupling movement along the entire sorting track. New technical approaches, not traditional in our domestic practice, are needed to solve this problem.

Considering the fact that we lag noticeably behind the developed countries in the sphere of sorting hump automation, foreign experience should be closely examined.

In particular, it shows that sorting systems, particularly the large ones built in the last few years, are not restricted to three brake positions and specify additional regulatory devices on sorting tracks. The equipment used on them is quite varied. There are line motors, self-powered cybernetic bogies, cable pushers, piston retarders of the Dowty type, and other devices.

An analysis of the possible alternative technical regulatory devices, using the model study method, shows that the variants using piston retarders are in most cases little accepted, since they necessitate reshaping the sorting tracks and are of only limited use. Thorough modernization of the upper structure of the sorting yard track is needed in order to use car pushers. These devices should be moved only along special guides located inside the rails, or along running rails. In the latter case, special clamps should be used, permitting the unimpeded passage of the rollers of the bogie of the car pusher at the base of the rail webs. Considering the high cost of pushing devices, and some of their structural shortcomings, preference should be given to the principles of precise braking. An additional sorting-siding brake position in the form of a light, low-power retarder, located in the interior of the sorting yard, should be used for a substantial rise in the quality and precision of the braking.

Humps with a smaller capacity may use a variant with one position, but located, not at the beginning of the sorting tracks, but in the yard. Its optimal coordinate should be precisely defined.

Any control system based on the precise principle of control (with both one and two sorting-siding brake positions), should specify measuring the rolling properties of the cars. This is one of the conditions of high-quality control. The best place for this measuring is the sorting track, and therefore, in the first variant, the measuring section should be located between the basic and additional sorting-siding positions, and in the second variant—in front of the sorting-siding brake position.

Using an additional sorting-siding brake position makes it possible to increase the hump productivity through increasing the speed of uncoupling movement in the distribution area.

Hump productivity may also be substantially increased through increasing the average speed of the detaching and using advanced technology to break down the consists at a variable speed.

A considerable reserve lies in reducing the hump cycle through reducing the time between the detachings and creating the conditions for flow break down of the consists. Although the Regulations for Technical Operation of USSR Railroads During Shunting Operations permit forward movement of the cars up to 20 km/hr, consists are fed from the receiving yard to the hump at a wretched speed. Advanced technological methods such as humping after, following humping and jogging are virtually unused. The main reason is the lack of special equipment on our humps: automated hump locomotive signalization, automated hump locomotive speed control systems. It can be said with certainty that today it is not enough to automate the downway part of the hump, i.e., 3-position braking control—the sorting operations at its lead section must also be automated.

Developing a new generation of reliable and efficient devices as part of the wayside equipment should be acknowledged as an important direction in developing hump automation. Developing weighing and measuring devices, a continuous rail track circuit and devices to monitor the filling of the tracks are priority tasks.

The weighing and measuring device should have no mechanical moving parts. Its precision and stability characteristics must be considerably improved. It is highly desirable to ensure measuring the weight category on a running rail, not using a temporary rail cutting with a milled head.

Servicing insulated joints on mainline tracks is a big problem. It is clear that even less attention is paid to maintaining them on other tracks, including hump tracks. When there is a disruption of the joint insulation, adjacent sections are joined together, which necessitates a sharp drop in the detaching rate and the number of "mis-shunts." The main problem in developing a track circuit without insulated joints for the humps is the need to ensure the fine precision of fixing its boundaries.

The device to monitor the filling of the tracks should be maximally adapted to the actual operating conditions. It is important that its operability have minimal dependence on the state of the upper track construction and the dielectric properties of the ballast. It is advisable to expand its functional potentials in order to measure and record the results of breaking up the train.

Devices for logic monitoring and expert systems. World railroads with a developed network have now begun to pay noticeable attention to seeking ways to reduce the errors of the operating personnel which lead to a reduction in the efficiency of using technical devices and violation of traffic safety. This is because the analysis of the past few years indicates a considerable rise in the role of the human factor in ensuring traffic safety. For example, a detailed analysis of the errors of station duty attendants showed that about 50 percent of the wrecks and accidents, out of the total number of corresponding cases related to transport service, occur through the fault of this personnel. Among the basic types of defects for which the station duty attendants are to blame are: receiving trains along an unprepared route, dispatch on an occupied line, throwing switches underneath a consist. It is characteristic that the majority of all wrecks, accidents and defects for these reasons are committed by the station duty attendant under conditions of a disruption of the normal operation of STsB devices.

