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Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Draft Law on Business Activity Discussed

914A0577A Moscow IZVESTIYA in Russian 25 Mar 91 Union Edition p 2

[Interview with A. Vladislavlev, vice president of the USSR Scientific-Industrial Union, by V. Romanyuk: "Business Soviet-Style"]

[Text] **The draft law on the general principles of enterprise in the USSR has passed the country's parliament in its first reading. The debate was mainly over two issues: private property and wage labor—how permissible are they under socialism? An IZVESTIYA correspondent met with A. Vladislavlev, doctor of technical sciences and vice president of the USSR Scientific-Industrial Union and cochairman of the group of deputies which prepared this bill, and asked him to comment on this bill, which is important for the formation of the market economy.**

"To put it briefly," Aleksandr Pavlovich said, "the bill determines the general principles of the start of enterprise in the USSR, ensures its official protection and support, regulates the rights and responsibility of the representatives of incipient Soviet business and regulates its relations with the organs of state administration. This document is in its way unique: for the first time it was drawn up wholly by the deputies themselves, with the help of their advisers and experts, and not 'as fed' by some central economic department. True, L. Abalkin's commission offered its version, but ours came out the winner—it was this which was studied and approved by the USSR Council of Ministers Presidium."

[Romanyuk] Does this mean that enterprise will have an opportunity for legal recognition in our country also?

[Vladislavlev] I believe it does. By enterprise we understand the initiating, independent activity of citizens, exercised on their own behalf, at their own risk, and on the basis of their property liability, and geared to the acquisition of profits or personal income. This could be all kinds of production activity and also commercial brokerage, trade, and purchasing innovation, advisory activity and securities transactions. And the bill recognizes private enterprise as a leading form, what is more.

[Romanyuk] But how realistic is it to speak about free enterprise given the dominating position in the economy of state-owned enterprises and the old managerial structures at the back of them?

[Vladislavlev] Originally people wanted to reduce our bill to only private enterprise. I was categorically opposed to this—the operation of a law cannot be reduced to the framework of what is still a tiny sector of the economy. The task is to make enterprise an ideology applicable to any form of ownership. Such an economy could be built within the framework of both private and state ownership. In both versions a director working on a contract with the work force finds himself under entirely different conditions from one appointed by the department. Or take a joint-stock enterprise—the Kama Truck Plant. Its general director, A. Bekh, is a true entrepreneur. Like B. Fomin, chairman of the board of the Energomash state-owned concern. In addition, different types of enterprises may perfectly well interact—on a basis of competition and convergence—within the framework of mixed forms of ownership.

[Romanyuk] And when will we see an entrepreneurial boom in the country?

[Vladislavlev] The Enterprise Act may operate successfully only when coupled with other market laws—on the denationalization of property and the privatization of enterprises, anti-trust law and, finally, on currency policy, investments, concessions, bankruptcy, and others. We also need legislative safeguards against a recurrence of the havoc caused to enterprises following the conclusion of the NEP [New Economic Policy], when people who had lifted the country from ruin were shot, and later, when the producers' cooperatives were smashed. But even safeguards will not "work" unless an enterprise infrastructure is created, and it is formed by commercial banks, insurance companies, auditing firms, a system of consultants, and much else. Finally, no venture grows without substantial initial capital. Where is the capital to come from in a devastated country? It may be provided by science-intensive technology and exports of energy or foreign investments. We are lagging decades behind in technology, and natural resources have been exhausted for several generations to come, but instead of large-scale specific investment programs, we as yet have credit scattered in a variety of departments. We lack the competence and ability to combine people's enthusiasm with the experience of world enterprise. Examples and real successes are very important today—they are always more persuasive than the most efficient programs.

[Romanyuk] You have spoken about a package of market laws designed to work when "coupled." But what is the "platform" of the Enterprise Act itself?

[Vladislavlev] These are only the foundations of enterprise. They will in the republics be realized variously—with regard for local conditions, both socio-cultural and ethnic, historical, religious. Only a common economic space, a common market, free of coercion, may unite all of them. I believe that the delay in the enactment of market laws is a reason for the acute problems which we have today. Our bill makes it possible to form the basis on which everything representing the sphere of social production may be consolidated.

Throughout the civilized world entrepreneurs constitute the main force of society. It is their efforts, ability, and capital which, finally, create the social wealth subsequently entering the sphere of distribution. And the unions are predominant there. The state performs the role of regulator in the interaction of these two leading

social forces. With us, however, the state assumes the role of producer of material assets, leaving the entrepreneurs powerless.

[Romanyuk] The dislike of enterprise in principle—as a source of unearned income and man's exploitation of man—remains strong in society. However much we may wax ironic over principles which it is difficult for us to forgo, the situation is precisely thus: forgoing them is difficult!

[Vladislavlev] Enterprise in our country bears the shortcomings and flaws which are rooted in society. It is customary to abuse the cooperatives and upbraid them for unearned income, but, after all, four-fifths of cooperatives have been created at the enterprises and are linked with them by communicating vessels, as it were. Just as, dozens of years ago, an enterprising manager was forced to be quick on his feet in the struggle to survive, so now are the co-operators and entrepreneurs generally forced to be quick on their feet.

[Romanyuk] A. Tizyakov, who heads the State Enterprise Executives Association, and A. Tarasov, a leader of the cooperatives, are inclined to rank themselves as entrepreneurs, yet surely they are manifest opposites?

[Vladislavlev] It is absurd when the director of a large-scale military plant talks about the market. The confrontational position of some leaders of the cooperative movement is far from the market economy also. This is by no means to the benefit of enterprise. If A. Tizyakov and A. Tarasov can rise to an understanding of the need to pool efforts for the defense of enterprise against various ideological extremes, even given profound contradictions and personal dislike, possibly, this is something else. It is necessary to create by all possible means conditions which ensure that an economy based on enterprise develops in accordance with its own logic and its own laws. This is ultimately more important than overcoming the contradictions of different forms of ownership. So when people like Tizyakov and Tarasov join efforts, the restructuring processes will become irreversible.

[Romanyuk] There has just been a report on INTERFAX channels, referring to you, concerning new proposals of the scientific-industrial group of deputies: the creation within the KGB and the Ministry of Internal Affairs of structures which would protect the new economic forms: cooperatives and small businesses, leased enterprises, and joint ventures. Is this in fact urgent?

[Vladislavlev] In fact, the market infrastructure which is being created needs protection against the corrupt part of the administrative machinery and abuses on the part of state authorities in charge of distributing resources and issuing various licenses and permits. The criminal taint which enterprises of the alternative economy has acquired in the eyes of many people is a consequence of their forced use of independent actions in the absence of other, legal possibilities of overcoming the resistance of the administrative-bureaucratic structures.

[Romanyuk] What is your attitude toward the statements, specifically of overseas Russians to the effect that enterprise is not spiritually suited to the Slav nature and is rejected by it?

[Vladislavlev] This has been refuted by reality so many times. The start of the 20th century allowed a burgeoning of Russian enterprise. The names of Ryabushinksiy, Morozov, and many other business people have not been erased from history. And the celebrated Yeliseyev stores and Filippov bakeries—every city, probably, remembers outstanding merchants, factory owners, and bankers. And today also we have masses of people who are going into business to exact a kind of revenge. I regret that I am 54, not 35, and joining in entrepreneurial activity now is difficult. I am sure that we have colossal possibilities for not letting the present opportunity slip.

INVESTMENT, PRICES, BUDGET, FINANCE

Legislation on Sales Tax Published

Gorbachev's Ukase

914A0568A Moscow PRAVDA in Russian 30 Dec 90 Second Edition p 1

["USSR President's Ukase 'On the Introduction of a Sales Tax'"]

[Text] In order to provide financial backing for socio-economic programs adopted by the USSR Supreme Soviet and republic supreme soviets, provide support for the low-income strata of the population, and stabilize money circulation, on the basis of the decisions of the Fourth Congress of People's Deputies, I **decree**:

1. From 1 January 1991 to introduce a sales tax in the amount of five percent for the sale of production-technical output, consumer goods, work performed, and user-fee services.

2. To establish that 70 percent of the total sum received as sales tax is to be paid into the republic budgets and 30 percent into the Union budget.

The procedure for distribution of the sales tax between the republic and local budgets is to be determined by republic legislation.

3. Before 15 January 1991 the USSR Government is to confirm regulations on procedure for deduction and payment of the sales tax.

[Signed] M. Gorbachev, president of the USSR, Moscow, the Kremlin, 29 December 1990

Cabinet of Ministers' Statute

914A0568B Moscow EKONOMIKA I ZHIZN in Russian No 7, Feb 91 p 17

[Text "Statute on Procedure for Deducting and Paying Sales Tax"]

[Text] **On 31 January this year the USSR Cabinet of Ministers confirmed a statute on procedure for deducting and paying sales tax. In response to numerous requests from our readers the editor is publishing this document, along with a commentary on it.**

I. Taxpayers

1. The following pay sales tax:

a) enterprises, associations, and organizations operating under cost-accounting conditions and having independent balance sheets, which are legal entities, regardless of administrative subordination or form of ownership on which they are based, including joint-venture enterprises set up on the territory of the USSR with the participation of soviet legal entities and foreign legal entities and citizens; also branches (sections and other separate subdivisions) that maintain accounts in banking institutions, produce and market production-technical goods and consumer goods, or perform work or render services, referred to hereinafter as goods (work, services);

b) organizations that do not operate under cost-accounting conditions, including budget organizations, but that produce and market goods (work, services);

c) international associations and international nongovernmental organizations (or associations) operating on the territory of the USSR that are engaged in economic activity, foreign legal entities, and also the branches of joint-venture enterprises set up on the territory of other countries with the participation of Soviet enterprises and producing and marketing goods (work, services);

d) persons engaged in individual labor activity.

Enterprises, associations, and organizations indicated in this clause will be referred to hereinafter as enterprises.

2. Procurement, grain-reception, wholesale, and supply-and-marketing organizations are taxpayers for goods that they themselves produce.

3. Enterprises in retail trade pay sales tax for goods they themselves produce, and also the difference between the tax on the selling price to consumers and the tax paid to suppliers for receipt of goods.

Public catering enterprises pay the sales tax when they sell their own output in the retail trade network.

4. Enterprises engaged in the transport (transfer) of gas, petroleum products, and electric and thermal power pay a sales tax in the form of the difference between the amount of the tax paid by the consumer and the amount of the tax paid previously to suppliers of these products and of energy.

5. Sales tax from the sale of oil is paid on delivery to refineries and other consumers who receive oil in accordance with limits allocated under established procedure.

II. The Object of the Tax

6. Sales tax is imposed on the sale of goods (including imported goods), work done and services rendered (except for financial, banking, and insurance operations).

7. For the purpose of tax deductions, the sale of goods (work, services) is determined according to the prices, tariffs, and rates set in accordance with existing pricing procedure (purchase prices, wholesale prices, estimated prices, retail prices, and also tariffs and rates, including contract and free prices, tariffs, and rates).

When enterprises market goods (work, services) their value is increased by the amount of the sales tax, which in accounting documents is posted on a separate line.

For goods subject to turnover tax, sales volume is not decreased by the total amount of turnover tax.

8. Procurement, grain-reception, wholesale, and supply-and-marketing organizations (except for systems supplying petroleum products) that receive goods at prices increased by the amount of the sales tax, sell those goods at the same prices.

9. Trade enterprises (including public catering enterprises) pay the suppliers of goods the value of those goods in accordance with fixed contract or free retail prices (less appropriate rebates) with sales tax added, as calculated from the prices indicated.

The sale of goods to the public in the retail trade network is done in accordance with existing prices with imposition of a five-percent tax on the total for the purchase.

Sales tax in amounts of 0.5 kopek and higher is rounded up to a full kopek, while amounts below 0.5 kopek are ignored.

10. Sales tax is not levied on raw materials, materials, fuel, subassemblies and other articles that constitute the costs of production and turnover.

Payment of the sales tax to the budget is made as the difference between the totals for tax received from the purchaser and the total tax paid to suppliers.

When goods (work, services) not subject to sales tax are sold, the amount of tax previously paid to the supplier is returned from the budget through sales taxes received.

Accounting for amounts of sales tax paid is done in a separate account.

III. Rates for Sales Tax and Procedure for Paying It Into the Budget

11. Taxpayers pay sales tax in the amount of five percent of total sales.

12. Seventy percent of the sales tax is allocated to the republic budget and 30 percent to the Union budget.

Procedure for the allocation of sales tax between the republic and local budgets is determined by republic legislation.

IV. Procedure and Periods for Payment of Sales Tax

13. The receipt of assets in bank accounts for goods (work, services) is deemed to be the moment of sale, while for cash transaction the day that money is received in the cash register is deemed to be the moment of sale.

With the agreement of the tax organs, different procedure may be established for the moment of sale.

14. Sales tax is paid proceeding from earnings for each completed 10-day period, month, or quarter, within periods set by the USSR Ministry of Finance.

15. Payers of sales tax submit the appropriate tax accounts to the tax organs with respect to the form of sale, within periods set by the USSR Ministry of Finance.

V. Responsibility of Taxpayers and Monitoring by Tax Organs

16. Responsibility for correct payments and prompt payment of sales tax rests with the taxpayer.

17. Monitoring by the tax organs of correct and timely payment is done in accordance with the USSR law "On the Rights, Obligations, and Responsibilities of State Tax Inspection Organs."

VI. Sales Tax Exemptions

18. Sales tax is not imposed in the following circumstances:

a) the sale to the public of medicines and medical items, and special products for the disabled and the aged;

b) the sale of goods for export and special goods, and also precious metals and precious stones to state stocks;

c) providing services for urban passenger transport (except for taxicabs), and also services involving the transfer of passengers to urban connections for maritime, river, railroad, and automotive transport;

d) providing services for the care of children, sick people, and the aged, and also ritual services provided by undertakers, cemeteries, and crematoriums.

e) the sale of tickets by theatrical, sports, and cultural-enlightenment bodies and cinemas (or movie facilities).

19. The republic governments may offer additional exemptions from sales tax for socially important consumer goods.

20. Instructions on application of this Statute with respect to procedure for deductions and payments are published by the USSR Ministry of Finance.

Commentary

914A0568C Moscow EKONOMIKA I ZHIZN in Russian No 7, Feb 91 p 17

[Untitled commentary by A. Baburina, section chief in the USSR Ministry of Finance Main State Tax Inspection Administration]

[Text] The basic principles for deduction and payment of sales tax are set forth in the Statute. On what should we turn our main attention? First of all, on the fact that the tax has been imposed on earnings from the sale of products and goods, including imported products and goods, work, and services whose prices are set according to established prices, tariffs, and rates, namely, purchase, wholesale, estimate, and retail prices. It is also applied to contract and free prices. Enterprises that obtain raw materials, subassemblies, and other articles pay the suppliers their cost plus the sales tax. And the supplier pays the tax into the budget.

A buyer who has manufactured products, services, or work from purchased raw materials and sells them to other enterprises adds a five-percent sales tax. Then the amount of tax is subtracted from the amount of tax from the sale paid to the supplier, and the difference is paid into the budget.

On sales invoices, the sales tax from goods (work, services) sold is shown on a separate line. Sales tax is not deducted for the cost of packaging paid by the buyer.

The tax is also imposed for the sale of tickets (including concession tickets) for passenger transport. Thus, if the cost of an airline ticket is R60, an extra R3 is paid by the buyer. At the same time, sales tax is not paid when a ticket is acquired for urban and suburban transport (except for taxicabs). If a ticket is returned by a purchaser then he also receives a refund of the tax paid along with the cost of the ticket.

Procurement, grain-reception, and supply-and-marketing organizations (except for suppliers of petroleum products) that receive products and goods at prices that include the sales tax sell them at the same prices. That is, in this case, the sales tax is not imposed.

As far as trade enterprises are concerned, they receive goods at appropriate prices (minus trade discounts) with a five-percent sales tax added. For example, the fixed retail for perfume is set at R20. It will now be necessary to pay R21 for it. The one ruble makes up the five-percent sales tax.

Public catering enterprises pay sales tax with respect to products they have made themselves and sold in the retail network (stores, stalls, booths, pavilions). Other products they have made themselves are marketed by public catering enterprises with the sales tax paid to suppliers added, without imposing a sales tax for the cost of dishes they have prepared.

The Statute entrusts the USSR Ministry of Trade and the State Committee on Prices with the task of setting up procedure for the organization of trade in goods giving due consideration to the introduction of the tax. The procedure must be accessible for every buyer and contain clear-cut rules for deductions, collecting sales tax, and reflecting amounts in accounting documents for the purchase of goods.

Provision of user-fee services for the public is done in accordance with free or regulated prices (or tariffs) with a sales tax of five percent of the value of the services added.

When they take orders, enterprises providing personal services indicate on the receipts the sales tax added for the service rendered. When this is done the cost of goods, materials, spare parts, and other articles paid for by the buyer at set prices and for which sales tax has already been paid, are disregarded.

When services are rendered for which the cost of goods, materials, spare parts and other articles is included in price lists, and also in the case of services rendered for which no receipt is drawn up but which are rendered under contractual forms for the organization of labor, the client pays the cost of the services (including spare parts and other articles) plus a five-percent sales tax.

I would like to emphasize that some socially important kinds of goods and services are exempt. These are indicated in the Statute. Additional exemptions from sales tax may be established by the republic government at the local level.

As is known, the sizes of sales tax deductions to the budget have been defined in the presidential ukase: 30 percent goes to the Union budget and 70 percent to the Union republic budgets. It is envisaged that payments will be made mainly at 10-day intervals. For enterprises for which the sums are small, payments will be made less often. The bank has two tasks: to make the payments to the Union budget and to make the payments to the republic budget.

It is very important that steps be taken to provide social safeguards for the low-income strata of the population. For in the final analysis the funds received should go to implement the social programs adopted by the USSR Supreme Soviet and the supreme soviets of the Union republics.

More details on the procedure for deductions and payments of the sales tax are provided in instructions published by the USSR Ministry of Finance.

Ukase on Temporary Taxation Measures Published

91P50139A Moscow PRAVDA in Russian 25 Mar 91 Second Edition pp 1,2

[Ukase signed by M. Gorbachev, president of the USSR, in Moscow, the Kremlin, on 22 March: "On instituting a temporary procedure for levying taxes on enterprises, associations, organizations, and citizens"]

In connection with the retail price reform, and as an exception to articles 4 and 21 of the USSR Law "On taxation of enterprises, associations, and organizations" of 14 June 1990; paragraph 7 of the USSR Supreme Soviet resolution of 14 June 1990 on the arrangements for enacting the aforementioned law; articles 4, 8, 14, 17, and 20 of the USSR Law "On income tax of USSR citizens, foreign citizens, and persons without citizenship" of 23 April 1990; articles 1 and 2 of the USSR Law "On phased repeal of taxes on bachelors, unmarried persons, and USSR citizens with small families" of 23 April 1990; and in advance of the changes to the aforementioned legislation to be introduced by the USSR Supreme Soviet, I decree:

1. To reduce the maximum rate of tax on the profits of enterprises, associations, and organizations from 45 percent to 35 percent of the taxable profit, with 17 percent of the tax revenue going to the Union budget and 18 percent to republican and local budgets, except in those cases when, in accordance with current USSR legislation, the profit tax goes entirely to the local budgets.

2. To increase to 480 rubles the maximum level of the average monthly salaries of workers engaged in the main work of an enterprise, or in a section that deals with the production cost of the output, (work, services) when assessing the taxable profit in 1991.

3. That when collective farms, including fish farms, calculate the tax on the wage fund for collective farmers, the untaxed size of this fund is to be calculated on the basis of 160 rubles per month for each collective farmer working for the farm.

4. To establish that the wages and other forms of monetary recompense of up to 160 rubles per month for blue and white collar workers, and citizens equivalent to them in tax terms, should not be subject to income tax when received at their main workplace (service base, place of study).

5. To establish the following income tax scale for the wages of workers, employees, and citizens eqivalent to them in tax terms:

Monthly Income	Amount of Tax
R161-R1,000	13 percent of amount above R160
R1,001-R1,500	R109.20 plus 30 percent of amount above R1,000
R1,501-R2,000	R259.20 plus 35 percent of amount above R1,500
R2,001-R2,500	R434.20 plus 40 percent of amount above R2,000
R2,501-R3,000	R634.20 plus 45 percent of amount above R2,500
R3,001 and above	R859.20 plus 50 percent of amount above R3,000

6. Income tax on income received by citizens for one-time jobs, and other payments for work carried out on the basis of contracts or other agreements which are valid under civil law (apart from authorship payments) is levied at the following rates:

Monthly Income	Amount of Tax
R5-R10	R0.20 plus 4 percent of received amount
R11-R30	2 percent of income amount above R10
R31-R50	R1.00 plus 5 percent of amount above R30
R51-R100	R2.00 plus 8 percent of amount above R50
R101-R500	R6.00 plus 12.5 percent of amount above R100
F501-R1,000	R26.00 plus 13 percent of amount above R500
R1,001 and above	according to rates in article 5 of this Ukase

7. Income tax on payments to authors for the creation, publication, performance, or other use of scientific, literary and artistic works, and on payments to authors of inventions, discoveries, and industrial prototypes (excluding authors' heirs) is levied at the following rates:

Annual Income	Amount of Tax
up to R120	2 percent on income amount
R121-R360	R2.40 plus 4 percent of amount above R120
R361-R600	R12.00 plus 5 percent of amount above R360
R601-R1,200	R24.00 plus 8 percent of amount above R600
R1,201-R4,320	R72.00 plus 12.5 percent of amount above R1,200
R4,321-R12,000	R312.00 plus 13 percent of of amount above R4,320
R12,001-R18,000	R1,310.40 plus 30 percent of amount above R12,000
R18,001-R24,000	R3,110.40 plus 35 percent of amount above R18,000
R24,001-R30,000	R5,210.40 plus 40 percent of amount above R24,000
R30,001-R36,000	R7,610.40 plus 45 percent of amount above R30,000
R36,001 and above	R10,310.40 plus 50 percent of amount above R36,000

8. Income tax on income from individual labor activity and other incomes received by citizens, except those listed in articles 5-7 of this Ukase, is levied at the following rates:

Annual Income	Amount of Tax
up to R4,320	An amount equivalent ot the tax paid for the corresponding number of months by workers and employees at the rates listed in article 5 of this Ukase, in cases where there is no main place of employment, or at the rates listed in article 6 of this Ukase, in cases where there is a main place of employment
R4,321-R12,000	R312.00 plus 13 percent of amount above R4,320
R12,001-R18,000	R1,310.40 plus 30 percent of amount above R12,000

Annual Income	Amount of Tax
R18,001-R24,000	R3,110.40 plus 35 percent of amount above R18,000
R24,001-R30,000	R5,210.40 plus 40 percent of amount above R24,000
R30,001-R36,000	R7,610.40 plus 45 percent of amount above R30,000
R36,001 and above	R10,310.40 plus 50 percent of amount above R36,000

9. Increase to R1,000 per annum the tax-exempt portion of sums of material assistance, envisaged under subparagraph "T" of paragraph 1 of article 3 of the USSR Law "On the income tax of USSR citizens, foreign citizens, and persons without citizenship".

10. To establish that the bachelor, single persons, and USSR citizens with small families tax, is not to be collected from the wages of workers, employees and citizens eqivalent to them in tax terms, with income up to R160 per month, inclusive. Tax from wages which exceed R160 per month is levied at the following rates:

Annual Income	Amount of Tax
R161-R200	5 percent of amount above R160
R201 and above	R2 plus 6 percent of sum above R200

11. This Ukase will come into effect on 1 April 1991, with the following provisions:

a) tax on the profit of enterprises, associations and organizations will start with the profit obtained during the second quarter;

b) tax on the wage fund of collective farmers will start with the accounts for the second quarter;

c) income tax on citizens, and tax on bachelors, single persons, and USSR citizens with small families:

—on wages and other renumerations in cash or in kind, and payments connected with the performance of work duties, will start with payments for work performed beginning 1 April 1990;

—on other forms of income received by citizens will start with incomes received in 1991.

[Signed] M. Gorbachev, President of the USSR, Moscow, the Kremlin, 22 March 1991

Ukase on Savings Compensation Published

91P50138A Moscow PRAVDA in Russian 25 Mar 91 Second Edition p 1

[Ukase signed by M. Gorbachev, president of the USSR, in Moscow, the Kremlin, on 22 March: "On compensating the population for losses from the depreciation of savings in connection with a one-time increase in retail prices"]

[Text] For the purpose of compensating the population for losses from the depreciation of savings in connection with a one-time increase in retail prices, I decree:

1. To adopt the proposal by the USSR Cabinet of Ministers and the USSR State Bank on a single re-evaluation of the monetary resources of the population in deposits with the USSR State Bank and the USSR Savings Bank as well as those invested in certificates of the USSR Savings bank, USSR state treasury bills, and in bonds for the 1982 state internal preferential loan. Proceeding from the basic special purpose trends in the population's use of its savings, and taking into account the price index for individual types of goods and services, to bring about on a single occasion an increase in the amount of savings by 40 percent on the balances of deposits or on the nominal cost of securities.

2. Compensation payments will be granted on all types of deposits held, proceeding from their balance on 1 March 1991, in accordance with a procedure set out by the USSR State Bank and the USSR Savings bank.

Where the total of compensation payments is up to 200 rubles inclusive, the balance on deposits is to be increased with the right to use these sums after 1 July 1991. Where the totals for the re-evaluation of deposits exceed 200 rubles, they are to be transferred to special accounts with depositors gaining the right to use these funds after three years have expired. Income is to be paid on funds in special accounts proceeding from the current rate of seven percent a year.

3. The USSR State Bank and the USSR Savings Bank are to set out the procedure for the use of funds transferred to special accounts by citizens, in individual cases before the three-year time period expires, in order to pay for expensive goods by non-cash means and to acquire housing.

4. The payment of compensation to citizens for certificates from the USSR Savings Bank and the USSR state treasury bills acquired before 1 March 1991 will be carried out when the time period for which they were sold expires, or after 1 March 1994.

5. The USSR Ministry of Finance, the USSR State Bank, and the USSR Savings Bank are to set out the procedure for:

—the sale and purchase of bonds for the 1982 state internal preferential loan, taking into account the increase in their nominal value by 40 percent;

—the payment of compensation to the owners of bonds for 1990 state special-purpose interest-free loans in 1993, if the owners of the bonds refuse goods.

6. To revoke the restriction on the withdrawal of cash from citizens' deposits set out in the decree by the USSR President of 22 January 1991 "On the cessation of the acceptance for payment of the USSR State Bank notes of 50- and 100-ruble denominations, issued in 1961, and on the restriction of the withdrawal of cash from citizens' deposits."

[Signed] M. Gorbachev, President of the USSR, Moscow, the Kremlin, 22 March 1991

Compensation on Savings Deposits Explained

914A0561A Moscow RABOCHAYA TRIBUNA in Russian 23 Mar 91 p 1

[Report on interview with A. Voylukov, deputy chairman of the USSR Gosbank governing board, by Aleksandr Nadzharov: "Will Our Deposits Get 'Leaner'?"]

[Text] *"No," maintains A. Voylukov, deputy chairman of the USSR Gosbank [State Bank] governing board, "each depositor will be compensated."*

Whatever has been written in our press about all kinds of mafias and petty mafia-type operations, it turns out that 98 percent of deposits in our savings banks are earned honestly. Here are some telling figures that support this rather unexpected conclusion. In 98.5 percent of accounts the deposits are less than 10,000 rubles [R], which is quite in line with earned savings, and only 0.99 percent of accounts hold more than R25,000. In between R10,000 and R25,000 are 3.3 million accounts that belong to those who work in the northern hardship areas, the military, and literary and art figures.

All these deposits regularly turn over by about one third, going through a full turnaround every three years, and are constantly in a state of liquidity. "Therefore," believes A. Voylukov, "these are current, working deposits that prove that their income sources are legal. One more proof of that is the time it takes to accumulate, let us say, a R10,000 amount. It is usually more than three years, and in 30 percent of the cases it takes 10 or more years."

Commenting on these figures, the deputy chairman of the USSR Gosbank's governing board maintains that the mafia's multimillion deposits are a myth. These home-grown gangsters do not keep, or mostly do not keep, their loot in the same place as honest people's savings. And honest people—of whom, the analysis shows, there is an overwhelming majority—should not lose even a kopek of their savings because of the price increases.

Therefore the USSR Gosbank presented a proposal to the government to fully compensate for, so to say, decreases in the value of money deposited in savings banks, which will inevitably happen as a result of raising and freeing prices. According to preliminary estimates, this will actually cover additional expenses people will incur in purchasing nonfood goods.

[Nadzharov] How will the deposits compensation be implemented?

[Voylukov] This is for the government to decide. The Gosbank proposes to open, in addition to existing accounts, supplemental accounts for 20 to 40 percent of the base amount. That is, if you, for instance, have a R10,000 deposit on your account, a supplemental account for another R2,000 to R4,000 will be opened in your name. [end Voylukov]

Well, let us hope that the government will approve the USSR Gosbank's proposal, as they say, to the maximum. However, from the subsequent conversation with A. Voylukov it became clear that its implementation is not as simple as it may seem at first glance: it is no easy task to open over 220 million new accounts. The level of our banks' automatization does not permit it to be accomplished in less than three months. New accounts would be available only after July. Plus, supplemental accounts would have, most likely, minimum deposit time requirements—three-and-a-half or seven years. With a five to nine percent interest rate respectively.

[Nadzharov] What is a person to do if he has been saving for a car all his life and his turn comes soon after the price increase? According to the resolution, the price limit on automobiles may be 70 percent higher than today.

[Voylukov] In this case the bank will consider your request and issue a check for a large purchase, including the supplemental deposit issued as compensation. In this case, of course, you will not have to wait three years. At least, that is our proposal.

[Nadzharov] Last question, one that interests many RABOCHAYA TRIBUNA readers. What will happen to the three percent state bonds?

[Voylukov] We propose that their value, as well as the value of other securities, should be increased by 20, 30, or 40 percent. It is up to the government to decide.

POLICY, ORGANIZATION

RSFSR Decree On Imposition of Enterprise Registration Duty

914A0535C Moscow SOVETSKAYA ROSSIYA in Russian 14 Mar 91 First Edition p 2

["Decree Passed by the RSFSR Supreme Soviet Presidium Entitled "'On State Duties for Registering Enterprises in the RSFSR"']

[Text] In accordance with the RSFSR Law entitled "On Enterprises and Entrepreneurial Activity," the RSFSR Supreme Soviet Presidium hereby **decrees** the following:

1. A state duty shall be imposed or established for registering enterprises, regardless of their type of property ownership or their organizational-legal forms. Such a duty shall amount to as much as 2,000 rubles.

2. Rayon-, city-, and rayon-in-city-level soviets of people's deputies shall be granted the right to exempt certain enterprises from the need to pay state duties for registration.

3. State duties for registering enterprises shall be channeled into the local budget in accordance with the place where the enterprise is established.

4. Within the briefest possible time period the RSFSR Council of Ministers shall determine and specify the procedure and deadlines for levying the state duties for registering an enterprise.

[Signed] First Deputy Chairman, RSFSR Supreme Soviet, R.I. Khasbulatov, Moscow, RSFSR House of Soviets, 4 March 1991.

Georgian Draft Law on Fundamentals of Republic Economic System

Text of Draft Law

914A0552A Tbilisi VESTNIK GRUZII in Russian 7 Mar 91 pp 1, 3

[Text of Georgian draft law: "On the Fundamentals of the Economic System of the Republic of Georgia"]

[Text] At the basis of the political independence of the Republic of Georgia as a sovereign state lies its own economic system, which rests on its people's indisputable and indivisible ownership of property, dwelling space, food resources, and natural resources.

The economic system of the Republic of Georgia is based on principles of a market economy. Proceeding from Georgian national interests, the Supreme Soviet and the administrative organs of the republic direct processes of socioeconomic development in keeping with the law of the Republic of Georgia, "On Declaring a Transition Period in the Republic of Georgia." Economic relations between the Republic of Georgia and foreign countries, the USSR, and the republics included in it are conducted on the basis of mutually advantageous, equal treaties and agreements.

The economic system of the Republic of Georgia functions on the basis of the Constitution of the Republic of Georgia, the present law, and other legislative acts developed in keeping with it.

Article 1. The Basic Principles for the Formation of the Economic System of the Republic of Georgia

The determining principles for the formation of the economic system of the Republic of Georgia are: the republic's sovereignty, a diversity of forms of property, and the integrity of the economic complex. All forms of property are equal and are protected by the law.

All enterprises and organizations located on the territory of Georgia, regardless of their owners, are under the jurisdiction of the Republic of Georgia.

The economic system of the Republic of Georgia functions on the basis of a combination of freedom of entrepreneurship and state regulation of the economy.

Article 2. Basic Goals of the Economic System of the Republic of Georgia

The goal of the economic system of the Republic of Georgia is to improve the well-being of the population on the basis of dynamic and comprehensive development of the republic's economy in keeping with national interests.

The Georgian economic system provides conditions for raising the standard of living, protecting the health, and satisfying the spiritual needs of each citizen, for creating social guarantees of creative self-expression of the individual and a free choice of activity, conscientious labor, and increased prestige of free entrepreneurship, and also conditions for deepening and fully realizing intellectual potential.

Article 3. Forms of Property in the Republic of Georgia

The economic system of the Republic of Georgia is based on the following forms of property:

—private property;

—collective property;

—state property.

Mixed forms of property are permitted in the Republic of Georgia.

Within the limits established by legislation of the Republic of Georgia, on the territory of the Republic of Georgia it is permitted to have property belonging to foreign countries, international organizations, the USSR, the republics included in it, and their corporate and physical persons.

Property relations are regulated by legislation of the Republic of Georgia.

Article 4. The Economic Complex of the Republic of Georgia

The totality of the enterprises, institutions, and organizations located on the territory of the Republic of Georgia forms the republic's economic complex, whose functioning in keeping with the laws of the Republic of Georgia is regulated by the organs of state power and the republic administration.

The economic complex of the Republic of Georgia also includes enterprises, institutions, and organizations belonging to foreign countries, the USSR, the republics included in it, and their corporate and physical persons operating on the territory of the Republic of Georgia, in keeping with its laws, and with the permission of republic organs of state power. Enterprises, institutions, and organizations belonging to the Republic of Georgia and its corporate and physical persons are created and operate in foreign countries and republics of the USSR in keeping with their legislation and on the basis of mutual agreements.

