JPRS-UEA-91-012
7 MARCH 1991

Foreign Broadcast Information Service 50 ANNIVERSARY 1941 - 1991

JPRS Report

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited

Soviet Union

Economic Affairs

DTIC QUALITY INSPECTED 3

19980120 091

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

Soviet Union
Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Direction of Economic Policy Debated

Return to State Rule Needed

914A0418A Moscow IZVESTIYA in Russian 8 Feb 91 Union Edition p 3

[Article by D. Levchuk, senior scientific associate: "A Crisis of Management: How It Came About and How To Overcome It"]

[Text] A vacuum of authority and management. Recently these words are being repeated more and more often in the lines outside stores and at the podiums of congresses. The leaders talk about it as they criticize the existing executive authority from the left and the right. In the last seventy years authority has never been so unstable, weak, and unsteady in our country as on this boundary between 1990 and 1991.

It is too wide a subject to speak about the global causes of the crisis. Here I would like to touch upon a more particular question: Why has management of the economy become so impotent? Why is it breaking down? What is left of the fragments of the command system? Should it be restored or do we need to accelerate the pace of the creation of a market economy? It is a question of stabilizing the situation, a question of the strategy of reform. And although the political "quintessence" of the 500 days program was to strengthen the collapsing economy and a unitary state with a unified market and its mechanisms, real politics show the reverse. Under conditions of political instability and the irresoluteness of the central authorities, one cannot guarantee consistent and strict inclusion of all market regulators, as experience shows. There should not be any illusions here that a unified program, like the 500 days program, could end the discord and interethnic conflicts.

Under conditions of a transition period and a deepening crisis, it is apparent that the executive authority should both rely on administrative levers and simultaneously create and broaden the sphere of action of market regulators that will supplant administrative structures and methods of management and form market structures and institutions. In the process there are two possible variants for reinforcing administrative management: either through a strict reinforcement of administrative management in the republics and at the local level, or through presidential rule. There is no third choice. Currently the first choice is clearly prevailing—through the introduction of vouchers, coupons, ration cards, prohibitions on taking out production, etc. But the creation of dozens of administratively independent "appanage princedoms" is too unsteady an economic community, no matter what kind of Union treaties we might pin it together with.

In order to effectively restructure the executive authority, we need to first understand why it has fallen apart so quickly. One of the main destructive forces was incompetence. It expressed itself not so much in the desire to preserve the old command structure as in the hasty conduct of and lack of preparation for economic and political reform.

The first palpable assault on the administrative command system was delivered in the sphere of sectoral management in 1987-1988, when the enterprises and labor collectives received rather broad rights. At the same time the state order was curtailed in an abrupt and unbalanced fashion. However the "freedoms" of so-called "full" economic accountability in the absence of a market and under conditions of a monopoly of many producers resulted in damage to the economy. The population's income grew rapidly, but horizontal economic ties weakened, volumes of production began to fall, and monetary circulation broke down.

The next crippling blow was struck as the result of the dismissal of the CPSU and its party apparat from the management of the economy. First and foremost this had an effect on territorial management inasmuch as the party committees and organizations were the main coordinating and regulating organs and they patched up the numerous gaps that inevitably arose as a result of departmental barriers.

Management across party structures was not limited only to leadership of territorial economics. It also encompassed control over the activities of the ministries and departments, and most importantly—over the labor collectives and, indirectly, each member of the party.

Later, however, there was almost complete destruction of the moral motivation and the personal purpose created over the decades, which were supported by party discipline and the mass media. As a result, according to some views, the effectiveness and efficiency of sectoral management was more than halved. The effectiveness of territorial management has declined several times over. All this has led to an abrupt destabilization of society and a change in social consciousness and to a complete lack of trust in a Union state and its ability to protect the interests of its citizens and ensure them a dignified and peaceful life. In such an atmosphere everyone is beginning to act according to the principle of "look after your own skin."

The transition of the republics and oblasts to economic accountability without activation of market mechanisms and the creation of the entire market infrastructure has led to reinforcement of autarchy, separatist moods, and the sovereignty parade. This process has various social and political roots, among which are closely woven the increase of nationalist consciousness, nationalism, the desire of the local authorities and the republic-level politicians for more autonomy, and administrative and political independence from the center. The mistakes of the center in the course of reforms only strengthened the aforementioned tendencies, which in turn affected the economy of the republics.

And what has been created to replace that which was so hastily torn down? The market and its structures still do not exist. The new soviets and the republic and local administrations still need to gain experience and create new structures and apparats for carrying out the new functions. The formation of all the structures and institutions needed for the market is going slowly and will last—it is now clear—years. So long as the market is not yet formed, horizontal ties can only play an assistive role. It is impossible to set right the economic life of the entire country by means of any agreements between republics or a decree alone.

One can only be amazed that under such conditions the country's economy continues to function. I believe that the last minimal conditions for social and economic stability have been created by those structures that have been subjected least of all to reforms and have preserved their ability to carry out their functions. First and foremost this includes the KGB, the military, and the law enforcement organs. It includes the structures of management of transportation, communications, energy, defense, and heavy industry, where the system of vertical and horizontal relations has not been decisively abandoned. It also includes, finally, the structures of management of monetary circulation and pricing, which are currently being subjected to aggressive attacks from the local level. These are all channels of the economy's circulatory system, violation of which is fraught with irreversible consequences. It is noteworthy that the campaign for contracts for 1991 took place in a more organized fashion precisely in these sectors and that the greatest increase in production of consumer goods took place in the defense sectors.

It is perfectly clear that we will not succeed in bringing elementary order to economic life so long as an effective compensation for the dismantled party and administrative system of management is not found. That compensation may consist of either a developed market, a new moral and business ethic, and a new, so to say, culture, or a symbiosis of administrative and economic management during the transition stage while there are no market and, especially, a new business culture.

In the joint struggle against the center for power, the republics have clearly taken the initiative. I believe that so long as the republic organs of power do not demonstrate responsibility and the ability to deal independently with the situation in a measure equal to the real rights they have won, it will unavoidably lead to a new round of economic and social instability. The most visible example is the Baltic region, where there is no end in sight to economic difficulties and tension is sharply increasing. And the Kremlin is not the only one to blame for that.

Under such conditions presidential executive power in the management of the economy should possess the necessary reserve of strength and flexibility to be able to efficiently straighten out the situation in the event of new troubles and, most importantly, to ensure a coordinated economic life in all the republics.

So that the central executive power headed by the president can carry out its functions, it needs, in the first place, impeccably functioning levers for managing the financial and banking sphere, pricing, all-Union property, the production infrastructure, and the flow of the most important materials. In the second place, it needs regional structures directly subordinate to the government and having at their disposal all the resources and powers they need—such functions could be carried out by specially empowered representatives according to economic rayons; in the third place, it needs effective coordination of the entire course of economic reform.

The question of management of the course of reform is not simply an administrative issue, it is a question of the policy of the state and the president. And if a concentrated and consistent management of the course of reform is not ensured, the danger that it may be pulled to pieces by the various departments, sectors, republics, and other "appanage princedoms" may increase. In addition, it will be difficult to overcome the inertia of the old structures and mechanisms of management. And the intensifying crisis will inexorably bring pressure for strict administration by injunction.

The creation of effective local executive organs, the training of new managerial personnel, and the formation of all the market structures will require several years. Any parallel structures of authority alternative to Union structures will not be able to function effectively because of many circumstances, including those mentioned above.

Over the last several years the central management apparat has been subject to intensive attack, which has completely demoralized and disoriented people and sharply weakened the organization of work. The profession of manager has lost prestige and has been deprived of the normal social and legal guarantees.

The developing market requires qualified, skilled, conscientious specialists, particularly economists, financial experts, bankers, and leaders, and is offering them wages and social privileges that are several times higher than they receive in the state sector. All of this threatens the existence of those institutes of the state without which not one civilized society can live and develop normally. Today we are beginning to understand that the very difficult situation in the militia contributes to the rise in crime and the lack of personal protection. This state service, poorly trained and supplied, is a source of corruption, abuse, and collusion with the shadow economy—in other words, it is a source of enormous economic losses for all of society and each of us. By saving money now on the small things, society will inevitably have to pay a high price later. These truths have long been understood in civilized countries. We, most unfortunately, continue to discover them anew for ourselves.

Market Only Solution

914A0418B Moscow IZVESTIYA in Russian 8 Feb 91 Union Edition p 3

[Commentary on the Levchuk article by E. Gonzales: "The Opinion of an IZVESTIYA Commentator"]

[Text] The temptation for simple, easily understood explanations is great. Particularly because they presuppose solutions and courses of actions that are just as simple and unambiguous—forward or backward. There is no doubting that we will soon see a whole flock of articles in the press written on one and the same subject: We have dismantled the administrative command system of management of the economy, nothing equal in effectiveness has been created, and the economy has broken down. Of course something may still set the market right. But when will that be? As a result we need to retreat to the command-system heights, gather speed as we should (they have somehow forgotten about the policy of acceleration of economic development), and then...

And then, you will see, no market will be needed—there is no use fixing what is not broken. That, of course, is not said aloud, but it is waiting behind the scenes.

After all, in our democratic development we have already reached the stage where everyone is free to engage in as much self-deception as he cares. But should this fruitless business be thrust on all of society? I personally would not like to be in the shoes of a man who believes that with the aid of strict, harsh, or even presidential rule the economy may be dragged out of the abyss and we may all be clothed, shod, fed, and watered. Under the best circumstances such a man may expect the fate of Academician L. Abalkin, and in my opinion this is why.

There is no direct connection between the breakdown of our economy and the administrative command system. There is no cause and effect here, as is commonly thought. These are two distinctive features of our economy: From the beginning it is programmed for command and degradation. It is possible that administration by injunction hastened the collapse. But the main thing is that the state of the economy must constantly worsen so that it may be commanded.

From ancient times the production of Rus came from artels. But we did not make use of this experience and invented collective farms instead. Why? Because administration by injunction is not applicable to artels and genuine cooperatives (today's cooperatives confirm this). One may demand a bribe from the chairman of a cooperative, but it is impossible to command him. The brigade system was not created in 1972. Books were being published forty years before that also mentioned the "brigade system." Back then the system died its first death, and in our days—its second. The reason was the same—although it was very effective, it did not respond to command.