Various organizational measures have been worked out to prevent and reduce the errors made by operations

personnel in our country. They primarily touch upon methods of training, self-training and simulator-training of the personnel. Abroad, realizing the importance of reducing human error, along with organizational measures, new technical devices for automatic equipment and automated control are being developed for this purpose.

Examples of these developments are: the ESTRAC-II expert system, developed in Japan, which helps the train dispatcher to control train traffic when the traffic schedule is disrupted; a device controlling an emergency signal, proposed in the FRG.

The experience of the Austrian Olcatel firm is extremely interesting. It has developed the ELEKTRA microprocessor centralization, which has a two-channel configuration: one of the channels is supplied with software to perform the traditional functions, and the other employs the expert system, which uses the knowledge base of the station duty attendant and a set of rules defined by the existing instructions for organizing train and shunting operations. In addition, the second channel is a monitor. When the results of the data processing on the two channels fail to coincide, it transfers the system to the protective state. The emergence of the ELEKTRA system is a graphic illustration of the fact that microprocessor centralization should not simply duplicate the functions of relay centralization, but should also give it functional potentials that are new in principle.

The tasks of raising transport quality are beginning to come to the foreground on our country's railroads. Chief among them is ensuring the safety of train traffic and shunting operations. Expert systems and devices for logic monitoring of the actions of the operations personnel fully comply with these tasks. Both in the sphere of accelerating transport and serving freight consignors, consignees and passengers, and in the sphere of improving transport safety, the potentials of expert systems are being very successfully incorporated in the production and technological processes of railroad transport work, are increasing the intellectual capacity of the personnel using them and preventing the consequences of their erroneous and inefficient actions.

The first steps are being taken toward developing this type of equipment. For example, the VNIIZhA [All-Union Railroad Transport Automation Scientific Research Institute], in conjunction with VNIIZhT and GTSS, have worked out a logic monitoring device ULK-R for the actions of a station duty attendant when there are disruptions in the work of the STsB devices.

The device is made using a standard relay element base, intended for small intermediate stations, and makes it possible to monitor the completeness and sequence of the station duty attendant's performance of all the necessary operations involved in preparing the routes with stop indications on the traffic signal lights. At present the installation of a prototype model of the ULK-R is now being carried out at the Pokrovka Station on the October Road, and designs have been made and the devices manufactured for another three stations on the Moscow Road. The railroads' total need for the ULK-R, established by the Transport Main Administration of the MPS, is 8,000 units.

Relay execution of this type of device is difficult for large stations. For this, VNIIZhA is developing a ULK-M microprocessor device for logic monitoring. One thousand units of these sets are needed.

Automated variants of the ULK-M, based on a PEVM [personal computer] without devices to interface with electric centralization, may be used. There is practical experience in using this variant. In addition, the tasks of the self-contained variant have now been integrated with the software of the station duty attendant's ARM [automated work place]. This work has been done in conjunction with the PKTB [planning-design and technological bureau] for ASUZhT [automated railroad transport control system].

A priority task in the development of expert systems is creating them for workers in the mass occupations: train dispatchers, station duty attendants, engineers, etc.

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Railroad Communications Overview Detailed

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[Article: "Railroad Communications: State and Perspective"]

[Text] A network conference of the directors of the signals and communications services of USSR railroads, representatives of the Signals, Communications and Computer Technology Main Administration, VUZes [higher educational institutions], scientific-research institutes and other enterprises and organizations was held in Moscow in April 1991. The state of the communications network of the Ministry of Railways and the strategy for development in the period up to the year 2000 were discussed at the conference.

The participants in the conference discussed the state of the primary communications network of the MPS, the perspectives for its development and the strategy for cabling the lines, and examined new types of cables and methods of laying and installing cable and fiber-optic communication lines. Particular attention was paid to the problems of modernizing the analog K-24T, K-60P, K-3T and V-3T equipment, the use of a standardized IKM-120T digital transmission system, and communication devices for high-speed mainlines.

There was great interest in discussing the problems of developing a satellite communication system for the

Ministry of Railways and the introduction of digital and fiber-optic equipment on the communication networks.