Article 5. The Economic Borders and Customs Service of the Republic of Georgia

For purposes of protecting the economic and social interests of the Republic of Georgia, on the basis of the corresponding legislation, the Republic of Georgia establishes the republic's economic borders, forms the customs service, and determines the customs policy.

Article 6. Economic Relations of the Republic of Georgia With Foreign Countries, the USSR, and the Republics Included in It

The Republic of Georgia as a sovereign state, in keeping with its national goals and tasks, establishes within the limits of its natural, demographic, economic, and cultural capabilities, economic relations with foreign countries, the USSR, and the republics included in it through mutually advantageous commodity exchange and other forms of economic cooperation on the basis of treaties and agreements concluded in keeping with the principles of equal partnership.

Organs of state power and administration of the Republic of Georgia render assistance to corporate and physical persons in the establishment of direct ties with foreign firms, and they create favorable conditions for their activity within the limits established by legislation of the Republic of Georgia.

Article 7. The Responsibility of Organs of Power and Administration of the Republic of Georgia in the Sphere of the Economy

Organs of state power and administration of the Republic of Georgia are responsible for social guarantees for the republic's population, satisfaction of their social and spiritual needs, preservation and development of national and cultural values, protection and efficient utilization of natural resources, and also the fulfillment of commitments envisioned by agreements concluded with foreign countries and organs of state power and administration of the USSR and republics included in it.

Article 8. Fundamentals of Economic Activity and Regulation of the Economy of the Republic of Georgia

The economy of the Republic of Georgia is regulated on the basis of principles of a market economy within the limits established by republic legislation.

Corporate and physical persons in the Republic of Georgia arrange their activity according to principles of free entrepreneurship within the limits established by republic legislation. The state creates equal conditions for their production, economic, financial, and commercial independence and competition, conducts an antimonopoly policy, and contributes to the formation of various economic and production formations. Corporate and physical persons of the republic economy are fully independent in their activity and are fully responsible for their results.

The relations of corporate and physical persons of the economy of the Republic of Georgia with organs of state administration are regulated by economic legislation.

In the Republic of Georgia market relations operate in the sphere of circulation of means of production, objects of consumption, service, intellectual innovations, labor force, securities, and currency.

Activity of corporate and physical persons that contradicts national, social, economic, cultural, and ecological interests of the Republic of Georgia is intercepted by legal and economic sanctions.

Article 9. Territorial Organization of State Administration of the Economy in the Republic of Georgia

In the Republic of Georgia the lowest level of the territorial system of state administration of the economy are the organs of local administration.

The socioeconomic administration of the autonomous republics and other administrative-territorial units is carried out on the basis of principles of local control, taking into account all-around strengthening of local ownership and the interests of the population of the given territory in keeping with the natural-production conditions, historical traditions, labor skills, and the direction and level of specialization of the economy.

The economy of the administrative-territorial formations is regulated through delegation of administrative functions from the republic organs of Georgia to the organs of administration of the autonomous republics and local organs of administration and through a system of other measures.

Article 10. The System of Social Guarantees

In the Republic of Georgia there is a system of social guarantees providing for the creation of economically, socially, and ecologically healthy conditions for labor and life of the republic population, and the satisfaction of their basic demand for housing, necessities, municipal services, and education.

Social guarantees are provided by state organs and institutions and also state and cooperative enterprises, as well as enterprises of a mixed type, public organizations, and private owners within the limits established by the corresponding legislation.

Enterprises, institutions, and organizations, in keeping with existing legislation, directly establish the forms, systems, and amounts of wages, and they determine the schedule for work and rest.

In budget organizations and institutions the policy for wages and work time is determined by the government of the Republic of Georgia.

Only minimum wage rates and salaries are established by legislation of the Republic of Georgia in keeping with the subsistence level. There is no maximum limit on wages.

In the event that they are unemployed, citizens of the Republic of Georgia are guaranteed material support and occupational retraining.

In the Republic of Georgia all citizens have access to mandatory social security and medical aid. Social security is provided for old age, unemployment, disability, illness, and in the event of industrial injury or loss of the breadwinner. Single mothers and large families are socially and economically protected.

The amount of the pension for disability, old age, or the loss of the breadwinner must correspond to the labor contribution of the individual, the old-age pensioner, or the breadwinner, but it must not be below the subsistence level.

Article 11. Protection of Consumer Interests

For purposes of protecting consumer interests, the government of the Republic of Georgia establishes a system of restrictions and benefits, monitors the harmfulness of products and the quality of goods, and also the maximum prices of individual necessities, and it also contributes to the formation of consumer societies.

Article 12. Control of Demographic Processes

In the Republic of Georgia a state demographic policy is conducted in order to provide for optimization of the reproduction of the population and expedient direction of resettlement, and migration outside and inside the republic.

The Republic Government allots the necessary funds for demographic investment and supervises the activity of enterprises, organizations, and institutions located on the territory of the republic, as well as demographic societies, for solving demographic problems.

Article 13. Use of Nature and Protection of the Environment

Legislation of the Republic of Georgia determines the policy for protection of the environment and the use of nature, the requirements and restrictions on the development and distribution of enterprises (including the policy for halting or building, or closing enterprises that create a threat to the environment), limits and normatives for the use of nature, and indicators for comprehensive and effective use of natural resources.

Article 14. State Regulation of the Economy of the Republic of Georgia

Organs of state power and administration of the Republic of Georgia, through using legal and economic levers in keeping with national policy:

—develop prognoses and programs as well as projects for the socioeconomic and scientific-technical development, in which they determine the general republic strategic economic tasks, the most important macroeconomic and territorial proportions, and the basic directions for the implementation of the demographic, structural, investment, technical, and ecological policy;

—regulate relations among corporate and physical persons, between the economy of the Republic of Georgia and the state, and also among the enterprises, organizations, associations, firms, and banks, mainly with the use of economic methods (taxes, credits, bank interest rates, investments, state contracts, deductions from special-purpose funds, and so forth), without direct intervention in their activity;

—if necessary, allot for purposes of providing for the comprehensiveness of the development of the republic economy the corresponding subsidies for priority development of individual branches and regions;

—provide for the creation of the proper conditions for efficient use of labor resources and protection of labor;

—create the corresponding system of measures for protecting the population, enterprises, and organizations from natural disasters, industrial accidents, and other emergencies, and the elimination of their consequences.

Article 15. Banking Activity and Monetary Circulation.

The Republic of Georgia independently implements a unified state monetary and credit policy.

In keeping with legislation of the Republic of Georgia, its own banking and credit system is created in the republic (with the introduction of Georgian money), which

encompasses the State (national) Bank of the Republic of Georgia, commercial banks, and other credit institutions.

The State (national) bank of the Republic of Georgia is directly under the jurisdiction of the Supreme Soviet of the Republic of Georgia, and its activity is determined by the corresponding legislation of the Republic of Georgia.

Article 16. Price Setting

The Republic of Georgia implements an independent price setting policy. Based on the interests of the social and economic development of the republic, the state regulates prices for certain goods and rates for services, monitors them, and conducts other measures for normalization of anti-monopoly and market relations.

Article 17. The Budget System of the Republic of Georgia

The budget system of the Republic of Georgia consists of the republic budget of Georgia, the budgets of the autonomous republics, and the local budgets. The revenues of the budgets are formed from taxes, levies, and mandatory payments.

The overall procedure for drawing up, considering, approving, and implementing the republic budget of Georgia, the budgets of the autonomous republics, and the local budgets, and also their relations are determined by laws of the Republic of Georgia concerning budget rights, taxes, and local administration.

The Supreme Soviet and government of the Republic of Georgia have jurisdiction over:

—drawing up, considering, and executing the republic budget;

—organizing the tax system in the Republic of Georgia and establishing state control over taxes, levies, and mandatory payments throughout the entire territory of the republic.

The supreme soviets and local administrative organs of the autonomous republics have the right, within the limits of existing legislation, to establish various kinds of local taxes and levies, rates, policy, and tax exemptions.

The structure of the list of sources of revenue and expenditures of the budget of the Republic of Georgia, including expenditures intended for subvention of organs for administration of the autonomous republics and local government organs is determined by the Supreme Soviet of the Republic of Georgia, and the budgets of the autonomous republics and local budgets—by the corresponding organs of power within the limits set by legislation of the Republic of Georgia and autonomous republics.

During the transition period relations with the USSR budget are regulated on the basis of mutual agreement.

Decree on Adoption of Law's First Reading

914A0552B Tbilisi VESTNIK GRUZII in Russian 7 Mar 91 p 1

[Decree of the Supreme Soviet of the Republic of Georgia "On the Adoption of the First Reading of the Law of the Republic of Georgia 'On Fundamentals of the Economic System of the Republic of Georgia'"]

[Text] The Supreme Soviet of the Republic of Georgia **decrees:**

1. To consider invalid the decree of the Supreme Soviet of the Georgian SSR of 20 June 1990 concerning the draft law of the Georgian SSR "On the Fundamentals of Economic Independence of the Georgian SSR."

2. To adopt the first reading of the law "On the Fundamentals of the Economic System of the Republic of Georgia."

3. The corresponding permanent commissions of the Supreme Soviet of the Republic of Georgia are to prepare a draft law concerning making the corresponding changes in the Constitution (Basic Law) of the Republic of Georgia.

[Signed] Chairman of the Supreme Soviet of the Republic of Georgia Z. Gamsakhurdia, Tbilisi, 27 February 1991

Armenia Issues Principles of Privatization

Decree on Principles of Privatization

914A0548A Yerevan GOLOS ARMENII in Russian 23 Feb 91 p 1

["Decree of the Supreme Soviet of the Republic of Armenia on the Principles of Privatization in the Republic of Armenia"]

[Text] The Supreme Soviet of the Republic of Armenia decrees:

1. To approve the Principles of Privatization in the Republic of Armenia presented by the Republic of Armenia Council of Ministers.

2. For the Republic of Armenia Council of Ministers and the Republic of Armenia Supreme Soviet Commission on Questions of Economic Independence and Development of the Economy, proceeding from these Principles, to present a draft law entitled "On Privatization in the Republic of Armenia" within one month for the examination of the Republic of Armenia Supreme Soviet.

[Signed] L. Ter-Petrosyan, chairman of the Republic of Armenia Supreme Soviet.

A. Saakyan, secretary of the Republic of Armenia Supreme Soviet.

13 February 1991, Yerevan.

Principles of Privatization

914A0548B Yerevan GOLOS ARMENII in Russian 23 Feb 91 pp 1, 2

["Principles of Privatization in the Republic of Armenia"]

[Text] These principles include the basic guidelines, tasks, and directions of privatization in the Republic of Armenia and are the basis for composing draft laws and programs affecting privatization.

I. Privatization and its Goals

Privatization represents the transfer of state property of the Republic of Armenia to citizens, their groups, and nongovernmental corporate bodies in the form of a sale, a sale with partial compensation, or free of charge.

Privatization is a comprehensive measure directed at radically reducing the role of state ownership of property in the public economy.

Privatization of state property is directed at:

—broadening the freedoms (including economic freedoms) and entrepreneurial opportunities of citizens;

—awakening the creative potential of the masses;

—forming a market economy;

—increasing the efficiency of the public economy.

II. Guidelines of Privatization

1. Privatization is carried out gradually and by stages.

2. Privatization is carried out to the degree that a market infrastructure is formed.

3. Privatization is carried out within the framework of certain national economic complexes—agriculture and adjacent sectors, enterprises of the nonproduction sphere, construction and adjacent sectors, industrial enterprises, other sectors of the production infrastructure, and enterprises and institutions of the social sphere.

4. During privatization preference is given to citizens of the Republic of Armenia and their groups, enterprises, and organizations.

5. During privatization the equal rights of citizens of the Republic of Armenia are guaranteed.

6. Privatization is carried out to the degree that a system guaranteeing social protections is created.

7. Depending on the types and significance of the facilities being privatized as well as the need to guarantee social justice, privatization is carried out in the form of:

—sale of a facility or a part of it with simultaneous or deferred payment of the cost;

—sale of securities (in some cases under preferential terms);

—granting, free of charge, of individual facilities of state property;

—leasing of a facility whereby the lessor is granted a preferential right to purchase the facility.

8. During privatization preservation of natural, historical, and cultural items of value is ensured.

III. The Process of Privatization

1. On the basis of the Law "On Property Ownership in the Republic of Armenia," a list of state facilities being privatized is composed in accordance with their administrative affiliation, their type, and their significance.

2. Based on economic advisability and technical possibilities, large enterprises serving the market inside the republic are broken into smaller parts.

3. A preliminary evaluation of the value of facilities to be privatized is carried out by experts based on the state of the market.

4. The creation of a legal basis for privatization presupposes the composition and adoption of a package of laws on privatization, demonopolization, the banking system, enterprises, labor and employment, social protections for workers, and other legislative acts as well as normative and instructive documentation on such aspects as a procedure for the sale among certain groups of the population of stocks under preferential terms, the use of receipts from privatization, the accumulation of monetary funds for social use, and the regulation of insurance, exchange, and other types of relations.

5. Based on the exceptional nature of the process of privatization and on public interests, certain administrative limitations are envisioned in the form of an application of extra-economic levers of state influence.

In individual instances the act of privatization of a facility establishes the conditions for its use during the initial period. Limitations on the powers of new owners affects the conditions for the use of the property as well as guarantees established by the laws of the Republic of Armenia of the rights of members of the labor collectives.

6. At each stage of privatization the lists of state property in regard to the public significance of the sector of the economy and the size of the facilities are approved by the Republic of Armenia Council of Ministers; the local Soviets of People's Deputies take part in the apportionment of facilities for privatization.

Questions of privatization of especially important facilities are resolved by the Republic of Armenia Supreme Soviet upon representation by the Council of Ministers.

Privatization takes place no sooner than one month after publication of lists of facilities for privatization.

7. The first stage of privatization covers the development of privatization of land, property of agricultural enterprises, and creation of peasant farms as well as privatization of facilities connected with paid services and trade, several sectors of the infrastructure (construction, transportation, etc.), and processing of agricultural output in addition to facilities for material and technical support. At this stage privatization of individual industrial enterprises takes place with the goal of obtaining appropriate experience.

Simultaneously, normative acts making up the legal basis of the process of privatization are worked out and approved.

8. The second step of privatization consists of the completion of the privatization of agricultural property, of enterprises processing agricultural raw materials, and of facilities connected with trade and paid services, and of the development of privatization of enterprises of other sectors concerning the production of materials and concerning the industrial and social infrastructure.

9. Privatization is carried out by the Committee for Privatization and Disposal of State Property under the Republic of Armenia Council of Ministers.

IV. Beneficiaries of Privatization

1. The primary beneficiaries of privatization are citizens of the republic, people who permanently reside on the territory of the Republic of Armenia and their groups, and corporate bodies of the Republic of Armenia.

The rights of other beneficiaries of privatization (citizens, groups of citizens, enterprises, and organizations of other states) are regulated by the appropriate legislation of the Republic of Armenia.

2. A differentiated procedure for treating beneficiaries of privatization is established for individual categories of the population. Preference is granted to members (or former members) of the appropriate labor collective and to other citizens according to procedure established by the Republic of Armenia Council of Ministers.

Tenants have an exclusive right to act as the beneficiary of privatization of the state's housing fund.

V. Facilities for Privatization

Facilities for privatization are state enterprises in the sphere of production of materials and services, institutions, housing, as well as other production and nonproduction property.

Facilities not subject to denationalization are those that cannot be detached from technological systems with strict oversight, such as those that provide for a state monopoly as well as monopolistic enterprises on the market inside the republic where it is impossible to break them into smaller parts.

VI. Forms of Privatization

1. Small facilities are privatized by means of their sale to individual purchasers or groups of people for ready money, or checks of the Saving Bank may be accepted with the agreement of the Republic of Armenia Council of Ministers.

Purchasers may also be nongovernmental enterprises or organizations.

2. In instances where this is acknowledged to be inadvisable, small facilities are passed on for leasing to workers in their collectives, to groups of other people, and to individual citizens, as well as to nongovernmental enterprises and organizations under the condition that they will be purchased at a later date.

3. Large facilities in the sphere of production of materials and services are privatized by means of the sale of shares or stocks. Stocks may be distributed through free subscription as well as under preferential conditions for individual categories of citizens with partial or deferred payment. Stocks (and shares) may also be purchased by citizens using special certificates.

VII. Sources of Capital for the Purchase of Privatized Property

1. The purchase of privatized state property may be carried out using capital of the population and the free capital of enterprises and organizations through the use of funded assets (stocks) and housing entitlement securities as well as special certificates.

2. The sphere of circulation of special certificates is limited to operations for the purchase of privatized facilities.

3. Stocks are sold in a preferential manner by the state to people who in the course of privatization have not purchased state property personally or through a small partnership.

4. Housing entitlement securities are sold in a preferential manner by the state to tenants who have worse than average housing as well as those waiting in line for state housing at the moment the ruling is adopted to privatize it. Housing entitlement securities will be accepted as tender for the future purchase of apartments in buildings constructed using state investments.

VIII. The Use of Receipts From Privatization

1. State receipts from privatization are used for:

—development of the material base of the social sphere and provision of a minimum subsistence level for the needy in conjunction with the transition to market relations;

—assistance in the development of agricultural production;

—the creation of a market infrastructure;

—stabilization of the financial and budgetary system in the presence of capital.

2. The basic directions of the use of capital from privatization are approved by the Supreme Soviet upon representation by the Republic of Armenia Council of Ministers.

IX. Privatization in Agriculture

Privatization in agriculture is carried out in accordance with the Land Code of the Republic of Armenia and the Republic of Armenia Law on Peasant and Collective Peasant Farms.

X. Privatization of Small Enterprises and Facilities

Facilities for the production of materials, trade, paid services, and the production and nonproduction infrastructure, including uncompleted construction, are privatized by various means.

1. Privatization of small facilities is carried out by means of their transformation into small independent enterprises whose owners are individual citizens or their economic partnerships.

The property of small facilities is sold with the establishment of its value by agreement with the buyer or by means of an auction.

During the privatization of small objectives the following privileges may be applied:

—giving a facility to its labor collective or its members with partial payment, and leasing a facility under condition of future purchase.

2. Owners of privatized enterprises establish ties for supplies and sales of output outside the state distribution system at their own discretion.

XI. Privatization of Large State Enterprises

Privatization of large enterprises is carried out by means of their transformation into joint-stock and partnership (with limited liability) companies by attracting citizens and their groups and labor collectives as owners.

Privileges may be applied for members of the labor collectives of enterprises being privatized, citizens not working in the sphere that produces materials, and retirees—in the form of partial and deferred payment of the cost of stocks.

Stocks (and shares) being sold to members of labor collectives are issued from the collective's portion. For retirees and citizens not working in the sphere that produces materials, the stocks are issued from the state's portion of the property of an enterprise being privatized. The remaining portion of the stocks are sold by subscription without preference through auction sales and other methods.

For enterprises that are especially important, the procedure for determining the portions of the labor collective, the state, and other beneficiaries in the value of the property as well as the conditions for selling stocks (shares) to various categories of purchasers are established by decrees of the republic Supreme Soviet, and for other enterprises by the Republic of Armenia Council of Ministers.

In the event that individual categories of citizens are granted special certificates, the sale of stocks of the enterprises being privatized takes place with the acceptance of these certificates as tender. Payment for shares using certificates is permitted in addition to ready cash.

During the privatization of economically unprofitable enterprises, purchasers are granted additional privileges and measures are applied such as breaking them into smaller parts and separating off and selling profitable facilities, selling them in accordance with legislation on bankruptcy, and other appropriate ways to sell the property.

The Republic of Armenia Council of Ministers

Belorussian Law on Indexation of Income

914A0557A Moscow EKONOMIKA I ZHIZN in Russian No 8, Feb 91 p 20

[Belorussian SSR Law "On Indexation of the Income of the Population Taking Into Account Inflation" and commentary by A. Sosnov, chairman of the Belorussian SSR Supreme Soviet Commission on Questions of Labor, Prices, Employment, and Social Protection of the Population, under the rubric "New Official Materials": "Indexation of Income: Belorussian SSR Law"]

[Text] The first law on the indexation of the monetary income of the population in our country was adopted on 21 December 1990 by the Belorussian SSR [Soviet Socialist Republic] Supreme Soviet. Taking into consideration the element of novelty as well as the circumstance that under conditions of inflation complete social protection of the population is impossible without indexation of income, the editorial board of EKONOMIKA I ZHIZN has decided to publish this law and the necessary commentary to it.

Belorussian SSR Law "On Indexation of the Income of the Population Taking Into Account Inflation"

This law regulates the general procedure for the indexation of the income and savings of citizens of the Belorussian SSR and of foreign citizens and people without citizenship having income and savings on the territory of the Belorussian SSR in connection with inflation that is caused by price increases of consumer goods and services on the territory of the Belorussian SSR.

Article 1. The Concept and Objectives of Indexation

Indexation represents the automatic adjustment of a quantity of the monetary income of individuals from budgetary sources of the Belorussian SSR (pensions, grants, stipends, and wages at the place of work) as well as of the monetary income of individuals in the form of deposits in institutions of the state's credit and financial system and of state bonds of the Belorussian SSR with the goal of partially compensating for losses resulting from inflation.

For individuals who receive monetary income on the territory of the Belorussian SSR from other sources, compensation of losses from inflation may be carried out using the capital of enterprises and organizations according to principles stipulated by collective agreements (contracts).

Article 2. Indexation of Monetary Income

Monetary income is indexed when the index of consumer prices, calculated by means of a running total from the time of the preceding indexation, exceeds the five percent threshold.

Monetary income is indexed according to the rate of the index of consumer prices with adjustment for various portions of the income according to a scale of normatives established by the Belorussian SSR Supreme Soviet.

Indexed income is paid out beginning the following month.

Indexation of monetary income takes place at the place the income is received.

Article 3. Indexation of Monetary Savings

Indexation of the monetary savings of the population takes place in the event that the index of consumer prices, calculated by means of a running total from the beginning of the year, exceeds the five percent threshold.

Indexation of monetary savings is carried out by the appropriate institution of the state credit and financial system once per year by adding interest to deposits according to a procedure established by the Belorussian SSR Council of Ministers.

The procedure for indexing state bonds of the Belorussian SSR is established by legislative acts of the Belorussian SSR.

Article 4. Indexation of the Subsistence Level

The amount of the subsistence level, approved by the Belorussian SSR Supreme Soviet at the beginning of the calendar year, is subject to indexation according to the procedure established by Article 2 of this law.

Article 5. Sources for Financing Compensation for Losses to the Population's Income and Savings

Indexation of the monetary income and savings of the population takes place at the expense of the sources which make the appropriate payments.

Article 6. Taxation of the Additional Income From Indexation

The additional income from indexation is added to the rest of the income and is taxed according to procedure established by law. In this process, indexation is subject both to the minimum nontaxable level and to levels of a progressive scale of taxation according to the procedure established in Article 2 of this law.

Article 7. The Procedure for Resolving Disputes

Disputes concerning questions of indexation which are not resolved in the course of a month at the place of payment are subject to examination in accordance with judicial procedure.

From the Belorussian SSR Supreme Soviet decree

On the Implementation of the Belorussian SSR law

"On Indexation of the Income of the Population Taking Into Account Inflation":

"To establish beginning 1 January 1991 the following variable scale of normatives of indexation for each percent of increase in the index of consumer prices for different portions of income:

"—within the limits of the subsistence level—one percent;

"—from the subsistence level to twice its amount—0.8 percent;

"—from twice the amount of the subsistence level to four times its amount—0.5 percent.

"The portion of income exceeding four times the amount of the subsistence level is not indexed."

At the request of EKONOMIKA I ZHIZN correspondent P. Burak, Aleksandr Viktorovich Sosnov, chairman of the Belorussian SSR Supreme Soviet Commission on Questions of Labor, Prices, Employment, and Social Protection of the Population, comments on the Belorussian SSR Law "On Indexation of the Income of the Population Taking Into Account Inflation":

The system for social protection of the population includes as its most important element the indexation of the population's monetary income. Its purpose is to serve as compensation for losses caused by inflation. As a result of the increase in the price of consumer goods and services, a decline in the buying power of the ruble is taking place; this means that, to the very same degree, the monetary income of different groups of the population is purchasing fewer goods and services. Consequently this leads to a decline in the population's level of consumption.

World practice has shown that one of the ways out of the existing situation is the introduction of indexation of monetary income. It represents an automatic adjustment of income, on the positive side of course, by means of

which losses from the rise in prices on consumer goods and services are partially neutralized.

In a general form the mechanism of indexation of monetary income is as follows. The organs of state statistics monitor the movement of prices on goods and services. This monitoring permits them to calculate indexes of consumer prices. And these in turn are reference points for the determination of the amounts of the population's losses and, consequently, of the amount needed to compensate for these losses.

World experience shows, however, that additional monetary payments can create a new round of inflation and lead to so-called hyperinflation. As a result, the mechanism of inflation should be used very cautiously and under the strict control of the organs of government, which is taken into consideration in this law.

One more important point is that indexation is only effective in conjunction with measures of an anti-inflationary character. It is impossible to use indexation of monetary income in equal measure for all categories of the population because of existing conditions of the budgetary and market deficit. Indexation is needed first and foremost for the needy and for those workers whose income is fixed.

Taking into account that indexation of income is a very delicate instrument, its results must be constantly monitored and timely adjustments of one type or another may be introduced. For this purpose, in particular, the decree offers a regressive scale of norms of indexation. This offers the opportunity, taking into consideration the presently existing situation in correlation with the pace of change in inflation and monetary income, to introduce certain corrections into the decree of the Belorussian SSR Supreme Soviet without endlessly reworking the law itself.

Upon the basis of what circle of goods will the consumer goods index be calculated? It will be a limited circle, but one that is wider than the consumer basket in order to take fuller account of the population's losses.

When will a recalculation of income first be made? That will depend on the pace of inflation. The mechanism of indexation sets an automatic trigger for that date—upon achieving the five percent threshold. If prices increase by that much across one month, it means that incomes will be increased the following month. If it takes a year—incomes will be increased at the end of the year.

The amount of the subsistence level, which is currently R125 in Belorussia, is indexed just as income is. It increases under inflation together with indexed wages.

These are the particulars of this legislative act, which presently does not have any analogue in the Soviet Union. A precisely functioning mechanism of indexation will ease the burden of the transition to civilized market relations for the significant mass of the population, especially its least-protected sectors.

Kazakh Law on Consumer Cooperatives Issued

Text of Law

914A0559A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 16 Jan 91 p 3

["Law of the Kazakh Soviet Socialist Republic on Consumer Cooperatives in the Kazakh SSR"]

[Text] **Article 1. The notion and tasks of consumer cooperatives**

The consumer cooperatives of the Kazakh SSR [Soviet Socialist Republic] are public-economic organizations which unite the citizens of the Kazakh SSR (members) in consumer societies and consumer unions with a view to organizing trade in the countryside, developing public-catering establishments, conducting the procurement of agricultural products and raw materials from collective, peasant, and lease farms, and personal auxiliary plots, creating jobs and manufacturing self-produced consumer goods, and rendering various social and household services to the populace.

Consumer societies may also be set up in cities.

Consumer cooperatives may engage in all types of economic activities which are not forbidden by the law or run counter to their statutes, proceeding from market-economy principles.

Article 2. Legislation on consumer cooperatives

The consumer cooperatives of the Kazakh SSR are guided by the Kazakh SSR Constitution and laws, as well as the present law.

The organization, structure, and procedures for the operation of consumer cooperatives are regulated by their statutes.

Article 3. System of consumer cooperatives

The system of consumer cooperatives in the Kazakh SSR consists of consumer societies, and rayon, oblast, and republic consumer unions. Consumer cooperatives as represented by their republic council enjoy the right of legislative initiative.

The republic union of consumer societies (the Kazpotrebsoyuz) is a corporate person under Union and international laws, and it represents the consumer cooperatives of the Kazakh SSR in the Central Union of USSR Consumer Societies (USSR Tsentrosoyuz), the international cooperative alliance, and other international organizations.

Article 4. Consumer societies

Consumer societies are the main element of consumer cooperatives. Their operations are based on the principles of the members of the societies joining and leaving them voluntarily, combining personal, collective, and

public interests, and financial incentives, social justice, and compliance with the law.

Mandatory contributions of labor to the operation of the consumer cooperatives are not a condition for belonging to them.

Article 5. Collective members of the consumer societies

Enterprises, offices, organizations, and educational and research establishments which share the goals and interests of a consumer society may join it as corporate members.

A consumer society is not responsible for obligations incurred by its collective members, and the latter are responsible for obligations incurred by the consumer society up to the limit of the membership contributions they have made.

Economic links between the consumer society and its collective members are structured on a contractual basis.

Article 6. Union of consumer societies

Consumer societies may form rayon, oblast, and republic consumer unions on a voluntary basis.

The unions of consumer societies coordinate the operation of the consumer societies and ensure the defense of their rights and interests in the appropriate state and other organs.

The consumer societies may delegate powers to the consumer unions for developing production, and social and market infrastructure in the territory they serve.

Article 7. Organs of consumer cooperatives

Congresses are the supreme organs of management in the consumer cooperatives of the republic or an oblast.

Conferences of the unions of consumer cooperatives are the supreme organs of management in rayons.

General meetings of members (delegates) are the supreme organs of management of consumer societies.

The congresses and conferences elect councils which perform their functions between congresses and conferences and report to them.

The general meetings, conferences, and congresses elect control organs—auditing commissions.

The boards of the consumer societies and the rayon, oblast, and republic unions are the executive and administrative organs of the consumer societies and their unions.

Article 8. Mutual relations between the consumer cooperatives and soviets of people's deputies and local self-government organs

The consumer cooperatives interact with the local soviets of people's deputies in solving the tasks of ensuring employment for the populace, expanding the production of goods, and rendering services.

The local soviets of people's deputies and their executive committees have no right to intervene in the financial and economic operation of the consumer cooperatives and cancel the decisions of their organs made within the confines of their jurisdiction and not running counter to the law.

Issues involving the setting-up of production and social facilities which represent the property of the consumer cooperatives, the use of natural resources, and measures affecting ecology are coordinated with the local soviets of people's deputies.

The consumer cooperatives structure their mutual relations with the organs of local self-government on a contractual basis.

Disputes between consumer cooperatives, local soviets of people's deputies, and local self-government organs are resolved by reconciliation commissions, arbitration bodies, or courts.

The statutes of the consumer societies and consumer unions must be registered by the local soviets of people's deputies.

Article 9. Mutual relations between the organs of consumer cooperatives

The consumer cooperatives and rayon, oblast, and republic consumer unions operate independently within the confines of their jurisdiction as set forth in the present law and in their statutes. Decisions of superior organs made within the confines of their jurisdiction must be carried out by subordinate organs.

Article 10. Relations between the consumer cooperatives and other enterprises and organizations

Enterprises, associations, offices and organizations of the consumer cooperatives, as well as their executive and administrative organs, are corporate persons.

Economic relations between the enterprises and organizations of the consumer cooperatives and other enterprises, organizations, and citizens are structured on a contractual basis. They are free to choose the subject of a contract and to determine obligations and all other terms for mutual relations which do not contradict the law.

Article 11. Property of the consumer cooperatives

Contribution and special funds, working capital, and other assets, the values of which appear on the balance sheet, are the property of the consumer societies, consumer unions, and their enterprises and organizations. Assets may belong to them with the status of collective property or be under their complete economic management. The enterprises, associations, and organizations exercising the right of complete economic management

contribute a segment of income (profit) to the organ of consumer cooperatives, which is the owner of the assets.

The consumer societies and unions have a right to acquire and alienate the assets of individual and corporate members.

Article 12. Sources for the accumulation of assets

The following are sources for the accumulation of assets:

—monetary and material contributions by members and corporate members;

—profits from the sales of self-manufactured goods and products (services), as well other economic operations envisaged by the statutes;

—proceeds from the sale of securities;

—bank loans;

—nonrepayable or charitable contributions, donations by enterprises, organizations, establishments, and citizens;

—other sources not forbidden by law.

The consumer societies and their cooperatives may create their own insurance funds, determine independently the terms, procedures, and kinds of insurance, tap the spare monies of their members, enterprises, associations, and organizations, and set up financial settlement centers and cooperative banks.

Article 13. Asset liability

The consumer cooperatives are fully liable, as provided by law, for breach of contract obligations, violations of credit-settlement and tax discipline and quality requirements for products, work, and services.

The payment of fines and contractual sanctions for violating the terms of a contract, as well as the payment of the damages inflicted, do not relieve the consumer cooperatives of meeting obligations concerning the delivery of products, performance of work, or the rendering of services.

Damages inflicted on the consumer cooperatives as a result of the violations of its asset rights by citizens, corporate persons, and state organs are collected through arbitration bodies or courts.

Damages inflicted on individual or corporate members of a consumer cooperative as a result of compliance by them with the instructions of the management organs of the consumer cooperatives or their officials, or as a consequence of inaction by these organs and their officials, must be paid. In the event of differences, the issue of collecting damages is solved by arbitration bodies or courts.

Article 14. Defense of property rights

The state guarantees protection of the property rights of the consumer societies, their unions, enterprises, associations, offices, and organizations of the consumer cooperatives. The confiscation by the state of their main, contributor, and special funds, working capital, and other assets used by them is not allowed, except as provided by law.

When a consumer society is liquidated, its assets remaining after settling with members and employees, meeting obligations to the budget, banks, and other creditors are transferred to the society of consumer unions of which it was a member.

Interference with economic and other operations of the consumer cooperatives by state and cooperative organs (unions, associations) is not allowed. If they issue an act which is not in line with their jurisdiction or which violates legal requirements, the appropriate organs of the consumer cooperatives are entitled to approach an arbitration body, or a court, with a request to void this act fully, or in part.

Article 15. Resource formation

The consumer cooperatives form merchandise stocks by acquiring them from state sources, purchasing them under contracts from industrial and agricultural enterprises, collective farms [kolkhozes], cooperatives and citizens, procuring and processing agricultural products and raw materials, manufacturing goods at their own enterprises, and other entrepreneurial activities not forbidden by law.

Consumer goods and products for production and technical uses manufactured at the enterprises of the consumer cooperatives, and under contracts at state enterprises, remain at their disposal and do not count toward the merchandise resources available.

Material and technical supplies are provided to the enterprises and organizations of consumer cooperatives through established procedures by the chain of the organs of material and technical supply at wholesale and retail prices, and when such prices do not exist, at contract prices.