Only those enterprises and forms of management that responded were accommodated, and... they quietly grew weak. But, although destined for premature old age and impotence, they still infrequently received the carrot in addition to the whip—we created a unique noncash system of finances, paperwork distribution of raw materials, output, currency, equipment, and all the rest, a double and triple account of production with adjustment of the results, state orders that do not guarantee anyone anything, a system of unheard-of indicators that do not indicate anything, etc., etc.

We stress once more that all this appeared **not because** people were commanding, **but so that** it would be possible to command. This is the whole difference. They very much wanted to lead by pounding their fists on the table and threatening to take away party membership cards. But that sort of thing is effective only when no one has anything but a party membership card, and if charity suddenly turns into anger, things become still worse. It comes about by itself—because the process of getting worse represents a natural process.

Let us recall that a year ago they created (supposedly on a voluntary basis) the "Reform" fund. The directors of major enterprises were summoned to the Council of Ministers (incidentally, to that same L. Abalkin), and told: "Allot R15 million tomorrow."

"Of course," answered a director, without even asking what it was for.

Now imagine what he would have answered if did not concern the mythical noncash ruble but rather a cash, hard, convertible ruble. At first the director would think about which is worth more: A ruble that is quite similar to the dollar, or the order of the deputy chairman of the Council of Ministers. What? He is cutting off funds? He can have all the funds for himself. For such a ruble we ourselves will do the buying, whether it is in Chicago or in Ryazan.

Even this small, individual example shows the senselessness of attempts to turn back—a return to administrative injunction will lead not to prosperity but more likely to stagnation (that is to say stabilization) of the economy. Because (we repeat) only an economy going downhill can be managed by command. But an economy on the way up can get along splendidly without shouts and threats. In order to maintain the miners of the Donbass on the short leash of a multibillion-ruble subsidy, it was necessary to abandon them to complete hopelessness, not having created alternative points of application of labor. Now any command (together with rubles) will work there. Except, perhaps, one: Increase the mining of coal!

A natural question arises: What should be done to revive the economy instead of doom it? First and foremost, to repudiate once and for all the wish to yell at it, "About face!" And to not believe that performance in a given instance relies upon the volume of one's voice. One should simply climb down off the economy and construct a path in such a way that movement upward will

be as natural as movement downward was previously. This means privatization, variety of forms of property ownership, variety and universality of market relations, a fundamental change in the structure of the economy, and many other things; but, perhaps, first and foremost—reform of agriculture and convertibility of the ruble.

In the meantime any possible manipulations with management are only able to hasten the crash, not ward it off. Economic advisers should not confuse **presidential administration** in society with **presidential rule** of the economy. I do not know, they have not tried it yet, but the first may perhaps offer something, while the second is simply unrealistic. Why put the head of the state in such a position?

And in general, before choosing presidential rule it is worth considering whether we are looking for the solution to the problem in the right place. After all, the problem is buried deeper—in the economy itself, which made its first steps toward today's crisis back in the years of collectivization and industrialization of the national economy.

Petrakov Warns Against Clumsy Reforms

914A0471A Moscow TRUD in Russian 22 Feb 91 pp 1-2

[Interview with Academician N. Ya. Petrakov, head of the Institute of Market Problems of the USSR Academy of Sciences, by TRUD political observer V. Golovachev under the rubric "First-Hand Information": "Opening the Market to Competitors: Attempts To Return to the Previous Administrative Command System Would Mean Disaster for the Country"]

[Text] **Our new rubric "First-Hand Information," begun in TRUD on 12 February, has evoked a good deal of interest among the readers. When planning the column the editors wanted the reader not simply to receive a maximum amount of what is called first-hand information, but also to be given a chance to compare various positions and views concerning crucial socioeconomic problems and compare conflicting viewpoints which, as we have noted, are by no means necessarily shared by the editors. When establishing the rubric, we promised that we were ready to open up the pages of the newspaper for discussion. Today we are publishing an interview with Academician N.Ya. Petrakov who is now in charge of the Institute of Market Problems of the USSR Academy of Sciences.**

[Golovachev] Nikolay Yakovlevich, how do you assess the present economic situation?

[Petrakov] I think it is clear to anyone today that our country is in a deep economic crisis. But perhaps not everyone can see that this is not yet the "bottom" but only the initial crisis phase. We can, alas, fall farther and deeper, and the "prospects" here (although I do not want to stir up fears) are extremely gloomy. The problem is that, as I said, we not only can fall farther but we are continuing to go downhill, and we are gathering speed.

[Golovachev] What are the reasons? Our old legacy or mistakes made in recent years?

[Petrakov] Both. The deep cause is the preperestroyka legacy left to us by our former command administrative system. The national economy is based on proportions, principles, and structures that constrict the economic mechanism and do not allow it to get started. The hypertrophied development of the raw material branches and heavy industry... The policy conducted over the decades has not allowed competition in the national economy. And if there is no competition this means we have put a strong lock on the gates to scientific and technical progress. No appeals or administrative penalties will help here. Only a fight for the consumer, the client, the order placer, only a fight for survival under the conditions of competition will motivate us to actively develop research work and take advantage of scientific and technical achievements in practice.

There are two ways of doubling product output. One can either build another plant or double the productivity of an already existing plant by changing it over to new technology. Frequently we have selected and are selecting the former path, reproducing old technology. We have learned to put out machines but we have not learned to build plants. Look at our automotive industry. During the thirties with the help of Ford we built a plant where they produced MK's. During the seventies, with the help of Fiat, we built AvtoVAZ. Now we are turning to Renault and other firms. We are constantly in debt to Western technology... Scientific and technical progress is impossible without market relations (and competition is one of the cornerstones of the market). We can build plants for petrodollars (while they still exist) but we will not become a leading power.

Or take the agrarian sector. Here the legacy is not only economic but also sociopolitical. The peasantry has been eliminated as a distinct class in the country. We have created the agricultural worker to replace the peasant. But the worker in rural areas should not feel like a time-rate worker, an outsider, he should feel like the master. If a peasant, even if he owns the land, raises a crop and then product detachments come and take everything he has raised, what good does it do him to own the land?

And market relations are also needed here in order for the peasant, when he sells his products, to be able to buy his materials, technical equipment, fertilizer, and so forth.

[Golovachev] Nobody questions the fact that we need a market today. All anybody ever talks about is the transition to market relations...

[Petrakov] Yes, all they do is talk and they are not doing anything about it. I repeat again that the market is mainly competition. This is the beginning, the point of

departure, the takeoff area. And it is not even so important which form of ownership prevails—joint stock, state, or private, which still frightens many people today but is so important for starting up the mechanism for real competition. Only this mechanism in conjunction with financial improvement and structural rearrangement can start the rusty engine of the economy.

[Golovachev] You strongly advise market relations but some of our readers write that it was perestroyka and the movement toward the market that finally destroyed the economy, which was functioning previously, albeit sluggishly...

[Petrakov] The economy was destroyed primarily because many mistakes were made. Here I am already talking about perestroyka times. You understand that we have begun to introduce new economic levers while ignoring principles of competition just as before. For example, we have begun quietly to change over to new contractual prices (remember, with the index N and others), but there is a point to liberalizing prices only under conditions of competition. We have granted broader rights to the plants but since they have monopolies they have begun to dictate the conditions. As a result, the decline of production while wages are increasing creates a situation that is unthinkable for a normal economy. In a word, the collapse was predetermined, and it is surprising that it took so long.

[Golovachev] Undoubtedly, competition really is necessary. But how feasible can it be in a country where a total deficit prevails, where there are shortages of everything? After all, you cannot divide ZIL, for example, into two competing plants? And to build another one which would be a competitor would take immense amounts of money and many years...

[Petrakov] We have two types of monopolies—organizational (branch ministries) and, so to speak, technological (gigantic plants or small enterprises that have monopolies on certain kinds of products for the whole country, whether they be trucks or cigarette filters). As for the ministries, in my opinion, there are no special difficulties here. The majority of them had to be eliminated and that was all there was to it.

But tell me why we need the Ministry of Automotive and Agricultural Machine Building. Because GAZ, ZIL, and AvtoVAZ cannot operate without it, especially under the conditions of market relations? But even now they are using a barter system, selling some of their vehicles to the suppliers, and they are quite well managed without intermediaries. And many other ministries also outlived their usefulness long ago (and I am not speaking, say, of the Ministry of Railways or the Ministry of Foreign Affairs). We have acted and are acting timidly and irresolutely here, fearing radical steps. Frequently the ministries are replaced by so-called concerns—the nameplate is changed and that is all there is to it.

It is more difficult to destroy a technological monopoly and create competition among enterprises. But this too is possible if we open our market to foreign goods and capital. Are Western firms really not competitors for our automotive plants? I do not think there is any argument here.

If we create normal conditions for foreign businessmen, they will come to us. We have a cheap work force and rich natural resources... It would be possible, for example, to begin by building prefabricated productions, using imported parts and batching items. Naturally, we would gradually organize the output of these batching items in our own country. As foreign practice shows, this path is extremely effective... But I can already hear the threatening accusations against me, saying that I am turning the people over to slavery. An open market is considered a normal phenomenon throughout the civilized world, while it evokes panic in us. We are held captive of dogmas, they have power over us, and we are prepared to live in poverty for their sake—herein lies the tragedy of our great people. We have been afraid and, in my opinion, we are now again beginning to be afraid of being liberated from many of our ideological hobbles.

As a result there was an unforgivable loss of time. There were a number of years of fluctuations, doubts, and attempts to combine the uncombinable. A convention for transition to market relations was adopted as early as July 1987. But it essentially remained only on paper. Today the economy is in an incomparably graver position, the confidence of foreign firms has been substantially undermined, and the overall sociopolitical instability (largely resulting from the economic crisis) has reached dangerous proportions. It is extremely difficult to conduct an economic reform under these conditions. But theoretically there is still a chance. We must change over to the market not in words but in deeds, opening it up to competition and carrying out financial improvement and structural rearrangement.

[Golovachev] In your opinion, will we take advantage of this chance?