The master plan for the development of the "Transport" radio communication system and the stages of its introduction, the state of short wave and radio relay communication and the perspectives for further development were the topic of discussion.

In their speeches, reports and discussions, the participants in the network conference noted that the railroad communication workers had done a large amount of practical work in 1980-1990 on technical modernization of the wire and radio communication devices. This, in turn, made it possible to improve the operations control of all the railroad transport subdivisions.

In 1981-1985, 24,400 km of open-wire communication lines were replaced with cable, and in 1986-1990—29,500 km. With respect to the situation on 1 January 1991, 86,200 km of electric power transmission lines had been cabled, which is 58.4 percent of the total operating extent of the railroads. This made it possible for the management of most of the roads to have connecting cable lines among themselves and with the MPS, to equip the lines with multi-channel analog transmission systems and to increase the reliability and viability of the network.

At the same time, as the specialists noted, because of the undersupply of the necessary amount of equipment for the transmission systems, cable lines are inefficiently used; equipment with obsolete structures holds back the introduction of an automated operations-technical control system for the primary communication network. The lack of improved technical devices and scientifically based recommendations on protecting the cable lines from electrochemical corrosion leads to frequent damage of the cables. This brings sizable material losses every year.

Among the achievements should be included the fact that a number of railroads (October, Baltic, Northern, Belorussian, etc.) have begun to introduce digital transmission systems (TsSP) with pulse-coder modulation (IKM-30, IKM-120) and fiber-optic communication lines (VOLS). Their widescale introduction is being held back, however: by the imperfections in the existing power transmission lines, based on using symmetrical combined cables (signal circuits); by the negligible amount of TsSP equipment supplied by industry; by the high cost of fiber-optic cables and their low reliability; by the absence of recommendations on building and operating VOLS.

Secondary networks are being developed in accordance with the level of development of the primary network. At the beginning of 1991, the subscriber capacity of automated central offices was over 1,200,000 numbers. There are over 7,000 automated intercity telephone communication channels.

It should be noted, unfortunately, that a large number of the ATS [automated telephone exchange] in operation are obsolete, including about 40 percent of the ten-step systems. Quasi-electronic ATS are being introduced extremely slowly. The reasons? The limited amount of supply by industry and the high cost. The switching equipment of digital communication networks has not so far been used.

At the same time, it must be mentioned that the railroad communication workers render 9-10 million rubles [R] worth of communication service to the population yearly.

The telegraph communication network is far-flung. Despite this fact, however, the quality of establishing connections between the network subscribers is accompanied by a large loss coefficient with respect to calls. The network uses the clumsy switching equipment of electromechanical systems. The technology for transmitting the traffic needs improving at all levels of the network. The new electronic switching systems developed by domestic industry are being introduced extremely slowly, because of the lack of scientifically based recommendations for their use and their high cost. Message and packet switching centers have not been put into use on the railroad network.

The data transmitting centers of the users are being developed independently. An assigned network of tonal frequency channels is used in each case. A large number of different ARM [automated work stations] are being developed for the same purpose. All this leads to dissipating the forces of the developers and the funds of the customers.

The conference participants noted that radio communication devices are being widely used on the railroad network. Almost all of the elements of the "Transport" radio communication system have now undergone operating tests. The necessary finishing work will be completed in accordance with the results of these tests.

A master plan for introducing radio communication on railroads and a program for modernizing individual types of radio devices have been drawn up. The necessary number of plants manufacturing the products, including conversion products, have been linked up to produce the technical devices for the "Transport" radio communication system. This year the development of domestically produced portable radio stations and power supply sources for them is being completed.

The plans are for industrial manufacture to begin in 1992.

Specialists have drawn attention to the fact that the sector's transition to market relations, beginning in 1991, creates certain difficulties and non-standard conditions for work on re-equipping the signal and communications service.

The conference participants passed the corresponding resolution. They approved the idea, proposed by the Signals, Communications and Computer Technology Main Administration of the MPS, of developing a primary communication network on the basis of the construction, beginning in 1992, of three-cable lines for automated equipment and communications, providing the maximum efficiency in using their capacity by using digital and analog transmission systems. For multichannel transmission systems, it was decided that the basic ones used would be armored cables in an aluminum sheath, with a polyethylene composite cable applied on top of the armor (TsSP cable) or a quadded (MKP cable) twist of copper cores 1.05-1.2 mm in diameter. Construction of fiber-optic communication lines was acknowledged to be expedient as another promising direction in the development of a primary communication network.