Article 16. Prices and tariffs

The board of a consumer society and a rayon, oblast, or republic consumer union sets prices (tariffs) and surcharges for the following on its own, or in agreement with consumers, based on a computation of the actual self-cost of acquisition:

—agricultural products and raw materials purchased at agreed-upon prices from the populace, kolkhozes, sovkhozes [state farms], other enterprises and organizations, produced at the society's, or union's, own enterprises and at auxiliary farms and sold to consumers both through their own sales outlets and at other enterprises and organizations;

—goods manufactured from agricultural products and raw materials purchased at agreed-upon prices, other raw materials and materials purchased at contract prices, as well as consumer goods manufactured to fill the orders of the consumer cooperatives by the enterprises of other sectors of the national economy;

—products (work, services) performed with the simultaneous use of raw materials, main and auxiliary materials, and other components both purchased from state resources and acquired at agreed-upon prices;

—products made at the cooperatives' own public-catering enterprises;

—purchased goods sold at public-catering establishments (except goods sold at prices set by the state);

—work performed and services rendered with the use of raw and other materials of the customers;

—products for manufacturing and technical uses and containers;

—raw materials and products utilized to prepare self-produced products and purchased goods (except vodka and vine products surcharges for which are established by state price-setting organs) at public-catering establishments.

The same organs set surcharges and reductions for the benefit of supply-and-sale and production-sharing organizations and enterprises owned by them, as well as tariffs for services rendered by their own automobile transportation.

Goods allocated to the organizations of consumer cooperatives from market stocks and products (work, services) manufactured by them in keeping with contracts to fulfill state orders, or only with the raw and other materials acquired from state stocks, are sold at prices set by the state price-setting organs.

Article 17. Social activities of the consumer cooperatives

The consumer cooperatives take care of improving the conditions of work, life, and health of their members, ensure safe conditions of work in production facilities, and are responsible for damages caused to their employees.

The consumer cooperatives are entitled to grant their members preferences in the form of reduced retail prices (tariffs) for the goods (work and services) sold to them; they build residential buildings, day-care centers for children, and other social facilities with their own funds.

The enterprises and organizations of the consumer cooperatives participate on a contractual basis in the efforts of the soviets of people's deputies aimed at the comprehensive social and economic development of territories, as well as in drawing up local budgets.

The members of the labor collective of an enterprise, association, or organization of the consumer cooperatives have a right to the segment of the profit which they retain after paying taxes and making other payments to the budget and to the owner of the assets. The amount of profit belonging to a member of the labor collective forms his contribution.

Article 18. Profits and taxation

The profits of consumer societies and unions, enterprises, associations, and organizations are formed on the basis of profits generated by commercial, procurement, and production operations, the sale of securities (shares) and other operations not forbidden by law.

The profits are taxed at rates established by the local soviets of people's deputies, but no higher than 20 percent.

The rates of tax may differ depending on the financial-economic standing of the enterprises and organizations.

Profits of the consumer cooperative organizations generated by carting surcharges are not taxed, and are allocated to develop the material and technical facilities of the consumer cooperative organizations.

Article 19. Participation of the consumer cooperatives in the international cooperative movement

The consumer cooperatives may participate in the international cooperative alliance and in other international public organizations, or voluntarily delegate their pertinent powers to the USSR Tsentrosoyuz.

Article 20. Rights of the consumer cooperatives in foreign economic operations

The consumer societies and their unions are entitled to engage in export-import operations and to perform foreign-trade operations, set up joint enterprises, and join international economic associations and organizations.

Foreign-exchange proceeds are retained by them after the transfer to the state of the profit tax set for the consumer cooperatives.

[Signed] President of the Kazakh Soviet Socialist Republic N. Nazarbayev

Decree on Implementation of Law

914A0559B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 16 Jan 91 p 3

["Decree of the Kazakh SSR Supreme Soviet on Procedures for the Enactment of the Kazakh SSR Law 'On Consumer Cooperatives in the Kazakh SSR'"]

[Text] The Supreme Soviet of the Kazakh Soviet Socialist Republic [SSR] **resolves**:

1. To enact the Kazakh SSR Law "On Consumer Cooperatives in the Kazakh SSR" on 1 January 1991.

2. To establish that the legislative acts of the Kazakh SSR apply insofar as they do not run counter to the above law until the legislation of the Kazakh SSR is brought into compliance with the Kazakh SSR Law "On Consumer Cooperatives in the Kazakh SSR."

3. By 1 April 1991, the government of the Kazakh SSR will:

—submit to the Kazakh SSR Supreme Soviet proposals to bring the Kazakh SSR legislative acts into compliance with the Kazakh SSR Law "On Consumer Cooperatives in the Kazakh SSR";

—bring the resolutions of the Kazakh SSR Government into compliance with the above law.

[Signed] Chairman of the Kazakh SSR Supreme Soviet Ye. Asanbayev

Uzbek SUPSOV Chairman Discusses Draft Law on Land Taxes

914A0554A Tashkent PRAVDA VOSTOKA in Russian 19 Feb 91 p 2

[Report by A.Kh. Tashkenbayev, chairman, Uzbek SSR Supreme Soviet Committee for Agrarian Affairs and Water Resources: "On the Uzbek SSR Draft Law Entitled 'On Land Taxes'"]

[Text] Comrade People's Deputies!

On 20 June 1990 the Uzbek SSR Law entitled "On Land" was adopted at the Second Session of the Uzbek SSR Supreme Soviet. Article 16 of this law provides for introducing payments for land.

The establishment of land taxes has also been provided for by the declaration entitled "On the Principles of Forming the Uzbek SSR Budget," as adopted by the Third Session of the Uzbek SSR Supreme Soviet, dated 30 October 1990.

Over the course of six months a large group of specialists—among whom were financial experts, economists, agrarians, land organizers, leading officials of ministries and departments, plus representatives from several scientific-research organizations and educational institutions—worked out a Uzbek SSR Draft Law entitled "On Land Taxes."

This draft was examined and considered from all viewpoints in the ministries and departments concerned, after which it was submitted by the Cabinet of Ministers under the President of the Republic to the Uzbek SSR Supreme Soviet. It was discussed on more than one occasion in the committees for planning and budgetary-finance matters, agrarian matters and water resources of the Uzbek SSR Supreme Soviet. Creative discussions were held, during the course of which quite a few valuable suggestions were introduced. As a result of the work done by these committees, the Draft Law has emerged which is being submitted today for your examination and consideration.

I would like to remind you that, up to the present time, payment for the use of land has been made solely by the population. When and if the Law entitled "On Land Taxes" is introduced, taxes will also be paid by kolkhozes, sovkhozes, industrial and other enterprises, institutions, and organizations, as well as by citizens.

The following question arises: For what purpose are land taxes being introduced?

Land taxes will undoubtedly allow us to raise the level of efficiency in utilizing all kinds of lands. It's no secret to anyone that many economic managers, as well as citizens, have an uneconomical attitude toward land; they fail to take measures to increase its fertility; nor do they achieve the maximum yield per hectare.

In our everyday lives we often say that land is a gift from Mother Nature, supplied to us—so to speak—free of charge. But we all know full well that the state spends many millions of rubles every year on laying out, arranging, and irrigating lands, as well as outfitting them with up-to-date, water-resource systems.

Moreover, there is yet another well-known fact. Tens of thousands of hectares of fertile lands on farms are not being utilized for various reasons, and people are getting away with all this.

The free-gratis use of land has led to a diminution in the sense of responsibility on the part of many agriculturalists and other users of the land. Such an attitude has evolved not only toward irrigated lands, but also toward pastures, haylots, land resources, and forests.

Just look at how industrial and construction organizations regard the land! We could cite quite a few examples whereby, having obtained unjustifiably large areas for building various facilities, they do not begin construction for years, and the lands remain wastefully vacant. There are also frequent instances of land being damaged or spoiled, and then being "written off" the land balance-sheet. Therefore, our committees considered that introducing payments for the land—land taxes—would falciliate the inculcation among economic managers and all citizens of a sense for a thrifty attitude toward the land, its optimal utilization, and increasing the production of agricultural items.

Also of no small importance is the fact that introducing land taxes will facilitate the strengthening and reinforcement of local budgets. Such taxes will create the conditions whereby local organs pay more attention to safeguarding and preserving lands, along with their reclamation condition or status, the layout of lands, and the social development of the villages. That is to say, taxes to be levied for the use of lands will be returned to supply the needs of agriculture and to satisfy the social requirements of the population.

Permit me to characterize this Draft Law briefly.

The Uzbek SSR Draft Law entitled "On Land Taxes" consists of three sections and includes 11 articles. In my opinion, there is no need to dwell in detail on all the sections and articles, since the Draft Law was distributed ahead of time to the people's deputies, and you all have copies at hand.

Let me pause to say a few words about the principal phases of this draft.

First, I'd like to emphasize that the land taxes would be calculated according to differentiated norms for the population at large, state enterprises and organizations, kolkhozes, and sovkhozes. Their dimensions, scales, and rates would be determined and specified taking into account the quality of the lands and their location.

The Draft Law has established merely the lower and upper limits of the tax amounts. The specific tax amounts for each farm or enterprise will be set by the local Soviets of People's Deputies taking local conditions into consideration.

When setting the land taxes, we will take into account the data gathered from the land cadaster, i.e., evaluation for tax purposes, the economic appraisal of the lands in question, and the productivity of the land resources. In accordance with the land cadaster, all irrigated lands are divided into five classes by soil-value points within a 100-point system. Therefore, in Paragraph 2 of Article 3 of the Draft Law the tax rates shall be determined by taking the soil point-values into account.

For example, for low-ferility lands having a value below 20 points, kolkhozes and sovkhozes would pay up to 30 rubles per hectare, whereas for the most fertile lands—those evaluated above 80 points—they would pay as much as 180 rubles per hectare. For utilizing haylots and pasture-type lands, we propose to set the taxes at from one to three rubles per hectare, depending upon their productivity.

For industrial, construction, and other enterprises and organizations, the tax rates would be computed depending upon the presence or availability of fixed capital assets and the extent to which the territory in question is outfitted with engineering utilities: gas, electric power, heat, communications lines, transportation, etc. For such enterprises, the tax rates for using lands would be set higher than for agricultural enterprises.

Thus, in cities under rayon-type jurisdiction the tax rates for land to be used by industrial enterprises would range from 3,000 to 10,000 rubles. In cities under oblast-type jurisdiction such rates would range from 5,000 to 30,000 rubles, wheres in Tashkent their amounts would range from 10,000 to 50,000 rubles per hectare of lands being used.

A special approach has been provided by the Draft Law for calculating the taxes to be levied on the population. If a farmstead plot is located in a rural locality, the payment per one-hundredth of a hectare—depending upon local conditions—would range from two to three rubles; in cities and urban-type settlements it would range from two to six rubles.

I must remind you that, at the present time, the rural population pays agricultural taxes, whereas city-dwellers pay taxes as the owners of structures. When and if the Law entitled "On Land Taxes" is adopted, the levying of these taxes will, naturally, be abolished. As a result, the total amount of the taxes to be introduced for citizens will not exceed that which the population paid previously.

The Law provides that enterprises and organizations will pay their land taxes quarterly, while citizens will pay once a year.

The Draft Law provides for several categories of citizens to be exempt from paying land taxes. Included among them are invalids and participants in the Great Patriotic War, persons who have carried out their international duties, invalids of Groups 1 and 2, families with many children, as well as families which have lost their breadwinner or which have disabled children.

Furthermore, provisions have been made to exampt the following from the need to pay land taxes: environmental-protection organizations, institutions engaged in health care, culture, or education, other budgetary organizations, as well as sports facilities, various charitable funds, and certain other organizations.

The Law contains articles providing for the strict responsibility of all taxpayers and tax organs for the on-time payment and collection of these taxes. An incorrect computation of the taxes or a failure to pay them on time will mean that the taxpayers will be held materially responsible. And, in turn, the tax organs will also be obliged and duty-bound to strictly observe the procedures for computing and collecting the tax payments.

In the opinion of the members of the Committee for Planning and Budgetary-Finance Affairs and the Committee for Agrarian Affairs and Water Resources, the Draft Law entiled "On Land Taxes" has taken into account with sufficient fullness the characteristics of our republic and the conditions prevalent in the period of transition to a market-type economy.

In introducing the Draft Law entitled "On Land Taxes," our committees are counting on the support of the people's deputies. The suggestions and additions to be made by you will be carefully and thoroughly studied when we draw up the final version of this law.

Thank you for your attention.

Kyrgyz Ukase on Providing Populace with Foodstuffs

914A0535B Frunze SOVETSKAYA KIRGIZIYA in Russian 31 Jan 91 p 1

["Ukase by the Kyrgyz Republic's President on Urgent Measures To Provide the Population of the Kyrgyz Republic with Foodstuffs"]

[Text] In connection with the increasing difficulties of providing this republic's population with foodstuffs, caused by disruptions in the deliveries of food items and the requisitions of agricultural products, the lack of the necessary reserve supplies, and the unsatisfactory storage of food products at centers and in warehouses, as well as due to instances of economic sabotage, I hereby **decree** the following:

1. The persons named below shall be appointed and fully empowered by the President of the Kyrgyz Republic to provide the population with foodstuffs and assist in the struggle against economic sabotage in oblasts and in the city of Frunze:

—for Dzhalal-Abad Oblast—**Kamchibekov, R.K.**

—for Issyk-Kul Oblast—**Amanbayev, Dzh.B.**

—for Naryn Oblast—**Ashiraliyev, K.Zh.**

—for Osh Oblast—**Sydykov, B.S.**

—for Talas Oblast—**Sarygulov, D.I.**

—for Chuy Oblast—**Dzhumagulov, A.D.**

—for the city of Frunze—**Moiseyev, A.S.**

They shall be entrusted with full powers no later than 5 February 1991, upon agreement of and coordination with the appropriate oblasts and the city of Frunze, and in Talas and Chuy oblasts—with the rayon- and city-level soviets of people's deputies. They shall be assigned the task of forming extraordinary commissions to provide the population with foodstuffs and in the struggle against economic sabotage.

It shall be deemed necessary to include among the membership of such extraordinary commissions leading officials of the local self-government and state administration in the oblasts and the city of Frunze.

2. The extraordinary commissions for providing the population with foodstuffs and aiding in the struggle against economic sabotage shall carry out the following tasks:

—prior to the deadline of 15 February 1991 to conduct an inventory of the foodstuff resources and take measures in order to create the necessary normative reserve supplies of food products;

—prior to the deadline of 10 February 1991 to thoroughly analyze—with the participation of highly skilled specialists—the condition or status of the production and processing of agricultural products, and to work out measures to prevent any lowering in 1991 of the level of this production and processing below the 1990 level;

—during the course of February 1991 to organize checkups on the status of contractual agreements concluded with kolkhozes, sovkozes, and other agricultural enterprises contracting for agricultural products, as well as checking up on the performance of these agreements;

—during the course of February-March 1991 to organize the concluding of contractual agreements for the production and sale of agricultural products with citizens who have their own individual, private farms, as well as those persons who lease either individually or collectively;

—to step up the activity of workers' control commissions with regard to conducting checkups—acting in tandem with internal-affairs organs and state security-organs—on enterprises in the meat-and dairy, flour-milling, and food-processing industries, as well as organizations engaging in trade and public dining. This will be done in order to prevent the concealing of food products, their spoilage during storage and transportation, as well as to guard against thefts, embezzlement, and other abuses.

3. The Kyrgyz Republic's Ministry of Trade and the Kyrgyz Consumer Union shall channel 50 percent of the funds for passenger cars, radio-and-television sets, refrigerators, household appliances, imported furniture, clothing, footwear, and other items for which there is increased consumer demand into order to stimulate the sale to the state of grain, meat-and-dairy products, vegetables, and fruit by kolkhozes, sovkhozes, and other agricultural enterprises, as well as by citizens.

4. The Ministry of Internal Affairs, Ministry of Communications, Kyrgyz Civil Aviation Administration, and the Frunze Division of the Alma-Ata Railroad shall step up their activities with regard to implementing the Ukase issued by the President of the Kyrgyz Republic dated 21 January 1991 and entitled "On Temporary Measures Designed To Protect the Interests of Consumers in This Republic." Particular attention shall be focused on that portion pertaining to restrictions placed on shipping foodstuffs beyond the borders of our republic.

5. Gosteleradio [the State Committee for Television and Radio Broadcasting], as well as the editors of republic-, oblast-, and rayon-level newspapers shall regularly inform the population about the work being done by the extraordinary commissions for providing the population with foodstuffs and for aiding in the struggle against economic sabotage.

[Signed] For the President of the Kyrgyz Republic, by the Vice President of the Kyrgyz Republic, G. Kuznetsov, City of Frunze, 30 January 1991.

Riga Workers' Collective Resolution Deplores Price Hikes

914A0535A Riga SOVETSKAYA LATVIYA in Russian 12 Jan 91 p 2

["Resolution Passed by an Assembly of Representatives of the Workers' Collectives, Party, and Trade-Union Organizations from the City of Riga, in Conjunction with the Following Factions: 'Ravnopraviye' [Equity] of This Republic's Supreme Soviet and 'Soyuz' [Union] of the Riga City and Rayon Soviets of People's Deputies"]

[Text] Disregarding the opinion held by broad strata of the population, this republic's government, beginning on 3 Jan 1991, raised retail prices on the basic or principal groups of foodstuffs—bread, meat, and milk—by a factor of 3-4 or more. At the same time, a considerable hike was promulgated on the fees charged for electric power, the use of telephone and postal services, and for inter-city bus transport. Plans are underway for a multiple rise in the costs of housing and municipal services.

The amount of compensation set by the government in no way covers the population's necessary expenditures for food. In fact, the supplementary monetary payments to persons employed in the cost-accounting organizations are supposed to be made at the expense of the workers' collectives. Moreover, these payments are imposed by means of income and social taxes.

At the same time, however, most enterprises and organizations lack the capacities for paying out compensations to their own employees.

The price hikes passed by the government on consumer goods and services, together with the unjust and inequitable compensation system being introduced, constitute an unprecedented offensive on the population's standard of living and the social gains which had been won by working people.

By utilizing the obedient mass media, the ruling circles of this republic unleashed a broad-based disinformation campaign directed at the people around the Press House. They called upon young persons within the ranks of the Soviet Army, thus intentionally distracting public opinion from the most important problem of life nowadays—the price hikes on foodstuffs which were promulgated behind the people's backs. Moreover, there has been artificial incitement of opposition among inhabitants along nationality lines, as well as between the cities and rural areas.

This assembly hereby decrees the following:

1. A demand shall be made that Latvia's Supreme Soviet immediately revoke the validity of the decrees passed by this republic's government connected with price hikes on foodstuffs and services prior to the adoption of a law on price indexing as an indispensable measure for the social protection and defense of the population. It must abandon its intention to compensate for price hikes by monetary payments at the expense of funds belonging to enterprises' collectives, and instead make this compensation by means of the budget, without imposing income and social taxes.

In case these conditions are not fulfilled, we demand the resignation of this republic's present-day leadership, the dissolving of the Supreme Soviet, and the forming of new organs of authority based on the decisions taken at the Fourth USSR Congress of People's Deputies.

The responsibility for the possible consequences stemming from implementing a course aimed at lowering the standard of living of this republic's population shall be entirely and fully borne by Latvia's Supreme Soviet and government.

2. We approve and deem as justified the initiative shown by the workers' collectives in the city of Riga with regard to setting up strike committees.

3. We call upon the workers' collectives, sociopolitical and trade-union organizations, the inhabitants of Riga, and this entire republic to join in mass protest measures which will be conducted beginning on 10 January 1991. These measures will be directed against the price hikes on foodstuffs and services and for abolishing all legislative acts which are in contradiction with the Constitutions of the USSR and the Latvian SSR.

4. We should address a demand to a session of the USSR Supreme Soviet and the President of the USSR that a halt be put to the anti-popular actions of Latvia's government—actions which are leading to a sharp decline in this republic's standard of living.

City of Riga, 9 January 1991

Estonia Liable to Union Tax

914A0555A Tallinn SOVETSKAYA ESTONIYA in Russian 16 Jan 91 p 1

[Article by ETA correspondent I. Lindsalu: "Union Tax Will Be Levied on Estonia]

[Text] During a news conference given by the Estonian Government, Minister of Economic Affairs Jaak Leimann provided the following information: the Estonian Republic will have to pay union tax whatever course future events may take. This tax has not yet been included in the Estonian budget for the simple reason that nobody knew how the USSR budget is to be formed.

Most people are aware that Edgar Savisaar, chairman of the government, gave assurances that Estonia would pay the union tax no more. "You always have to bargain in economics," Jaak Leimann thinks; "we started with nothing and now we will gradually move forward."

According to the minister of economic affairs, the issue of whether to pay the union tax is not so much a political as an economic one: many various services in Estonia are being financed from the union budget. Therefore, it is prudent to pay the tax into the USSR budget.

The Government of the Estonian Republic will continue to negotiate the amount of the union tax with the USSR Ministry of Finance. The Government of Estonia has started looking for the monetary resources in order to pay it.

Estonian Salaries Increase, Production Falls

914A0555B Tallinn SOVETSKAYA ESTONIYA in Russian 16 Feb 91 p 2

[Unattributed article under the rubric "What Stands Behind the Figure?": "Salaries Increase, Production Falls"]

[Text] This one sentence could characterize the state of the economy or, rather, of industries—its most active part—in our republic in 1990.

Here are data recently obtained by the Estonian Republic Department of Statistics. Production diminished in volume by 1.9 percent in one year. This indicator was 100.3 percent for industrial enterprises subordinate to the union, and it was 96.9 percent for enterprises subordinate to both the union and the republic or to the republic only.

We have to remember that the increase of retail prices in our republic started in the fourth quarter of the past year. With this in mind, it might seem reasonable to compare figures which show wages and productivity growth not only for the whole year, but also for the last three months of 1990 taken separately.

The average monthly pay of all the people employed at the republic's industrial enterprises increased in the last year (figure given in parentheses shows the increase in the fourth quarter of 1990) from 289.0 rubles [R] (R295.9) to R357.9 (R458.1). The wages of industrial production workers grew, respectively, from R293.6 (R300.4) to R362.6 (R463.5). In other words, in just the last three months of the past year, compared to the corresponding period of 1989, the average monthly pay of all employees (as well as that of the production personnel taken separately) increased by 54 to 55 percent, or by more than half. But the productivity of labor, computed on the basis of commodities produced, grew last year by only 2.8 percent (by 3.8 percent in the last quarter).

In other words, the industries "responded" to the increase in retail prices with an additional sharp increase in the income of their workers which was accompanied by an insignificant additional growth of productivity.

Here are the changes in wages and productivity rates at enterprises of various subordination. In this example, the figures are given for the year (1990 compared with 1989).

Enterprises subordinate to the union: R384.0—R302.0 or a 127.2 percent increase. Productivity grew by 4.9 percent for the year. All of the remaining industries: R341—R281.2 or a 121.3 percent growth. Productivity here increased by 1.6 percent.

* * *

Our newspaper asked Elmar Aedna, candidate of economics and senior researcher in the Economics Institute of the Estonian Republic Academy of Sciences, to comment on these figures.

"The figures you quote can be somewhat amended. If you base your productivity computations on produced commodities only, without taking into account payments for raw and other materials, then you might discover that productivity has increased by more than two or three percent. This however, does not change the principle of the matter. There is a great gap between the wage increase and productivity growth. This obviously abnormal phenomenon reflects growing inflation or devaluation of money. As they try to raise the wages of their employees, enterprises spend more and more of their profits in carrying expenses instead of developing production. We are being paid more and more rubles for which we can buy less and less from government stores, if anything at all. In other words, in spite of wage increases, we are witnessing a drop in our living standard.

"It is true that there were such periods in the past when the rate of wage increases was higher than that of productivity (at the time, for instance, when salaries for separate groups of employees were being 'regulated'). But things that are happening today have no precedent in the past. It is plainly an abnormal phenomenon.

"Meanwhile, it is a demand of the economy to have productivity grow faster than personal incomes. The share of wages in the percentage of productivity growth in the developed countries of the West is approximately 0.4; in our country it exceeds it several times! A similar tendency may also be observed in 1991. There were some attempts in the country to set up some ratio limits for wages and productivity. But, just like any other administrative measure, this measure did not succeed. It is the market, the economic levers that should work as a regulator. But we do not have such levers yet.

"One could ask himself: What can we do? We need to bring some order into our money turnover, to balance revenue and expenditures in the state budget, to introduce free prices on the majority of goods, with the exception of essentials. We need to organize our labor market and channel the released hands into consumer

goods production. All these concepts are well known in principle. How to put them to practice is a different story."

Tajik President on Changes in Administration of Republic's Economy

914A0551A Dushanbe KOMMUNIST TADZHIKISTANA in Russian 26 Feb 91 p 2

[Report by Tajik SSR President K.M. Makhkamov at the Fifth Session of the Tajik SSR Supreme Soviet: "On Optimizing the Management Structure of the Tajik SSR National Economy]

[Text] Esteemed Comrade Deputies! A primary problem in resolving the difficult tasks facing the republic national economy is the creation of a structure and control mechanism based on genuinely democratic and economic methods that contribute to resolving the incredibly difficult tasks facing our people.

In keeping with the instructions of the session of the Tajik SSR Supreme Soviet and the constitutional authority of the president of the republic, the structure of the Cabinet of Ministers is brought to your attention.

The administrative system that has existed up to this point rested mainly on administrative methods and does not correspond to the new tasks of stabilization of the economy and transition to the market. This structure was formed during the last decade. The periodic attempts to reorganize it have not only not brought success but, on the contrary, have contributed to its becoming excessively cumbersome with too many levels.

In keeping with the general management plan adopted in 1987, a task was set to make radical changes, keeping in mind that the apparatus of the republic ministries and departments had to be reduced by 50 percent, and in the oblasts—by 30 percent.

Along with the imposition of order on the functions of the ministries and departments and the transition to a two-level management scheme, work was done to simplify the structure of the central apparatuses of the ministries and departments and to reduce the number of independent structural subdivisions within them.

But in spite of all the transformations, the management system was formed under conditions in which administrative methods predominated, with day-to-day management and detailed control over the activity of the enterprises.

The republic's transition to market relations requires an absolutely new approach to the formation of a system for management of the national economy.

Changes in the functions of the ministries should take place on the basis of conditions for the transition to market relations during this period. And it is necessary to take into account complete independence of the subjects of management and to single out those that are directly under the jurisdiction of the ministries. On the other hand, the enterprises must deal with the strategy for the development and the policy for the activity of the enterprises in their spheres and the creation of legal, organizational, and economic preconditions for their functioning during the transition to a market economy.

The new administrative structure embodies a fundamental approach related to the fact that there will be no more production ministries with direct jurisdiction over enterprises. The majority of ministries and departments will be supported by the republic budget.

While at the beginning of 1991 the overall expenditures on maintaining the central apparatus of the republic management organs—I emphasize central—amounted to 20.1 million rubles [R], expenditures on the new structure, including the president's staff and the Cabinet of Ministers amounted to R17.6 million.

Since some of the functions will be transferred to the local soviets, there will be a possibility and a need to reduce the number of ministries. Taking these changes into account, their number will decrease from 34 to 29. They will comprise the basis of the Cabinet of Ministers, which is to perform the following main functions under the new conditions:

—provide for the execution of laws and decrees, direct the work of ministries and other organs under their jurisdiction, coordinate their activity, direct the work of local executive organs;

—determine the strategy for the development of the national economy on the basis of the development of scientific-technical and socioeconomic programs and the use of methods of consolidated planning and budget policy;

—receive instructions and decisions on questions of price regulation, monetary circulation, bank credit, regulation of the incomes of all subjects of management and the population, and financing of capital investments in the state sphere, render support to other spheres of production, provide for control and regulation of the market, and also perform other tasks included within its competence according to the law.

The government's performance of the role of the highest executive and management organ of state power will be normative in nature and be effected through general regulation and coordination of the actions of the ministries, market structures, and subjects of management.

The structure of the Cabinet of Ministers is to include four positions of deputy chairman of the Cabinet of Ministers as compared to seven deputy chairmen of the Council of Ministers, including the three first chairmen. One of them is in charge of coordination of the activity of industrial ministries and issues turned over, in keeping with the Union treaty, to the jurisdiction of the Union and coming under joint jurisdiction; he guides the

work of the ministries of communications and construction, and he coordinates questions of the use of natural resources and the development of the fuel and energy complex, heavy industry, trade, and the production of consumer goods and services.

The second deputy chairman of the Cabinet of Ministers is responsible for: the State Committee for Control of State Property, questions of interaction with all structures for organizing the work of changing over to the market, support and coordination of the activity of new market structures, questions of financial and credit relations and their improvement, the foreign economic policy and the formation of nonbudget and investment funds, development of the securities market and stock exchanges, state withdrawal and privatization. Additionally, he is in charge of scientific and legal support and expert evaluation of decisions made in the area of the development of the market.

The third deputy provides for coordination of questions of the agro-industrial complex. The fourth deputy is in charge of questions of the sociocultural development of the republic's population.

The reduction of the number of deputy chairmen of the Cabinet of Ministers was brought about by the need to realize the main principle of the transition period—the establishment of a management system which would clearly define the personal responsibility of the leader. This has to do with the fact that when performing functions of state management and coordination on the basis of economic levers and incentives, there can be no direct intervention in the economic activity of the enterprises (with rare exceptions).

The ministers or committee chairmen are mainly individuals authorized by the state who are called upon to conduct an effective policy of contributing to increasing the republic's economic, scientific and technical, social, and intellectual potential. At the same time, taking into account the real difficulties of the transition period and the critical nature of the task of stabilizing the national economies of the republic and the country as a whole, when forming the structure of the state management organs it is necessary to act to preserve a number of ministries and committees, but with a mandatory revision of their functions.

Based on these authorities, it is proposed to abolish the Ministry of Automotive Transportation, the Ministry of Construction and Operation of Highways, the Ministry of Light Industry, and the Ministry of Rural Construction, having in mind the process earmarked in keeping with the Law on Enterprises in the USSR of creating progressive branch, interbranch, and territorial structures, concerns, associations, and conglomerates which need not be raised to the governmental level.

Here it is necessary to clarify one question of the essence of concerns. In Issue No. 7 of the newspaper ADABIET VA SANA they published a feuilleton by N. Asadullo, "Lukhtakbozi." The author basically correctly took note of attempts by party structures to hide behind the names of concerns, associations, and so forth without really changing anything and just increasing the salaries of the apparatus workers. Khimzat, a concern which is operating today, can serve as an example of this.

Under these conditions the republic government must solve problems of the formation of new structures in a very balanced and attentive way. What is the main point here? The new formations are distinguished by their nondepartmental or interbranch nature.

Thus the state concern is an association of enterprises that conduct joint activity on the basis of voluntary centralization of functions of scientific-technical and production development, investment, financial, environmental protection, foreign economic, and other activity, and also autonomously financed service for enterprises based on socialist principles of management.

To organize its work the concern creates a system of management whereby its participants voluntarily relinquish some of their authority and functions, including for representing their interests in relations with the ministries and departments and other organizations and institutions, including the placement of state orders and the receipt of centrally allocated material resources and capital investments.

Participants of a concern may not belong to another concern at the same time. Concerns, particularly state concerns, may be created in branches which typically have closed chains of interconnected technological processes and deep internal cooperation in the production and sale of the final product.

In addition to state concerns, under the new conditions it will also be possible to have nonstate concerns. What distinguishes them is that they are associations of enterprises with different forms of property which handle mainly their own problems and tasks. Their relations with the state will be regulated exclusively through taxes and licenses.

And the **economic association** is a contractual association of enterprises created for purposes of joint performance of **one or several** production-economic functions.

Participation in an association imposes less rigid restrictions on the enterprises than does participation in a concern. Participants in an economic association may join other contractual associations of enterprises without the consent of the other participants.

It should be kept in mind that the association of enterprises should be constructed on the following principles: voluntary entry on the basis of a community of economic interests; equal rights of participants in the joint activity; freedom of choice of the organizational form and self-management of the participants in the association as a whole; organization of relations among the participants on a contractual basis.

Moreover, relations between concerns and the state change radically. Concerns and their enterprises must develop with their own funds and they must buy the resources they need, but additional financial sources may be allotted by the state on a reimbursable basis for a certain payment.

Concerns and associations are essentially a new stage in the democratization of economic relations and control of the economy. It is necessary to distinguish principally new forms of organization of the economy from the bad practice of simply changing their names. Can there be mistakes during this transitional stage. Yes, there can be. But they must be corrected and, where possible, avoided.

It is naive to expect that the transition to a new quality of economy of a republic which has declared its sovereignty and the appearance of new areas for independent economic ties among literally all production formations would not affect the number of apparatus members and the total expenditures on their maintenance. And one thing is of principal importance here: the Supreme Soviet must conduct a reasonable policy in this area when determining the volumes of budget financing. We must not allow an unjustified increase in expenditures, but it is even more dangerous to lose levers for control in the most important areas of state leadership of the economy and social sphere simply because of a blind desire to save money. The consequences and the losses could be quite significant. This is why I invite you, esteemed deputies, to discuss this issue constructively and with a completely open mind.

Perhaps the most crucial cluster of problems in the area of organization of administration has accumulated in the agro-industrial complex. The decision to abolish the republic Gosagroprom [State Committee for the Agro-Industrial Complex] has already been made. The Tajik SSR Ministry of Agricultural has been indicated as the state organ for administration of agriculture, and expenditures to maintain it will be financed from the republic budget.

Here emphasis is being placed on the fact that the Ministry of Agriculture has actively worked on problems of the introduction of scientific achievements into production. The ministry apparatus will not intervene every day in the internal affairs of the sovkhozes and kolkhozes. Its task is to render methodological assistance in the introduction of new technologies and to monitor the ecological and veterinary situation, the correctness of land use, questions of financing the branches, and other large-scale measures.

A reasonable question arises: "What about the other branches of the agro-industrial complex?" I must say that the search for an answer to this question is being dragged out and has actually been going on for two years already. From all appearances, the incentive for making a decision was the concept of changing over to a market economy and the new laws adopted by the republic Supreme Soviet concerning property, leasing, and the Land Code. What is the main thing here? Again, liberation from dictatorship and independence of the producers who—and this is very important—may represent the most diverse forms of property: from state and kolkhoz to individual.