[Petrakov] I do not know. It would seem that the present prime minister, insofar as I can judge, including from his interview in TRUD, is taking a different course. It would also seem to lead to the market but—how shall I put it—artificially, without competition, without invigorating stimuli. Instead of doing concrete work, as one might expect, they are looking for enemies. I was surprised to read in the interview about an international conspiracy of bankers who wanted to overthrow the USSR president. Even if one were to imagine that abroad they have not billions but many, many tens of billions of rubles (which would be necessary for economic sabotage), still the questions arise: How does one get such an immense sum of money to the economy and how does one "throw" it into the economy when the store shelves are empty and there is widespread use of cards and coupons with a strict system of distribution? I do not think this is a matter of a conspiracy; it is much simpler. The clumsily conducted exchange of R50 and R100 notes did little for the country and did not achieve

the goals that were set. Instead of admitting this, they are trying to blame everything on a conspiracy. Incidentally, if there had really been one, the parliament would have had to deal with it.

But the part of the interview that interested me especially was the prime minister's economic concept. I do not think it will help bring the country out of its crisis. The concept is still based not on principles of market relations (competition, and so forth) but on increasing the role of the center, the basic branches, and the military-industrial complex. Again they are leaning in the direction of industrialization. Yes, heavy industry is the basis of the economy. But today the store shelves are catastrophically empty. Money invested in Group A production will not produce a return for many years. And we need steel, not for its own sake but for producing motor vehicles, refrigerators, boilers, washing machines... So we should begin counting from this end: How much metal is needed for the automotive industry, for the production of machines for light and the food industry, and so forth. The chain should begin here and priority should be given to the consumer sector and not the military-industrial complex.

Of course, there are also attractive ideas in V.S. Pavlov's program—for example, to have a partially convertible ruble. But I do not think it is feasible to achieve this without putting market levers to work. On the contrary, it would be more likely to aggravate the financial situation. It would take an additional emission of billions of rubles to pay compensations to the population for the price reform. Prices would increase even more. If, for example, meat cost R7 in the store, in the markets of Moscow and Leningrad it would cost R40. The commodity mass could even possibly decrease (priority is being given to Group A) and there could be hyperinflation and rapid devaluation of money. Higher financing prices under antimarket conditions would soon lead to more distortions and disproportions in the national economy and the crisis would take a serious new turn. And we would not even have the kind of shock therapy the government wants to avoid but, rather, shock without therapy because there would be no cure.

I would like very much to avoid this, but I make my dire prediction also because, perhaps, on the basis not only of my opinion but also of other ones, certain adjustments can be made to the program.

[Golovachev] What do you have to say about Yeltsin's latest speech on central television?

[Petrakov] We are faced with an aggravation of the situation; the confrontation between the center and the Russian leaders is not simply growing stronger, it is entering a critical phase. I would not like to make any assessments here; I see the main thing elsewhere: Under no circumstances can we allow the consequences of the aggravation of the situation to get out of hand. Our country has already seen too much bloodshed...

[Golovachev] You are now the director of the Institute of Market Problems that has been created. What will this institute do?

[Petrakov] It will work in three main areas. First, the theoretical, methodological, and practical basis for the formation of a modern market infrastructure (commodity and stock exchanges, commercial banks, and so forth). Second, the so-called nonmarket sector (social guarantees, ecology, culture, the areas where these spheres join with the market). Third, integration of our domestic market with the world market (isolationism has caused an immense amount of harm to our country and without international division of labor it is impossible for us to "get on our feet). There are already about 100 workers in the institute. We shall stop here. I would like to hope that our research, developments, and recommendations will be useful.

[Golovachev] Why at the end of last year did you submit your resignation from the post of assistant to the USSR president for economic issues?

[Petrakov] In 1989, when M.S. Gorbachev offered me the job as his assistant, I accepted with a great deal of enthusiasm. At that time there was a clear goal: to find optimal paths for transition to the market. I wanted to take advantage of my experience and knowledge and to realize my ideas. That was an extremely busy year and although I did not have a single Saturday free, I did not call in sick once (I overcame my illnesses without taking to my bed).

At first the president studied our suggestions with the greatest attention. But in the autumn of last year the situation changed. Our hopes to conduct a transition to a normal market were fading each day. When I realized that my advice was no longer needed, I submitted my resignation.

On the whole, it was easy and interesting to work with Mikhail Sergeyevich Gorbachev. I cannot really be suspected of toadying now, and I can say that my dealings with Gorbachev left me with warm, pleasant memories. I shall mention only one very insignificant fact. At a meeting one time a state figure asked M. Gorbachev how Petrakov, one of his assistants, could criticize the president in the newspapers (I did indeed publish such articles and this in itself says a good deal about the tolerance and democratic attitudes of our state leader). Mikhail Sergeyevich then looked at me calmly and said:

"Regarding some things he criticizes me, but a couple of days ago in TRUD Petrakov talked about our joint work..."

I learned a great deal during that year as the president's assistant.

[Golovachev] Are you sorry you left?

[Petrakov] I am sorry that I could not work longer with M.S. Gorbachev, but I am not sorry I turned in my resignation.

Bogomolov: Coordinated Privatization Needed Now

914A0485A Moscow RABOCHAYA TRIBUNA in Russian 27 Feb 91 p 2

[Interview with Academician O. Bogomolov, USSR people's deputy, by RABOCHAYA TRIBUNA correspondent A. Yevgenyev: "Nobody Should Be Richer Than Their Own People—Not the Ministries, Not the State Bank, Not the Government. This Is What Academician Oleg Bogomolov, USSR People's Deputy, Believes"]

[Text] A discussion of the draft Basic Legislation on Privatization is on the agenda of the regular session of the USSR Supreme Soviet. A very complex issue is in store for our members of parliament: How can an entire array of property forms be recreated, and the denationalization of property be implemented? Quite a heated discussion concerning this has proceeded for half a year on the pages of the press. Academician O. Bogomolov, a USSR people's deputy, was among the first to put logs on the fire. Several days ago, our correspondent met with the scientist.

[Yevgenyev] Oleg Timofeyevich, you have drawn a lot of direct and indirect criticism since you publicly stated your point of view in print. Tell us whether it has shaken your position.

[Bogomolov] No. I am still convinced that the format of the privatization we have begun to carry out and intend to continue implementing in the future takes us directly to forthcoming social cataclysms. In essence, at present an uncontrollable seizure of property is under way, based on the principle that fortune favors the brave. In general, the population is indifferent to this process because it is accustomed to perceiving all-people's property as being no one's. However, tomorrow, when the same people become aware of the emergence next to them, as if out of nowhere, of major property owners who, in addition to economic power, will also have political power, the following question will unavoidably come up: "By what right? Did we deal fairly with what used to be our common assets?"

[Yevgenyev] It looks like the government has made a determination regarding this; it proposes that the populace buy out real estate.

[Bogomolov] The people, honest people at any rate, have no funds for a buyout. Therefore, there are two possibilities: either old state structures will become the main buyers, and this will bring about merely changing shop signs rather than creating a market environment, or tremendous preferences will be given to the people. Privatization will last many decades otherwise.

As far as the moral aspect of the affair is concerned, there is no justification for it which is convincing to any degree. Who will venture to explain why we need to buy out what has rightfully belonged to us for a long time, what the labor of many generations has created? Look at the situation with apartments. Economists know that apartments have long been bought out. The state has methodically underpaid all of us proceeding from the stipulation that housing in our country is free. Now we will have to yet again fork over quite a lot of money.

This is going to be the case with more than just the apartments. Given the current approach to privatization, all costs entailed by a transition to the market will become a burden for the people. Very shortly, retail prices for consumer goods will increase by a factor of two or three. This means that our personal savings will depreciate by the same factor. As a result, the populace will lose at a minimum 200 billion rubles [R]. As a matter of fact, the people will pay for all the mistakes and delusions of the government.

[Yevgenyev] And this is why you believe...

[Bogomolov] ...that all-people's property needs to be turned over to its only legitimate owner, the people, free of charge. I have already written about how this should be accomplished. The price of property subject to privatization needs to be calculated, the share of each one of us needs to be determined, and vouchers for whatever amount need to be issued. It is entirely up to the individuals what to do with them. Some people will buy out their apartments, some will purchase parcels of land, and some will invest in shares.

On occasion, I happen to hear this: the people will not appreciate what they get free of charge. This is nonsense! We are not so rich as to ignore assets that are bestowed upon us once in a lifetime.

[Yevgenyev] Your opponents have more serious arguments. For example, it is maintained that a universal partition will set the flywheel of speculation in motion.

[Bogomolov] I assure you that there will be few people willing to cash vouchers right away if we offer the people a housing market and a land market. Moreover, the people's own savings will be used. If one wants to buy land above the norm and of better quality, he will have to pay. The same will be the case with housing. The vouchers should suffice for apartments of a medium standard. If an apartment has a higher value, one should add his hard-earned money.

I do not rule out that some people will desire to immediately obtain cash in hand. You will be free to take a voucher to the bank where they will give you the amount due in installments (in order to avoid an inflationary boom).

[Yevgenyev] I would be interested to know the amount involved.

[Bogomolov] We estimate it to be about $5,000. Given the rampage of domestic prices, calculations had to be made in foreign exchange. However, money will, of course, be paid in rubles to those who want it. However, I repeat: in an environment of mistrust of the authorities

and a universal flight from currency, the people will try to spend the money as fast as possible and invest it real estate.

[Yevgenyev] All privatized facilities need to be assessed before the vouchers are handed out.

[Bogomolov] Indeed, this is a great painstaking effort. It is not easy to determine the market value of, for example, a metallurgical plant or a garments factory in the absence of a market. Perhaps we will have to seek the assistance of Western specialists. Nonetheless, as I see it, it is still quite possible to make an approximate appraisal.

Land is a special topic. A price should also be put on it. As long as land is free of charge, no collective farm will voluntarily sell it to a farmer or lease it—why not let thistle grow on it?

While it does not have value, land has already become an object of "privatization." Thus, the Council of Ministers up and gave a generous land grant to the Academy of Social Sciences, and the latter immediately proceeded to build... a tourist hotel on the territory given as a gift.