In connection with this, the Signals, Communications and Computer Technology Main Administration of the MPS is to complete the development of a cable for automated equipment and communication for digital transmission systems in 1991, and to organize its series production, beginning in 1992. In 1993, equipment should be developed for an K-60T analog transmission system and a specialized IKM-120T digital transmission system, and their series production is to be organized, in the required volume, at industrial plants, beginning in 1994.

The main administration, in conjunction with the signals and communication services of the North Caucasus, Gorkiy, Krasnoyarsk, East Siberian and Belorussian railroads, must ensure the design and construction of 3-cable communication lines, using symmetrical cables and digital transmission systems. It is recommended that all chiefs of the railroad network's signals and communications services expand the volume of introducing zonal systems of transmission with pulse-coded modulation and fiber-optic communication cables, primarily to increase the number of communication channels for the administrations and divisions of the roads, as well as major railroad junctions and stations.

The Signals, Communications and Computer Technology Main Administration of the MPS and the signals and communication services of the Moscow, Kuybyshev and October roads should specify in their plans the design and construction of fiber-optic communication lines on the Moscow-Samara routes and on the Leningrad-Moscow high-speed mainlines.

It was resolved that development of a satellite communication system for the Ministry of Railways be considered as one of the most important directions in developing a primary communications network, in order to heighten its viability and increase the channel capacity.

The conference participants decided to continue replacing open-wire communication lines with cable lines on the railroads. This work should be given priority on the following routes: Moscow-Chelyabinsk (through Samara); Sverdlovsk-Tayshet (through Omsk); Tayshet-Khabarovsk (through Ust-Kut); Moscow-Sverdlovsk (through Yaroslavl); Saratov-Orenburg-Aktyubinsk-Tashkent; Rostov-Baku; Leningrad-Murmansk. For this purpose, the Signals, Communications and Computer Technology Main Administration of the MPS should purposefully assign cable output, and the railroad signals and communication services—promptly prepare the necessary documentation and seek funds to finance the work.

The chiefs of the railroad signals and communications services must, in conjunction with the inspectors of the Elektrosvyaz Department of the TsSS [Central Communications Station] of the MPS, intensify monitoring the quality of the construction-installation work done by the contracting organizations of the Transsvyazstroy Trust and not permit cases of accepting communications objects for operation that have been made with deviations from the design decisions and regulations. The Signals, Communications and Computer Technology Main Administration of the MPS and the Transsvyazstroy Trust should consider the matter of introducing warranty periods for the cable communication lines turned over for operation. The chiefs of the signals and communications services and construction-installation trains should not permit work to be completed on building cable communication lines without leading the cables to the communications center, particularly at road junctions.

It is recommended that VNIIZhA [All-Union Railroad Transport Automation Scientific Research Institute] and the VUZes [higher educational institutions] draw up the draft of a coordinated plan for scientific research and experimental design work for 1991-1995 on problems of developing and operating wire and radio communication. It must be approved by the Signals, Communications and Computer Technology Main Administration of the MPS, after the approximate cost of each stage of work, of the work as a whole and the periods for fulfillment have been determined.

To solve the problems of increasing the efficiency of primary and secondary communication networks, ensuring their required quality, and protecting the cables from electrochemical corrosion, etc., VNIIZhA must organize a scientific-research laboratory in 1991. It should be staffed with eight to ten highly qualified specialists. It should become the scientific coordinator on all problems of developing and operating wire and radio communication devices, and this should include being a coordinator of the work of the laboratories of the educational VUZes.

In developing the communications equipment, VNIIZhA must specify the maximum conditions of its operability at a temperature of +60°C. It should test new communication devices under summer conditions in areas of Central Asia and Kazakhstan.

Important decisions were made at the conference in the sphere of modernizing and introducing radio communication devices. In connection with this, it was decided that the Signals, Communications and Computer Technology Main Administration of the MPS should complete the development, in 1991, of an RV-1M three-band radio station, portable radio stations and also a 6SG-0.8 storage battery, and beginning in 1992, ensure their industrial production in volumes satisfying the demands of the railroads.