We must welcome the desire of free enterprises to join according to the branch or territorial indicator into concerns, associations, conglomerates, and combines. This tendency is in evidence, which was shown by discussions with workers and leaders of the enterprises themselves. There are various suggestions. But it is our firm conviction that the enterprises themselves must decide whether or not to have their coordinating organ in the republic. After the last meeting here in the Supreme Soviet and with workers of the agro-industrial complex we came to the conclusion that if one is to speak about our viewpoint, at the republic level there must be an organ authorized by the state to coordinate the activity and development of the processing industry. This work (that is, coordination) could have been assigned to the Ministry of Agriculture and Food. Suffice it to point out the unity of the raw material base of various branches, for example, wine making and the canning industry, or the related problems of scientific and technical progress in the area of farming, which are closely related to the processing and storage of products.

The system of material and technical support and mechanization of agricultural work in the agro-industrial complex which, as is already clear, under the new conditions should organically unite the two parts—this is a special problem.

The first is directly related to centralized resource provision for assignments of the state order and the second is related to the development of commercial structures for supplying kolkhozes, sovkhozes, and enterprises of the agro-industrial complex with material and technical resources, including technical equipment, and resources for selling their products. But here it is necessary to make it quite clear that, since these functions are directed toward supporting the economic activity of all producers of the agro-industrial complex system, they must contain the corresponding production management structures. Therefore we consider it reasonable to have at the corresponding level an organ like the committee that combines technical equipment and supply—Agrotekhsnab. And in general the structures serving the entire agro-industrial complex in keeping with autonomous financing principles must be developed and not destroyed, and they should be developed starting in the rayons and also the oblasts.

Some people would like to see simply an attempt to change names. Any structure will survive only if the consumer enterprises have a need for it. The main thing is not to allow monopolistic formations.

Or take another problem—the economic reform in agriculture, to which the reformation of land and water relations is linked in the closest way. It is quite obvious

that unless we form market relations in our republic these will be empty words. Therefore the Cabinet of Ministers considers it necessary to form a special nongovernmental Committee for Land and Economic Reform which, incidentally, is being done in practically all republics.

Will expenditures on maintaining administration apparatuses increase because of these transformations—either budget expenditures or deductions from the enterprises? We have a firm position here: The overall sum of expenditures must decrease and, above all, because of the fact that the extremely overgrown republic and oblast agro-industrial committees and RAPO's [rayon agro-industrial associations] are being abolished.

In the republic, where there are extremely active demographic processes and an immense need for new jobs and skilled personnel, it has been recognized as mandatory to have a central government organ to handle these issues. It is suggested that one organ be created on the basis of the State Committee for Personnel Training and the State Committee for Labor and Social Problems—the State Committee for Labor and Personnel Training. We have in mind to include here the organization of the work for retraining and re-educating workers within the framework of a unified state employment service system.

In connection with the appearance of qualitatively new tasks in the area of the transition to the market and the greater independence of the economic policy, it is suggested that we form a State Committee for Management of State Property and a Ministry of Foreign Economic Ties.

Here is a group of problems that is very complicated and new to us. The desire not to complicate the management structure, to restrain the growth of the number of administrative-management personnel, and also actually to change the functions of the ministries and departments has led to a rejection of the creation of an antimonopoly committee, whose functions will be turned over to the State Committee for Economics and Prognostication.

The State Committee for Management of State Property even now—in conjunction with the ministries and departments, concerns and associations, and local soviets of people's deputies—should begin work to inventory state property. The committee should develop programs for state withdrawal and privatization in the corresponding areas and organize practical work in all areas of the national economy, relying on financial and banking institutions.

One must keep in mind that in order to carry out the work of such an immense scale for the inventory and assessment of property, it will be necessary to envision the possibility of financing additional expenditures involved in bringing in specialists.

Another thing that is new to the republic is the work for optimization of foreign economic ties. Here in short periods of time it will be necessary to overcome the mistakes that have been made and the ineffective areas of activity into which dozens of enterprises were drawn. This means development and implementation of an integrated foreign economic policy, coordination, and a strict system of control where the very factor of foreign economic activity becomes a motive force for the republic's socioeconomic progress.

One must take into account that the process of the deep progressive transformations of the structure of the republic's economy is impossible without a qualitative renewal of existing capacities and significant growth of new ones in various branches of industry. It is this sphere of the economy that should develop most rapidly. Therefore it is suggested that we create a Ministry for Affairs of Industry and Energy Engineering.

Because there have been questions about the formation of this ministry, I would like to discuss its role in somewhat greater detail. First of all it is necessary to make the ministry's name more precise. We are speaking about the development of the fuel and energy complex, nonferrous metallurgy, and the mining industry. Additionally, one can hardly leave without state control levers such basic branches as machine building and the electronics and electrical equipment industry, keeping in mind that the depth and effectiveness of the transformation of the structure of the economy will determined by precisely these branches. As we know, nobody in the republic is working with these branches today. In my opinion, this shows the need for an independent ministry quite convincingly. And in order not to offend our energy engineers, it might be called simply the Ministry for Industrial Affairs in the republic.

Another, no less important aspect. In this transitional stage, objectively evaluating the situation, is has been recognized as necessary to preserve the Ministry of Grain Products as a production ministry as long as there is a state monopoly on the procurement and production of grain products. Grain procurements abroad will continue to be centralized at the Union level for the time being and there will be centralized state grain reserves. There has been no hint of the formation of a grain market yet. And this is an extremely important point. Grain today is a question of state policy, and a very difficult question.

Therefore, in order to provide a continuous supply of grain and grain products for the population and mixed feeds for animal husbandry, and also taking into account the fact that 98 percent of the raw material is shipped in from outside the republic, we are keeping the Ministry of Grain Products, the more so since we are now deciding on the issue of the restoration of the Union Ministry of Grain Products.

Naturally, in the structure of state administrative organs, with a simultaneous and significant change in the functions, and oriented toward a market economy, the ministries and departments of an economic profile will remain, as will those in charge of material and technical

supply and branches of the social sphere. Thus, for example, functions of management of the economy at the republic level are concentrated within the framework of the State Committee for Economics and Prognostication. Therefore the Tajik SSR Gosplan [State Planning Committee] is being eliminated.

The Ministry of Finance and the State Committee for Statistics will also be retained, as will the Gossnab [State Committee for Material and Technical Supply] for the time being. But the functions of the Gossnab will gradually change. The Tajik SSR Gossnab should act as a state intermediary in the formation and distribution of state orders, the distribution of products delivered under them, and the establishment of contractual prices. For products for production and technical purposes, the Gossnab acts on behalf of the state as the subject for concluding agreements with the producers for the fulfillment of the state order. Its work is being organized in a qualitatively new way for unconditional fulfillment of interrepublic agreements that are not one-time but permanent in nature.

It is responsible for studying market conditions, organizing and supporting the market, providing means of production, and maneuvering commodity stocks. On the plane of activity for the formation of a market infrastructure in the area of material and technical supply, the Gossnab organizes and coordinates all work for the creation of a state contract system, a network of commodity exchanges, commercial centers, and commercial information banks. Naturally, this affects the entire structure of organs of the republic Gossnab.

Another issue, which becomes considerably more important because of the transformation of the economy, is the system of control of the social and cultural sphere. It has been recognized as expedient to preserve all the main ministries and committees of the social complex. This means ministries for social security, public education, the Ministry of Culture, the Ministry of Trade, the Ministry of Public Health, the Ministry of Housing and Municipal Services, the State Committee for the Press, the State Committee for Affairs of Youth, Physical Culture, and Sports, and the State Committee for Radio and Television Broadcasting, Of course, the functions of these republic organs will be improved even more.

The proposals we are receiving from certain committees of the Supreme Soviet, commissions of party committees, and women's councils mention the need to place the State Committee for Protection of the Environment under the direct jurisdiction of the Supreme Soviet, to combine the Ministry of Social Security and the Ministry of Public Health, to have a republic interdepartmental coordination council for problems of women and the family under the president, and to create a committee made up of representatives of authorities and social organizations to replace the department for affairs of women and protection of the family, maternity, and childhood of the Tajik SSR Council of Ministers.

I must say that of the Supreme Soviet considers it necessary to take jurisdiction over the State Committee for Protection of the Environment, this is possible. But I must inform you that the committee would then forfeit its economic functions and preserves and other economic objects would be taken away from its jurisdiction.

The authors justify combining the Ministry of Social Security and the Ministry of Public Health by the formation of the pension fund in the republic and oblasts. It should be noted that the pension fund in no way reduces the work of the Ministry of Social Security and is not included in its functions. This fund essentially replaces the mission of the Ministry of Finance for collecting the funds for payment of social security and transferring them to the accounts of the Ministry of Social Security. Therefore, in our view, there is no point in combining them. As for the committee for affairs of women and protection of the family, we have envisioned its creation.

At the end of my speech I would like to say the following. At the present time, when circumstances are changing very rapidly and the situation in the republic depends on many factors—both Unionwide and foreign political—we must be extremely efficient and react quickly to situations in order not to allow ourselves to be distracted by discussions and to devote maximum effort to working our way out of the crisis. I wish to emphasize once again that the president and the Cabinet of Ministers have a better idea than anyone else of the state of affairs with finances and the solutions to problems of stabilizing the national economy. We have not had and do not have any desire to jack up expenditures on maintenance of the management apparatus at all levels, mainly the central one. But because of the formation of new management structures at the republic level, budget expenditures for these purposes will increase somewhat—by about R2-3 million. But overall expenditures on the maintenance of republic organs from all sources of financing are decreasing. Even if one takes into account expenditures on the newly formed state concerns, the overall savings will amount to R1.5 million.

These figures do not take into account the additional savings from elimination of the territorial organs of the agro-industrial complex, which were indeed a burden on the kolkhozes and sovkhozes and also other enterprises of the agro-industrial complex.

And the last thing. Naturally, the process of improvement of the management structure, particularly of the central organs, does not end here. Stabilization of socio-political life and the development and spread of market relations will make their own adjustments. The structure must be dynamic. The old organs will die out and new ones will appear. It is from these positions, dear comrades, that I call upon you to begin the discussion of the structure of the central management organs of the Tajik SSR.

In connection with a number of issues raised before the session at meetings of committees of the Tajik SSR

Supreme Soviet, regarding a number of points having to do with the structure of management of the republic national economy, Tajik SSR President K.M. Makhkamov said, in particular:

In the first place, the proposed structure of the republic ministries and departments is interim. It is oriented toward providing for stabilization of the economy and the creation of organizational-legal and economic preconditions for the transition to market relations and the formation of an environment favorable to economic activity. During the transition period, along with the immense amount of work for changing the branches over to the new conditions for management, significant centralized efforts will be required for stabilizing the economy. As these tasks are carried out the structure of management will improve and, correspondingly, the number of ministries (departments) will decrease.

In the second place, a reduction or increase in the number of workers of state administrative organs should not be a goal in itself. The number of members of the ministry (department) apparatus is determined, based on the labor intensiveness of the performance of the block of functions for which it is responsible. In the proposed structure, the main functions and tasks of the ministries (departments) are earmarked on the most general plane. They will be defined in greater detail during the development of provisions concerning individual ministries (departments). Therefore the number of members of the apparatus of these management organs should be determined by the Tajik SSR Cabinet of Ministers when approving their provisions.

In the third place, each administrative organ that is formed should have a particular organizational and legal status enabling it to carry out the functions assigned to it. Based on this, it is expedient during the transition period for state administrative organs that provide for functional administration to be granted the status of a state committee, and the state administrative organs whose spheres of activity are individual national economic complexes should be called ministries.

In the fourth place, it would be expedient for the names of ministries (departments) to correspond to the content of their spheres of activity. Based on these assumptions and having studied the proposals of deputies, I consider it necessary to say the following.

1. The reduction or increase in the number of members of the apparatuses of ministries (departments) should not be considered at the session of the Tajik SSR Supreme Soviet. These issues should be resolved by the Cabinet of Ministers when developing and approving the provisions concerning individual ministries (departments).

2. The Gosstroy [State Construction Committee] and the Ministry of Construction, and the Gossnab and the State Committee for Petroleum Products should not be combined during the transition period.

In the first case this was conditioned by the tension in the republic construction complex and the differences in the functions assigned to them. The Gosstroy is called upon basically to handle the formation and implementation of the investment policy and the drawing up of programs for the development of the construction complex and control (supervision) in construction affairs. It should handle the coordination of the development of the construction industry, the production of construction materials, the organization and implementation of the state's withdrawal from construction enterprises, and the creation of a market for construction materials and contracting work. Another affected block is determined by the peculiarities of the republic's economy.

The provision of petroleum products is a specific and difficult area of our economy. And solutions to problems in this sphere during the transition period requires centralized leadership. The Gossnab is already being transformed into a market structure which performs the functions of a state intermediary in the formation and distribution of state orders and the distribution of products in keeping with them. Correspondingly, there will be a change in the activity of its local organs. Therefore in this stage it is necessary to preserve the Tajik SSR State Committee for Petroleum Products.

As the economy stabilizes and market relations develop in construction work and the provision of petroleum products, these ministries and departments will gradually be transformed.

3. For purposes of providing for the accelerated development of municipal and engineering networks, especially in developing small and medium-sized cities and the implementation of a unified policy in the area of housing and municipal services, it is necessary to retain for the immediate future (one-two years) the Tajik SSR Ministry of Housing and Municipal Services. The more so since in many cities (Kurgan-Tyube, Kulyab, Nurek, Kanibadam, Isfara, Ura-Tyube) still do not have enough specialists.

4. It would also be expedient to retain the name of the State Committee of the Tajik SSR for Labor and Personnel Training and the State Committee of the Tajik SSR for Economics and Prognostication since their spheres of activity functionally cross branch boundaries and their names correspond to the functions assigned to them.

5. In this stage we should not combine the State Committee for Statistics and the State Committee for Economics and Prognostication so as to ensure the independence of the statistical policy. As market relations develop, the State Committee for Statistics should become a center for the formation of the state policy in the area of economic, market, and commercial information.

We must not disperse among numerous structural subdivisions the small number of personnel of economic organs who have mastered economics to a higher degree

than usual. Therefore we shall not create a separate antimonopoly committee, and the functions of implementing the antimonopoly policy will be turned over to the State Committee for Economics and Prognostication.

6. The State Committee for Property will have the following functions:

—inventorying state property, financial assets, and all kinds of reserves;

—organizing and conducting state withdrawal and privatization of state enterprises and organizations;

—breaking down and diversifying existing monopolistic productions;

—controlling state property.

The main tasks of the Tajik SSR State Committee for Property during the transition period should be:

—determining the immediate measures for withdrawal of the state and privatization of state property;

—determining the spheres and branches subject to state withdrawal (trade, consumer services, repair and construction organizations, and so forth);

—organizing the sale and leasing of some state property to the population and foreign partners;

—holding competitions and auctions for the sale and leasing of state property;

—supervising state withdrawal and privatization of state property on the territory of the republic, and so forth.

7. The Tajik SSR Ministry of Agriculture and Food will not be responsible for all the functions currently assigned to Gosagroprom—just those that are inherent in the transition period and have to do only with agriculture and also functions that simply coordinate the activity and development of the processing industry:

—prediction of the development of agriculture;

—determination of the volumes of agricultural production and the formation of an efficient structure for it, taking into account the needs of the domestic market, interrepublic exchange, and import and export needs;

—participation in the development of proposals concerning the formation of the investment policy in the agrarian sector;

—promotion of multistructural development of agriculture and state support of all forms of agricultural activity;

—land development and elimination of monopolies in land possession and control of land use;

—development and implementation of target programs for the development of the production and social infrastructure in rural areas with financial support from the state;

—formation of a special fund for the development of rural areas and support for farming;

—organization of social restructuring of rural areas.

These tasks are essentially new. Moreover, the ministry is responsible for the development of agrarian science and promotion of the introduction of advanced practice; organization of breeding work, selection, and seed growing; organization and monitoring of the quality of agricultural products; organization and supervision of safe use of agricultural equipment; organization and zooveterinary monitoring of the epizootic situation in the republic; coordination of the work and methodological leadership of fishing, and so forth.

8. Under the conditions of transition to market relations the main principle is to provide for independence of the functioning of enterprises, organizations, concerns, associations, and other production-economic facilities. Based on this, the concerns will not be under the direct jurisdiction of the ministries (departments).

9. The administrative apparatus will be the same for the president and Cabinet of Ministers. Expenditures will increase by approximately R400,000 over those of the administration of affairs of the Council of Ministers.

10. Expenditures of the Ministry of Finance—its entire system throughout the republic—will be R11.9 million, including for the central apparatus with the main tax administration—R1.4 million (180 people). The rest goes for financial organs of the oblast, city, and rayon ispolkoms and the tax offices.

INTERREGIONAL, FOREIGN TRADE

Kazakh Law on Free Economic Zones Issued

Text of Law

914A0519A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 23 Jan 91 p 3

[Law of Kazakh SSR "On Free Economic Zones in the Kazakh SSR," signed by Kazakh SSR President N. Nazarbayev]

[Text] This law defines the general legal and economic bases of the organization and functioning of free economic zones and regulates the relations of economic entities operating within the territory of the zone with state and other organs and citizens of the Kazakh SSR.

Section I. General Provisions

Article 1. Purpose of free economic zone

1. The free economic zone in the Kazakh SSR will be a specially designated territory with clearly defined

administrative boundaries and a special legal framework, created for the purpose of attracting foreign capital, progressive foreign technology, and managerial expertise for the stepped-up socioeconomic development of the territory of the zone.

2. All forms of economic, financial, and other activity by Soviet and foreign legal entities and citizens will be permitted within the free economic zone, with the exception of the production of items for direct military use and forms of activity prohibited by the laws of the Kazakh SSR.

3. Any legal entities located outside the zone will have the right to establish their branches or new enterprises, including joint ventures, within the territory of the free economic zone.

Article 2. Creation of free economic zone

The free economic zone will be created by a decision of the Kazakh SSR Supreme Soviet at the request of local soviets of people's deputies, with consideration for the opinion of the population of the territory. The Kazakh SSR Supreme Soviet will define the boundaries of the zone and the length of time the special legal regulations will be in force within this territory.

Article 3. Laws in force in free economic zone

1. The laws of the Kazakh SSR will be in force in the free economic zone unless they conflict with this law.

2. If an international agreement concluded by the Kazakh SSR or USSR makes stipulations other than those contained in this law, the provisions of the international agreement will apply.

Article 4. Guarantees of rights and interests of citizens and legal entities in free economic zone

1. The Kazakh SSR will guarantee the observance of the rights and legal interests of citizens of the USSR and Kazakh SSR and foreign citizens, enterprises, associations, and organizations operating in the free economic zone.

2. The nationalization of the property of citizens of the USSR and Kazakh SSR and foreign citizens, enterprises, associations, and organizations operating in the free economic zone by the state will not be permitted.

3. Losses incurred by citizens of the USSR and Kazakh SSR and foreign citizens, enterprises, associations, and organizations as a result of unjustified interference in their activity by state and other organs or by officials will be covered by these organs.

Section II. Administration of Free Economic Zone

Article 5. General principles of administrative organization

1. The organs of state authority in the free economic zone will be local soviets of people's deputies, which will delegate powers to the executive authority—the administrative council of the zone.

2. State property within the boundaries of the zone (land, water, minerals and other natural resources, buildings, and installations for long-term use) can be transferred to the jurisdiction of the administrative council of the zone by a decision of the local soviet of people's deputies.

3. The local soviet of people's deputies will reserve the right to oversee the intelligent use of land, minerals, the environment, and other property turned over to the administrative council of the zone.

4. Land within the territory of the free economic zone will not be sold. Legal entities and citizens violating the terms of the intelligent use of the land and other natural resources they have been permitted to use will lose the right to use them and will cover all losses and restore the ecological balance.

5. The supreme administrative body in the free economic zone will be the administrative council of the zone.

6. The administrative council of the zone will be headed by a chairman, appointed by the republic government and ratified by the Kazakh SSR Supreme Soviet. The nomination of the chairman will be approved by the local soviet of people's deputies in the zone. Only a citizen of the Kazakh SSR can be appointed chairman of the zone administrative council.

Article 6. Powers and obligations of zone administrative council

1. The zone administrative council will be formed by a decision of the appropriate soviet of people's deputies from among representatives of republic and local government bodies and Soviet and foreign enterprises, associations, and organizations registered within the free economic zone.

2. The zone administrative council will act in line with this law and the zone statute ratified by the Kazakh SSR Cabinet of Ministers.

3. The administrative council will do the following within the free economic zone:

—attract foreign capital on a competitive basis;

—draft and carry out annual and long-range programs for the development of the zone;

—set financial, tax, and credit policy and visa and customs requirements;

—issue licenses and set quotas for exports and imports of goods and services and for natural resources;

—arrange for the registration of Soviet and foreign citizens, enterprises, associations, and organizations engaged in economic, financial, and other activity;

—lease land, minerals, and other natural resources, as well as buildings and installations located within the zone;

—collect taxes and other fees;

—issue securities;

—oversee and assume responsibility for the improvement of the environment and the maintenance of objects of historical and cultural value;

—set the rules governing the use of communication and transportation services and the extraction of minerals and other natural resources of strategic importance to the republic economy by foreign citizens, enterprises, associations, and organizations;

—have the right to establish currency, stock, and other exchanges;

—exercise other powers envisaged in this law and the statute on the zone administrative council.

4. The zone administrative council will not have the right to intervene in the routine economic, financial, and other operations of enterprises, associations, and organizations if they are not contrary to the laws in the zone.

Section III. Creation and Operations of Soviet, Joint, and Foreign Legal Entities

Article 7. Status of Soviet legal entities

Soviet legal entities located within the zone will be autonomous legal entities independent of departmental jurisdiction, with the exception of the unified power engineering system and rail, air, maritime, and highway transport.

Legal entities will assume complete economic responsibility for the results of their economic operations. The Kazakh SSR and local soviets within the zone will not be responsible for the obligations assumed by Soviet legal entities in connection with their economic operations in the zone.

Article 8. Procedure for registration of Soviet, joint, and foreign legal entities

1. Soviet and foreign businessmen wishing to establish enterprises, associations, and organizations or to take part in various economic projects within the zone will submit an application to the zone administrative council and attach the documents stipulated in the statute on the zone.

2. The businessman's application must be processed within 30 days by the zone administrative council, which will make the decision to register the entity or deny the request.

3. The zone administrative council will issue a record of registration to the registered legal entity.

4. Registered legal entities within the zone will enjoy all of the rights granted to subjects of economic activity by this law.

5. In the event of violations of laws of the Kazakh SSR, the statute on the zone, and articles of incorporation, the administrative council will have the right to terminate the operations of legal entities and cancel their certificates of registration.

6. The administrative council will have the right to extend the businessman's term of operations within the free economic zone.

7. Disputes between legal entities and the administrative council of the zone will be settled in a court or by the State Board of Arbitration or an arbitration tribunal.

Section IV. Currency and Monetary Mechanism of Free Economic Zones

Article 9. Pricing

1. Free and contract prices will be in effect within the zone.

Article 10. Financial transactions

1. The republic will not be responsible for the financial obligations of individual legal entities or the free economic zone as a whole. By the same token, they will not be responsible for the financial obligations of the republic.

Enterprise obligations will be guaranteed by the zone administrative council, authorized banks, finance companies, and the founders of joint- stock companies, joint ventures, and other associations.

2. The free economic zone will have its own budget and balance of payments. The mechanism to regulate receipts and payments will be established by the zone administrative council in conjunction with banks in the zone.

3. The credit and payment transactions between Soviet and foreign legal entities within the zone and Soviet partners outside the zone will be conducted through a system of correspondent accounts in rubles and accounts in foreign currency. Operations in foreign currency with Soviet and foreign legal entities will be conducted within the territory of the USSR outside the zone by the Kazakh SSR Foreign Economic Bank, its branch in the zone, and other banks licensed by the Kazakh SSR State Bank.

4. Zone transactions with foreign states will be conducted in any currency approved by the parties. Forms and terms of payment will conform to accepted world practices.

5. The ruble and hard currency will be circulated within the free economic zone. Settlements between legal entities within the zone will be conducted in any currency chosen and approved by the parties.

Article 11. Credit system

1. The following banks will operate in the free economic zone:

—the Kazakh SSR State Bank;

—the Kazakh SSR Foreign Economic Bank;

—the Savings Bank;

—foreign banks;

—joint banks;

—commercial banks;

—any other types of banks.

2. The Kazakh SSR State Bank will perform the following functions:

—general oversight of the operations of credit and financial institutions in the zone;

—organization of the circulation of money in the zone.

3. The Kazakh SSR Foreign Economic Bank will secure the following:

—credit and payment transactions in rubles and foreign currencies by Soviet, joint, and foreign legal entities and citizens operating in the zone;

—currency and interest risk insurance;

—organization of currency auctions and other operations with foreign currency and securities;

4. Other banks operating within the zone will perform credit and settlement services for citizens and legal entities in rubles and in foreign currency on licenses from the Kazakh SSR State Bank.

Section V. Taxation of Legal Entities and Citizens in Free Economic Zone

Article 12. General principles of taxation

1. The tax service of the zone administrative council will conduct all types of tax operations within the free economic zone.

2. All payments will be deposited in the budget of the zone administrative council, which will allocate funds to the local soviet of people's deputies in accordance with the statute on the free economic zone and the agreement on interrelations between the administrative council and the local soviet of people's deputies.

Article 13. Tax privileges

1. The following privileges will be extended to foreign and joint enterprises within the free economic zone:

1.1. Exemption from the profit tax for a period of two to five years following the declaration of profits.

1.2. Exemption from the payment of taxes on profits reinvested within the Kazakh SSR in consumer goods production or in high-technology items, medical equipment, and medicines.

1.3. Exemption from the payment of fees for local labor resources.

1.4. Exemption from the payment of taxes on the profit on goods produced within the zone for sale within the Kazakh SSR.

1.5. Exemption from the payment of taxes on the part of the profit used for the development of the social and production infrastructure in the free economic zone, culture, education, the training and retraining of workers and engineering and managerial personnel, and social and medical services for the population of the zone.

2. These tax privileges can be extended to Soviet enterprises, associations, and organizations operating within the zone and producing competitive goods by a decision of the administrative council.

Section VI. Trade Between Free Economic Zone and Other Regions of USSR

Article 14. Trade between zone, other regions of USSR, and foreign countries

1. The exchange of goods and services between Soviet and foreign legal entities within the zone and outside the zone will be conducted in any form of commercial operation, including barter transactions.

2. Barter transactions will be permitted for the production of consumer goods and the satisfaction of the social needs of enterprise collectives and the population of the zone.

3. The administrative council will have the right to decide which raw materials can be exported from the zone without additional processing.

Article 15. Customs regulations

There will be no customs duties on imported equipment, materials, crude resources, and other components required for the manufacture and processing of products within the free economic zone or on products exported from the zone.

Consumer goods imported for sale within the zone will be wholly or partially exempt from customs duties.

Section VII. Labor Relations in Free Economic Zone

Article 16. Organization of labor and manpower

1. The provisions of the International Labor Organization conventions ratified in the USSR and Kazakh SSR will be in force in the free economic zone.

If labor relations within the free economic zone are covered in an ILO convention which has not been ratified yet in the USSR and Kazakh SSR, the laws of the Kazakh SSR will apply to these relations prior to ratification.

2. The administration of the legal entity will regulate production and labor relations at an enterprise with foreign participation and resolve questions connected with the social development of the collective and the health of its members by concluding individual agreements with personnel.

3. The legal entity with foreign participation will have the right to make autonomous decisions on hiring and firing procedures, labor regulations, wages, and the eligibility of enterprise personnel for privileges, guarantees, and compensation. The rules in paragraphs 1 and 2 of this article will apply in these cases.

4. Legal entities operating in the free economic zone will extend hiring priority to local labor resources and arrange for the training of local manpower.

The flow of manpower into the free economic zone will be regulated by the job placement service of the zone administrative council.

Decree on Law's Implementation

914A0519B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 23 Jan 91 p 3

Decree of Kazakh SSR Supreme Soviet on implementation of Kazakh SSR law "On Free Economic Zones in the Kazakh SSR," signed by Kazakh SSR Supreme Soviet Chairman Ye. Asanbayev]

[Text] The Supreme Soviet of the Kazakh Soviet Socialist Republic decrees that:

1. The Kazakh SSR law "On Free Economic Zones in the Kazakh SSR" will go into force on the date of its publication in the press.

2. The Kazakh SSR Cabinet of Ministers will do the following:

—take the necessary measures within a month to secure the enforcement of this law;

—submit proposals to the Kazakh SSR Supreme Soviet within a month for the amendment of existing legislation.

3. The proposals of the Mangistau, Dzhezkazgan, Guryev, East Kazakhstan, and Karaganda oblast soviets of people's deputies on the creation of free economic zones within these oblasts will be approved.

4. The Kazakh SSR Cabinet of Ministers and local soviets of people's deputies will define the administrative boundaries of the free economic zones, arrange for the transfer of land to the zones, and take the necessary measures to institute the new economic relations in enterprise, organizations, and establishments located within the zones, with consideration for the wishes of the local population, and will determine the potential of raw materials and labor resources and the state of the infrastructure of territories designated as free economic zones.

Kazakh Law on Foreign Investment

Text of Law

914A0542A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 17 Jan 91 p 2

[Kazakh SSR law: "Foreign Investments in the Kazakh SSR"]

[Text] **This law is aimed at ensuring the effective attraction of foreign investments, progressive technology and managerial experience and granting of foreign capital the necessary guarantees. The law is geared to the formation in the republic of an open-type economy and is intended to serve the republic's speediest transition to principles of management commonly accepted in world practice.**

Section 1. Foreign Investors and Investments

Article 1. The following may be foreign investors in the republic:

—foreign legal entities;

—foreign citizens;

—Soviet legal entities, the controlling block of shares, or a large proportion of the share, participation in which belongs to foreign citizens and legal entities.

Article 2. All types of property brought into the republic by a foreign investor and intended for the production of goods and services and also currency resources brought in to this same end are understood as foreign investments.

Credit made available by specialized financial institutions is not regulated by this law and pertains to the category of capital transactions.

Article 3. Enterprises, several participating in the property of Soviet legal entities, stock and other securities and other property and also acquired property rights and rights to the use of natural resources in the Kazakh SSR for the exercise of economic and other activity on the territory of the Kazakh SSR may be the subject of foreign investments on the territory of the Kazakh SSR.

Article 4. Legal entities with foreign participation, including those wholly belonging to foreign investors

("foreign ventures"), function in all forms not conflicting with legislation of the Kazakh SSR.

The relationships of these legal entities with the participants in legal entities with foreign participation are determined by the founding documents.

Article 5. Legal entities with foreign participation are guided in their activity by this law and also legislation of the Kazakh SSR regulating their activity.

Section 2. Conditions of the Creation and Activity of Legal Entities With Foreign Participation

Article 6. Legal entities with foreign participation on the territory of the Kazakh SSR are registered in the local soviets of people's deputies, Kazakh SSR Ministry of Finance and Kazakh SSR Ministry for Foreign Economic Relations or other bodies in accordance with legislation of the Kazakh SSR.

Information concerning the registration is forwarded to the Kazakh SSR State Committee for Statistics within a 10-day period for entry on the republic list of legal entities with foreign participation.

Notice of the registration is published in the republic press.

Article 7. Foreign investments are licensed by the Kazakh SSR Ministry for Foreign Economic Relations.

A foreign investor presents to the Kazakh SSR Ministry for Foreign Economic Relations an application with the requisite documents attached.

The Kazakh SSR Ministry for Foreign Economic Relations is required within 30 days to notify the foreign investor of the decision made.

If within one year following the acquisition of a license a foreign investor has not embarked on realization of the transaction set forth in the application, the repeat acquisition of a license is necessary.

Article 8. Legal entities with foreign participation, including foreign ventures, have the right to participate voluntarily in all forms of economic associations.

Article 9. Foreign investment is authorized in all spheres of economic and other activity except the manufacture of products of a direct military purpose.

Article 10. The profit of legal entities with foreign participation obtained in the Kazakh SSR may be reinvested without restriction on the territory of the republic.

Article 11. Legal entities with foreign participation have equal access with Soviet legal entities to the currency market and the securities market of the Kazakh SSR.

Article 12. Legal entities with foreign participation are accorded the right of independent decision on questions connected with conditions of hiring, dismissal and working hours and also the granting of allowances, safeguards and compensation for all employees of the venture.

The labor relationships of the participants in legal entities with foreign participation are regulated by a collective agreement and individual labor contracts in accordance with legislation of the Kazakh SSR.

These conditions may not be less favorable than those established for the corresponding categories of workers and employees of Soviet enterprises and organizations.

A foreign investor is required to provide for the training of local personnel from the local population for the purpose of mastery of the technology being introduced.

Article 13. The social insurance of the employees of legal entities with foreign participation and their social security (except for pensions for foreign employees) are regulated by legislation of the Kazakh SSR.

Article 14. Property and risk of legal entities with foreign participation are insured at their discretion.

Article 15. The protection and exercise of the rights of intellectual property of foreign investors and legal entities with foreign participation are secured on the territory of the republic in accordance with legislation of the Kazakh SSR.

Article 16. Property brought into the republic as investments of foreign investors and not intended for sale is duty-free.

Personal property of foreign specialists employed at ventures with foreign participation is imported into the republic free of customs duty.

Article 17. Foreign investments and the procedure of the exercise of the economic and other activity of legal entities with foreign participation in free economic zones and in accordance with concession agreements on the territory of the Kazakh SSR are regulated by the appropriate legislation of the Kazakh SSR.

Article 18. Legal entities with foreign participation have the right to invest capital in joint-stock and other companies in accordance with legislation of the Kazakh SSR.

Section 3. Taxation

Article 19. Legal entities with foreign participation and foreign legal entities and citizens pay taxes in accordance with the tax legislation of the Kazakh SSR.

Dual taxation is obviated by way of the conclusion of the appropriate international agreements.

Article 20. In addition to the allowances stipulated by tax legislation of the Kazakh SSR on the territory of the republic, legal entities with foreign participation are accorded the following supplementary tax breaks:

a) if the share of a foreign investor in them is in excess of 30 percent and these legal entities are engaged in the production of goods and services specified in the appendix to this law, they are exempt from the payment of a tax on profits for five years following the first announcement of a profit and pay a tax on the profit at a 50-percent reduced rate for the next five years;

b) expenditure for charitable purposes is exempt from taxable profits.