[Yevgenyev] The dean of the academy says that they are building a dormitory for students...

[Bogomolov] This is beside the point. All land should be placed at the disposal of republic and local land reform administrations. They, and they alone, should manage the land—take stock, assess it, lease it. I would admit that land may also be given free of charge to some people, for example young families (but by no means to officials). However, the dominant principle is going to be: You want to have a parcel—you buy it, including with vouchers.

[Yevgenyev] Proponents of a buyout have one more weighty argument, an economic one. This is their reasoning: we will sell plants and shops, squeeze the spare money out of the populace, and thus restore the former power of the ruble.

[Bogomolov] Former power? Just how? A financial improvement may only come about if "privatized" bills are immediately withdrawn from circulation. However, our leadership preferred something else. It decided to earmark the bills for a stabilization fund in order to sustain unprofitable and feeble enterprises. Any financial improvement is out of the question under the circumstances.

[Yevgenyev] Here is a story I would like to tell you now. Recently a strike occurred at the AZLK [Moscow Automotive Plant imeni Lenin Komsomol]. One of the demands of the strikers was to issue shares and hand them out free of charge to the work force of the plant on the basis of R1,000 per year of tenure. The management took the strike committee to court. However, in principle the management is seeking the same from the top echelon, except packaged differently. They say that they have been self-financed since 1987, and have since generated R400 million for the development fund. Give us back our property, and we will distribute it through shares.

[Bogomolov] This is a very dangerous populist scenario. It is a typical example of group egoism. The AZLK is a very rich enterprise. It was built with funds generated by the oilmen of Tyumen, gas industry workers of Central Asia, and gold miners of Kolyma. In keeping with this logic, why should they not follow the machine builders, claim oilfields and gold mines, and administer everything that they manage to extract from the ground?

Pseudo-privatization, which is about to come to full bloom, is fraught with gigantic social distortions. They are already apparent. Look at the KamAZ [Kama Automotive Plant]. At present it has about 100,000 employees, and they have distributed shares among themselves. Meanwhile, 300,000 people live in Naberezhnye Chelny, where the plant is located. All of them are associated with the enterprise in one way or another. If they do not work in its shops, they provide medical services to KamAZ personnel, educate their children, provide foodstuffs for them, and repair their dwellings. So, these people have not received shares, despite the fact that the plant will not get by without them for even a day. Is this fair? Of course not.

Unfortunately, an extremely naive concept of the essence of joint-stock conversion still prevails in our country. Many people believe simple-mindedly that dividends are the main source of income of the shareholders. Nothing of the kind! Different arrangements are at work here. For example, you buy a $10,000 share. The enterprise does well, and the market value of the stock doubles. You sell shares, and each security brings you $10,000 in profits. It is advantageous resales rather than dividends that sustain shareholders. Meanwhile, going bankrupt or breaking even is also a possibility. So far, we do not have any idea of this. Imagine what road we have yet to travel and how much we have yet to learn.

[Yevgenyev] Now that we are on the topic of the West, what is your view of the so-called collectively owned enterprises which are increasingly often coming up in the press as a model of privatization? After they are privatized, only those who work at a given industrial facility become its owners, and no one else.

[Bogomolov] It appears to me that the delight of the press is somewhat premature. World experience indicates that their structure brings about massive frictions and problems, from selecting managers to differences that emerge between various groups due to the divergence of their interests. It is extremely difficult to resolve the differences, because all employees have equal rights. Practice convinces us that traditional conversions to joint-stock ownership with the participation of major banks, representatives of cooperating enterprises, and free entrepreneurs are preferable after all. In this case, the board of directors is interested in competent and rigorous leaders who are capable of pursuing an optimal

economic and technical policy under all circumstances, even if some people cannot stomach it, rather than managers who are under their thumb.

[Yevgenyev] Oleg Timofeyevich, are you not bothered by the fact that by advocating democratic privatization you are once again calling for us to opt for "our own path," together with P. Bunich, V. Rutgayzer, L. Piyasheva, A. Isayev, and G. Popov?

[Bogomolov] However, the circumstances we are finding ourselves in are likewise unparalleled. Nobody in the world has yet accomplished a transition from a totalitarian system and centralized planning to a full-fledged market economy. To be sure, Hungary, China, Poland, and Czechoslovakia began this transition before us, but they have not gone far. Incidentally, in the latter two countries the idea of vouchers and certificates has been discussed and, on the whole, approved. It appears that we should take a look at their experience.

[Yevgenyev] However, what about time... Privatization is picking up steam with every passing day, despite the fact that a law on it has not been adopted yet...

[Bogomolov] It is necessary to finally divide up the assets between the center and the republics and clearly delineate what assets belong to whom with a view to putting privatization in order at least at a republic level, if not at a Union level. In other words, the idea of republic sovereignty should be infused with new content.

INVESTMENT, PRICES, BUDGET, FINANCES

Financial Anarchy, Impact on Budget Examined

914A0419A Moscow TRUD in Russian 29 Jan 91 p 2

[Article by Yu. Skidanov under the rubric: "The Market: Making the Transition": "New Taxes, Old Problems"]

[Text] **This year's state budget for the country has been approved. How realistic is it?**

The Center Remains Strong

Perhaps the most important feature of the country's current budget is the division of the state monetary fund into central and republic portions. In addition, all receipts from the turnover tax, which previously provided almost a third of all budget revenues, have gone to the republics. This money was directed at subsidies in the agro-industrial complex. The income tax on the population remains at the disposal of the local soviets. The majority of the money is transferred to state enterprises. As a result, of the 1.2 trillion rubles [R] in revenues, half is concentrated in the enterprises, R350 billion makes up the budgets of the Union republics, and R250 billion comprises receipts of the Union budget.

Such a division, of course, is conditional. Having formally distributed the money across the different shelves of the safe that is called the state monetary fund, the designers of the new budget did not redistribute (and could not redistribute) the flows of materials which, in our sluggish economy, are regulated in the majority of instances from the center, as previously.

Moreover, it is possible to speak of a reinforcement of the centralized role of the budget. Having lost the last 30 percent of the turnover tax (about R35 billion) after negotiations with the republics, the administrators of the Union budget compensated for these losses with the introduction of a new five percent sales tax, which will bring the state treasury approximately R36 billion. In this manner the opportunities for enterprises to independently regulate social and manufacturing development are limited still further when it is taken into account that a ruling was adopted previously on the forced "sale-withdrawal" of the majority of foreign-currency receipts as well as on a "freezing" (in essence confiscation) of free balances of money. The latter measure, undoubtedly, was economically justified: Today one of the main sources of inflation is those same 120 billion "free" rubles. However, these rubles are supposed to be directed to a fund outside the budget for stabilizing the economy. This same inflationary money will splash out onto the consumer market. But now it is guaranteed that it will happen with the aid of the state.

The Illusion of Imaginary Quantities

In the breakdown of the budget all the rubles are the same: Those that are designated for payment of pensions to the disabled, and those that go to finance science. As a result, the deputies found it very easy to propose transferring a few billion rubles from defense expenditures to increase social payments. But the ruble in the budget is nothing more than an accounting unit: As part of defense expenditures it stands for, let us say, an AK-47 assault rife, and as part of pensions—cash payments which hopefully correspond to goods. You cannot pay pensions with nuclear warheads—and about R2 billion are designated for nuclear weaponry.

Although... "Accounting units" with regard to our ruble is a relative term. In many instances the ruble does not designate anything. For example in the income portion, I am convinced, ruble receipts from foreign economic activity are the most secure in terms of goods and resources in the existing scale of prices. We purchase a pack of cigarettes abroad for 40 foreign currency kopeks and sell it for R12 at a state store—the cash income is backed up by the product, and this money can be redistributed for payment, for example, of pensions. And the reverse: There is no use taking the taxes on the profits of enterprises of heavy industry and using them to increase the wages of teachers. Very often they cannot be spent at all because these rubles are not backed up by anything but air.

Why? Let us take an example. A metallurgical factory, for example, sells rolled metal, realizing R100,000 in taxable profits. R45,000 go to the state budget. This

money is backed up by metal. And nothing more. Let us suppose that somewhere in Gosplan [State Planning Committee] there is a clever fellow who calculates interbranch balances on a computer, and metal worth R45,000 (after taking away some for defense) goes completely for production of tractors, equipment, and lathes, which eventually will result in an increase in consumer goods. However, it does not happen that way for many reasons which I will not now analyze. I will bring the reader to the chief consequence of this situation: R40 billion of the plan for commodity circulation for this year was not backed up by goods.

So the movement of tens of billions of budgetary rubles, unfortunately, is not an abstract concept at all. The miners of the Ukraine, for example, received subsidies to wholesale prices on coal worth R7 million. And the center quite easily decided that these subsidies would come from the republic budget. When subsidies increase, it is clear that wages also increase. And what happens? Nothing. Except for good feelings at the office cash box two times per month—the drift miner will receive not R600 but, for example, R700. There is nowhere to "apply" this money, if it is not accompanied by validation slips, except of course commercial stores where a pair of pants of foreign manufacture already costs about R1,500. Who benefits from such subsidies and such a "false" profit?

Sellers of Air

But the same situation exists in the non-cash sphere as well. The "cost-is-no-object" system of gross indicators for forming funds continues to function as before. There is no guarantee that the R45,000 from our example are even backed up by the metal. How is an enterprise to painlessly "make up" the profit? Any director knows the answer—increase the cost which makes up the basis of the wholesale price. The price is put together from labor and material expenses. They have begun to smelt a ton of steel, increasing the expenditure, for example, of electricity to any number of rubles—and have received additional profit. A ton remains a ton, but there is more return (and, consequently, taxes).

And "upstairs," at Gosplan, they divide up the receipts on the assumption that they are backed by goods.

The USSR Supreme Soviet and the Union administration, deciding that the interests of some sector or social group are in most need of the financial support of the state, remind one, according to the expression of a famous economist, of "sellers of air." I personally prefer another image: Popandopulo in the famous film: "Wedding in Malinovka." Remember how he said, buying the luxurious cross, "Take our money, father. I will draw more of them for you." They are drawing money when they turn to emission over and above the plan.