The chiefs of the signals and communication service and the locomotive service are to ensure, in 1991-1993, the replacement of type ZhR-3 and ZhR-3M type locomotive radio stations with radio stations of the "Transport" radio communications system; to solve, with the railroad directors, the problem of assigning capital to the centralized MPS fund to introduce a system of train radio communication and particularly duplex radio communication, in accordance with the master plan; to ensure the stable and high-quality work of train radio communications as one of the means of communication which increases train traffic safety.

The Central Communications Station of the MPS must, in 1991, correct, in accordance with the amended conditions, the documents regulating the position of mainline short wave radio communication in the MPS communications network and coordinate them with the Signals, Communications and Computer Technology Main Administration.

The chiefs of the railroad signals and communications services should ensure the drawing up of planning estimates for replacing ATS with mechanical systems with those with quasi-electronic and electronic systems, being oriented toward complete replacement of 10-step ATS by the year 2000.

The basic premise of the master plan must be taken into consideration in designing communication devices, allowing for the development of regional train traffic control centers in the future.

It is recommended that the chiefs of the signals and communications services work out organizational-technical measures for at least a 50% increase over the 1990 level in communication services for organizations and the population.

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Azerbaijan Railroad Structure, Operations Discussed

924A0387A Moscow GUDOK in Russian 14 Dec 91 p 1

[Article by A. Babayev, chief engineer of the Azerbaijan Railroad: "Without an Unnecessary Component"]

[Text] Baku—The viability of any structure or system depends on the degree of flexibility with which it can respond to changes in external conditions. If these changes develop but a structure continues to function without being reorganized, certain disruptions are inevitable.

The representative of a subordinate unit—a division—comes to the railroad management with a paper. The paper contains a request: "For the purpose of further technical reequipment and development of production, we request your authorization..." And the question automatically arises: why is he asking for our approval? If the division wants to improve itself and provide for technical reequipment, well, good luck! However, this is not such a simple matter. By coming with a request, the division employee knows that if they do not earmark the equipment and materials for him, the technical reequipment plan being proposed will remain a good intention. The final word is up to the railroad management. But it is simply beyond the power of the railroad divisions to resolve many problems of technical reequipment—they have no funds. It is especially difficult now with the overall deficit and the unchecked rise in prices.

Let us look at this situation from another standpoint now. The division is enclosing technical and economic justification with its application. These calculations are analyzed and evaluated and a final decision is reached by the administration. But why, strictly speaking, must the same matter be studied in two components—a division and the administration? This is a duplication of functions, not to mention the fact that the appropriate service of the railroad has a long-term plan for development and technical reequipment which has already taken the divisions' interests into account. Moreover, duplication such as this gives rise to harmful stereotypes in production relaionships. Why, let us say, does a division make an effort by putting together technical and economic justification for one project or another if they review and evaluate everything in the administration? "Half-done," incomplete plans, slipshod calculations, and a parasitical attitude follow as a result: they will "work everything out" there, at the top.

Because of the lack of material and technical resources, many of the problems falling within the divisions' competence have to be resolved at the railroad level. Over a period of nine months this year, 1,154 written requests came to the Azerbaijan Railroad's management from railroad employees, and 95 percent of the questions raised in them should be dealt with by the divisions. So is it worthwhile to retain a component which essentially does nothing? After all, it costs no less than 4 million rubles [R] a year.

There is one more reason which demonstrates the need to eliminate a component in the administration structure which has outlived its usefulness—the overall decline in production. Some 30 to 32 percent less freight than two years ago was carried on the Azerbaijan Railroad this year. And the decline continues. But conditions for the forthcoming market relationships dictate the need to

reduce expenditures. In this case, the reduction in volume of operations means a reduction in the work force.

The new structure which we are proposing—the MPS [Ministry of Railways]—the railroad—the enterprise (association)—was in use from 1963 to 1967. At that time, rolling stock and locomotives were utilized better and more efficiently—by 21 to 35 percent in individual indicators. Calculations which take into account the current economic situation show that doing away with the divisions will enable us to reduce operating costs by R25-R30 million.