Article 21. Legal entities with foreign participation are accorded an opportunity to make use of accelerated depreciation in the procedure approved by the Kazakh SSR Ministry of Finance.

Article 22. Within the bounds of their jurisdiction the tax and other government authorities monitor the compliance by a legal entity with foreign participation with current legislation. The venture is required to make available to these authorities accounts and records of its activity.

Auditing organizations, foreign included, may be enlisted for inspection of these ventures' financial and commercial activity.

Article 23. Legal entities with foreign participation keep a ledger of the results of their activity and maintain statistical records in accordance with the rules in effect in the Kazakh SSR and also, per mutual agreement, apply rules operating in the foreign investor's home country.

Article 24. Funds accumulated from the actual profits of a legal entity with foreign participation not subject earlier to a profits tax are taxable upon liquidation of the venture at their residual value.

Section 4. Safeguards for Foreign Investors

Article 25. Nationalization of the property of ventures with foreign participation in the Kazakh SSR is not allowed. In exceptional cases the property of ventures with foreign participation may be requisitioned in the procedure determined by law. In this case the Kazakh SSR undertakes to compensate the foreign investor for the losses he has incurred.

Article 26. The Kazakh SSR guarantees foreign investors the right to freely transfer overseas income from the activity and liquidation of legal entities with foreign participation and also from the sale of their share in the said ventures.

Article 27. The importing and exporting of Soviet and foreign currency, negotiable instruments and securities are regulated by legislation of the Kazakh SSR governing currency regulation.

Section 5. Disputes and Applicable Law

Article 28. The disputes of a legal entity with foreign participation with an official body of the Kazakh SSR and with organizations which are legal entities of the Kazakh SSR and also disputes between the participants in legal entities with foreign participation are subject to examination in the state arbitration authorities and courts of the Kazakh SSR or, upon the agreement of the parties, in an arbitration tribunal, in accordance with legislation of the Kazakh SSR.

Article 29. If an international treaty of the Kazakh SSR determines different rules of the examination of disputes than those stipulated by this law, the rules of the international treaty apply.

[Signed] N. Nazarbayev, president of the Kazakh SSR

Appendix to the Kazakh SSR Law "Foreign Investments in the Kazakh SSR"

List of Products and Services in Whose Production and Realization the Enterprises Employing Foreign Investments Obtain Allowances in Accordance With Article 20 of the Law

1. Production of consumer goods.

2. Processing and storage of agricultural produce.

3. Production of electronics products.

4. Biotechnology products.

5. Medical equipment.

6. Medicinal preparations.

7. Products in whose manufacture Soviet inventions and discoveries are used.

8. Treatment of industrial waste and the waste of the mining and iron and steel complex and other secondary resources.

9. Production of construction materials.

Decree on Implementation of Law

914A0542B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 17 Jan 91 p 2

[Kazakh SSR Supreme Soviet decree: "Implementation of the Kazakh SSR Law 'Foreign Investments in the Kazakh SSR'"]

[Text] The Kazakh SSR Supreme Soviet **resolves:**

1. To implement the Kazakh SSR law "Foreign Investments in the Kazakh SSR" as of publication in the press.

2. That the Kazakh SSR law "Foreign Investments in the Kazakh SSR" will apply to the juridical relationships arising following the implementation of this law.

That in respect to the juridical relationships that have arisen prior to implementation, the Kazakh SSR law "Foreign Investments in the Kazakh SSR" will apply to the rights and obligations that arise following implementation of the law.

3. That the Kazakh SSR cabinet will:

—adopt within one month the necessary measures providing for realization of this law;

—submit to the Kazakh SSR Supreme Soviet proposals pertaining to the revision of current legislation;

—provide for the reconsideration and cancellation of government and sectoral legislative instruments, including sets of instructions, contradicting this law;

—submit to the Kazakh SSR Supreme Soviet proposals concerning the alignment of legislative instruments of the Kazakh SSR with the Kazakh SSR law "Foreign Investments in the Kazakh SSR."

[Signed] Ye. Asanbayev, chairman of the Kazakh SSR Supreme Soviet

PRICES, BUDGET, FINANCES

Belorussian State Economic Plan Official on Price Reform

914A0506A Minsk SOVETSKAYA BELORUSSIYA in Russian 7 Feb 91 p 3

[Interview with V. Mikhasev, by N. Dym, under rubric "Pertinent Topic": "The Price Reform Is Not Shock Therapy: V. I. Mikhasev, Chief of the Price Administration of BSSR Gosekonomplan, Answers Questions Asked By SOVETSKAYA BELORUSSIYA"]

[Text] **What is the most frequent topic of discussion today at store counters, in the subway, at the bath house, at the train station, or on the job? Of course, prices. The only thing you hear all around is nowadays is: wholesale and free prices, contract and commercial prices, purchase and market prices... You must agree that an ordinary person has a hard time getting through this labyrinth of words. But why should he have to? When he goes into a store, a shop, a laundry, or a ticket office, the only thing he is interested in is: has the price gone up or not?**

We are talking about retail prices. People understand them, they sense them, and... they are afraid about the next rise.

[V. Mikhasev] The problem of retail prices has been with us for a long time. Its roots go back to the 1960's, when the country began paying subsidies for the sale of foodstuffs. Since then there have been repeated rises in the wholesale prices for output in heavy industry and machine building; purchase prices were increased by a factor of almost five; but in retail prices the union government conducted a line aimed at "stabilization."

Everyone knows what that led to. A separation was formed between the retail prices and their base—the wholesale prices and the purchase prices for manufactured and agricultural output.

[N. Dym] And, in order to maintain that separation, the state gradually increased the subsidies, which began to be computed in astronomical figures?

[V. Mikhasev] That's absolutely correct. For example, in our republic today nine billion rubles is spent from the state budget to maintain the low retail prices.

Moreover, the expenditures for the production of almost all types of consumer commodities are not covered by the existing state retail prices. The extent to which the wholesale prices exceed the retail prices, simply for the enterprises in the BSSR ministries and departments, in January 1991 constituted approximately one billion rubles. In annual terms, those expenses are determined to be more than 12 billion rubles. But the republic's entire annual budget is 17 billion rubles.

[N. Dym] Did the situation become more serious with the introduction by the union government, starting on 1 January 1991, of new wholesale and purchase prices?

[V. Mikhasev] Yes, it did. Since the beginning of the year the country has changed over to a system of wholesale prices and tariffs that was developed over the past two years. Here the growth was between a factor of 1.3 and more than 2, with the growth having a tangible effect on the output in the fuel-and-energy and timber-chemistry complexes.

With a consideration of the rise of prices for structure-forming output, and for manufactured output as a whole, the purchase prices for agricultural output were raised. Those for livestock were raised an average of 36 percent; grain, 55 percent; milk, 26 percent; wool, a factor of 1.4; and flax, a factor of almost 2.

All that led to a decrease in profit for the manufacturers of consumer goods, a decrease in the turnover tax, and an increase in the total amount of subsidies paid from the budget for output and services for the public. Under those conditions there arose instances of delays with the payment of wages, and there were major interruptions in moving the commodities from the supplier to the consumer.

[N. Dym] Well, then, what way do you see for getting out of this complicated situation?

[V. Mikhasev] There are two paths. The first is to leave everything the way it is, and not to raise the retail prices. In that instance the additional subsidies paid to enterprises that produce consumer goods in 1991 will constitute more than three billion rubles, and the total is approximately 9.3 billion rubles. In addition, because of the failure to introduce free prices, there has also been a decrease in the income received by the budget in the form of the turnover tax. In annual terms, if the appropriate decision is not made, the republic's budget will fail to receive approximately three billion rubles. Already the budget's daily losses constitute approximately 20 million rubles. As a result, many social programs adopted by the session of the BSSR Supreme Soviet will

remain unfulfilled and we will be unable to continue our fight against the illicit economy, speculation...

There remains a second path—the carrying out of a retail price reform. The republic's Supreme Soviet and government have taken steps to develop decisions in the area of price formation that have been coordinated with the other republics and with the center. Although there have been delays and great difficulties, we have sketched out approaches that were discussed at the 18 January 1991 session of USSR Cabinet of Ministers.

As a result, we have achieved agreement with regard to the fundamental questions of carrying out a price reform and its goals, and with regard to a list of commodities for which fixed state prices must be maintained and commodities that are to be sold at free or regulated prices.

The center proposes confirming the new retail price lists for basic consumer goods as the maximum ones. We are told that this approach takes into consideration the sovereignty of the republics and their increased role and responsibility for resolving the socioeconomic tasks on their territory. Within the confines of the established limits, the republics must determine the specific prices for the commodities with a consideration of the peculiarities of their production and the consumption structure.

But we insist on having concrete uniform prices. Otherwise, a "price war" between the republics is inevitable. It is necessary, for the country as a whole, to raise and subsequently to maintain firm price-list prices for the basic types of foodstuffs, fabrics, knitwear, footwear, and other commodities in mass demand that determine the public's standard of living.

[N. Dym] But what if the prices continue to rise?

[V. Mikhasev] There exist alternate versions for raising retail prices for foodstuffs on average by a factor of 2.5, including an increase of about a factor of 3 for bread, bread products, and meat. In this instance, provision is made for selling food products without incurring a loss, while preserving a certain subsidy level for meat-and-dairy and fish products.

For the basic nonfood items with mass demand it is also necessary to take the path of raising prices. For example, for cotton and woolen fabrics, on the average, that raise will be 70-80 percent. It is proposed to shift the pricing of linen fabrics and fabrics from natural silk to a market basis. Under these conditions, cotton fabrics and footwear will have profit and a small turnover tax.

[N. Dym] Do you really mean that literally everything will go up in price?

[V. Mikhasev] For certain commodities (medicines, gasoline, coal, and firewood released to the public, vodka, wines, and liqueurs, coffee, fabrics from artificial and synthetic fibers and articles made from them, knitwear, footwear with uppers made of leather or polymer materials), it does not seem to be desirable at this stage to reconsider the existing retail prices.

For other commodities, for example, passenger cars, it is planned to extend the principles of regulated pricing. Price regulation will be carried out by establishing a maximum price level and a maximum profitability level. For a number of necessities of life, free prices will be established. The circle of those commodities will gradually expand.

[N. Dym] You mentioned free prices. It is not precluded that the manufacturing enterprises will increase their prices so much that the customer's head will spin. How will the pricing agencies monitor them?

[V. Mikhasev] We have already had reports to that effect. For example, in Gomel Oblast, a set of furniture for an entry used to cost 450 rubles, but now it costs 1264 rubles. People began complaining. Our commission went there to investigate. If we find that the prices were raised excessively, we will deprive the enterprise of the right for six months to establish a contract price, and the additional proceeds will be confiscated and paid into the budget.

Monitoring of the economic grounds for establishing prices will be carried out only by the pricing agencies, but also by the trade unions, the consumer society, and the local agencies of authority.

[N. Dym] You said that subsidies are absolutely necessary for meat, milk, bread, and other products. But a number of commodities—for example, cars, vodka, and articles made of gold or fur—are being produced, that give a profit that is many times larger. Can't the income from them cover the loss-incurring food products, instead of having to do this at the customers' expense?

[V. Mikhasev] I agree with you. The production costs of vodka, wines, and liqueurs are at a low level, and in 1991 the republic's budget will receive 1.8 billion rubles of turnover tax from them. But do you really think that it would be possible to use that amount to cover the billions of rubles of expenses? Belorussia does not produce any cars, and the entire turnover tax remains at the place where they are produced.

We must become aware of the situation and must frankly tell the nation that the compensation mechanism to the maximum degree takes into consideration the interests of the low-paid categories of the public, families with a large number of children, and other categories of citizens.

[N. Dym] One would scarcely think that people will hail any increase in retail prices. Everyone knows what the excessive raising of prices led to in Lithuania.

[V. Mikhasev] No system of state compensations had been worked out there. Under conditions of an increase

in the costs of living, it is necessary to the maximum degree possible to guarantee the social protection of the public.

Discussion of this question at USSR Cabinet of Ministers indicated that the list of commodities whose price increase should be completely compensated to the public must include the basic foodstuffs, children's goods, types of fabrics, clothing, and footwear that have a mass demand, as well as the increase in transportation rates. The total amount of direct compensation for these commodities in the republic will be, according to tentative estimates, more than seven billion rubles.

I want to assure you that the first payments of the compensations will be made prior to the introduction of the new prices. Payments that compensate for the increase in the price of children's goods will be made directly to families with children. Monetary compensations to the poor segments of the public will be supplemented by various types of aid in kind that is to be rendered locally (free meals, payment of bills for medicines and special articles needed by disabled individuals and the elderly, benefits for the use of urban and suburban transportation, etc.).

It is planned to introduce higher standards for maintaining citizens in institutions in the social sphere (hospitals, boarding homes, homes for the aged, preschool and other institutions).

[N. Dym] To whom will the compensation be paid?

[V. Mikhasev] To the entire population living in the republic. According to preliminary data, approximately 50-60 rubles a month will be paid per adult. Payments will also be determined for children.

[N. Dym] This is, so to speak, the Belorussian version of the resolution of the compensation problem. But there is also a union concept.

[V. Mikhasev] For purposes of compensating the population, the union concept proposes raising the wages paid to workers at enterprises and organizations, after reviewing the wage and salary rates, and also increasing pensions, scholarships, grants in aid, and other special payments.

In my opinion, that concept deserves attention. But the implementation of this recommendation is technically complicated, and, in addition, will lead to the next increase in production costs, and, consequently, the prices for the products. A vicious circle is developing.

It would be correct to introduce compensation paid to the public for a rise in retail prices by defining the specific extent of that compensation on the basis of computations of the losses incurred by each social group (children, students in schools at all levels, retirees, persons being supported, persons working in the branches of the national economy).

USSR Gosbank [State Bank] and USSR Sberbank [Savings Bank] are preparing recommendations pertaining to the paying of compensation to depositors for losses resulting from a one-time increase in prices.

In addition to direct compensation, the public's losses from the increase in the prices of items that are sold at contract (free) prices will be compensated in conformity with the Law "Indexation of the Public's Income" that has been adopted by the republic's Supreme Soviet.

[N. Dym] What will the reform in retail prices give us?

[V. Mikhasev] The most important thing is that it will put all types of prices into conformity with one another. There will be a sharp reduction in the state's subsidies paid for the production of commodities. Speculative demand will disappear and substantial structural changes in the public's demand will occur. The commodity-producing network will begin to be saturated with various commodities. As a result of the stabilization of the market there will be a substantial undermining of the soil for speculation, the illicit economy, and the trading Mafia.

However, the complete normalization of the consumer market will require the further strengthening of finance, rigid monitoring of the public's income, and the expansion of the production of goods and services.

Economist Deplores Latvia's Price Reform Policy

914A0518A Riga SOVETSKAYA LATVIYA in Russian 16 Jan 91 p 2

[Article by Ye. Zaytseva: "A Step Toward the Market? No, Toward Economic Failure!"]

[Text] **Since the first days of the new year, prices and rates for goods and services to the public in Latvia have increased several times. For many food products, free contract prices have been introduced, which are higher than the state retail prices. New and higher prices have appeared for goods from light industry as well. At the same time, once again officially, almost all rates for services to the public have increased: the cost of electricity, mailing a letter, taxi rides, and public transportation (beginning in February it is planned to raise the cost of travel in city transportation); fare subsidies are to be abolished, and subscriber fees are to be increased for telephones, gas, apartment space, and so on.**

In other words, the government of the republic has decided to restructure the price system with one stroke, in a single decree, in order to create conditions for transition to a market economy. Has the government of Latvia been successful in such an attempt or not? This is what we shall try to determine...

Restructuring the price-formation system is one of the most important problems in transition to a market economy, and the most painful for the populace and the

goods producers of any country. The existing price-formation system in the soviet economy is long since obsolete, is slowing down its development, and is preventing the start of the transition to the market. Moreover, it is based on the following anti-market approaches when determining the price of goods: prices are established centrally and remain unchanged over an extended period in spite of the fact that, first of all, these prices no longer cover the producers' expenses; and second, the conditions of supply and demand for the given article of goods have long since changed. On the other hand, prices are established on the basis of the demands of politics and ideology, and not economy. The result is that we have what we have.

Therefore, restructuring the price formation system in connection with transition to a market economy must change precisely these two anti-market approaches. As a result of changing the price formation system we must derive free prices, established by the immediate goods producer, taking into consideration supply and demand and the normal price pyramid of a market economy.

A price-formation system is a system of relationships of the prices of various goods to one another.

In the market economy of the West, price policy is influenced by the costliness of any kind of workforce in comparison with the cost of the machinery and mechanisms replacing it, and the advantage of introducing energy-efficient and material-conserving technologies and the automation of production.

In the Soviet economic system the price-formation system appears topsy-turvy with respect to the market system. It is the logical result of the historic development of the Soviet economy. Its existence is justified by prevailing political doctrine, which has provided all the relationships which have evolved in the economy, and still does so today.

Consequently, restructuring the price-formation system must be accomplished in tandem with the restructuring of the entire economic mechanism. In any case, changing the price relationships must be done comprehensively.

We must not simply raise the prices for relatively cheap goods, since this will disrupt the existing equilibrium in the economy.

After raising prices on food products in order to restore equilibrium, our economy, like the doll that rights itself, returns to the previous price relationship independently. Only this is now taking place at a new level, where prices are measured in terms of figures with a lot of zeros. The experience of transition to the market in Poland, Hungary, Yugoslavia and other countries demonstrates precisely this. But why?...

The price policy that exists in our economy today is counterbalanced by a complicated mechanism of redistribution of surplus value through the state budget; which is, by the way, at the expense of underpaying all those employed in material production. The withdrawal and redistribution of value is accomplished through the structure of the prices of the corresponding goods. The relatively low prices for foodstuffs and other goods are covered by the payment of state subsidies to the producers from the state budget. The relatively high prices for manufactured goods support the receipt of revenues to the state budget for paying these subsidies. Revenues accrue to the state budget in the form of the turnover tax, which pays the producers at our expense, out of the pockets of the ordinary consumer.

The turnover tax, as it operates in our economic system—is an invention of our economy alone. Therefore, if we want to conduct a market pricing policy, we must reject the present redistribution mechanism.

Subsidies from the state budget, according to official reports, reached 90 billion rubles in the USSR for 1990, or 20 percent of all budget expenditures. Subsidies for Latvia amount to—1.5 billion rubles, or nearly 40 percent of the republic's budget expenditures; whereas, the plan for 1991 is 60 percent. That is, if we want to raise the prices for food while rejecting the allocation of subsidies from the budget, we must also reject budget revenues from the turnover tax clause. Only such an approach can help the transition to a market economy. Completing the restructuring of the price-formation system requires many other economic changes, including abolishing from the state apparatus the function of redistribution of value, and a gradual withdrawal from centralized price fixing.

Unfortunately, the government of the Latvian Republic has forgotten that an economy is a system of relationships, and that a change in just one of them causes a chain reaction in all related economic relationships.

The government has taken the first step for restructuring the price-formation system: since the beginning of the new year it has raised prices for goods and rates for services to the public, for it has calculated that the republic budget is incapable of bearing the burden of increasing subsidies in 1991. But you see, the government has forgotten to take the second step. Or does it not want to? It has not taken the decision to sharply reduce prices for manufactured goods for the public, and does not plan to do so. According to the 1991 draft budget, revenues from indirect taxes on the populace are envisaged in the amount of 60 percent of total revenues, or 5.0 percent more than in 1990. That is the only way it can be: you see, government expenditures for maintaining the unsinkable apparatus of bureaucratic functionaries is too great, and will increase 1,114.2 percent this year!

Consequently, in effect, the Government of Latvia has not yet taken a single step toward sensible restructuring of the price policy.

Moreover, it has proposed that the enterprises and other producers themselves cover the increasing amounts their workers must pay for food and services. And that means, all the producers will simply have to raise the prices for

their goods; otherwise all the goods producers would be ruined. And this means that the economy will be as far from a market economy as before.

The overall results of the decisions the government has taken on raising prices are—an increase in the minimum living wage, the rise of all prices, and increased inflation. The proposed government compensation of 46 rubles for pensioners and 66 rubles for workers is nothing less than ridiculous. **After all, prices and the minimum living wage will grow by over 300 percent, while subsidies including compensation for workers with average wages will increase by only 24 percent.** At the same time the cost of living will exceed even the maximum pension level authorized by law.

The principal result of such a change in prices is a radical decline in the standard of living of the republic's population. The poor will become even poorer, and the rich—richer.

The actual goal of the government's decision is to take away the public's ready cash in order to cover its own growing expenditures which are the result of its ineptitude in managing the economy.

Moreover, there are scarcely more goods on the shelves in the stores then before the price increase. The sole reason is—one should not strive to plunder the producer and the public; one should create conditions for developing the production of goods and services. One should not introduce customs restrictions on the import and export of goods; one should strive to expand the bounds of the economic market. Only then can one hope for an increase in the flow of goods.

Thus far the only genuine result of the government's decision is—yet another proof of the economic ignorance of the functionaries, who do not understand or do not want to understand that it is impossible to restructure the government by a single decree or by one's own desires. Taking such decisions can only destroy the economy and lead to the impoverishment of the populace.

Azerbaijan Finance Minister on 1991 Budget

914A0527A Baku BAKINSKIY RABOCHIY in Russian 12 Feb 91 p 3

[Interview with B. D. Karayev, by Azerinform correspondent E. Askerova, under rubric "A Topical Interview": "The 1991 Budget: Will We Be Able to Maintain Ourselves?"]

[Text] **It should be noted that we have a rather large number of opportunities for this. In any case, whereas in accordance with the initial draft the shortfall in the 1991 budget that was computed according to the new methodology constituted neither more nor less than five billion rubles, at the present time, in the final version, it has proven to be insignificant—slightly more than 300 million. In this form the draft of the Law entitled "The Budgetary System in the Azerbaijan Republic and the 1991 Republic Budget" will be introduced for consideration and approval by the republic parliament.**

Our financial possibilities during the present year and the way in which the budget was almost completely balanced are discussed by B. D. Karayev, Azerbaijan Republic finance minister, in an interview with our correspondent.

[E. Askerova] As a beginning, Badir Dzhamilovich, could you please say a few words about why the adoption of this year's budget took so long?

[B. Karayev] The fact of the matter is that the preparation of the draft occurred under conditions when the economic crisis was becoming more aggravated both in the entire country and in our republic. The situation was further complicated by the fact that, on the union level, a number of incompletely thought-out decisions were made, and that brought with it a substantial reduction in the income and an increase in the expenses incurred by the union republics. These halfway decisions included the reconsideration of wholesale prices and salary rates in industry; the increase in the social-insurance deductions and depreciation deductions; the raising of the purchase prices for agricultural output; and the introduction of a new procedure for making up the difference in prices at the place of their consumption. To this one must add the adoption of a number of social programs that were not reinforced by financial resources; the transferral to financing from the republic budget of individual measures that were previously carried out at the expense of the union budget... It was all of these factors that developed into the notorious minus five billion. There is certainly no need to say what consequences that could have had for the population of our republic who were already being caught in the vise of economic and social difficulties.

Obviously we could not become reconciled to that. It was necessary to find additional sources for covering the increasing expenses, and to achieve a situation in which the republic would retain the maximum possible amount of the financial resources produced on its territory. And that required painstaking and prolonged work with the central union agencies, the reexamination of many of the positions, and repeated coordinations requiring much labor. As a result, little by little, it was possible to accumulate almost the entire missing amount.

[E. Askerova] How much do we need for living expenses this year?

[B. Karayev] The budgetary expenses for 1991 were computed in the amount of 8.786 billion rubles. That is more than twice last year's expenses. This is linked chiefly with the increase in the appropriations for the social protection of the public with the changeover to the market, and for resolving the problems of the refugees and developing the social sphere.

For example, beginning this year, the maintaining of a stable level of retail prices for the products consumed in

the republic and for individual types of prime-necessity commodities will be carried out at the place where that output is consumed. For these purposes it is necessary to allocate more than three billion rubles from the budget.

Provision has also been made for funds to maintain the Gosagroprom system under conditions of changeover to the market—and that is more than 360 million rubles; to maintain a number of other vitally important branches of the republic's national economy and to maintain the road—approximately 300 million rubles more. It has been planned to allocate 43 million to science. That, I might note, is in addition to the funds that it has been planned to allocate for fundamental science from the union budget.

The work that was begun last year to overcome the lag in the social sphere will be continued. Almost 2.7 billion rubles will be channeled into meeting these goals—that is one and a half times more than last year.

[E. Askerova] Specifically how will be the funds be used in the social sphere?

[B. Karayev] For example, this year an additional 20,000 preschoolers will be able to get places in kindergartens and new day-care centers; 1520 classrooms will open in schools, accommodating 37,500 students; 42 institutions for nonschool work with children will open; and the number of hospital beds will increase by 1000. In addition, funds will be allocated for the opening of dozens of new club houses, libraries, two drama theaters, and one concert organization. We shall also see the opening—or, at least, the funds for this will be allocated—of new territorial centers to provide services for retirees and departments to provide social assistance at home to single and elderly retirees.

For the first time the State Budget draft has taken into account appropriations to pay grants in aid to families having young children between the ages of 1.5 and 6 yers—this is 161 million rubles more. Incidentally, the same amount will be allocated from the union budget. This amounts to having 35 rubles being paid monthly for every child. (I might note that, from now on, the budget will not include the expenses to pay pensions and grants in aid—they will be concentrated in the USSR Pension Fund, the separation of which has also been already created in our republic.)

Other new expense items for us are the setting up of households for refugees and the maintenance of the subdivisions of the republic's internal affairs agencies that are serving in zones of increased danger—the republic's border rayons. This comes to several additional hundred millions of rubles.

That, in brief, is what makes up the previously mentioned total for our needs...

[E. Askerova] ...for the implementation of which we at first lacked "only" five billion. How was it possible, then, to arrive at that figure?

[B. Karayev] It must be said that we succeeded, by drawing on our own sources, to cover only 2.3 billion of the missing sum. Although I consider even that to be a splendid result. Without going into details—it's a thing of the past—I shall say only that we had to "fight" with the center to get it.

First, the entire amount of turnover tax will now remain in the republic; 20 percent of that tax was previously transferred to the center.

For the sales tax introduced by Ukase of the USSR President (as is well known, the rate is five percent), we will keep not 70 percent, as was stipulated in the Ukase, but 90 percent. And that is a rather large sum—1.3 billion rubles.

The republic's budget will also receive 130 million rubles from the sale of the 1982 State Internal Prize Loan and 181 million rubles from revaluing—in conformity with the new wholesale prices—the remainders of material-commodity assets. Incidentally, the actual total of the remainders can prove to be much greater.

Furthermore, as is generally known, from now on a large part of the profit derived by state enterprises, associations, and organizations will remain at their disposal. That income part of the budget has been sharply reduced. Now the total payments made by enterprises to the budget will constitute 45 percent, as compared with approximately 60 percent last year. From them, the republic's budget will receive 23 percent, as compared with 34 last year. The total amount of those payments will be 734 million rubles, as compared with 908 million in 1990.

At the same time, as a result of the expansion of the rights granted to the local soviets, there has been an increase in the amounts paid into the local budgets for purposes of reinforcing their financial base. The tax on the profits received by enterprises and organizations of local subordination, personal services (with the exception of enterprises of republic subordination), sovkhozes, kolkhozes, local industry, and insurance agencies will be paid entirely as income to the local budgets. They have had transferred to them as income the citizens' income tax (as is well known, half of this was previously transferred to the center); the tax paid by owners of means of transportation, which previously was transferred completely to the Union budget; the taxes on the profits received by cooperative and public organizations and kolkhozes; as well as assessments and various nontax income.

The total amount of the republic's income this year, thus, will be, according to our computations, more than 5.7 billion rubles.

[E. Askerova] In other words, a shortfall of approximately three billion. How will it be covered?

[B. Karayev] Funds have also been found for that. As I have already said, time has been spent well. The republic's leadership has carried out a tremendous amount of work at all levels of the country's supreme authority, including the Council of the Federation and the USSR government. Our arguments, as a result, found understanding and support. And although this has not yet been firmly established legislatively—I have in mind the creation of a union fund to stabilize the economy—an agreement has been achieved about allocating chargeable to it a subvention amounting to 2.7 billion rubles to cover the shortfall in the Azerbaijan budget for this year.

Approximately one billion of that amount will be channeled into covering the shortfall in the local budgets. I want to emphasize that, with the overall shortfall in the local budgets, we initially proposed forming the budgets of the republic's mountainous and border rayons without a shortfall.

[E. Askerova] So does that mean that we are in debt to the center.

[B. Karayev] There are different kinds of debts. According to the computations, in 1991, with a consideration of the subvention, the republic will receive from the center 0.4 billion rubles more than it will transfer to the center. But if we have in mind the fact that, for a long time, an amount of the order of 1.5 billion rubles was extracted annually from the republic's financial resources on a nonreturnable basis, then our debt is extremely symbolic.

[E. Askerova] Then it is not precluded that the more than 300 million rubles remaining can also be covered in the course of the year?

[B. Karayev] Of course they can. And, I hope, without the center's help. The contents of our common "purse" will depend upon how well we work. Because the budget is not yet money. It is only preliminary computations or forecasts that are based on our potential capabilities. We have been convinced that we have rather considerable capabilities, because, during the current year, the budget for the first time was formed on principles of the republic's economic independence. And now, by deed, it is necessary to confirm the extent to which we are capable of maintaining ourselves. What is needed is the stable and smoothly operating work of all the branches in the national-economic complex. Any disruption in the work can have a detrimental effect on financing the expenditure items in the budget, including those that have been stipulated for the social protection of the segments of the population that are poorly provided for. And then many of our good intentions can remain on paper...

[E. Askerova] We'll hope that that won't happen.

Union Baltic Bank to Open Branches Throughout Estonia

914A0518B Tallinn SOVETSKAYA ESTONIYA in Russian 31 Jan 91 p 4

[ETA report: "Union Baltic Bank Reports on Successful Activity"]

[Text] Founded in the spring and registered in the fall of last year, "Union Baltic Bank" is the seventh commercial bank in the USSR and the second in Estonia, to have received the right to carry on currency operations, its directors reported yesterday while responding to questions at an information session. The bank is preparing to open currency accounts beginning 4 February, and currency operations will most likely commence on 1 March.

Union Baltic Bank's start has been extremely successful in other respects as well. Net profits nearly 1.5 million rubles over a three-month period. Branches of the bank will soon be opened in a number of cities in Estonia. In the near future it is planned to found the Viymsi Commercial Bank together with the Kolkhoz imeni Kirov, to provide services to the farmers.

Union Baltic Bank will be reporting to its shareholders at the end of every month.

Chairman of National Bank of Belorussia Appointed

914A0518C Minsk SOVETSKAYA BELORUSSIYA in Russian 22 Feb 91 p 3

[Belorussian SSR Supreme Soviet Decree: "On the Appointment of the Chairman of the Board of the Belorussian SSR National Bank"]

[Text] The Supreme Soviet of the Belorussian Soviet Socialist Republic **resolves:**

To appoint as chairman of the board of the National Bank of the Belorussian SSR, Comrade **Omelyanovich**, Nikolay Vladimirovich.

[Signed] Chairman of the Belorussian SSR Supreme Soviet, N. Dementey, 13 February 1991, city of Minsk.

Tajik Bank Official on Draft Bank Legislation

914A0544A Dushanbe KOMMUNIST TADZHIKISTANA in Russian 27 Feb 91 p 2

[Report by A.K. Banchak, chairman of the board, Tajik Office, USSR Gosbank: "On the Drafts of the Tajik SSR Laws Entitled 'On the Tajik SSR State National Bank' and 'On Banks and Banking Activity in the Tajik SSR'"]

[Text] Esteemed People's Deputies!

We have presented for your examination and consideration the Draft Laws of the Tajik SSR entitled "On the Tajik SSR State National Bank" and "On Banks and Banking Activity in the Tajik SSR." Their adoption will

radically change the position and role of the Tajik Republic-Level Bank of the USSR Gosbank [State Bank], which is functioning in this republic at the present time. The new bank will acquire more independence and opportunities to render assistance and exert an influence on the successful development of the national economy under present-day conditions. This bank will facilitate the strengthening of our republic's sovereignty, its independence in financial matters, and will act in the interests of the Tajik SSR.

Like the entire country, our republic is now undergoing an extraordinarily complex and important phase of its history. The national economy is presently in the critical period of making the transition from the administrative-command methods of running things to the economic methods of doing so; commodity-money [i.e., market-type] relations are being stepped up, as are also the conversion of enterprises to a complete cost-accounting system and the development of property-ownership forms which are new for our economy. In this connection, there is a continuing upsurge of crisis-type phenomena and an intensification of the economy's monetary-credit instability, as well as an increase in unjustified currency emission and a loss of monitoring controls on the financial situation. This serious state of affairs exacerbates still more the continuing, outpacing growth of the population's monetary income, as compared to the output of products and the supply of services being rendered.

The conversion to a market-type economy is being carried out parallel with the transformation of the USSR as a multinational state to a Union of Sovereign States. All this, naturally, cannot fail to bring about corresponding changes in the structure of the monetary-credit system, throughout the entire, multiple diversity of its foreign and domestic ties. We must reform this system, taking the new phenomena and processes into account.

Based on market-type relations, the new economic model being created in the country as a whole and in this republic in particular has required the urgent restructuring of the entire banking system as it existed up to now in our country. The creation of a new bank, of a banking system adequate for the requirements of the imminent market, is a difficult task under any conditions. But under our present-day conditions—a critical situation in a consumer-type market and with surplus money in circulation—it has become complicated in manifold ways.

This reform of the banking system creates a republic-level link or unit within an over-all syste system for regulating the total monetary circulation. This would be done in the form of state (central, national), banks at the republic level, something which never existed before; and it would play a large role for the Union republics.

As conducted by the central bank, monetary-credit policy constitutes one of the most powerful and flexible levers by which the state regulates the economy. Therefore, the organization of the central (state, national) bank of the Tajik SSR will be extremely important.

It should be noted that, in preparing the data for the Draft Laws, we took into consideration the statutes adopted by the USSR Supreme Soviet in the USSR Laws entitled "On the USSR State Bank" and "On Banks and Banking Activity."