The barrier between cash and noncash monetary circulation and between cash and credit emission is the main reason why our budget, like those that preceded it, cannot become an instrument of state policy, reforming the economy.

Moreover, this "great financial reef" is able to ruin monetary circulation once and for all and subordinate the ruble to his majesty "Lord Dollar." How? OGONEK published an advertisement of one joint enterprise which proposes foreign cars, appliances, and video equipment exclusively for noncash transactions... One asks why entrepreneurs, oriented toward foreign currency profits, want our "wooden" and even noncash rubles? This is why. According to the price lists of the aforementioned joint enterprise, a Sony dictaphone, for example, costs 7,000 noncash rubles. Through some simple manipulations, as criminal chronicles testify, it is easy to turn them into 3,500-4,000 cash rubles. For this amount it is possible to purchase, for example, 10 tons of oil produced over and above the plan, paying five times more than the new wholesale price (about R70 per ton) in cash rubles outside of allocations. At world prices 10 tons of oil is worth at least $2,000. As a result, the resale of a dictaphone valued at $100 brings a 2,000-percent (!) profit. And there are dozens of joint firms doing similar business with a turnover of billions. So rumors of the impotence of our ruble are exaggerated (perhaps purposely).

But how do we break down the partition between the various rubles, reducing them from the world of imaginary quantities to a common denominator? There is no mention of this in either the concept for the transition to the market or the current budget. But many economists believe that a one-time action, conducted by purely administrative levers in the general complex of measures which form market relations, is enough. Specifically: Allow everything to be sold and purchased. All basic stocks, lathes, equipment, etc., excluding, of course, property necessary to maintain state functions—railroads, weapons, defense factories... And it should be done independently of the funds to which one kind of ruble or another are "allocated." These process are already taking place through cooperatives and joint enterprises. But, like any semilegal business, they are attracting unscrupulous people and ineffective redistribution of profits.

In the end, one of the signs of a balanced economy is equal purchasing power of the ruble independent of whether it is recorded on a bank account or exists in one's wallet. So long as such equality does not exist, there is no use discussing the reality of the budget and the degree of its influence on economic development. In the world of imaginary quantities only astrology is properly oriented.

Economist Views Five Percent Sales Tax

OW0503100791 Moscow Central Television First Program and Orbita Networks in Russian 1900 GMT 4 Mar 91

[Studio interview with Economist R.S. Grinberg; from the "Utro 120 + 30" program presented by Maksim Tkachenko and Yekaterina Aleksandrova—live]

[Text]

[Aleksandrova] A five percent sales tax, which we all very quickly called the presidential tax, was introduced in our country as of 1 March.

[Tkachenko] Visiting us in our studio is Ruslan Semenovich Grinberg, candidate of economic sciences and an expert on financial matters. The first question, Ruslan Semenovich, is as follows: What is the essence of this innovation, why was it necessary?

[Grinberg] To put it briefly, the sales tax can be characterized as a new indirect consumer tax. All of us, generally, must increase our expenditures on virtually any purchases by five percent as of 1 March. The reason for this was primarily because the budget situation is extremely serious, both the union budget as well as republican budgets.

Recently, as you know, we have constantly been coping with a deficit and this year new expenditures are envisaged for social programs, increasing wages, as well as a decrease in profit tax, and this indirect tax is meant to supplement the state treasury.

[Aleksandrova] Tell us, while speaking in Belorussia the president repeatedly said that no price increases are envisaged in the near future, and the growth of prices prior to this will be accompanied by some form of social protection or compensation. Now this turns out to be a hidden growth in prices. How lawful is this from a moral point of view?

[Grinberg] Well, first of all, as I understand it, an increase in prices is envisaged, and what we are experiencing now, this five percent increase in retail prices, is generally just the...

[Aleksandrova interrupts] Is just the first swallow!

[Grinberg] Yes.

[Aleksandrova] But we were promised social protection before any price increase.

[Grinberg] Yes. There is talk that there will be a preventative increase in profits and thereby a further increase in retail prices will be compensated. But, it seems to me this will simply arouse more complications. In principle the experience of other countries shows that we must, in the future, strive for a liberalization of retail prices. This liberalization cannot be compensated fully, because if it is, it will set off a spiral in wages and prices, and then there will be no end to it.

As far as I know the government intends to increase prices by only an average of 60 percent, and although we do not know and can only guess what the price increase will be on various goods and services...

[Tkachenko interrupts] Can we view this five percent tax as the first step, a preparation to such a price increase?

[Grinberg] I will not try to link these things. It just seems to me that psychologically it would probably be better to introduce this five percent tax with an increase in retail prices, because, for example, if you previously bought something for R10 [rubles], now you have to pay R10.5. But possibly, in a month's time or even sooner, it will cost R20 and again the five percent tax will increase this new price.

[Aleksandrova] Moreover, the shops sell something like shampoo, for instance, the state price for which is R2.50. It is sold at an agreed price, although who agreed with whom and to what is another topic altogether, of R6 and then there is an additional five percent tax on this.

[Grinberg] Yes, the five percent tax extends to all types of prices, in other words, to firm state prices and agreed prices. Now this is normal. The problem lies in whether or not this tax will have an influence on the normalization of finances in general. Because there is the problem of whether or not we are spending money correctly. In other words, it is always very difficult to reduce expenditures.

[Tkachenko] You have the state, not the consumer in mind?

[Grinberg] Yes, state expenditures. To achieve a growth in the state treasury through this indirect tax seems to be a simple matter. In general, it seems to me that a unique situation has taken shape here recently. After a four-year discussion about prices, whether or not they should be increased or decreased, in fact I am not a champion of administrative methods for increasing prices, I think the people have now matured sufficiently for the prices to be raised.

[Aleksandrova] They prepared the people for this.

[Grinberg] Yes, they have been prepared. There are simply no goods at old prices.

[Aleksandrova] Tell us please, before we end our conversation, how much will the state treasury receive from this tax. An estimate?

[Grinberg] It is hard for me to say, because so far all we know is that 30 percent of this tax will go to the all-union treasury, the state budget, and 70 percent to the republican. I think several tens of billions of rubles will probably be received. Of course we do not know firmly what the retail goods turnover will be like as a result of the price increases. Correspondingly, the greater the basic price increase will be, to which the five percent tax will be added...

[Aleksandrova interrupts] On the other hand the more goods there will be, the more our treasury will receive. I mean the more goods that are sold, the more they will get off this.

[Grinberg] Yes, we must proceed from the fact that all of this will depend on the quantity of goods available and the price at which they will be sold. I am not sure there will be plenty of goods...

[Aleksandrova interrupts] Well then, in that case, even the state may be interested in seeing that there are more goods because they will also get part of the money from this. Thank you very much for talking with us.

[Grinberg] Thank you.

POLICY, ORGANIZATION

State Press Conference on Economy, Standard of Living

914A0368A Tallinn PAEVALEHT in Estonian 22 Nov 90 p 1

[Article by Ingrid Eylandt: "The Government Discussed Economic Strategy for 1991"]

[Text] Due to the fact that Edgar Savisaar, chairman of Estonia's government, had also taken off yesterday morning to attend the session of the Baltic States Council in Jurmala, Latvia, yesterday's session was chaired by Juri Raidla, **Minister of Justice,** who, at the press conference that followed, also gave a sketchy review of what was discussed at the session. And discussion was all that took place yesterday, since, in these days of ever-changing and currently so fragile an economic life, it is indeed sensible to take the measurements from all possible angles before making a decision.

Thus, efforts were made to peek into the near future, to the year 1991: trying to determine how the transition to market economy will go in agriculture, what should be the considerations for paying subsidies, what should the pricing policies be like, what results to anticipate from price changes, and how all of the foregoing would relate to the forthcoming program of monetary reform. Also included in this round of topics was discussion on the second or stabilizing phase of the economic border (December 1, 1990 to May 1, 1991). Plans for this phase call for switching to professional personnel for defending the economic border. In addition to the eastern border, attention should also be given to guaranteeing the western border; significant additions to legislation will also be required in this respect.

The status of subsidy payments following the price hike was reviewed, once again, making it look almost like a standing item on the agenda. The situation was rated satisfactory. **Siiri Oviir, Minister of Social Services,** added some more detailed facts and figures at the press conference. It turned out: 75 to 80 percent of the subsidies have been paid out to the population. This task has been completed in nine administrative districts, and brought to within 95 percent of completion (or about to be completed) in four districts. Things are not that good in Tallinn (except the Lenin rayon), Kohtla-Jarve and Tartu. Holding up subsidy payments at the University of Tartu (until scholarship day) was considered inexcusable and reprehensible.

The pending and unavoidable monetary reform causes anxiety among the population of Estonia. Much remains unclear. The Bank of Estonia has submitted its own position and has called the reform concept of the government incompetent. The government's concept for monetary reform was explained at yesterday's press conference by the government's consultant **Bo Kragh,** who also compared it to the corresponding positions of the Bank of Estonia. Now, some thoughts from the latter:

- EP [Bank of Estonia] wants to delegate decisions about the details of the monetary reform to the Supreme Soviet, but public discussion of money matters, and advance knowledge of these details will be grist for the mills of speculators;
- It is the government's position that the monetary reform in Estonia should be completed by the end of 1994, whether or not permission for carrying it out has been obtained from the Soviet Union. The monetary reform is necessary, above all, for achieving independent statehood.
- The 1948 monetary reform of Germany has given reason to believe that, once the reform is over and goods balanced out with the money supply, merchandise will show up in the stores. Benefiting most, in this context, will be people of such social groups who have no big savings, and who live largely on their monthly income.

What follows are some magic figures from the series "prices, cost of living, and standard of living" as submitted by **Leonhard Tammik, Deputy Minister of Social Services.** The cost of living index for the third quarter of this year has gone up 30.9 percent, compared to the fourth quarter of last year. It is projected to go up even further after the October 15 price hike, and is expected to reach 54.7 percent (compared to the same period last year). By year's end, the rise in the price index can reach 70 to 85 percent (compared, again, to the fourth quarter of last year). The standard of living, however, does not go down proportionately, because incomes would also be going up—there has been a 28 percent increase since the beginning of this year. Thus, the decline in the standard of living has been roughly 40 percent. According to forecasts, this trend will continue, but many of the price and standard of living changes remain undetermined. The standard of living will be affected basically by hikes in the price of raw materials and manufactured goods supplied by the Soviet Union. Projections for the end of the coming year call for the cost of living to go up 2.5 times, and the standard of living to go down two times, compared to the end of last year.