It may be shown to someone that by doing away with the divisions, the railroad may usurp the rights of enterprises and associations. It is just the opposite in the structure we are proposing; all the cost accounting units—the stations, freight yards, and enterprises—are given independence and the opportunity to use contract prices for the services offered, to introduce flexible rates, and to conclude horizontal contracts with any enterprise. The funds earned by an enterprise would be utilized at its discretion.

The stations' shift to cost accounting is just the first stage in the structural reform. In the second stage, it is planned to establish cost accounting associations based on independent cost accounting units.

The railroad basically will begin to carry out the functions of administration. Construction has already begun on a unified dispatch center for administration (YeDTsU), which will raise the level of traffic organization. In the second half of 1992, the building will begin to be "filled" with equipment. The center will have its own teletype and facsimile communications. And the circuit diagram of the Azerbaijan Railroad will graphically display its status at any minute.

Of course, a great many questions concerning the calculation and formation of new balances and financing will arise in the transition. However, our most important concern is job placement for the persons who are dismissed. We do not intend to part with highly skilled specialists and railroad employees. Of the 492 persons being dismissed, 242 will begin working in the railroad subdepartments that are being created, and another 190 will be placed directly in enterprises where there are vacancies.

The economic situation taking shape in the country and the republic is complicated and contradictory. The proposed reorganization of the Azerbaijan Railroad is the reaction of a healthy rail transport organism to the changed economic conditions.

Railroad Structure in Ukraine Discussed

924A0387B Moscow GUDOK in Russian 14 Dec 91 p 1

[Article by GUDOK correspondent V. Monastyrskiy: "How Will They Make Use of Independence?"]

[Text] Odessa—**The signing of the founding agreement between the Ukrainian State Property Fund and the Odessa Railroad has given rise to conflicting rumors. Some persons see this as direct encroachment upon the property accumulated for decades with the Center's support. Those who defend the legality of the signatures of Vladimir Pryadko, the chairman of the Ukraine State Property Fund, and Mikhail Guryev, chief of the Odessa Railroad, take exception to this.**

In any case, a step has been taken toward economic independence. Nikolay Koval, chairman of the railroad's Finance Service, believes that the agreement has cleared the way for initiatives by the collective, but the main point is that the Odessa employees will be able to make use of their finances. In fact, the Odessa Railroad is now an enterprise with the rights of a legal entity, that is, it can make decisions independently, establish economic ties with anyone it wants and when it wants, and it can conclude contracts.

But how is the concept of "railroad property" interpreted now? The mainline's charter, recorded by the Ukrainian State Property Fund, states that the railroad's property consists of its fixed capital and wo

Snow Hinders Gorkiy Railroad Work

924A0387C Moscow GUDOK in Russian 21 Dec 91 p 1

[Report by GUDOK correspondent A. Yudanov: "The Snowstorm Did Not Take Them by Surprise"]

[Text] Nizhniy Novgorod—The Gorkiy Railroad, particularly in the Volgo-Vyatskiy region [confluence of the Volga and Vyatka rivers], was hit by snowstorms in mid-December, and junctions and stations were covered with snow in a few hours. In many places, hundreds of employees from stations and locomotive and railcar depots came to the aid of snow removal equipment operators with shovels and brooms. Track brigades are in the most important sections, of course.

There was a consierable amount of snow at the Arzamas junction, where the work to make up freight trains and separate them and to move transit consists through practically came to a halt. Fortunately, this did not happen: about 100 persons from other services helped the track workers to clear the track switches.

They dealt with the snow just as successfully at the Gorkiy Classification Yard and the Lyangasovo station. Employees worked well at the Shakhunya station on the main electrified route linking the Center with the Urals and Siberia. Trains are passing through without difficulty.

The traffic and track workers are especially concerned about the rapid movement of freight trains carrying coal from the Kuzbass, as well as the return of empty

gondolas to this coal mining basin. Up to 100 gondolas above the technical norm are being transferred to the neighboring Sverdlovsk Railroad from the Gorkiy line each day to speed up rolling stock turnaround time. Unfortunately, they are often held up by their neighbors, which has a negative effect on the pace with which the coal is unloaded.

The "isolating" winter has not weakened the local railroad workers, who understand very well that sooner or later it will show its worth, its stern side. The "first call," as they say, came on their days off. And once again heavy snow began falling, developing into a blizzard. The first line of defense is the equipment, and it is in full readiness.

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