The Draft provides that this republic's Central Bank, together with the USSR Gosbank, will form an integrated system of the country's central banks and will perform the functions of a reserve system for currency emission and for the promulgation of a monetary-credit policy on the territory of the Tajik SSR, along with the use of a standard monetary unit. The Draft Law grants this republic's Central Bank not only the necessary rights, but also makes it fully responsible for, the status of monetary circulation, with a view to regulating the entire monetary supply—in both cash and noncash forms.

The principal task of the Tajik SSR Central Bank will be to exhibit a constant concern for this republic's economy, to take all measures to facilitate its further development, to ensure the stability of the common currency unit, as well as to protect the interests of bank creditors and depositors. There will be changes in the functions of the Central Bank.

The Tajik SSR Central Bank will perform the following functions:

—carry out currency emission and organize currency circulation in this republic;

—serve as the creditor of last resort for commercial banks;

—organize computations and settlements among banks;

—service the state debt;

—conduct operations in the securities market and with the republic's budget;

—issue licenses to commercial banks so that they may carry out banking operations and operations in foreign currency;

—exercise monitoring controls on the activity of commercial banks within this republic.

In performing these functions, commercial banks will serve as facilities for our republic's Central Bank. Development of a widespread network of such commercial banks constitutes one of the most important conditions for the functioning of a market-type economy. The commercial banks shall be independent in their own activities, and the Central Bank shall not interfere in their current activity. However, it will assist in all manner of ways in creating the necessary conditions under which the existing commercial banks can function

normally. The Central Bank will also introduce the principles of good, honest banking competition.

The Tajik SSR Central Bank's regulating and monitoring-control functions have been carefully and precisely defined by the Draft Law. These functions are directed at supporting and maintaining the stability of the monetary-credit system, as well as protecting the interests of bank creditors and depositors. In particular, the Central Bank must exercise monitoring controls on the observance of banking legislation by the commercial banks which are situated on the territory of this republic. It shall have the power to appoint units to conduct continuous, universal, or ad hoc [i.e., spot-type] checkups on the operations being conducted by the commercial banks. When and if violations of banking legislation by a commercial bank shall be discovered, the republic's Central Bank shall issue mandatory directives to it regarding the complete elimination of such violations.

The Draft Law has also provided broad powers for this republic's Central Bank in cases where a commercial bank systematically or regularly fails to observe economic norms, does not carry out directives prescribed by the Central Bank, refuses to present its accounts or presents them in an unsatisfactory manner, engages in activities resulting in losses, or in case a situation arises which threatens the interests of the bank's depositors or creditors.

In its own activity, this republic's Central Bank shall not pursue the goal of making a profit. However, in carrying out the functions of a reserve system, it shall participate in forming the consolidated profit of the USSR Gosbank. A portion of this latter profit shall be channeled into the budget of the Tajik SSR in proportion to the magnitude of the GNP [gross national profit] and the size of the population.

In order to successfully perform the complex and important tasks confronting them in accordance with the new functions, this republic's Central Bank, as well as the USSR Gosbank, must not be dependent upon any organization whatsoever, but instead be subordinate only to the Law itself. In connection with this, the Draft Law has likewise provided that this republic's Central Bank shall be accountable to the Tajik SSR Supreme Soviet. And every year this bank will submit a report on its work to the Supreme Soviet, such report to include the following components: a balance-sheet, an account of profits and losses, including operations linked with performing the functions of a reserve system. These documents must be verified and certified by an auditing organization.

The activity of this republic's Central Bank can be checked up on by the appropriate committee of the Tajik SSR Supreme Soviet or, at its behest, by an auditing organization. The leading or supervisor organ of the Tajik SSR Central Bank shall be a board. And it has been provided that the board membership include the chairman of the Central Bank and his first deputy—both to be appointed by the Tajik SSR Supreme Soviet—as well as members of the board.

It should also be noted that, based on the USSR Law entitled "On the USSR State Bank," the chairman of this republic's Central Bank can also be a member of the USSR Gosbank's Central Council. Therein he would be entitled to directly present and defend this republic's interests in matters concerning the promulgation of an integrated monetary-credit policy. The chairman of this republic's Central Bank can also work as a member of the consultative organ of the USSR Gosbank's Central Council with regard to monetary-credit policy.

The Charter of the Tajik SSR State (National) Bank shall be approved by the appropriate committee of the Tajik SSR Supreme Soviet.

The banking system in our republic shall consist of the Tajik SSR Central Bank and commercial banks. The commercial banks shall carry out credit-settlement and other services as persons in the eyes of the law and as citizens; they shall perform such services on the basis of contractual agreements.

The commercial banks will conduct credit operations within the limits of the resources which they can muster and within the limits of their funds remaining within their accounts at this republic's Central Bank. And they will obtain cash by drawing upon this account. This will obligate the commercial banks to strive to mobilize the maximum resources, to allocate or distribute them in the optimum manner, to improve their calculations and estimates, and to attract into their own cash-boxes cash from the business enterprises being served.

By virtue of the domestic economic laws governing banking activity, the funds of the commercial banks will be channeled into developing those sectors providing for the top-priority social demands—the consumer-oriented market, housing market, and consumer goods. The banks will serve as a kind of "transmission belt" to exert an influence on these processes; they will begin to regulate them by economic methods, using an indirect system of grants, subventions, and subsidies.

Persons in the eyes of the law and citizens can be founders or ahreholders of commercial banks. But the following categories of persons cannot be founders: members of soviets of people's deputies at all levels and their executive organs, political organizations and specialized public funds. We have provided that commercial banks shall be independent of the executive and regulatory organs of this republic's state authority and administration when adopting their decisions connected with current banking activity. Employees of the organs of state authority and administration shall be prohibited from participating—even by virtue of holding two jobs—in the banks' administrative organs.

The registration of a commercial bank shall be carried out by the Central Bank at the same time that it issues a license to conduct banking operations. Commercial

banks shall not be subject to registration in the executive committees of soviets of people's deputies at all levels.

Entries or provisions in the charters of commercial banks relative to their carrying out foreign economic activities shall not give them the right to conduct any sorts of banking operations or transactions with foreign currency. Such operations can be carried out by them only in accordance with licenses from this republic's Central Bank, as issued in accordance with the rules established by USSR Gosbank.

Banks shall be prohibited from carrying out activities in the sphere of material production, trade in physical assets, as well as on all types of insurance. Also prohibited is the monopolization of banking operations in matters regarding the setting of interest rates and the amounts of remuneration or fees, as well as restrictions on competition in banking matters. A bank's violation of the requirements of anti-monopoly legislation could serve as grounds for the Central Bank to revoke its license to conduct banking operations. The Draft Laws have also established norms for activity with regard to other aspects of work performed by this republic's Central Bank and commercial banks.

Following the adoption of these Laws, the republic's Central Bank and commercial banks will obtain widespread opportunities to step up their own activities with regard to extending credit and thereby stimulating development in producing a broad diversity of goods. This, in turn, would facilitate an obstacle-free influx of monetary resources for supporting economic or business initiative and entrepreneurship to implement measures capable of ensuring the effective development of this republic's economy.

It should also be noted that the banking system, not dependent upon administrative structures, will be called upon to play a central role in the market-type economy as a counterweight to the corporate interests of the producers or the service sphere. The Tajik SSR Central Bank will be an organ of the state, a state authority in the field of money. Therefore, the sooner that genuine rights begin to appear, the sooner and more substantially will we be able to achieve a yield or return on investment from the banking system. Functioning as the principal regulator, it is precisely this banking system which will be able to create and strictly exercise monitoring controls on the market to be regulated by social forces.

In order for such a market to function normally, we need appropriate legal preconditions and a juridical foundation. Among the principal legislative acts on this matter to be discussed by you, Comrade People's Deputies, are the Laws entitled "On the Tajik SSR Central Bank" and "On Banks and Banking Activity in the Tajik SSR."

Belorussian Decree Fixes Minimum Living Wage

914A0518D Minsk SOVETSKAYA BELORUSSIYA in Russian 22 Feb 91 p 3

[Belorussian SSR Supreme Soviet Decree: "On Increasing the Mimimum Living Wage for Purposes of Indexing the Income of the Populace"]

[Text] The Supreme Soviet of the Belorussian Soviet Socialist Republic **resolves:**

To establish at the beginning of 1991 the amount of the minimum living wage in the republic for purposes of indexing the income of the populace in accordance with the Law of the Belorussian SSR, "On Indexing the Income of the Populace in Consideration of Inflation," in the amount of 125 rubles per month.

[Signed] Chairman of the Belorussian SSR Supreme Soviet, N. Dementey, 15 February 1991, city of Minsk.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Current Production, Situation Reviewed

914B0116A Moscow SELSKAYA ZHIZN in Russian 7 Mar 91 p 3

[Unattributed article: "The Hard Wintering"]

[Text] THE RSFSR [Russian Soviet Federated Socialist Republic] Communist Party Central Committee Commission on Agrarian Policy and Liaison With the Peasants' Movement, chaired by V.I. Kashin, RSFSR Communist Party Politburo member and Central Committee secretary, deliberated on a number of issues related to party organs' activities during the agroindustrial complex' transition to a market economy, and their participation in carrying out the current tasks in agricultural production.

The commission heard V.I. Peregudov, RSFSR Communist Party Central Committee member and secretary of Ryazan Obkom [oblast party committee], and discussed his report on the Ryazan Obkom organizational activities in the area of training and retraining administrators and specialists in kolkhozes [collective farms], sovkhozes [state farms], leasehold entities, and peasant farmsteads.

Having appraised the work of the oblast party organization in this area in a generally positive light, the commission recommended that the party committee constantly keep an eye on the training of all level cadres for agriculture; work together with the people's deputies soviets and agroindustrial organs in helping to more actively train leaders and specialists, mid-level cadres, and mass professions to make use of the achievements in scientific and technical progress; and work within the multisectoral economy and market relations now in the process of being formed within the agroindustrial complex.

The commission paid special attention to the situation in animal husbandry and party organization tasks that follow from it.

It was also noted that cattle wintering currently faces a variety of difficulties. To a large degree this is the result of the fact that last year many regions of the Russian Federation stockpiled less juicy and coarse feeds than the year before and the quality has gone down. Poultry and cattle farms are very poorly supplied by quality mixed fodder.

In addition to this, the main reason for the agriculture's crisis condition is the fact that many farms—even those that have enough feed—are disorganized and negligent in animals' upkeep. The party organizations, however, have failed to give a principled evaluation and have slackened their influence on the state of affairs in agriculture.

As a result, during the winter months already passed, in comparison with the corresponding period of 1989-1990, production and procurement of all types of agricultural production in the republic is sharply down. The productivity and the number of cattle has decreased substantially and cattle mortality has gone up. The trend for decline in animal husbandry production in January and February this year has been even more noticeable. All of this has an extremely negative effect on the food supply.

In this respect, commission members agreed that joint efforts of the party committees, trade union organizations, high-ranking communist officials in the RSFSR Council of Ministers, appropriate republic level ministries, and departments, local soviet and administrative organs, kolkhozes, and sovkhozes are necessary in order to get agriculture out of the crisis and to successfully get through the winter. party organizations must mobilize Communists and all farm workers to overcome the difficulties and to convince them that the supply of meat and milk for the Soviet people depends on the effectiveness of the cattle-breeders' labor.

REGIONAL DEVELOPMENT

Tkachenko Interviewed on '91 Prospects in the Ukraine

914B0128A Kiev PRAVDA UKRAINY in Russian 14 Mar 91 pp 1-3

[Interview with A.N. Tkachenko, first deputy chairman of the Ukrainian SSR Council of Ministers, by PRAVDA UKRAINY correspondent A. Gorobets: "A Spring of Hope and Changes for the Better"]

[Text]

[Gorobets] Perhaps, at present, there is no more significant issue than the foodstuffs issue. You, Aleksandr Nikolayevich, have been put in charge of this field by the government of the republic. How do you evaluate the existing foodstuffs situation in the republic? What are the prospects for its evolution?

[Tkachenko] In the last two months, I have had to report twice to the session of the Ukrainian SSR [Soviet Socialist Republic] Supreme Soviet on this issue. Without repeating myself, this is how I would assess our current situation. As of the beginning of spring, the Ukraine was the only union republic to, figuratively speaking, remain afloat as far as foodstuffs are concerned. We have both bread and things to spread on bread. Due to the protective function of coupons, the food basket is not slimming down as rapidly as was registered last summer and fall.

Having analyzed the situation and taken into account all complexities of the period and the condition of the economy, we came to the conclusion that it is extremely

important to maintain the production of foodstuffs this year at the 1989-1990 levels.

Why is the issue being raised in precisely this manner?

For the first time in many decades, the average annual production of grain in the past five-year plan amounted to almost 50 million tons, whereas in the previous five-year period, it amounted to merely 39.2 million tons. In 1989 and 1990, the level of grain production attained 53 million tons. This is why at present there is no more significant task than maintaining the gains made. This is not easy to do. This has to do with the fact that for the first time in many years we received quotas of mineral fertilizer at a level of 4.1 million tons whereas the stable mark for the republic in the last five-year plan was 5.1 million tons. In addition, pesticide deliveries will decline by 30 percent.

[Gorobets] To what is all of this due?

[Tkachenko] First of all, a broad-scale ecological offensive. Dozens of plant shops and chemical-industry facilities have been closed down in the country and in our republic, at times on very dubious pretexts. Besides, a shortage of foreign exchange is very keenly felt.

[Gorobets] Aleksandr Nikolayevich, it is no secret that the production of one ton of grain per person in the republic has been attained due to the comprehensive introduction of intensive technologies. As is known, they are based on the rational use of mineral fertilizer and chemical methods of protecting plants against weeds, diseases, and pests.

[Tkachenko] Indeed, we receive the bulk of the increment of crops in fields where progressive technologies of crop growing are used. They account for 47 to 48 percent of the total area. Of course, we cannot do without chemical plant-protection agents in this instance.

Furthermore, whether we like it or not, it is necessary to put in the soil eight kilograms of the active substance of mineral fertilizer in order to produce a quintal of grain. For a yield of 20 quintals, 160 kilograms are needed, and for a yield of 40 quintals—320 kilograms. What is to be done? There is only one way out: to use mineral spray nutrition more expertly—by band application of fertilizer, and root feeding of the plants.

Areas planted in winter crops are our main concern. Since the fall, 8.2 million hectares have been under such grains. Our specialists believe that approximately 88 percent of the winter crops started wintering in good condition. Frosts changed this situation. As the Gosagroprom [State Agro-Industrial Committee] believes, no more than 1.5 million hectares will have to be reseeded. Consequently, we will expand areas planted in corn. Seeds are available. There were difficulties with equipment preparation. However, by now the situation has stabilized for the most part in this field as well. Everything is being done to ensure that all tractors and tractor-drawn implements are ready and in the right condition to go to the fields.

The wintering of livestock turned out to be difficult. The associations Ukrzhivprom and Ukrptitseprom are facing a truly catastrophic situation.

[Gorobets] The reason is known: the farms ignored state requisitions for grain.

[Tkachenko] Arrears in the supply of feed grain amount to 2.3 million tons. The above state-run industries were left without feed.

[Gorobets] Important industries, indeed!

[Tkachenko] Yes, they are the most efficient within the system of the agro-industrial complex. The Ukrzhivprom and the Ukrptitseprom are the most productive sectors as far as time-intensiveness and feed-intensiveness are concerned. Understandably, the government of the republic could not agree to the elimination of these sectors, and at a time like this in particular.

[Gorobets] What way out has been found?

[Tkachenko] The Council of Ministers of the republic appealed for help to the managers of kolkhozes [collective farms], sovkhozes [state farms], and agricultural organs of the oblasts. We asked for a loan of 700,000 to 800,000 tons of grain.

[Gorobets] That is...

[Tkachenko] As our specialists calculate, 17 out of 25 oblasts have a realistic opportunity to transfer grain, without a loss to their main production, to the state resources for...

[Gorobets] ...for the famished sectors.

[Tkachenko] Unfortunately, it is precisely so. Due to this, a shortage of eggs has emerged; the production of poultry, cheap pork, and beef has declined perceptibly.

The government of the republic undertook to repay the loan either in technical equipment or in the grain itself, which we count on purchasing from the Union government.

In a word, at present the most important task is to maintain and augment the herd of cattle and poultry. We set the task of increasing the cattle herd by 400,000 as early as this year, including that of cows by 100,000, and the herd of hogs by 700,000.

[Gorobets] As I understand, the republic will be able to increase the per capita consumption of the main foodstuffs.

[Tkachenko] Precisely. After all, last year, as well, an increment was achieved in our republic on this indicator in the consumption of milk, meat, eggs, and even bread. However, this was achieved by reducing the deliveries of

agricultural products to the union stocks rather than by increasing production. This trend continues at present. We delivered 570,000 tons of meat and meat products to the all-union stock in 1990, whereas this year only 350,000 tons will be shipped. Accordingly, the amounts of dairy products are 3,000 and 2,500 tons. Half a billion fewer eggs than last year will be delivered.

In the past months of January and February, the per capita consumption of the main types of foodstuffs by the populace in our republic did not decline, and consumption of some types even increased. However, as you would understand, this gives us little solace. We cannot go too far solely by reducing deliveries to the union stocks, all the more so because at present we must make inter-republic deliveries in keeping with treaties signed between sovereign republics. This is why the situation needs to be changed by means of increasing the output of agricultural products.

The fact that peasant households were given firm support last year is hopeful. About seven million tons of grain were issued to the peasants in the form of payments in kind. This is almost 2.5 times more than the amount of grain the peasants received in the first year of the same five-year plan.

[Gorobets] We may hope that all of this will return to the market in the form of finished products.

[Tkachenko] Undoubtedly. The villagers are the most experienced economists. They would not let a single grain go to waste, and will put it to use in the most beneficial manner. In some areas, there is already an abundance of lard and meat in the market, and the price per kilogram does not exceed 4 to 5 rubles [R]. Our calculations indicate that the process of saturating the meat aisle due to animals from peasant households will mount vigorously, and will peak approximately by this summer.

[Gorobets] Recently, the parliament of the republic developed and adopted a number of laws on the development of the countryside and the agro-industrial complex. Will this help us to improve the food situation?

[Tkachenko] I believe that the Ukrainian SSR Supreme Soviet expressed the will and expectations of the people of the Ukraine by adopting laws on the priority development of the countryside and the agro-industrial complex, on property, and the Land Code of the Ukrainian SSR. This gives the government of the republic, the political parties, and primarily the governing Communist Party, perhaps the last chance to ensure that the countryside finally becomes a part of civilization with equal rights, and the sphere of foodstuffs production is made a priority.

[Gorobets] What is the government of the republic doing directly to this end?

[Tkachenko] Economic and financial back-up work for the law on the priority development of the countryside and the agro-industrial complex has been completed. Eighty percent of the material and technical issues which the law entails are being resolved favorably at present. For example, 90 percent of the construction materials which are allocated for retail outlets are marshaled specifically for the needs of the countryside. I would like to stress in particular that 50 percent of passenger cars are for the first time being earmarked for sales to the rural population. All sociocultural establishments in the rural areas will be placed on the balance sheets of the local soviets. In particular, R800 million will be allocated for this. Several days ago, the government wrote off long-term debts on bank loans amounting to R714 million which enterprises and organizations have taken out in order to build sociocultural establishments in the rural areas. Finally, the issue of payments for the labor resources of the rural areas used for work in the cities has been resolved favorably.

For the first time, R3 billion in capital investments have been allocated in a centralized manner for the development of an infrastructure in the rural areas. What will they be earmarked for first of all? Primarily, for putting in gas pipes in rural localities. In 1990, 4,600 kilometers of pipes were laid in the rural areas, whereas this year 10,500 kilometers are planned. Two and a half times more water mains will be put in. Road construction will begin to develop by more intensive methods.

Major funding bolstered by material resources is provided for the development of the processing industry. The government will monitor particularly the construction of 22 facilities for producing baby food.

In a word, 12 legislative acts have been worked out with a view to implementing the law on the priority development of the rural areas and the agro-industrial complex. The implementation of these acts will make it possible to solve many problems of the rural areas and, first of all, alleviate the foodstuffs situation.

[Gorobets] Perhaps, it will only be possible to ultimately solve this problem when the Land Code of the Ukrainian SSR is implemented?

[Tkachenko] It is impossible to make our diet richer in the absence of land reform, because redistribution of land means primarily taking a strict inventory of land and accounting rigorously for all plowed land. Land will turn from the property of the state into the property of the people, and will thus come to have a genuine master. The development of various forms of property endowed with equal rights will be codified.

A land census will make it possible to resolve the issue of suspending the right to use parcels of land which are not being used for the assigned purpose or are used in violation of agrotechnical provisions. Unfortunately, we still have many cases of this nature.

[Gorobets] Apparently, the republic needs a special organ which would solve all issues of redistributing land.

[Tkachenko] We have studied the practice of introducing reforms in other republics, in particular, in Kazakhstan, Russia, and Georgia. As a result, the Land Reform Committee of the Ukrainian SSR Council of Ministers has been created and is embarking on operations. Its structural subdivisions have been created in all oblasts and rayons. This is how the issue is raised. Every village should have one or two land surveyors. People with a special education, or agronomists, are recommended for these positions.

Twenty-six legal acts have been prepared in order to implement the Land Code, in order, as they say, to leave no questions in anyone's mind as to what needs to be done and how.

[Gorobets] This effort will require time, attention, and, perhaps, funds.

[Tkachenko] Economists have calculated that between R1.5 and R1.7 billion need to be spent for the implementation of land reform in our republic. However, we agree to this, knowing in advance that everything will be recouped a hundredfold.

[Gorobets] My final question, Aleksandr Nikolayevich: The editorial office receives letters concerning the so-called sweet topic...

[Tkachenko] I understand what the issue is. When I was confirmed in my present capacity at a session of the Ukrainian SSR Supreme Soviet, I assured everyone that the issue of the sugar supply would be solved soon, and ration cards would be canceled.

I may now say that my promise has been fulfilled for the most part. As I have said, 300,000 tons of the product have been added to the market stocks of sugar. This means that per capita three kilograms more sugar will be sold in the republic this year than last year. Therefore, we have 24 kilograms of sugar per citizen of the republic per year. No republic even dreams of this. As far as the cancellation of ration cards is concerned, I believe that it is improper to discuss it under the current circumstances. The cards prevent the outshipment of the product beyond the boundaries of the Ukraine. Besides, I know that many letters with requests not to cancel ration cards have been received by the Council of Ministers, as well as the editorial offices of newspapers, radio, and television. When disruptions with sugar do occur in some places, it is not the government that is to blame, but those who do not do proper work locally. They should be held accountable because there is enough sugar for all.

In summation, I would like to say that the Ukrainian farmers attach many of their hopes and expectations to this spring. All of them understand full well that the problems facing the employees of the agro-industrial complex at present may only be solved by a unified, mighty union of developed republics with equal rights. This is why, as far as I know, most of them will say their weighty "Yes!" to a renewed union on the day of the referendum.

MAJOR CROP PROGRESS, WEATHER REPORTS

Kulik Interviewed, Expresses Alarm

914B0124A Moscow SELSKAYA ZHIZN in Russian 20 Mar 91 pp 1-2

[Interview with G.V. Kulik, RSFSR Minister of Agriculture and Foodstuffs, by N. Nikulina: "Spring of Our Discontent"]

[Text] Rejecting my interview plan, RSFSR [Russian Soviet Federated Socialist Republic] Minister of Agriculture and Foodstuffs G.V. Kulik said: "No, let us begin with the main point; let us recall earthly matters."

[Nikulina] Every spring season is different from all others; by all signs, this spring is turning out to be extremely difficult for the countryside.

[Kulik] Judge for yourself. Last fall, kolkhozes [collective farms] and sovkhozes [state farms] failed to plant 3.6 million hectares of winter crops; the weather made it impossible. This means losses of grain to begin with, because in our republic winter grains, as a rule, have yields seven to 10 quintals per hectare higher than spring crops. This means that areas planted in spring grains will have to be increased in order to maintain grain production. In the republic as a whole, the volume of work will increase by 15 million hectares. In Tambov, Penza, Saratov, Lipetsk, and Ulyanovsk Oblasts, the volumes will increase by 26 to 30 percent. We need to have more machinery in operating condition than last year in order to cope. Meanwhile, the readiness of equipment at present is at the level of past years, no better and no worse. In addition, many farms are trying to offset the incomplete planting of winter crops by fodder crops. This should not be allowed to happen. In early February, the government adopted a special resolution: Financial incentives for farms were introduced to encourage the expansion of areas planted in grains. We will pay 200 rubles [R] for every hectare planted in addition to the old areas—this is approximately how much the farms generate by selling grain from one hectare.

[Nikulina] Still, Gennadiy Vasilyevich, where has the grain from the unprecedented crop of last year gone?

[Kulik] Indeed, last year Russia had an unprecedented crop—about 20 quintals per hectare. However, the gross crop amounted to merely 127 million tons of grain in weight in the combine, or between 115 and 117 million tons in elevator weight. After all, in recent years areas planted in grains have dropped by 11 million hectares. It turns out that this was not at all a record-breaking year in terms of the gross crop, and 127 million tons will not provide enough food for Russia.

[Nikulina] In the provinces, they complain very much about material and technical supplies for rural areas. The most elementary things are lacking. I understand that this is a result of disorganization in the economy of our country at large and the disruption of relations which took years to establish. Still, is this not an indication of the dictate of industry which has literally brought kolkhozes and sovkhozes to their knees?

[Kulik] Look for yourself: last year, 36,000 tractors were not delivered to the rural areas of Russia under state orders. At present, when kolkhoz chairmen, lessees, or farmers show me, as a minister, these worthless pieces of paper amounting to allocation vouchers or written promises instead of equipment, it is hard for me to explain anything to them.

[Nikulina] However, industry does produce equipment, and these tractors are allocated to someone, after all. Since old relations were disrupted, new relations must have emerged. Direct contracts have been signed, and new reliable, or perhaps more advantageous, partners have been sought. How do the enterprises explain reasons for this "boycott?"

[Kulik] There are two reasons: unavailability of resources for our industry and barter transactions. At present, enterprises demand meat, butter, and higher payments from the rural areas even for equipment within their quotas.

[Nikulina] Is this really a dead end with no way out?

[Kulik] As they say, "Even if you are about to die you need to sow grain." This is what we are doing. You cannot postpone sowing to a later date. We have approached local soviets with a request to commit enterprises to manufacturing spare parts. Spare parts worth R370 million are being produced. In addition, we have expanded production at our own enterprises by R170 million and organized the regeneration of parts. As they say, everybody will pitch in, but we will not miss the sowing campaign. The local industry of Belgorod, Ivanovo, Vladimir, Kirov, Nizhniy Novgorod, Perm, and Samara Oblasts has been particularly active in helping the rural areas. In these areas, they do pay attention to the needs of the countryside.

However, in the republic as a whole, we have only signed 78 percent of the contracts. Deliveries of material resources for this reduced number are being made at a rate of 70 to 80 percent of last year's levels. Many farms do not have film [plenka] at all, and their film-covered hothouses are left open. This means that we will not get early vegetables. Losses of these products alone will exceed R0.5 billion!

We have absolutely no pesticides for growing sunflower, sugar beets, soybeans, and other labor-intensive crops. Our domestic industry does not manufacture them, and we cannot buy them abroad, because there is no foreign exchange.

This is not yet the whole problem. In essence, last year the cities abandoned the rural areas at the time of harvesting. The government had to take extraordinary measures in order to salvage the crop somehow. This was successful to a degree; at present, both trade outlets and public catering have potatoes and vegetables. However, the indifference of the cities was not lost on the countryside. The rural population was put on its guard; it lost confidence in the help of urban dwellers, and it is now ready to reduce areas planted in potatoes and vegetables, and very considerably: by 200,000 hectares for potatoes, and by 40,000 hectares for vegetables. You can see what will happen in the fall if everything is left as it is.

The yields of potatoes and vegetables will hardly increase. The volume of spring plowing is too high, and all resources will be devoted to this. Less organic fertilizer was applied than in the past; the seeds are poorer; there are no pesticides. In general, we should proceed from the worst. We may count on, say, the crop that we managed to harvest last year. This is why any reduction of the planted area, I stress—any reduction—will affect the output of these products, and this will influence our lives.

One more aspect needs to be taken into account. It is no secret that prices for meat, milk, eggs, and other foodstuffs will increase. This means that the demand for potatoes and vegetables (the things which even the poorest people can afford) will increase greatly.

[Nikulina] So, are we going to sit on our hands and wait for trouble to happen? Really, could something be done about it?

[Kulik] There is a way out. In early February, a resolution was adopted that allows local authorities to enlist the able-bodied citizens of cities and worker settlements, employees of industrial, transportation, and other enterprises, offices, and organizations, college students, and students of senior grades from special secondary educational establishments and vocational schools in harvesting and work at grain procurement enterprises and beet procurement centers.

[Nikulina] In general, if you, comrades, want your chow, go there and help out...

[Kulik] They have embarked on organizing future "farm" work right away. Thirty-six oblasts, krays, and autonomous republics of Russia have adopted special resolutions in conjunction with this, for example, Sverdlovsk. Last year, the city punished itself by leaving its stores empty. They drew the right conclusions. They set attractive prices: 55 kopeks per kilogram of potatoes delivered, 37 kopeks per kilogram of cabbage, 33 kopeks per kilogram of carrots, and 33 kopeks per kilogram of beets. They assigned to virtually every farm specific city enterprises and rayons that would participate in harvesting. They planned how many people and pieces of equipment were to be sent and when. All of this was specified in contracts. I believe that this is the way it

should now be everywhere. The countryside needs reliable guarantees right now, in spring, that it will not be left one on one with its troubles. The foodstuffs situation may improve only if the rural and urban areas interact closely. In this case, kolkhozes and sovkhozes will restore areas planted in potatoes and vegetables. I would like all Russians to know this: Either we turn things around at this point and prevent a decline of production (to this end, the cities should acknowledge the needs of the peasantry), or...

[Nikulina] Are the citizens of Sverdlovsk a rare exception?

[Kulik] No, similar decisions have been made in Nizhniy Novgorod, Yaroslavl, Kirov, Tver, Kostroma, and Leningrad. A lot has been accomplished in Moscow and Moscow Oblast. The government of Russia has instructed local organs to allocate between 0.03 to 0.05 hectares of land to all who wish to plant potatoes or vegetables this year. This should be done by using the land of sovkhozes and kolkhozes, and efforts should be made to ensure that this is convenient for the urban population. There are people who wish to do so. The Muscovites alone have filed 660,000 requests. As I see it, the local soviets are right when they link this to aid at the time of harvesting and allocate land to the enterprises that will assist a given kolkhoz or sovkhoz. The urban dwellers will plant potatoes for themselves, and at a hectic time they will help to harvest our common crop. Therefore, the interest in such a partnership is mutual. Such efforts are being made almost everywhere in the territory of Russia. After a hungry winter, the cities have developed a better perception of the difficulties the countryside is experiencing.

[Nikulina] Could you please explain what the technical aspect of the mandatory enlistment of the populace for farm work is.

[Kulik] Let us take a specific urban rayon. Kolkhozes and sovkhozes that will deliver their fruits and vegetables to it are determined, as well as the amount of deliveries. With this in view, enterprises plan how many people and pieces of equipment will work in the fall in the fields of specific farms, and conclude agreements. The latter are signed by the city executive committee and the farm; the amount of product deliveries, prices, and specific tasks of the urbanites are specified.

[Nikulina] In general, there is hope that we will scrape by somehow in the fields. What about cattle farms?

[Kulik] In January and February, milk and meat production continued to drop. The drop began in October. The herd of cattle in the republic declined, and its productivity fell. Poor-quality fodder is the reason. This is not the fault of farmers, it is a misfortune. All of us know how bad the weather was. There is as much fodder as there was last year, but as far as its quality... As a result, we have difficulty providing whole milk for the populace. In two months, the output of cheese, butter, and cottage cheese fell by one-half...

However, as I see it, deteriorating organizational efforts in animal husbandry, the loss of manageability, and the destruction of a vertical management structure are the main reasons for an emergency in this sector. In this instance, I would say frankly that the "sovereignty parade" has, unfortunately, also affected people on the production line. Enterprises have proceeded solely from their own interests, ignoring those of society. At present, products are being lost even in places where there is enough feed. There is 1.5 times more feed on the cattle farms of Kurgan than last year, but meat and milk procurement in the oblast is in arrears. The same is the case in the Stavropol area and in Rostov Oblast. In these instances, the decline can hardly be attributed to the quality of the feed or a shortage of it. The reasons are organizational. This is why, when I meet with the people in the field, I repeat: "Let us go from the microphones to the cattle farms."

It is important to take care of the people. The employees of animal husbandry have been simply abandoned in many localities, and elementary attention to their labor has not been paid. Rubber boots and the most elementary clothing are not available. Fuel is not allocated to the stock breeders on a priority basis, as used to be the case. Health-care personnel and service and trade employees do not find their way to the cattle farms. We are trying to rectify this. However, our own resources alone are not enough. This is a task for all of us, all the more so because the hardest time for stock breeders is yet to come. Everything needs to be done for them to feel our concern. In particular, the stock of merchandise that has been allocated, even if small, should be marshaled to the cattle farms on a priority basis.

When we criticize the old times, we frequently also discard everything positive that was accomplished. After all, there used to be arrangements whereby trade and health care personnel, specialists, managers, and economists—all of them—met with stock breeders every week! For better or worse, they resolved all issues. The people knew that they were needed! Meanwhile, at present... You come to a cattle farm, and you learn that the milkmaids have not seen the chairman of their own kolkhoz for several months! It is easy to understand what the morale of the workers is, and how productive their labor is.

[Nikulina] Indeed, you are right. Even our rural newspaper has gone political, and at times forgets those who feed us...

[Kulik] If it were only your newspaper... Previously, the press always supported the stock breeders. Now you take files of oblast newspapers, and there is not a line about those who work on the cattle farms and on the land. Do we really fail to understand that, in addition to financial interests, the people also have self-esteem? I am convinced that we will create a most difficult situation with foodstuffs in the country, the great power, Russia unless we destroy now the wall of indifference with regard to the people on the cattle farms and in the fields.

POLICY, ORGANIZATION

Kyrgyz Ukase on Indexation of Income, Support of Poor Citizens

914A0502A Frunze SOVETSKAYA KIRGIZIYA in Russian 22 Jan 91 p 1

[Ukase, under rubric "Ukases of the President of the Republic of Kyrgyzstan": "Indexation of the Public's Income and the Support of Poor Citizens"]

[Text] In light of the increase in the prices of consumer goods and services and the resultant need to increase the legal protection of the monetary income and savings of the citizens in the Republic of Kirghizstan, I decree:

I.