Mr. Tamm asserted that hikes in the price index should automatically be accompanied by increases in pension and child support benefits and salaries in the service sector. The necessary documents should be prepared without delay by the Ministry of Social Services. The government will be discussing this issue in December.

Ants Laos, Minister of Trade, remarked that, after the October 15 price hike, two different trends have emerged in connection with supplying food. First, the situation differs markedly by regions and is found to be better in areas with a strong agricultural base and up-to-date processing facilities. Tallinn is worst off, generally speaking, because the capital is dependent largely on the prospects of administrative districts. The interest of local authorities in organizing food supplies for city residents has also been luke warm. The second trend mentioned by Mr. Laos was instability, often caused by

the lack of food containers. The back rooms of the stores, however, have developed into packing facilities of sorts.

News about the forthcoming opening of the Tamsalu Grain Combine has been a source of joy to the people, especially for its promise of putting beautiful white flour on the market again. A little Christmas treat?

Transport Minister Tiit Vahi spoke this time about our (or whose?) railroad. He pointed out that in that "state" too, reorganization has finally started—in the direction of independence and self-management. This was achieved as a result of some difficult negotiations with the appropriate Moscow ministries that were held in Tallinn at the end of October. The agreements have not been signed yet, but the Union Minister of Railroads is expected here in December. 'Till then.

What's in it for our people—the riders of the trains? Here's hoping that the hike in short-distance ticket prices (ranging from 30 to 50 percent and effective January 1, 1991) would also bring about better service with people-friendly conduct and correctness of transactions.

Estonian Economics Official on Ownership of Union Enterprises

914A0440A Tallinn SOVETSKAYA ESTONIYA in Russian 6 Dec 90 p 3

[Interview with S.P. Trifonov: "And So, Just Who Is the Owner?" (Continuation)]

[Text] On 14 November our newspaper published a conversation with S.P. Trifonov, chief of the industrial department, ER [Estonian Republic] Ministry of Economics: "Where Are You Going, Union Plant?" The fate of the enterprises subordinate to union-level ministries continues to be of concern to our readers. They were particularly interested in a notice published on 29 November in the newspaper VECHERNYY TALLINN, "Union Enterprises To Be Under the Jurisdiction of the Republic." The article contains the following words, which belong to Minister of Justice Yuri Raydla and Minister of Industry and Power Engineering Yaak Tamm:

"The question of ownership was decided in 1940 when industrial enterprises were nationalized by decree of the ESSR Supreme Soviet. The enterprises became the property of the Estonian SSR, and have remained the property of the republic to this very day. As far as transfer of part of the enterprises to union subordination is concerned, this took place exactly a quarter-century ago in connection with the reorganization of the union's economy and the creation of nationwide ministries and departments" (following the elimination of the Sovnarkhozes [Council of the National Economy]—Ya.T.). It was then a question, the evening newspaper writes, of the transfer and delegation of administrative functions, but no more than that. There was no transfer of property from the republic to the Union.

"It turns out," Tallinn Engineer Yu. Rogov writes to the editors of SOVETSKAYA ESTONIYA, "that it is nothing to break a lance over. Are the plants of union subordination which had been the property of the republic still that to this day or not? Please clarify."

Correspondent Ya. Tolstikov asked S.P. Trifonov, chief of the industrial department at the ministry of economics, to comment on this report and on the reader's letter:

"Yes, there is such an interpretation of the question of ownership as VECHERNYY TALLINN reports," said Sergey Petrovich. "But there is the following nuance here. And what is the situation in this case with newly-created property? With respect to that which existed at the moment of nationalization in 1940, everything is clear: most likely it has all been amortized over the past 50 years, and in any case it no longer represents a great value. It is also true that the resolution of the leaders of four governments, adopted 7 February of this year, did not examine the question of property: at that time the question was one of transferring a number of enterprises to republic jurisdiction; that is, on resolving the question of their subordination, although the resolution also entailed transfer of property to the republic.

"But right now, in order to dot all the 'i's' we have prepared a draft Law of the ER, by means of which we propose to declare the union enterprises located on Estonian territory the property of the Estonian Republic. And the fact of the matter is that newly-created property is also the fruit of the labors of the workers of Estonia. From our point of view, it would be fitting to establish this point in the legislation as well. And secondly, it would probably be prudent to stipulate in the new law that during the transitional period the enterprises of union subordination could remain under the jurisdiction of Moscow. And those which expressed the desire to transfer to republic administration could commence the process of issuing stock. At the same time, part of the stock would belong to the state—to the Estonian Republic—and another part would be sold to subsidiaries of the given enterprises, not to exclude those in other republics. And part would be sold to the working collective itself. But this process would not be actively promoted; it would be a purely voluntary matter. Although it is well-known that such enterprises as 'Ilmarine,' 'Talleks,' the 'Vyyt' plant in Tartu, 'Vyrupribor,' and the musical cassette plant have already expressed their desire to transfer to the jurisdiction (administration) of the republic. This in our view is a realistic path for establishing ownership. We would thereby establish a positive example, and perhaps other enterprises would follow suit.

"From my point of view it is not important just what took place in 1940. It is important to understand that today it is impossible to divide union property. After all, then every republic would be able to make claims on part of the property in other republics, for example, to a piece

of BAM, to a part of the plant at some major Siberian GES [hydroelectric power station], and so on.

"It would not be expedient to tether all-union property to a certain territory, in our case—to the territory of the republic. By the way, this is in complete accord with the Declaration on Sovereignty of the Estonian SSR, which was adopted 16 November 1988. The Law of which we have already spoken was prepared for just these purposes."

Lithuanian Law on Workers' Private Capital at State Enterprises

Text of Law

914A0451A Vilnius EKHO LITVY in Russian 18 Dec 90 p 2

[Text of law signed by Lithuanian Republic Supreme Soviet Chairman V. Landsbergis in Vilnius on 4 December 1990: "Provisional Law of the Lithuanian Republic: On Accumulation of the Private Capital of Workers at State Enterprises"]

[Text]

Taking into account the desires of workers of state enterprises with regard to investment of funds, with a limitation of their amount, and also the circumstance that, at certain state enterprises that have not yet begun to implement the program of privatization, collection of funds from workers has been begun, on the basis of which balances of disposable (unused) monies in enterprise production development funds, not offset by goods and raw materials, have been increased, the Supreme Soviet of the Lithuanian Republic resolves:

1. Until realization of the program of privatization of Lithuanian Republic state property is begun and in consideration of the desires of labor collectives, to authorize state (state joint-stock or cooperative) enterprises (with the exception of enterprises indicated in point 2) that have been re-registered in accordance with the Lithuanian Republic Law on Enterprises to form, with the concurrence of their founder and on the basis of payments by workers, joint-stock capital through the privatization of up to ten percent of the state fixed capital (funds) accumulated at the enterprise, evaluated according to the residual value of the funds as recalculated in point 4 of the present law.

2. State enterprises operating in the transportation and communications sectors, the lumber industry, and the fuel and energy system and municipal services, agricultural enterprises, and also state enterprises where the residual value of fixed funds comprises less than one-third of their balance value and enterprises designated by the government of the Lithuanian republic where the accumulation of private capital is not envisaged, may not be privatized on the basis of the present law.

Joint-stock capital may not be accumulated at small state enterprises (with a value up to 150,000 rubles), which may be privatized by means of sale at auction (without the issuance of stock), and also at enterprises built before 1940, which may be returned to their former owners.

3. State property of enterprises is privatized by means of issuance of ordinary nominal stocks. These may be sold only to workers of the enterprises, who have worked at this enterprise not less than one year, for a price equal to the nominal value of the issued stocks. A worker does not have the right to acquire stocks having a total nominal value that exceeds 1,500 rubles. Circulation of these stocks in 1991 is prohibited: they may not be sold or otherwise transferred to the ownership of other persons, with the exception of transfer to family members (to one of the spouses, parents, and children) and the heirs of a deceased stockholder. Instead of stocks, a stockholder may be issued certificates or attestations of a form determined by the administration of the enterprise. Stocks that are issued are registered in an enterprise stockholder registration book.

4. The fixed capital of an enterprise is established by means of a reevaluation of the residual value of its fixed funds with the application of amortization fund norms that are reduced by fifty percent. The nominal value of stocks is determined by the value of the privatized part of state capital, recalculated according to the residual value of funds, by means of its division by the number of stocks issued. The nominal value of issued stocks should be the same.

With an increase in the residual value of the fixed funds of enterprises, state capital is recalculated by enterprise management organs and is confirmed by city and rayon people's inspectorates for entities falling under local self-government and by the Ministry of Finance of the Lithuanian Republic for republic entities. The value of private (joint-stock) property existing at an enterprise (if its accumulation was begun on the basis of other normative acts) is not subject to change. An increase in ownership [ustavniy] and state capital is registered simultaneously with the joint-stock capital following procedures established by the laws of the Lithuanian Republic.

5. The Ministry of Finance of the Lithuanian Republic, jointly with the founder of the enterprise, directs inventories and revaluation of the fixed funds of an enterprise and, carries out monitoring inventory checks when necessary, and provides methodological assistance.

6. Earnings received for transferred stocks (initial and subsequent payments) are to be transferred within a period of five days to the budget of the Lithuanian Republic according to procedures established by the Lithuanian Republic Ministry of Finance and will be accumulated in a separate fund.

7. The issuance of stocks is accomplished through the announcement of an open subscription to the stocks for workers of an enterprise. In accordance with the present law, subscriptions to stocks and their acquisition are to

be accomplished before 31 January 1991. A subscription for stocks is to be announced not later than ten days before the beginning of the subscription.

A worker acquiring stocks, prior to subscription to them, pays (transfers) to the designated account an amount comprising not less than one-fourth the price of the stocks. The remaining part of the price of the stocks is to be paid before 31 December 1991, in equal monthly payments.

8. In accordance with the present law, the management board [pravleniye] of an enterprise (if there is none—the director of the enterprise) and a supervisory council [nabludatelniy sovet] or members of a supervisory council selected from among the workers of the enterprise (if there are none such—a general meeting of the workers or a conference of representatives) have the right to initiate an issue. The adminstration of the enterprise issues the worker stocks (and accepts payments) according to procedures established by the board (if there is none—by the director of the enterprise).

9. Prior to the day of approval of this law, funds collected from workers (or appropriately registered) and not utilized for the acquisition of production property may be equated with payments of worker stockholders in a state enterprise. A part of the state property is to be purchased with the help of these payments in accordance with the present provisional law. Funds collected from private persons not working at the enterprise and not used for the acquisition of means of production, and also funds collected from workers of the enterprise and not utilized, if, together with other payments made by worker-stockholders on the basis of this law, they exceed ten percent of the recalculated residual value of state fixed funds, must within ten days be returned to these persons in proportion to their payments.

10. Until the law on privatization of state property goes into effect, the receipt of payments, the acceptance of loans, and the collection of other funds from private physical and juridical persons is to cease at state (state joint-stock and state cooperative) enterprises, with the exception of the issue of worker stocks as established by the present law, as is the writing off, sale, or other transfer of production fixed capital to private enterprises and private persons.

11. The board of an enterprise (if there is none—the director of the enterprise or the person taking his place) and the chief financial officer (chief bookkeeper or the person replacing him) bear firm responsibility for violation of the procedures established by the present provisional law for accumulation and utilization of private capital (loans) at an enterprise. For such violations, the cited officials are subject to administrative penalties which are equal to the illegal collection or utilization of the funds collected at the enterprise from the private individuals. Illegally collected funds must be returned to their owners.

Resolution on Law's Implementation

914A0451B Vilnius EKHO LITVY in Russian 18 Dec 90 p 2

[Text of resolution signed by Supreme Soviet Chairman Landsbergis on 4 December 1990: "Resolution of the Lithuanian Republic Supreme Soviet: On Procedures for Implementing the Provisional Law of the Lithuanian Republic: 'On Accumulation at State Enterprises of Private Capital of Workers'"]

[Text]

The Supreme Soviet of the Lithuanian Republic resolves:

1. The law becomes effective as of 5 December 1990.

2. To authorize the government of the Lithuanian Republic in individual cases to extend the deadline for re-registration of a state enterprise until 31 December 1990 and to defer formation of a state enterprise's management board until 31 January 1991.

3. When forming a supervisory council (board) of a state enterprise at which the accumulation of joint-stock capital is envisaged, places must be reserved for representatives of the stockholders, taking into account the amount of the joint-stock capital that it is planned to accumulate. In this case, the supervisory council (board) begins to fulfill its functions after it has been formed, that is, after the selection of all members from among the workers of the enterprise and also the selection of representatives of the stockholders in a number of not less than one-third of all members of the supervisory council or one member, if the amount of the joint-stock capital comprises less than one-twentieth of the ownership capital of the enterprise.

4. To establish that rayon and city self governments have an obligation within a period of 30 days to examine an application from the founder of an enterprise relative to the allocation of a parcel of land, if, based on the nature of the activities of the enterprise, an act concerning allocation of a parcel of land is necessary for registration of the enterprise and its activities.

Restructuring of Ukraine's Economy Examined

914A0406A Kiev EKONOMIKA SOVETSKOY UKRAINY in Russian No 10, Oct 90 pp 3-20

[Article by Academician I. Lukinov: "Problems of Radical Perestroyka of the Ukraine's Economy"]

[Text] The present era is characterized by complex and contradictory processes of renewal of social structures and transformation of the political, socioeconomic, and spiritual life of peoples and the entire system of both internal state and international and world relations and ties. In different regions and countries of the world, these processes are by no means the same in terms of orientation and intensity—from revolutionary outbreaks to slow evolutionary changes. For example, while the West

European countries gradually but consistently evolve toward integration, the policy of perestroyka in East Europe has led to explosive disintegration and given free rein to desires for autarky from economically irrational unity. In spite of all that, the idea of eliminating hostilities between peoples and the ideological and military standoff, which gives our civilization the chance to avoid ceasing to exist and consequently also ensures its further progress, now plays the dominant role in European and in fact all world politics. The latest scientific-technical discoveries and achievements of social thought and the accelerated rate of development of fundamental knowledge of nature, society, and man himself with his mighty intellectual potential and constantly growing expectations which initiate progressive changes are the most efficient impetus toward this further progress.

The Ukrainian SSR, a major state of Europe and a member of the United Nations from the day it was founded, is in the epicenter of the East European processes characterized by the revival of the national self-awareness of peoples and has joined the path of truly democratic development and deep sociopolitical and socioeconomic changes. New, by no means uniform political forces which at times conflict with one another have entered the arena. In addition to the moderately centrist wing oriented to implementing rational reformations, both right-conservative and left-extremist forces, which under the slogan of democratization are trying to undermine perestroyka, can be discerned. This not only does not accelerate but even seriously complicates the course of socioeconomic and spiritual transformations. Sharp debates and confrontation on different levels of Ukrainian society and in its political and intellectual circles—from parliament to worker and peasant collectives—draw off their strength and, instead of consolidating and focusing on creative activity and accelerating the development of the economy, cause a certain instability and tension and the danger not only of "cold" but also dangerous "hot" confrontation.

Problems of state sovereignty, which include nationalities policy, economics, and culture, have now become particularly important and acute. The need to ensure the real independence and self-sufficiency of the Ukrainian people, as of all others making up the Union federation, in freely choosing the structure of their domestic life and their economy and in developing their national culture and language and interrepublic and international relations on principles of mutual benefit and equivalency of exchange hardly arouses fundamental objections from anyone today. Disagreements concern only certain interpretations of the essence of sovereignty itself and its particular issues on which it is not hard to bring the sides to agreement of their own accord during political dialogue by establishing clear treaty relations and mutually beneficial relations between sovereign republics striving for socioeconomic integration and unity. The Ukraine is called upon to play an ever-greater role in the world community, above all in the common European home. Even its geographic position in the center of the European continent obliges it to do so.

The emergence in our time of fundamentally new political and scientific ideas and their rapid dissemination and mental assimilation through the use of the latest information systems accelerate the changes occurring in society. These changes affect the quantitative, qualitative, and structural transformations not only in production forces and aggregate production potential, but throughout the system of the social and economic order, economic relations, structures, and ties, and political views, and in ideology and the spiritual potential of nations and peoples of the world as well.

Social dynamism is derived from the combination and action of factors of progress and regression: these diametrical opposites accompany, and at times even define by directing, the frequently twisting path of humankind's development over centuries. Periods of soaring flight are replaced by periods of stagnation and decline with subsequent entry into the next cycle of development. In other words, society progresses unevenly, with larger or smaller deviations from the initial line. The correlation of progressive and regressive principles in the confrontation determines both the rate and quality of economic growth, and the ascent of man himself from relatively lower degrees of progress to higher ones.

These processes are objectively inevitable and endless. For stagnation and decline which are too prolonged may lead to the breakdown of society, which the sad lessons of the past of many countries attests to. Consequently, the categories of perestroyka and renewal are not merely our internal (or regional or national) offspring as a reaction to the command-administrative system which has outlived its time. Reforms of social renewal are important to peoples and the political parties and their leaders of each country and each nation, if they want to anticipate stagnant and crisis phenomena and avoid them by timely prevention and treatment of the system of the social order and if they want to to progress steadily. In light of that, in contemporary civilized society it is certainly unacceptable to carry things to the point of bloody and destructive revolutions and wars which bring much suffering to people; this is in no way compatible with progress.

Despite the fact that the radical political and economic reforms being carried out in our country have encountered serious problems and difficulties and sharp contradictions and conflicts among various social and national forces; they have still provided a powerful incentive to new thinking, democratization and glasnost, the economic and spiritual renewal of society and liberation of its potential, and free choice by each people of paths of their continued economic and social development. Although the rate of economic growth continues to decline, shortages in the commodity market and the deficit in the state budget are worsening, inflation and speculative trends are increasing, and buying power (especially of the low-income strata of the population) is falling; even so the measures being developed to stabilize the economic position and change to the market economy system, as well as packages of legislation

adopted on self-management and the political and economic sovereignty of each republic and other national formations, provide hope for a real change for the better in the future and fundamental improvement in the economic situation.

The Ukraine's economists, legal scholars, and sociologists are doing fundamental studies of the processes occurring in the course of economic reform, formulating scientific conceptions of its implementation, and preparing drafts of appropriate laws and programs for the republic's parliament and government. A certain amount of time is undoubtedly needed and labor efforts and financial and material resources must be concentrated in order to realize these things. We need fundamental changes in structural, investment, financial-credit, price, and tax policies and radical changes in the entire system of relations of property and forms of economic activity based on scientific-technical progress, the development of a multistructured system, extensive entrepreneurial activity, rent relations, and cost-accounting incentive for working people to produce more and better output and to do so more cheaply. Legislative acts on property, land, taxes, development of cooperation, individual labor activity, joint-stock forms of economic activity, local self-government, and other things are called upon to create a reliable legal basis to do this.