The establishment of the following general conditions and procedure for indexing the citizens' income and savings:

1. Indexing, in the sense of this Ukase, sets as its goal the partial compensation of the losses caused by inflation, by means of the constant adjustment of the size of the citizens' monetary income (wages at their basis place of employment, pensions, grants in aid, stipends) from the appropriate budgets, and also payable from the funds of enterprises and organizations, irrespective of the forms of ownership, at which those citizens are based, in the procedure stipulated by collective contracts (agreements).

Indexing also applies to the income from deposits made by the public to institutions of the state credit and finance system, payable from the sources from which the payments of income based on deposits are made.

2. The indexing of monetary income is carried out to the extent of the increase in consumer prices if that increase, as computed by a cumulative total from the moment of the previous indexing, exceeds five percent.

3. The indexed income is paid starting with the month after the indexing has been carried out, at the basic place where the person receives his wages, or the place where he receives a stipend, pension, or grant in aid.

Indexing of income from deposits and the payment of that income are carried out by the appropriate institutions in the state credit and finance system once a year after computing the interest on deposits.

4. The compensation of the losses of citizens' income as a consequence of inflation at the level of the doubled living wage, as well as the income from deposits to institutions in the state credit and finance system is carried out in full amount.

The size of the compensation of those losses at a level that exceeds the doubled living wage is determined on the basis of a variable scale of indexing standards that is approved by the Cabinet of Ministers of the Republic of Kyrgyzstan.

5. Additional income from indexing is totaled with the citizens' remaining income and is taxed in the procedure established by the Law.

6. Disputes concerning questions of indexing are to be considered in a court procedure.

7. It is deemed necessary to introduce the indexing of the monetary income of the citizens in the Republic of Kyrgyzstan starting on 15 March 1991.

II.

The State Committee for Labor and Social Security, Republic of Kyrgyzstan, jointly with the Council of the Kyrgyz Federation of Trade Unions, is to develop by 1 March 1991 a draft of the Law "Social Support of Poor Citizens," stipulating in it the following social guarantees:

—the establishment of a living wage, minimum consumer budget, and minimum "consumer basket";

—monthly monetary payments;

—grants in aid for subsistence;

—benefits in the social sphere (supplying of primary-necessity commodities and services; guaranteeing of places in children's preschool institutions; the granting of loans; sale of commodities on credit; etc.);

—benefits in the sphere of production and employment (preferential right to work under conditions for working at home; job acceptance on the basis of the reserving of jobs; acceptance at specialized work locations);

—other benefits and advantages.

III.

1. The Cabinet of Ministers of the Republic of Kyrgyzstan, upon coordination with the Council of the Kyrgyz Federation of Trade Unions, is to develop, prior to 1 March 1991:

—a variable scale of standards for each percentage of rise in the consumer price index for various parts of income;

—the procedure for computing the consumer price index.

2. The State Committee for Statistics, Republic of Kyrgyzstan, starting on 1 April 1991, is to publish monthly the information concerning the living wage and the consumer price index.

Ministry of Justice, Republic of Kyrgyzstan, prior to 1 March 1991, is to prepare recommendations concerning

the making of amendments and additions to the Constitution (Basic Law) of the Republic of Kyrgyzstan and to other legislative acts of the Republic of Kyrgyzstan in connection with this Ukase.

[Signed] A. Akayev, president of the Republic of Kyrgyzstan, Frunze, 21 January 1991.

Kyrgyz Advisors on Income Indexation, Consumer Protection Ukases

914A0508A Frunze SOVETSKAYA KIRGIZIYA in Russian 25 Jan 91 pp 1,3

[Interview with L. I. Levitin, doctor of juridical sciences, and A. I. Sarygulov, candidate of economic sciences, by V. Niksdorf: "The Individual Needs Protection and He Will Get the Support Required: This Is Borne Out by Recent Ukazes Issued by the President of the Republic of Kyrgyzstan"; first four paragraphs are SOVETSKAYA KIRGIZIYA introduction]

[Text] **There is no alternative to the market. Not only the economists but the political leaders understand this. True, the approach to market relations by different people is not the same, but everyone, it would seem, agrees on one thing. The market is hard—perhaps even cruel. It is therefore essential to have "springs" of a sort; that is, ways to help many of the people get started moving more or less painlessly on the bumpy road to the market.**

Not everyone can withstand such a jolting experience. Support and assistance are needed. Two ukases issued by the president of our republic, which were published recently in the republic press, have been designed precisely for this purpose: "On Income Indexing for The General Population and Social Support for Citizens of Insufficient Means"; and "On Provisional Measures to Protect the Interests of Republic Consumers."

In our view the key words in the titles of these ukases are "support" and "protect." They are the ones that define the social orientation.

Two advisers to the president played an active part in the preparation of these ukases: L. I. Levitin, doctor of juridical sciences, and A. I. Sarygulov, candidate of economic sciences. In the following interview they respond to questions put to them by a SOVETSKAYA KIRGIZIYA correspondent.

[Correspondent] As you know, prices are rising everywhere. In the other republics, however, with the exception of Belorussia, indexing is not even being considered for the time being. Is it not right to speak of a certain hastiness in this case?

[Answer] On the contrary, people have come in recent months to expect vigorous, decisive action from their leaders. Here, it may be said, a situation has developed in which delay may be likened to death.

It should be made perfectly clear that the president, acting in accordance with the republic constitution, has exercised his right to determine the basic direction of economic policy. Undoubtedly, he might share responsibility with everybody, so to speak. If he were in no special hurry, say, he might prepare the appropriate documents, submit them to the permanent commission of the Supreme Soviet for discussion, and then to the parliament itself. But such an approach would scarcely be justifiable. Today there can be no delay. That is why the measures in response have been taken so expeditiously.

The heart of them lies in the necessity of providing strong social protection for the population, primarily for citizens of insufficient means—that is, for those who would suffer particularly under market conditions. A person is even relieved psychologically when he is aware that his country has not abandoned him but is thinking of his welfare.

Incidentally, under market conditions the state should shift its energies from micromanaging the economy to supporting the people, exercising its distinctive protective functions on behalf of the individual. In this connection, lines from N. Gumilev's poem: "The Protective Light of Beacons" come to mind. These two ukases of the president stand out like beacons that come to one's aid in darkness or in a storm. It should be emphasized, however, that they are functionally related to a number of other measures designed as a whole to implement the new economic policy of the president of the republic.

[Correspondent] All the same, many of our newspaper readers want to know: Why is it that prices have risen recently as if on a roller coaster? It is this, by the way, that explains the appearance of the ukases we are discussing.

[Answer] There are a number of reasons. The conditions for transporting our sources of energy are changing. Petroleum, for example, was once obtained mostly from the Caucasus. Now it comes from the far North, beyond the Polar Circle, and under conditions most difficult of access. As a result there are huge supplementary expenditures. Hence a snowballing rise in prices, for fuel is used everywhere.

Another factor is the extraordinary length of cycles of productivity. Of course, when we invest money in new technology or in new construction, we do not receive a return on it immediately, and this also has an impact on the price rise. There are a number of other factors as well.

Incidentally, the lack of full payment for goods in rubles coupled with the shortage of goods also exerts an indirect effect on price formation, as you know.

The rise in prices is therefore an entirely natural process—it is one that goes on in all countries. It is thus of particular importance to give people the compensation necessary, so that the growth of prices does not impact too sharply on the well-being of families.

[Correspondent] So we have come to indexation. It might be worthwhile, in looking over the first ukase, for you to comment on a few of its provisions.

[Answer] All right. But first it should be borne in mind that indexing represents a continuous process of revising the cash income of people for the purpose of reducing losses as a result of rising prices. True, in our republic, as distinct from Belorussia, not only the budget but the assets of enterprises and organizations will be indexed. In our view it is extremely important to gear everything to social policy. Moreover, the collective agreements should provide the means of indexing. We cannot conceal the fact that the collective agreements have heretofore been formal in nature. Now this deficiency is certain to be remedied.

[Correspondent] Many ukases and laws, passed even at the highest level, do not get carried out. Does not a similar fate threaten these ukases? The republic's financial position, of course, is extremely precarious. Will sufficient funds be appropriated for indexation?

[Answer] We may state plainly that 100-125 million rubles have already been earmarked in the budget for this purpose. In addition, we are counting on a supplementary source of revenue in the form of payments from the funds of enterprises and organizations.

[Correspondent] But, as you know, some of these are themselves being subsidized.

[Answer] Well then, they will have to change their form of ownership. The market is not designed to operate through almsgiving, and whatever organization may be in need, whether an industrial plant or a kolkhoz, it cannot be included in the new scheme of economic relations. In certain cases, however, it is anticipated that there will be budgetary assistance. The main thing is that no worker should be made to suffer.

[Correspondent] Indexing is being extended to savings bank deposits. How will this work out in practice?

[Answer] Total personal income in the republic, according to the statisticians, amounts to more than two billion rubles. This means that the average depositor earns about 150-170 rubles annually in terms of percentage. Let us suppose that with a rise in prices indexing is set at 10 percent. This comes to an additional 15-17 rubles.

[Correspondent] Thank you for this explanation. But what will indexing amount to for the working man? What can he get in the way of compensation?

[Answer] Let us note two important aspects of it. If the growth in prices does not exceed five percent, there will be no indexing. Five percent does not amount to much. Currently, the USSR President's five-percent sales tax is in effect, and that has been well received.

Second. To calculate the amount of indexing, it is necessary to figure out the subsistence minimum. For the present we can say that it is in the neighborhood of a hundred rubles. Now, income is fully indexed until it reaches twice this minimum wage.

For example, let us say, you earn 300 rubles. Twice the minimum wage comes to 200 rubles; this amount is fully indexed, so that at a rate of 10 percent, you get an additional 20 rubles. For the remaining 100 rubles, indexing will be computed according to a special scale of allowances. Understandably, the more income a person receives, the less the amount allowed. And this, of course, is fair; for as we continually emphasize, the point of the ukases is to provide support for those persons with inadequate sources of income.

[Correspondent] You talk about a minimum wage, but remember, USSR Goskomstat [State Committee for Statistics] took even the people's deputies by surprise when it came out with the figure of 70 rubles. The people became very upset and challenged those on the statistical committee to try to subsist on this amount. Do you trust the competence and honesty of our statisticians?

[Answer] Obviously, I must agree with you that official statistics have frequently embellished upon the true picture of things. Under glasnost, however, statistics nowadays, freed from the strictures imposed on them, are beginning to reflect the actual conditions of society. Statistical information now markedly differs from that issued previously. Moreover, the trade unions are now beginning to assert themselves. They may have their own point of view about the minimum wage.

Finally, the president of the Republic of Kyrgyzstan for the first time in this country has begun to hold public consultation sessions, and they will continue on a regular basis. These are not the so-called meetings with the people that assume the form of monologues. Nor do they resemble aktiv conferences in accordance with a scenario worked out ahead of time. This kind of consultation means listening to the opinions of the representatives of all segments of society. Here, in particular, is felt the impact of so-called two-way communication. And if among the people, let us say, doubts should arise about the correctness of the minimum wage that has been set, independent experts may give their own unbiased opinions.

[Correspondent] I found the section of the ukase dealing with disputes about indexing and the judicial procedure for dealing with them puzzling. Do you think abuses of this kind are possible?

[Answer] Time will tell. But do you know why many ukases issued by the President of the USSR have not been carried out? This is what the statute is about. They have not had the mechanism in place to afford legal protection. That is, from the judicial standpoint they have been extremely vulnerable. The statutory safeguards put our ukase on firm ground legally. And there will be many occasions for judicial restraint, it must be supposed; for the matter is an entirely new one.

Suppose the income indexing computation strikes someone as incorrect. Or, say, somewhere the rights of workers are infringed upon by a collective agreement. It is impossible to anticipate every sort of situation.

[Correspondent] Indexing will commence on 15 March. Some citizens are leery, seeing some covert design in this date. Will it not trigger a sharp price hike?

[Answer] Categorically, I can say, it will not. There is simply no point in prolonging things. A specific period has therefore been set for Goskomstat, Goskomtrud [State Committee for Labor and Social Problems], and the Federation of Trade Unions jointly to come up with the necessary figures. We estimate that by 5 April the first price index will be published; the next will be published one month later. And the indexation of per capita income for the month preceding will commence from the start of May. This will mark the beginning of accountability.

[Correspondent] Understandably, the president is demonstrating that his concern is first of all for the people, and I am sure that they will judge this step on its merits. The truth is, we have only just witnessed a crisis of government in Lithuania, which was triggered by a sharp jump in prices without instituting any preliminary means of social protection for the people. Leonid Isidorobich, I want to ask you, is it really possible that such an experienced economist as Kazimera Prunskiene did not comprehend the consequences of her own decisions?

[Answer] Social protection is not a simple matter. It requires supplementary assets, and a lot of them. Everything therefore depends, I would say, on the progressiveness of the leadership. Of course, Prunskiene is not a reactionary. I am personally acquainted with Kazimera Donotovna, and I have the deepest respect for her. It is worth noting, however, that professors of economics often do not take into consideration social psychology. If Prunskiene had consulted with sociologists (or for that matter with astrologers), she undoubtedly would have refrained from a one-time price rise. Alas, theoreticians often fall under the spell of purely economic factors without taking into consideration the sentiments of the people.

Not long ago we were in Belorussia. There, too, they are thinking not about a smooth transition in raising prices but a sudden jump. Leaders of BSSR State Committee on Prices gave us this reason: "Why cut the tail of a dog piece by piece? It is so painful. Better carry out the operation in one blow." I responded that such an analogy is irrelevant. We will continue to adhere to the principle of gradualism, so that people will not go into a state of shock. The consequences of this changeover are unpredictable, and the experience of Lithuania has already shown what might happen.

Generally, the implications of such a move should be considered in advance, for it is necessary to have a fair assessment of the social consequences.

[Correspondent] Now let us turn to the second ukase. It seems to me that in some respects it is at variance with the principles of the market. Again, we encounter constraints and prohibitions.

[Answer] But note the fact that we are concerned with provisional measures. The president is simply committed to protecting the interests of the republic. Purchase prices are different in various regions. Taking advantage of this, certain smart operators are trying to ship out of Kyrgyzstan various commodities, raw materials, and livestock. They cannot be allowed to do this.

Our market, moreover, one might say, is still at the feudal stage, and for the present it is necessary to regulate it, using means that include restrictive measures. We wish to emphasize that the ukase protects the rights of consumers, and above all those of the common man. As for barter deals, all pertinent questions will be taken up by the Cabinet of Ministers. Of course, the interests of production in the republic will not be allowed to suffer.

[Correspondent] Similar measures, it may be recalled, have been taken previously, but they have not always proved to be effective. I have in mind trading violations, such as the creation of artificial shortages, the release of goods from trading depots, and so on. Are you sure that this time the ukase will achieve it purpose?

[Answer] We are realists, and without harboring any particular illusions, we share your well-founded concern. But you may be sure that with powerful executive authority it will be possible to maintain law and order. Of course, with the law enforcement agencies, the militia in particular, we should be able to operate in a more orderly fashion.

The main thing is not to distribute the goods that are available, but to expedite their production vigorously. There is a fair amount of opportunity in the republic, especially for developing agriculture and an entire network of processing industries. The consumer cooperatives, both rural and urban, should function in an entirely new way.

[Correspondent] You said that these ukases are elements of a new economic policy being initiated by the president of the republic. What are its basic principles?

[Answer] Its cardinal aim is to create a mixed. heterogeneous economy with the development of all forms of agriculture—reflecting a policy of maximum preferential treatment for rural areas. Above all, an energetic social program. There will also be active cooperation with countries abroad in terms of investment, foreign loans, credit, and the use of modern technology. And legal guarantees for all the new laws.

But the main thing that naturally flows from the new policy of the president is the social support of the people. We are committed to giving all the peoples of Kyrgyzstan confidence in tomorrow—a sense of confidence that all difficulties will be overcome.

ELECTRIC POWER GENERATION

Problems Caused by Halt in Construction of Crimean AES Viewed

914E0074A Moscow IZVESTIYA in Russian 27 Mar 91 p 3

[Article by IZVESTIYA staff correspondent V. Filippov: "The Crimean Nuclear Power Station: They Built It. They Closed It Down. They Are Stealing It Apart"]

[Text] Simferopol-Zaporozhye—**The construction of the Crimean AES [Nuclear Power Station], over which its supporters and opponents had locked horns for the better part of two years, was discontinued by a decision of the USSR Council of Ministers on 25 October 1989. By then, a lot of money had been spent to build the power station and Shchelkino, a settlement for the power-industry workers. How was this wealth managed after the station was closed down? What has been the destiny of those who looked specifically to the AES for their future?**

Dry the Cranes, Boys!

This was Tuesday, a business day. However, a huge construction site on the southern shore of the Sea of Azov was deserted. Seven tower cranes sat still around the concrete cube of the power unit, as if they were a guard of honor at the mausoleum of a departed person.

AES Director V. Tanskiy grinned bitterly: "We call this 'drying the cranes.' We have been 'drying' them for two years now. Life in Shchelkino has been destroyed: they took away from us both our business and our future. The Council of Ministers gave instructions to set up an education and training center here for training the personnel of nuclear stations and a scientific-engineering center for developing technical solutions in the process of designing a new generation of stations. However, the Council of Ministers did not allocate anything in conjunction with this instruction! After the resolution was adopted, they suspended the financing of the construction project from the state budget. We exist at the expense of the Ministry of Atomic Energy and Industry [Minatomenergoprom]. The people hope that they will get work at the scientific engineering center. However, the center will be started up in the very distant future; even a technical and economic statement for the center has not been confirmed yet. Beginning next year, the ministry will stop paying us 'unemployment benefits.' Our specialists need to be placed in jobs. But where?"

Frankly, the narration by V. Tanskiy did not surprise me. While preparing for a trip to the Crimea, I read the order of the USSR minister of atomic energy and industry dated 28 December 1989. Procedures for implementing the government resolution on changing the line of business of the Crimean AES were laid out in detail in the order. I will enumerate the key assignments of the government which, judging from this order, the ministry planned to carry out as early as 1990: to confirm a technical and economic statement on setting up an education and training complex and a scientific engineering center; to continue the construction of residential buildings and social sphere facilities in Shchelkino; to ensure the employment of the released Crimean AES employees at other energy facilities. However, even as I was familiarizing myself with this document, I doubted that life at the site of the discontinued construction project proceeded in keeping with the government plan, and here is why. Several days earlier, I happened to talk to radiation monitor A. Sushko at Zaporozhye AES; it turned out that he had come there from Shchelkino.

He told me: "For me, the closure of the Crimean Nuclear Power Station means a collapse of my career. I worked there for three years after graduating from college; I was about to become a shift supervisor at the department of rational [as published] safety. Suddenly, they closed the station down. I have two children and a wife. I had to move here, to Energodar. They have enough of their own specialists at Zaporozhye AES, but they did hire me as a radiation monitor..."

"Tell us, Oleg Valentinovich, did they pay you compensation for the loss of promising employment through no fault of yours and for the forced move to another location?"

My interlocutor was surprised: "What compensation? It was out of the question. Everyone made what arrangements he could."

As I expected, the life of the closed-down construction project is very different from what the government has ordained. Recently, the militia and chekists of Leninskiy Rayon organized a 100-percent inspection on roads out of Shchelkino. They found dozens of trucks carrying undocumented plumbing fixtures, construction materials, and elements. The former construction project is being robbed, and this is, incidentally, being greatly facilitated by local customs. I strolled through an equipment storage facility any which way I liked, but nobody stopped me and inquired: What does a stranger need at this rich trash heap? Precisely, a "trash heap," because I cannot bring myself to call what I saw anything else. There was the building of a nuclear reactor, the price of which is more than three million rubles [R], washed by rain. Next to it was a steam turbine (they had forked over R17 million for it), and a steam generator (it is cheaper; it was purchased for R3.5 million). A total of R350 million in equipment has been accumulated at the equipment storage facility.

Nobody's Settlement in the Non-Black Sea Area

An angry woman threw a scene for Director V. Tanskiy right in the street. A bitter exchange ended in a threat which she issued: I will come to your house with my children, and I will sit there until you assign an apartment for us!

As the director, who recovered with difficulty, explained, both the scandal and the situation this woman was facing were typical for Shchelkino. The family of the driver

named Epur (wife, husband, and three children) lived in a prefabricated house, what they call here a "Brandenburg." When the construction project was discontinued, the impoverished construction organizations refused to extend contracts for rental of the "Brandenburgs." Their owner, the Minatomenergoprom, transferred the houses to its other sites. They came to claim the one in which the Epurs, from Krasnodar Kray, lived. They turned off water and power. The family managed to last two days under siege. On the third day, the desperate mistress of the house rushed to the director.

V. Tanskiy was distressed: "Where am I to get an apartment for them? We do not have funds to build housing. All I can do is suggest that they rent a room someplace."

Deputy Chairman of the Settlement Soviet A. Obukhov shared his alarm: "The situation here is very highly strung. Out of a population of 17,000 there are 2,350 on the waiting list for housing. Five hundred and twelve unemployed have been registered; these are mainly women who cannot find jobs in their professions because we lack schools and day care centers. We do not have a Palace of Culture, regular service centers, or a library... However, the main point is that there is no future. We are committed to the industrial site financially, but nobody has explained properly in the last one and a half years what is going to be here and when—a nuclear station, a scientific engineering center, or something else. The soviet needs a formidable budget in order to solve the problems of the settlement independently. This is why enterprises need to be set up in Shchelkino that would replenish our budget with their contributions. I see no other way."

The executive committee of the oblast soviet attempted to implement this idea as early as January 1990. It planned to locate a garment factory and a hosiery plant in Shchelkino. The setting up of these new production facilities was entrusted to the managers of the Skif Association and the Feodosiya Hosiery Plant. They summed up the results accomplished by the end of the year, and they were lamentable. They had not even gone to the trouble of selecting a site for the hosiery plant. Skif had altogether declared itself insolvent.

The Crimea in Darkness?

The strategy of the development of the power system of the Crimea until the year 2005 was "anchored" to the nuclear power station. Electric lines were designed with its two-million-kilowatt capacity in mind. They were waiting for a start-up of its first power unit in order to begin the construction of these power lines, as well as to retrofit the badly worn-out Simferopol, Saki, Kamysh-Burun and Sevastopol thermal power stations. When they closed the nuclear power station down all of these plans collapsed, and the Crimea found itself on the brink of an energy crisis.

V. Tanskiy stated his view of this situation: "I do not see prospects for an improvement in the life of the Crimea. Moreover, I am afraid that a shortage of electricity may provoke social disorder. Here is a simple example. The Crimean Tatars are returning to their motherland. At a minimum, every person requires two kilowatts. If we expect to bring back 300,000 families, we need to have at least 600 megawatts of capacity. Meanwhile, at present, the Crimea does not have a single megawatt in reserve! Sooner or later, the citizens of the Crimea themselves will demand that the nuclear power station be started up. As of now, there is no alternative to it."

I would not venture to argue with V. Tanskiy about an alternative. I would only say that the Ukrenergoproekt Institute is working on a variant of a high-capacity gas-fired thermal power station on the site of the former Crimean AES. This is a part of a new program to develop the power industry of the peninsula proposed by specialists from the Krymenergo Association. In addition, they proposed to rebuild old power lines and to put in new ones, to retrofit four thermal power stations, and to create a network of solar, wind, and geothermal power stations. This program is to last 15 years. It will call for about R2 billion in investments.

Krymenergo General Director Ya. Shpak said: "We have already embarked on renewing the network of power lines. However, a lack of funds hampers our work. We need to tap at least R150 million a year in order to fulfill the program. At present, only one-third of this amount is available to us. It consists of our own funds and R17 million allocated by the center in conjunction with the priority development of rural areas and the Crimean Tatar repatriation program. I have approached the USSR Minenergo, and the Minenergo and the State Planning Committee of the Ukraine, but I have not been given a clear-cut answer anywhere as to who will become the main underwriter of the program of power supply for the Crimea."

Let me add to what Ya. Shpak said: it is a program for the preservation of the Crimea. At present, the inhabitants of the peninsula are kept warm by the energy generated primarily by burning coal, gas, or fuel oil in small boiler plants. There are about 400 such boiler plants on the South Shore of the Crimea alone. Their smoke has caused the United Nations to drop Yalta from the list of climatic resorts for being ecologically polluted. Unless electricity replaces organic fuel (incidentally, this is what the program of development of the power industry of the peninsula calls for) the abundant Crimea will turn into a dirty Krymbass right before our eyes.

To my mind, the current energy situation in the Crimea is a model of the future condition of our country. Under pressure from the public, the soviets of all levels have suspended the design work and construction of 64 power stations with a total capacity of 160 million kilowatts. In particular, the Supreme Soviet of the Ukraine announced a moratorium on the construction of the sixth power unit of the Zaporozhye AES. It was almost ready to be started up. Incidentally, it was the most reliable because the experience of the operation of the

five previous units was taken into account in designing it. I understand that the deputies cannot afford to ignore the fear of another Chernobyl which has gripped the entire Ukraine. On the other hand, the shortage of electricity in the republic goes into millions of kilowatts.

One of the participants in a rally in front of the Zaporozhye AES proclaimed: "Let them build nuclear power stations when we reach the technical standard of Japan!" This rally preceded the moratorium. To create by destruction... People, what is it coming to?

Chernobyl Committee Clarifies Benefit Receipt Procedures

91P50144A Moscow SELSKAYA ZHIZN in Russian 30 Mar 91 p 2

[Unattributed article: "In the Union Committee for Liquidating the Consequences of the Accident at the Chernobyl AES"]

[Text] In connection with the many appeals from citizens participating in liquidating the consequences of the Chernobyl AES accident regarding receipt of citations and emblems by participants in liquidating the consequences of the accident, as well as the priviliges established for those categories of people, the Committee for Liquidating the Consequences of the Accident at the Chernobyl AES, as part of the State Commission for Extraordinary Situations under the USSR Council of Ministers, elucidates:

1. According to the decree of the USSR Council of Ministers and the All-Union Central Council of Trade Unions of 31 March 1990, No 325, "On Measures for Improving Medical Service and Social Security for Persons Participating in Work of Liquidating the Consequences of the Accident at the Chernobyl AES," as of 1 July 1990 priviliges have been established for people who worked, during 1986-1988, in liquidating the consequences of the accident within the 30-km zone (the evacuated zone) of this station, or employed during the same period in operating or doing other work at this station (including people sent there termporarily or there on business trips), including military personnel of military units or reserves, called for special duty in fulfilling work connected with liquidating the consequences of the accident, regardless of their place of assignment and work fulfilled.

This specific list of priviliges is contained in the abovementioned decree. Kray and oblast ispolkoms of Soviets of People's Deputies, enterprises, trade union organs, military commissariats, and social security organs should become familiar with this list.

2. The citation drawn up and issued to a participant in liquidating the consequences of the accident at the Chernobyl AES is a document which confirms the right to the established privliges. This and the emblem are awarded to:

—working people—by the ministries and departments of the councils of ministers of union republics or by kray and oblast ispolkoms of soviets of people's deputies at the current place of work;

—military personnel, workers, and employees of the Soviet Army or Navy, chiefs and rank-and-file personnel of the organs of internal affairs and the Committee of State Security of the USSR—by organs of the USSR Ministry of Defense, the USSR Ministry of Internal Affairs, and the USSR Committee for State Security.

—military reservists, called up for special duty and participating in the work of liquidating the consequences of the accident at the Chernobyl AES—by military commissariats;

—non-working invalids or pensioners—by the organs of social security.

Citations are awarded on the basis of documents confirming the person's participation in the abovementioned work (business trip documentation, military billets, labor books, work time sheets, certificates on the right to higher wages for work in the corresponding hazardous zones). A note indicating the year the worker engaged in this work and witnessed by the organ issuing the citation must be attached to the citation.

Explanations from Goskomtrud [State Committee for Labor and Social Problems] on the given question have been sent to the USSR ministries and departments and the councils of ministers of union republics in letter No 2125-fk, dated 4 July 1990.

1986-1990 Incomes and Services Outlined

914F0165A Moscow EKONOMIKA I ZHIZN in Russian No 9, Feb 91 p 12

[Article by A. Bokov, doctoral candidate of economics, under the rubric "Marketplace Survey": "The Paid Services Market"]

[Text] The scales and rates of development of the paid services sector in this country do not respond to the increased demand. Sales volumes achieved for these services satisfy the demands of the population by only slightly more than 40 percent of a reasonable standard, which is significantly lower than for consumer goods. According to available estimates, the accumulated unsatisfied demand of the population for paid services for the years of the twelfth five-year plan increased from 15 billion rubles (R) to R20-25 billion.

As analysis shows, the increasing imbalance in the development of paid services became much greater in the years 1989-1990. During that period their average annual rate of growth amounted to all of 8.2 percent, as against 11.3 percent on average for the years 1986-1988.

A growth in rates for services has been noted. According to USSR State Committee for Statistics (Goskomstat) data, household services became 6.6 percent more expensive in 1990. The cost of going to the movies became 19.2 percent more expensive, to concert halls 11.4 percent, and to circuses 13.3 percent. Only rates for housing and communal services, passenger transport, and communications virtually did not increase. As for the composite index for rates for all services, our estimates put it at 103 percent. Actually, the increasing expensiveness of the service sphere was more significant. The Goskomstat data cited did not take into consideration rate changes for tourist and excursion services, resorts, physical fitness and sports, health care, and several other services.

Over the last two years the situation in the sphere of domestic services for the population got notably worse. The development of dry cleaning services, laundries, appliance repair, and transportation-forwarding services slowed notably. In most places it took longer to fulfill orders, and refusals to accept orders for specific types of services due to a lack of the necessary materials and spare charts became more frequent. In many points of inhabitation, dry cleaning services came to a temporary halt.

In connection with worsened conditions of material supply and the establishment of a harsher system of taxation, a tendency has been noted to curtail the activity of household service cooperatives. Their overall number for the period from October 1989 to October 1990 declined from 33,000 to 27,000, and the volume of services rendered to the population declined to R40 million. There was a drop in the volume of services for individual dressmaking, shoes, housing repair and construction, photography, and several other services. There have been, it is true, several positive changes in the cooperative's work as well. In particular, for the same period the cooperatives registered as domestic increased in the overall volume of their services the proportion of services rendered to the population from 34 percent to 42 percent.

Recently service-sphere enterprises have begun to be formed in conjunction with foreign firms. True, their number is still quite insignificant. Mostly they are oriented toward providing foreign citizens with household, transport, hotel, tourist, and medical services in exchange for hard currency. The development of joint entrepreneurship in the area of servicing the population is backed up chiefly all by the inconvertibility of the ruble.

Rates of Increase in Paid Services and Monetary Income of the USSR Population, 1986-1990 (percentages)

	1986 over 1985	1987 over 1986	1988 over 1987	1989 over 1988	1990 over 1989
Overall for the USSR	110.4	108.1	115.6	108.1	108.2
Household services	107.6	112.7	115.8	109.4	106.9
Transportation and communication	105.6	106.7	106.6	104.5	104.7
Housing and communal	105.1	108.4	106.5	104.6	105.9
Culture, tourism, recreation, and health care	133.2	109.1	117.0	107.6	105.7
Population incomes	103.6	103.9	109.2	112.9	114.7

In evaluating the overall situation in the services market, one should note that the most serious reasons behind its state of crisis have been conditioned by how extremely slowly and erratically new economic forms and methods have been incorporated into the work of enterprises and organizations. In conditions of decentralizing the system of planning, this has led to the destruction of existing economic ties, the disorganization of the administrative organs in the locales, which, in turn, has been reflected in the sharp decline in discipline in supplying material and technical resources.

Performance discipline has weakened. Virtually none of the government resolutions on developing and strengthening the material-technical base of branches of paid services to the population have been implemented. These include government resolutions on the development of the production of equipment and attractions for parks of culture and other places of recreation for the population, on speeding up the construction of fitness-treatment complexes, on the development of amateur photography and cinematography, on the improvement of technical services and repair for cars, and others.

Also having a negative effect on the development of services is the instability of the country's sociopolitical situation. The situation in the services market has worsened most significantly in the Azerbaijan, Georgian, Lithuanian, and Armenian SSRs.

Especially acutely felt under these conditions has been the unsatisfactory work of the republican and local organs of government, which have not exercised the rights they have been given to regulate the activities of enterprises in the sphere of services. Thus, not one republic has defined mechanisms for the system of taxation and price formation for enterprises engaged in domestic services and other branches of the services sphere under their jurisdiction. Nor have they elaborated economic mechanisms for compensating enterprises for increased costs in rendering socially important services.

The situation in the paid services market is largely conditioned, of course, by the critical state of affairs in the country's economy as a whole. But there are very concrete issues that can and should be decided at each concrete level of administration. The following practical measures for the formation of a new economic model are essential.

First, it is important to establish procedures and conditions for enterprises rendering services for state (republic) needs. At the level of the ispolkoms of local soviets this could be a social order for the rendering of services. The information brought to the enterprises must cover the volumes and assortment of the most important services for the territory, as well as tax and other benefits and advantages for those who undertake work to fulfill state needs. For instance, being freed up from lease payments, land payments land, plot allocations, and facility and equipment assignments.

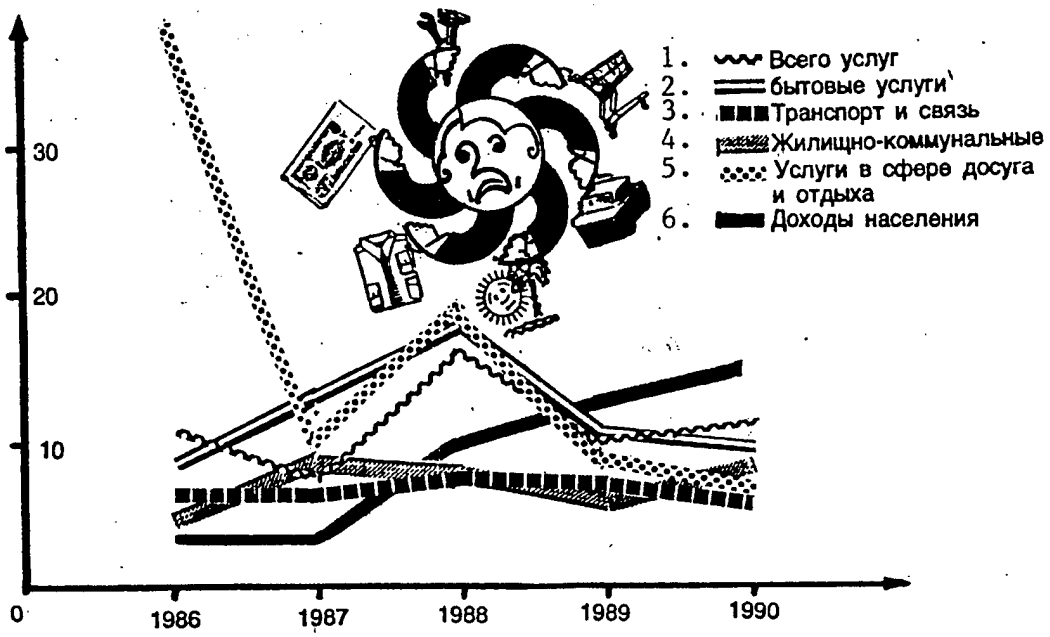
Second, sources and mechanisms should be established for subsidizing services of particular social importance that produce little or no profit. Special attention should be paid to compensating enterprises servicing the rural population for increased costs.

Third, the process of transforming property relations in the services area and activating the creation of leasing, cooperative, and foreign partnership enterprises, as well as enterprises based on individual labor activity, should be moved immediately onto the practical plane, especially since all the necessary legislative foundations for this are already in place.

It is no less important to begin forming a system to assist in the organization and work of small enterprises. A regional-level complex for self-financing firms could be created, offering small enterprises services in supplies and sales, personnel training and retraining, equipment leasing, and legal assistance and defense.

In the transition to new economic conditions of management, serious structural changes are expected in the services sphere. The formation of a market infrastructure that has already begun will give rise in the very near future to a large demand for various types of middleman, legal, consulting, financial, and banking services.

In a market economy, increased income differentiation is inevitable, from which stems the problem of developing services oriented toward satisfying the demands of both high- and low-income groups. The creation of conditions for realizing socially important services for low-income citizens at stable rates or with compensation payments will take on special relevance. All this must be taken into account in the formation of a new economic model in the services sphere.



Growth Rates of Paid Services and Monetary Income of the USSR Population 1986-1990

Key:
1. All services
2. Domestic services
3. Transport & communications services
4. Housing & municipal services
5. Services in the area of leisure and rest
6.Incomes of the population

Romanov on RSFSR Independent TU Plenum

914F0176A Moscow TRUD in Russian 26 Mar 91 p 1

[Unattributed report on plenum of Council of Federation of Independent Trade Unions of Russia, and comment by its deputy chairman V.I. Romanov: "Trade Unions of Russia Are for Unity of Action"]

[Text] The plenum of the Council of the Federation of Independent Trade Unions of Russia [FNPR], which took place yesterday, adopted the following resolutions:

—On the FNPR joining the General Confederation of Trade Unions [VKP] after an agreement between the FNPR Council and the VKP Council is signed;

—On conducting the spring days of the RSFSR trade unions unity of action during April and the beginning of May 1991.

—The plenum released an Open Letter to the USSR president, prime minister, people's deputies, the Independent Trade Union of Miners, and all trade union organizations and trade union members in regard to the miners' strike movement.

FNPR Deputy Chairman V.I. Romanov comments:

"One of the main items on the agenda was the preparation for the spring days of the RSFSR trade unions unity of action and the Day of International Workers Solidarity on 1 May.

"Fair pay, full employment, and normal working conditions—these are the demands presented today by the workers' collectives and trade unions. How can these goals be achieved? This topic was already raised last fall at the second phase of the VKP founding congress. It was then that the tactics of the trade unions actions and a variety of forms of the workers' struggle for their rights were defined: from a collective contracts campaign to rallies and strikes.

"Let us think back to the regional trade union conference on social and economic problems of the northern regions, all those teachers, textile workers, and health care professionals who spoke there... The government of Russia and the state administration organs had to meet their demands.

"However, what was noticeable was the spread of the presentations, the territorial and branch disunity of the trade unions. It became clear that without organized collective actions we will still have to settle for piecemeal

victories. That is why this issue was brought up at the current plenum. Especially considering that in the fall of 1990 some trade union organizations and associations adopted a cautious attitude towards the idea of the unity of action campaign. However, alarming trends in the socioeconomic development of the country during the last few months showed that such actions are necessary for the RSFSR trade unions.

"As a result, the decision was made to organize the RSFSR trade unions' spring offensive in April and the beginning of May. The bulk of the preparation activities will take place at the primary organizations, while the coordinating role will be left to the oblast trade union councils and trade union federations. On the eve of May Day, meetings will take place at enterprises where the administration will report to the collectives on the status of fulfillment of the terms of collective contracts; this will determine the trade unions' further actions. It is likely that the chairman of the RSFSR Council of Ministers will present his report on the realization of an agreement between the FNPR and the government of Russia in regard to general social-economic guarantees for the working people on television.

"On May Day the trade unions are planning to organize citywide rallies and demonstrations. Plenum participants called on all trade union members in the republic to honor on that day the memory of all those who perished in industrial accidents. Last year alone 8,602 lives were tragically lost at RSFSR enterprises. More than 12,500 healthy people become disabled every year as a result of accidents. Volunteer work drives on weekends which may take place during the unity days are a realistic way to provide material help to families whose providers have not returned home from factories and plants. The earned and collected money may also be used to replenish the insurance funds of the collectives and the solidarity funds of trade union committees.

"I should note that even before the plenum the trade union association of Komi Soviet Socialist Republic, and Kirov, Chelyabinsk, and Sverdlovsk Oblasts began their preparations for the RSFSR trade unions' spring actions."

* * *

The Open Letter from the Council of the FNPR to the USSR president, prime minister, people's deputies, coal basins' strike committees, the Independent Trade Union of Miners, and all trade union organizations and trade union members expresses solidarity with the miners' struggle while at the same time expressing concern that the growing wave of the miners' strike movement is leading toward further destruction of the national economy and worsening of the working people's situation. Delays in resolving the issues raised by the miners, continued the document, pushes the situation into a dead end and raises the level of social tension to a critical mark.

As to the miners' social and economic demands, says the letter, we insistently ask the USSR president and the USSR prime minister to immediately start negotiations with the delegation of representatives from the coal mining regions. As these negotiations commence, the coordinating council of strike committees could suspend the strike and to stop it in the case of constructive movement toward consensus. Then the document expresses the FNPR Council's opinion that political problems should be resolved in a constitutional way.

CIVIL AVIATION

Alternative Aviation Fuels Pondered

914H0127A Moscow EKONOMIKA I ZHIZN in Russian No 8, Feb 91 p 10

[Article by Yu. Yegorov, director of the engineering firm AVGA-Center: "Aviation on Gas? This Is Realistic!"]

[Text] Moscow—It is becoming more and more difficult of late for Aeroflot to fly aircraft. This company has not guaranteed anything for a long time: neither punctuality, nor speed. The reason for this, as a rule, is the lack of fuel at the right time and in the right place.

Can modern aviation do without petroleum fuel? It would seem that there is an answer to this question: aircraft have more than once already taken to the air with engines fueled with hydrogen, and helicopters have flown using associated petroleum gas. The technical side of the matter apparently is not in doubt. But is there a need to deal further with this problem, if air transport in our country "consumes" no more than eight percent of the total volume of fuel? Is it worth expending sizable resources on the continuation of expensive research?

It is possible to answer the question, whether it is necessary to venture into the whole "fuss" about alternative types of fuels, if we turn to the economic side of the question.

Last year, the country was short about 50 million tons of oil. In 1995, the level of extraction of this very important raw material for our economy will drop to 500-540 million tons instead of the previously assumed 680 million tons. In a word, the exhaustion of oil fuel resources in our country is a harsh reality.

If we add to this the instability in the coal industry, and the considerable difficulties in the development of nuclear energy, then it becomes clear: the gas alternative energy, including for transport, is a priority path for the country, in which practically half of the world's reserves of this raw material are concentrated.

The result of the fuel crisis is already well-known: the unsatisfied demand for aviation traffic just for last year was 25 million passengers.

That is the reality.

Some specialists here in our country are contending that hydrogen should become precisely that alternative fuel that will be able to replace the traditional petroleum. This is so, but for this it will be necessary to develop the expensive industrial production of liquid hydrogen. But, understandably, this will take a lot of time and will require enormous capital investments.

However, it seems there is another way as well. It is being proposed by our venture firm. We proceed from the fact that an indispensable condition for the next alternative to aviation kerosene must be a "quick entry" of aircraft on new fuel in the already existing system for operating air transport without its breaking. And, therefore, it is advisable to develop not simply the "concept" of a gas aircraft, as is now being done, but the idea of a unique fuel convertible vehicle that could operate both on an alternative and traditional fuel.

This way, in our estimate, is shorter and more effective.

From this standpoint, the ground complex based on propane or butane is preferable to cryogenic hydrogen: hydrogen will take up a considerable area, and the capital investment in it is 10 times higher than a complex based on gas.

Incidentally, research indicates a high effectiveness and adaptability in the employment of propane-butane mixtures as an alternative type of aviation fuel.

The production of propane-butane is easy to organize everywhere where there are resources of this product. This requires the construction of quite simple and inexpensive gas-fractionating installations. The specific capital investments in these installations does not exceed R3-R5 per ton of raw materials.

It seems that it would already be possible today to examine the possibility of organizing air traffic inside the Western Siberian region with the use of propane-butane as an aviation fuel on the air routes Urengoy-Surgut, Urengoy-Nizhnevartovsk, and Urengoy-Tobolsk. Incidentally, a central gas-fractionating installation with a capacity of three million tons per year is already operating in Tobolsk, and there are plans for its expansion to 4.5-6 million tons. According to the estimates of specialists, the organization of the production of propane-butane in the area of Surgut, Nizhnevartovsk, and Urengoy does not present difficulties and, if necessary, it can be implemented quickly.

The Ural-Volga and the Caspian areas can become promising areas for the employment of propane-butane as an aviation fuel. In addition, the production of propane-butane for the indicated purposes can be organized in areas of Astrakhan, Orenburg, and Kulsary (Gurevskaya Oblast).

Thus, there are several regions in our country where there is a guarantee of raw materials supplies of alternative aviation fuel with short- and long-range promise.

On the whole, the problem, of course, has a complex economic character, but that is more reason why it is necessary to raise and resolve it in order to determine a strategy of development properly and in a timely way.

And it is not departmental resolutions that are necessary. There have been a lot of them. It is necessary to unite organizations and people, figuratively speaking, "from the well to the ticket." Departmental limits artificially divided this natural conveyor. An "Aviagas" association is needed that would unite the operators, designers, oil workers, gas workers, local authorities, and banks, and possibly the participation of foreign capital as well.

Civil Aviation Chief Interviewed on New Department's Role

914H0127B Vilnius EKHO LITVY in Russian 21 Feb 91 p 2

[Report on interview with Jonas Mazintas, professional pilot and director of a new department of civil aviation of the Lithuanian Ministry of Communications, recorded by V. Shmidt: "Will the Department Acquire Wings?]

[Text] *A new subdivision—a department of civil aviation—appeared at the beginning of this year in the structure of the Lithuanian Ministry of Communications. Appointed as its director is Jonas Mazintas, a professional pilot who worked for 22 years in the civil aviation system. We asked him to answer several questions:*

[Shmidt] The civil aviation department has existed for just a little more than a month, but, apparently, the functions of your subdivision already have some precise limits?

[Mazintas] Unquestionably. The main function of our department will consist of state regulation of the air transport system of Lithuania. In order to accomplish this purpose, it is necessary to spend a lot of time and effort on negotiations with the USSR Ministry of Civil Aviation on delimiting the property rights of both countries and the preparation of treaties on cooperation. We will have to develop terminology in the Lithuanian language, create the basis of aviation law, and establish relations for signing international treaties with those countries to which air flights will be made. At the present time, knowing the budget difficulties, we are getting by with a minimum number of workers, but for the department to be able to cope with the functions placed upon it, it will be necessary to bring in a large number of qualified specialists. It will not be easy to do this, inasmuch as Lithuania does not yet have its own base for the training of such cadres.

[Shmidt] What are the structural subordination of the department and its relations with the USSR Ministry of Civil Aviation at the present stage?

[Mazintas] Our subdivision is part of the Ministry of Communication of the Lithuanian Republic, but in the future it will have to have the status of a legally independent entity the way it is now done in neighboring Russia. The Baltic states have conducted a round of preliminary consultations with the USSR Ministry of Civil Aviation, but the dates of the start of negotiations will be determined when a dialogue begins between Lithuania and Moscow on an interstate level.

[Shmidt] Last year, the republic's aviation enterprise was firmly designated the Lithuanian Airline company. Does this give the right to assert that qualitative changes have occurred, or is this simply a change in the signboard?

[Mazintas] The Lithuanian civil aviation administration went through several such experiments that basically did not change anything. The aviation company remained a component part of the USSR Ministry of Civil Aviation with the rights of a state association, while its economic independence was increased only insignificantly. The monopoly of the center in property was maintained, and dependence even remained on the political structure, which was graphically demonstrated by the strike of the Vilnius airport from 10 to 13 January of this year, which violated the laws not only of the Lithuanian Republic, but also of the USSR. After a study of the strike circumstances, it turned out that the ground services and the flight personnel actually continued to work, but they were hindered by a handful of people, basically by the leaders and members of "Unity" and the KPL [Lithuanian Communist Party] who prohibited aircraft landing and takeoff clearances. The strike did not spread to military transport aircraft. In just three days tickets were returned in the sum of R68,900, but the total sum of losses is close to R300,000. After the strike, the population's demand for air trips dropped by 20 percent. Can the present aviation company really allow itself something like this?

[Shmidt] Are projects being considered in the department for the privatization of the air transport system?

[Mazintas] Of course. Along with the demonopolization of our branch, there will be privatization in accordance with the law of the Lithuanian Republic. It will be necessary to separate a bloc of state services from the existing system, such as, for example, a single air traffic control service that ensures flight safety. Also not subject to privatization is the land that is taken up by runways and air terminal buildings, etc. But the aircraft, as well as the structure that ensures the technological process can be privatized and transferred to the property of joint stock companies. This would create competition, and the passengers would have an opportunity to choose.

[Shmidt] Here we will have to learn from the West. And you, apparently, are seeking contacts there, hoping for profitable cooperation?

[Mazintas] We are already conducting negotiations on leasing aircraft with firms in Great Britain. Contacts have been made on an evaluation of our airports with the Boeing firm. There is communication with a Canadian firm. It will be necessary to come to an agreement about teaching our specialists business basics. Therefore, we propose to implement the training of personnel in those countries from which Lithuania will receive technology and equipment. Sweden is already offering to help us with training. However, recently, because of political instability, contacts with Western firms have become noticeably weaker, for no people with common sense will invest their capital in an unreliable venture. I think that the consequences of such a situation are obvious, and I express the hope that the political confrontation will be overcome quickly. We will all win from this.

RAIL SYSTEMS

Collegium Examines Numerous Rail Accidents

914H0126B Moscow GUDOK in Russian 27 Feb 91 p 1

[Report, under the rubric "In the Collegium of the Ministry of Railways": "When There Is No Order: Ten Wrecks on One Line"]

[Text] The Collegium of the Ministry of Railways has examined the issue "On the unsatisfactory guarantee of safe traffic on the Azerbaijan Railway." In the past year, there have been ten wrecks here, two accidents, and over 500 breakdowns.

The minister of railways, N. S. Konarev, has termed the situation on the Azerbaijan line extraordinary and the current situation catastrophic. After all, this line surpasses many in the network for technical outfitting. One and a half times more funds have been invested in it than in others. The collegium noted that this is the only line with the most modern rolling stock. However, there has been no yield: last year the plan for volume of shipments was not filled, no profit was made, and shipments it has not accepted are still standing on almost all the railways of the South.

Explanations were heard from the head of the railway, E. Abdullayev, the deputy head of the railway and chief inspector for traffic safety, Comrade Magerramov, as well as the heads of the Bakinskoye and Gyandzhinskoye departments, Comrades Mamedov and Aliyev, whose operations have experienced the greatest number of wrecks and breakdowns. The head of the railway verified that four out of nine wrecks were immediately connected with the human factor, that is, they were caused by workers in direct violation direct violations of safety rules; the remaining ones were due to disrepairs and refusals of technical means. In the final analysis, though, aren't disrepairs and refusals of technical means also the result of someone's bad work?

Virtually all the basic services of the line were party to the wrecks and accidents: locomotives, freight, rails, cars, signals, and communications. And the chief reason for it is incompetent leadership and the workers' low level of discipline and professional knowledge.

The collegium came to the conclusion that the head of the railway, E. Abdullayev, committed serious errors in leadership and in organizing traffic safety guarantees and manifests a lack of discipline in carrying out the instructions of the ministry. Formalism and a lack of desire or knowledge of how to correct the traffic safety situation are characteristic of the service directors as well.

The head of the Bakinskoye Department, Comrade Mamedov, who has held this position for more than a year already, has been unable to restructure the work of the department's officers and is not sufficiently demanding of the directors of the management subdivisions. He is carrying out personnel policy incorrectly as well. In the past year alone he replaced 17 directors of line subdivisions, and right now there are nine vacancies. A blatant example of the decline in production discipline was the recent—15 February—wreck on this division with the explosion of a liquid gas cistern and a fire. As a result, operations on the line were paralyzed for more than 24 hours.

In the resolution of the collegium, the head of the Azerbaijan railway, E. Abdullayev, was issued a reprimand. He was warned that if he doesn't take measures to stabilize the situation by the end of the year, then the issue of his suitability for his post will be examined.

For not presenting the necessary demands to the directors of the railways' services and departments for ensuring train traffic safety, a reprimand was issued to the deputy head of the railway and chief inspector for traffic safety, Comrade Magerramov.

The issue of dismissing the head of the Bakinskoye Department, Comrade Mamedov, from his post will be decided in due order, since he is a people's deputy.

The resolution envisages several measures to render practical assistance to the Azerbaijan Railway.

Poor Line Maintenance Responsible for Rail Accidents

914H0126C Moscow GUDOK in Russian 27 Feb 91 p 2

[Article by GUDOK correspondent S. Kasatyy, under the rubric "Events": "They Caught Hold of the Rails"]

[Text] Saratov—The main "suppliers" of breakdowns and accidents on the Privolzhskaya line have become transportation workers. The reason: technological and labor discipline is nearly always limping along.

Permanent way men began the current year with a wreck as well. Back in the first days of January, as freight train No 3023 was proceeding along the Kustovyy-Kalininsk-Saratovsky stage, which is on a single track between Ilovlya and Povorino, 32 cars jumped the tracks due to a break in the rails. The heated goods van, in which the conductor F. Makarov perished, burned, and 125 meters of track were damaged.

At 1420 hours on 29 January there was another accident: on the Goryuchka-Panitskaya stage (a portion of the Saratov-Kamenka run), three cars of the Saratov-Rostov-on-Don passenger train jumped the tracks.

What was the cause? Defective rails again? No, this time the rail simply wasn't where it should have been.

Due to heavy frosts the leveling rail had had to be replaced. The repair crew under Saratov region railway foreman V. Zaytsev was working at kilometer 54 of this stage. They hadn't finished replacing it, and they decided to leave out the 218th, but they left the rail in the

clearance. The heated goods van grazed it, overturned, and began to drag. Its speed had been all of 30 kilometers per hour (they were traveling on a deployed yellow flag), but three cars jumped, each with one heated goods van.

The consequences of the accident eliminated the possibility of reconstructing it. But traffic was interrupted for 2 hours and 40 minutes.

New Chief Interviewed on Leningrad Metro Operations

914H0126A Moscow GUDOK in Russian 27 Feb 91 p 2

[Interview with V. Garyugin, head of the Leningrad metro, by V. Yurasov, under the rubric "The Day's Topics": "The Metro's Reputation: How Are We To Uphold It?"]

[Text] Leningrad—We have already acquainted our readers with the new head of the Leningrad metro, V. Garyugin. At that time, having received a majority of the votes in alternative elections, he was confirmed in this post. A year has passed. . . .

[GUDOK] You have become the head of the Leningrad metro at a rather difficult time.

[Garyugin] Yes, today we are experiencing most acutely certain economic and social difficulties, which are, however, characteristic of other metros in the country as well. Subsidized, we cannot significantly increase wages even to the basic categories of workers (as is being done right now in other branches of the economy). We are also limited in our development of the social sphere, for example, in resolving housing issues. Bad working conditions remain for our repairmen—permanent way men, escalator men, signalers, and electricians, who work most at night. It is no accident the Leningrad metro is today lacking about 1,500 workers in the basic professions.

[GUDOK] But the trains are running.

[Garyugin] They are, despite these and other difficulties. The collective is trying to uphold its reputation. We are working virtually without break even under the excessive workloads specific to the transport of a city of five million.

It is no secret that, in its level of metropolitanization—there is such a term—Leningrad is about 15 years behind Moscow, and after all, even the capital's underground is considered overloaded.

[GUDOK] Give us more detail about your economics.

[Garyugin] The four existing metro lines—which comes to about 90 kilometers calculated for two ways and 51 stations—serves as many as three million passengers daily. More than one third of all the ridership of city transport in Leningrad uses the underground. So that you can imagine the importance of the metro for our city and of the tasks we face.

[GUDOK] I would like to continue the conversation in the light of these tasks. The market is coming, after all.

[Garyugin] And with it new problems. Before 1990 the cost of one passenger ride was about 6.3 kopeks. The individual paid 5. As a result, in one year we incurred more than 30 million rubles (R) in losses. This sum was allocated to us in the form of a subsidy by the Ministry of Railways [MPS].

With the start of the transition to a market economy last year, we began to pay twice as much for electricity, our costs for materials and spare parts increased by 60-70 percent, and our payments into the state social insurance system grew. As a result, the cost of one passenger ride on the Leningrad metro is already 23 kopeks. Even by our modest estimates, given the current 5-kopek fare, our losses and, correspondingly, the subsidy, must come to more than R100 million a year.

[GUDOK] Is it namely this circumstance which is the basic reason for the Ministry of Railways' refusal to subsidize the metro?

[Garyugin] Of course. But we understand that the Ministry of Railways cannot afford such expenditures. This is all the more so today, when each earned rble is accounted for.

[GUDOK] How is this problem being handled?

[Garyugin] Before answering your question I will make a brief digression. What does the experience of other countries tell us? There the metros, as a rule, are also unprofitable. But inasmuch as they service the population of major cities, local municipalities guarantee their subsidization.

This would seem to be the solution to our situation as well: we simply need to transfer the underground under the aegis of the local municipal authorities. Unfortunately, however, our "municipalities" are not up to such a burden right now.

[GUDOK] So the metropolitans will remain under the MPS?

[Garyugin] Exactly! After all, we are talking about standing relations between the ministry and the metropolitans. They are interlinked by thousands of threads: related specialties, systems of administration, uniform approaches to technical policy, repair bases, systems of personnel training, benefits, and so on.

No municipal economy, of course, possesses all that the MPS can offer the metropolitans. And the issue of short-term prospects is being resolved uniformly: the metropolitans will remain under their jurisdiction.

[GUDOK] You said "short-term prospects."

[Garyugin] One day, when the cities acquire the necessary financial independence and their budgetary possibilities increase, obviously we will have to return to this

question. After all, under the conditions of a market economy it's not all that important whether the metropolitans belong to the MPS or someone else. As they say, we can do anything, given the means.

[GUDOK] And today?

[Garyugin] A resolution has been passed to subsidize the metropolitans of the cities of the RSFSR out of the republic budget. For the Moscow and Leningrad metros sources of funding have been determined from the union budget.

[GUDOK] What kinds of funds are needed now for the Leningrad metro to function?

[Garyugin] Function but not develop. It has been proposed to allocate R71 million in subsidies for the Leningrad metro in 1991. This is barely enough to cover normal operations. And this, I would note, is assuming that the fare for a ride on the Leningrad metro triples.

[GUDOK] The mass media have already reported about this decision by the Leningrad City Council. How are preparations for introducing the new fare going, and when will this happen?

[Garyugin] Naturally we are interested in switching to the new fare as quickly as possible. But we can do this only as of the first of March. Right now, through our own efforts, we are refitting the equipment. After all, we are talking about over 500 automatic turnstiles and nearly 700 change machines.

[GUDOK] Many readers are interested in what coins will now be used to pay for a ride on the metro.

[Garyugin] Some of the automatic turnstiles are being refitted to accept 15-kopek pieces and some to take three 5-kopek pieces. I won't say that this will make it any easier for passengers. More likely, the reverse. And the metropolitan will have to retain an additional approximately 300 workers to change money for 15-kopek coins. There are definite difficulties as well with supplying our change machines with this quantity of money. So that the problems mount.

[GUDOK] Abroad, as we know, they have long since rejected paying for metro rides with coins.

[Garyugin] Do you see the tokens lying on my desk? This is the magnetic card from the Washington metro. These are used today in many countries. The cards have a code for a given number of rides. It's very convenient: use one up, buy another. And you don't have to waste time changing money.

Magnetic tokens, by the way, are very convenient in other spheres of services as well: they can be used as credit cards, unique hotel room keys, enterprise passes. I don't think our designers and scientists will have any trouble creating something similar to meet the needs of the Soviet people.

[GUDOK] The cost of a metro ride will triple, but what about the issue of privileges?

[Garyugin] Unfortunately, for the time being everything will remain as before. Some people will still enjoy privileges, and our losses due to increased costs will rise accordingly.

Naturally, we are not against a specific category of people deserving of privileges taking advantage of them. But under market conditions the issue has already come up: someone has to pay for these privileges, be it the departments or the owners. This issue must be resolved immediately. After all, it is no secret that in Leningrad, for instance, about one million people are taking advantage of their right to ride without charge. And the Leningrad metro is receiving compensation only for privileged rides for veterans of World War II and the blockade. It is essential that the corresponding departments also compensate us for expenditures (and they are considerable!) for servicing these privileged people. In short, we must immediately bring order to this matter.

Tank Car Cleaning Unit Praised

914H0123A Moscow GUDOK in Russian 5 Mar 91 p 2

[Article by V. Chernoivanov: "'Uni-Temp' on the Soviet Mainlines—*Unique Installations Cleaning Tank Cars*"]

[Text] *The railroads of the Western countries joke that tank cars are filled by dunking in the Soviet Union.*

This joke is understandable, you will agree, when you see domestic tank cars at stations and on the lines, disgracefully dirty and covered with a thick scab of petroleum products. They pollute the environment, pose an increased fire hazard and do not provide for high-quality unloading.

The Sovfinamtrans Soviet-Finnish-American joint venture—which has taken on the ignoble task of not only putting the external appearance of our tank cars into shape, but also of incorporating contemporary technology for shipping viscous freights such as vegetable and animal oils, petroleum products and various products of the petrochemical industry in the Soviet Union—has been in operation for two years now.

The general director of the joint venture, Vladimir Kuzin, feels that all of the systems for heating up products with high viscosity and the various types of jackets, coils and spiral filaments that exist in the USSR today are not having the necessary impact on the shipment of freight with a high solidification point. Sovfinamtrans has thus adopted the American Uni-Temp system, and it is being fitted on Soviet railcars at enterprises in Finland.

The chief merit of this system is that there is virtually no residue of the viscous petroleum products in the tank after pouring. This makes it possible to reduce the unloading times, ease the repeated preparation of the

tank cars and increase their turnaround rate, since they can run without stopping at the steaming stations.

Millions of tons of fuel oil are shipped in our country today in tank cars that are not adapted for the transport of that product, which has a pour point of +10 degrees. Hot steam is used in loading and unloading operations. And while an 0.5-percent water content is permitted in the fuel oil according to standards, the presence of water in the fuel oil is raised to two or more percent after these steam baths. This is 20,000 tons of water per million tons of fuel oil, which also has to be shipped on the railroad. This water has to be gotten rid of in order to bring the product to specifications.

Some freights, without contemporary methods of heating, can lose their quality and be transformed into a completely different product. Take sunflower oil, for example, familiar to everyone. It can be turned into drying oil simply as the result of local heating. That is, it can move from the category of food to the ranks of paint and varnish products.

The unloading of phenol using the old technology, if it can be called a technology at all, was accomplished as follows: steam was fed into the mouth of the tank car to heat the phenol—which naturally began to evaporate energetically in heating and mix with the columns of steam—and the workers inhaled this toxic mixture.

Some of the phenol mixed with water thus inevitably fell onto the ground in unloading and poisoned everything around for a long time. This is from the standpoint of peoples' health. The phenol, on the other hand, largely lost its qualities after this hot-steam handling as well.

The unloading time is cut at least in half using tank cars fitted with the Uni-Temp system. The main advantage is the ecological cleanliness that the system reliably provides.

A host of reprimands have come to USSR MPS [Ministry of Railways] in recent years regarding the technical condition of the rolling stock being sent by our country to Finland. The losses from returns have totaled a hefty sum.

The stream of complaints has ebbed appreciably with the entry of the Sovfinamtrans tank cars into service. The return of railcars from Finland due to technical or commercial flaws decreased by 1,733 units, or 35.2 percent, from September 1990 through January 1991, while the savings from reductions in returns have totaled about 800,000 rubles.

In the creation of the Sovfinamtrans joint venture, it was planned to equip the tank cars with the Uni-Temp system and lease them for, say, 5-7 years. Things have not turned out so simply in practice, however.

It is also essential, aside from the maintenance and upkeep of the external appearance of the cars—also done by the joint venture—constantly to know where they are located.

The enterprise offers its clients services at a higher level than before. They thus consider it their duty to give them information on the precise times for the departure and arrival of freight. This is especially important when the freight is going for export: a capitalist will not hold a ship, barge or tank truck for weeks waiting for freight even if he has a vested interest in it.

A tank-car tracking and client-notification service was thus created. This service gets data on the movements of freight along the railroads from the MPS Main Computer Center. The enterprise is very grateful to the ministry for this information, even though it does not, of course, get it for free.

"The essence of the work of Sovfinamtrans," said the deputy chairman of the board of the Neftekhimeksport joint-stock company, Igor Lepetukhin, "is that it is incorporating a new, and for us largely unaccustomed, system for efficient work with the client. A new system of collaboration and communications and, finally, attitude toward work."

Today everyone understands and agrees that the adoption of modern technology for the heating of viscous products in the USSR is a promising matter, an essential one, a matter of state importance. Petroleum products are not just fuels, they are also raw materials for the petrochemical industry, they are asphalt for roads, they are bitumen roofing felt for construction etc. Funds are needed, hard currency is needed. The expenditures are enormous. They have to pay for the Uni-Temp license and for the manufacture of the systems themselves, because the arrangement of this production in the USSR is still not turning out.

At Gosplan [State Planning Committee], for example, where the joint venture has turned for assistance, everyone agrees that it is needed, all are ready to help... with advice. As for hard currency—there is none, solve that for yourselves.

Sovfinamtrans is planning to begin fitting tank cars in our country with the Uni-Temp system starting in March, at the Saransk Diesel Locomotive Repair Plant. Negotiations are underway with other enterprises. It remains only to hope that the American and Finnish specialists will help us set up that production.

The Finnish marketing director of Sovfinamtrans, Timo Uronen, is confident that the help will be given.

"We are a joint venture, and we should support each other. It is like three people in one boat—if they all row in one direction, excellent results are achieved. Otherwise neither collaboration nor mutual advantage results," he said.

Some 514 tank cars equipped with the Uni-Temp system have been engaged in shipping, principally for export and import freight, over the two years of Sovfinamtrans operation. When they begin being fitted in our country as well, these cars will begin operating on domestic lines.

The results, you will agree, are encouraging. And this is given that the joint venture has been under market conditions since the day of its formation. It can be said today that Sovfinamtrans has become viable and is in a solid financial position.

Tselina Railroad Dispatcher System Critiqued

914H0126D Moscow GUDOK in Russian 26 Feb 91 p 2

[Article by TSELINNAYA MAGISTRAL correspondent N. Buravtseva: "Electronic Co-Worker"]

[Text] Disputes over the introduction of the Minsk dispatcher centralization system in Tselinnaya have been many. Passions blazed even more after the first line of the electronic novelty went into operation on the Tselinograd-Kokchetav portion. At that time opposing points of view took shape: the dispatchers said, "It's impossible to work with this"; the signalers said, "The controllers are sabotaging the new equipment."

Time has passed and both sides have come out with a single position in their evaluations of the recent innovation: the future is with the electronic system of traffic control.

The railway workers of Tselinnaya were the second to decide to try the Minsk system. And for good reason. Whereas the old Neva system consisted of rather bulky designs, the Minsk stood out to advantage from its predecessors because of its compactness and several doubled electronic blocs.

But this in itself is not the new system's chief advantage. The Minsk is good because it gives dispatchers complete and objective information from any stage or station and allows them precise control over the movement of each train. The necessary information, in graphic form, can be called up at any moment. In the future they will have complete automation of train traffic control.

For now the first stage of introduction has been completed, providing dispatcher centralization on the Tselinograd-Kokchetav portion. We should note that it was not all so simple. We know, after all, that in introducing any new technology a psychological barrier must arise: people who have dealt with one or another system for many years have a hard time getting used to unfamiliar equipment.

Judge for yourself: whereas two dispatchers used to work on this Tselinograd-Kokchetav portion, now one worker must handle the entire job, albeit with electronic assistance. In addition to everything else, disagreements have sprung up between departments. As a result the new technology is servicing only the Tselinograd-Kurort-Borovoye portion.

Also "weighing" on the dispatcher is the fact that the Minsk's graphics cannot be "corrected." The machine fixes any dispatcher mistake conscientiously, without emotion, and sums up all his actions for each shift. Moreover, the leaders can switch on a monitor in their office at any moment and evaluate the dispatcher's "cuisine." Understandably, the dispatchers did not like this harsh pressure at first.

But several months have passed, and the dispatcher staff is beginning to look on the new system differently. Relations warmed particularly after the first set of ARMs—automated dispatcher work stations—arrived on the railway; the controllers see in them now a reliable helper and friend.

Meanwhile equipment has been received for fitting out new portions—the Kokchetav-Presnogorkovskaya and Ekibastuz-Sorokovaya—with the Minsk system. Nearly a million rubles have been invested just in acquiring the novelty already. But at Tselinnaya they think that these expenditures are justified. Here they are seriously thinking about the time when the new system will take on work on the busiest portions of the railway.

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