Among the Union republics, the Ukraine has the most favorable conditions and potential, after the RSFSR, for independent economic development in an efficient structure and at a high speed. It has strong industrial, agroindustrial, and scientific-technical potentials and a high level of economic intensity. The population of the Ukrainian SSR is roughly 52 million people. Its state sovereignty applies to a territory of 603,700 square kilometers, to all mineral resources, water and air basins, and plant and animal worlds, and to all the production, social, and spiritual potentials accumulated by the republic's peoples. With only 2.7 percent of the land area, 18 percent of the population, and 15.5 percent of the fixed production capital of the USSR, the Ukraine produces about 17.4 percent of the industrial and 22 percent of the agricultural output of the country.[1] In 1988 the republic's proportion in all-Union mining of iron ore reached 46.4 percent, in smelting of pig iron—41.4 percent, and in production of steel, finished rolled products, and steel pipes—about 35 percent. More than one-quarter of the many types of machines and equipment, 35.6 percent of the televisions, more than half the sugar, and more than one-third the sunflower seed oil is produced in the Ukraine.[2]

However, as a result above all of the deformation of the economic structure which took shape historically and the one-sided orientation of economic development toward a rapid increase in the mining of mineral-raw material and fuel-energy resources and production of output of the "Group A" industrial sectors (which the production of defense equipment is part of), the "Group B" sectors, which saturate market demand and determine the level of material well-being of the population, were artificially restrained. Thus, in 1988 means of production accounted for 72.1 percent of the republic's total volume of industrial output, while consumer goods were only 27.9 percent.[3] I should point out that in 1928 this ratio was 42 percent compared to 58 percent, in 1940 it was 62 percent to 38 percent, in 1960 and 1970—71 percent compared to 29 percent, and in 1980 and 1988—72 percent compared to 28 percent. This direction of the fluctuation in this ratio to a certain degree intensified the commodity shortages. Agriculture, the timber industry, and the processing sectors of industry and their enterprises were turned into a direct investment donor for ensuring an accelerated rate of development of "Group A" industry.

Moreover, in the period of universal collectivization, the strong, so-called "kulak" [successful peasant] farms were destroyed and their occupants deported; and so the foundations of peasant farming were undermined—the state purchased output at sovkhozes and kolkhozes essentially at a bargain, or more accurately for symbolic turnover prices which barely covered one-third of the ongoing economic expenditures. Using noneconomic methods the monetary savings and labor resources of the countryside were pumped into the development of heavy industry and construction of cities; and this indeed provided the corresponding increase in capacities, but unfortunately did not provide adequate yield, expansion and acceleration of commodity turnover, or rapid increase in national income, profits, or the savings and consumption funds.

With their exceptional development priority, the defense sectors of industry absorbed the lion's share of national resources and about two-thirds of the scientific-technical potential, without providing any contribution to civil production and the market or improvement in people's lives for a long time. Moreover, the most profitable spheres of the economy (the light, timber, and food industries, with a rapid rate of turnover and with higher income return and yield of fixed and working capital by a factor of approximately 1.5-3) found themselves without the necessary savings and investments and without potential to carry out large-scale technological upgrading. A predominant part of the profits and even of depreciation deductions were taken into the state budget. The production of goods and services for the population was generally considered nonprestigious work. Paradoxical as it may seem, capital was not poured into places where it would be more profitable in accordance with the laws of a normally operating economy, but where the planned command "from above" sent it.

In the past the republic did not have sovereignty or the right of effective economic regulation. While duplicating the decisions of the Union organs (including USSR Gosplan and ministries and departments), it was unable to form its own economic structure which would satify local conditions and peculiarities and the interests of the people. Today its economic structure mirrors the clearly deformed and stereotyped structure of the Union economy, which is extremely inflexible and severed from

changing consumer demands, from the market in its broadest interpretation, and from the most important final stages of the reproduction cycle—turnover and consumption. The situation has seriously deteriorated in the recent years of "inactive perestroyka," as speculation, swindling, crime, and corruption have increased and the rate of inflation has reached seven percent a year.

There cannot even be any talk of saturation of the commodity market while the continued growth of effective demand is double the increase in the stock of commodities and while the rate of investments and growth in production of consumer goods remain on the same low level which became established in the last quarter of a century, despite the proclaimed programs of rapid development of Subdivision 2 as compared to Subdivision 1. Even in the recent years of perestroyka, almost three-quarters of the republic's industrial investments went for the machine-building, fuel and energy, and metallurgical complexes and only one-tenth of them was directed to the food and light industries.

At the same time, however, calculations show how backward, for example, our base for storing and processing agricultural output is as compared with contemporary world achievements in this sector. About one-third of the raw materials perish from untimely or poorly done harvesting or transporting, or poor storage or processing into ready-to-use goods. Radical renewal of existing and development of new production potential is needed at the sites where raw materials are produced—so that losses can be radically reduced, the commodity mass can be increased, and it can be used to replenish the current acutely depleted market. Almost everywhere the state trade network is ruined and goods are pouring en masse into so-called "shadow", or to be more precise, speculative turnover. In connection with the program to raise the price of bread and certain other foodstuffs announced by the Union government, a flurry of demand and panic in trade have begun. Everything, whether it is needed or not, is being bought up. The people are worried about the transition to a market economy, which is wrongly tied only to a completely unrestrained rise in prices and inflation. Even now gaps in the levels of state retail and speculative prices for scarce goods have increased 5- to 10-fold (as opposed to 1.5- to 2-fold in the recent past), and so business "operators" have economic incentive to use various means to preserve shortages in order to become even richer by robbing customers and the state "pocket."

The one-time use by planning organs of the two-sector (abstract) model of formation of the sectorial structure, formulated by K. Marx applicable to the age of initial development of machine production with a constantly increasing rate of increase in Subdivision 1 as compared with Subdivision 2, has led the country's present economy to its well-known "numbness" and to the loss of dynamism and the possibility of the economy and its entire structure rapidly adapting to the changing demands of consumers and the market conditions taking shape.

The process, over the course of decades under command pressure, of increasing gross production volumes for the sake of production, rather than for the sake of achieving social goals and rapidly increasing final products—commodities and services whose structure and quality meet the effective demand of consumers, resulted in negative trends, the worsening of market shortages, and an imbalance in macro- and micro-economic structures in material movement and in cost and monetary forms of goods in economic circulation.

Meanwhile, economic thought and the theory of cognition of the process of contemporary expanded reproduction and formation of rational structures progressed far beyond Marxist schemes. Two-sector models with a high degree of mathematical accuracy were expanded into an intersectorial chessboard balance. Studies of conditions of markets and systems of flexible economic control using the mechanism of market (indirect) regulators (prices, finances and credits, and tax and investment policy) which rule out the need for administration to achieve high final results and the greatest possible yield from investments and running expenditures in the interests of increasing man's well-being play a special role.

The dogmatism of command-plan, ideologized views have been repeatedly criticized by progressive economic scientists. However, during the period of the predominance of totalitarianism, no one seriously heeded their voices. They were deprived of sources of reliable statistical and report information. Moreover, many of them were at one time declared enemies of the people and repressed. Only now have broad opportunities been opened up to economists to carry out fundamental analysis of those socioeconomic processes which occurred in all their contradictory manifestations, to identify the deep causes of the existing negative trends, and to formulate constructive models with a choice of optimal variants for overcoming today's stagnation and crisis.

At the present time there is no more important challenge for the Ukraine's economy than seeking and realizing scientifically sound decisions to get the economy out of its difficult position and to revitalize the economy and the market. To do this, we must change to a fundamentally new system and structure of relations and to qualitative renewal of existing and creation of new, more effective economic structures with highly intensive, resource-conserving technologies of the low-waste, and ideally completely no-waste, type.

Acceleration of the turnover process and establishment of efficient horizontal and vertical interrelations, reliable economic regulation and interest, and the equivalency of intersectorial, interregional, and foreign economic commodity turnover are important prerequisites for renewal and transition to new quality. It is clearly hopeless to use

only decrees and commands to try to build a fullfledged market economy with all its complex attributes on the basis of deformed currency-financial and credit systems, an outdated price mechanism, a ruble which is being devalued, and a lack of essential commodity resources given the rapidly increasing effective demand. First of all, radical reform of the entire economic mechanism (prices, finances, credit, and the tax system) must be carried out and the closely linked opportunities for economic stimulation and incentive, without which no one in the history of crises has been able to resolve the crisis, must be "liberated."

We should recognize that along with the negative sentiments of the past which even now check the rate of economic development, the state even during the course of perestroyka has committed a number of serious errors and miscalculations in carrying out the reform. Thus, for example, the ill-conceived and inconsistent anti-alcohol campaign not only deformed the profits of the budget but also served as a spur to moonshine-making and shortages of sugar and sweeteners, which had never occurred in the Ukraine before. Under the slogan of "freedom of enterprise" of cooperative members and private persons, but without inclusion of reliable regulatory levers, unbridled speculation was given free rein, which bolstered the commodity shortages and issuance of bank notes even more. Recently the Union government, trying to eliminate the financial and market catastrophe, began to rapidly take emergency measures which chiefly came down to restraining the stimulative factors as a means of combating rapid growth in buying power and inflation (given that the supply of goods and services is declining). The Union republics are also taking these same essentially naive measures; which has merely resulted in the deterioration of the economic situation. The market has become even more deformed, causing increased social tension.

In connection with the aggravated political situation and the standoff of various groupings and forces and the appearance of armed conflicts and blockades in one region of the country after another, the organization and discipline of labor in production, in transport, and in the system of material-technical support and trade have worsened and cooperative and integrated ties have been violated. The quantity of goods not only is not increasing because of rallies and strikes, it is declining. But the mass of money in circulation and reserves is increasing (despite the adopted but clearly ineffective measures) at a threatening rate, causing a greater disbalance. In these conditions the Union government introduced a program for changing to a regulated market economy to the USSR Supreme Soviet (May 1990), which caused the next wave of trade instability. It is impossible to strengthen the currency-financial system, stabilize the exchange rate of the ruble and make it convertible, and fill empty store shelves with goods only by legislative acts. All soberly thinking people understand that very well. And even they are beginning to distrust the governmental measures on economic stabilization.

The fact that a whole number of catastrophes and accidents accompanied by human casualties and serious material harm have occurred in the economy in the last five-year period must certainly be taken into account too. The first among them was the Chernobyl tragedy, the explosion of the fourth block of the AES [nuclear electric power station]. Elimination of its consequences required and still require enormous expenditures of financial and material resources with presently unpredictable long-term effects on people's health and the condition of the environment. The earthquakes in Armenia and Central Asia, explosions in pipelines and mines, and transport accidents all put a heavy burden on the state budgets of the Union and the republics and increase their deficits. Under pressure of public opinion, which fights for ecological safety, many costly structures and buildings, including AES's and chemical, defense, and other objects which are under construction or already in operation, are being closed down temporarily or altogether. As a region with a high saturation of industrial-power engineering and chemical complexes, the Ukraine especially suffers ecologically and economically from this legacy of the past. Changing the situation now requires enormous capital and resources, which could have been put into improving the people's lives.

Clear disproportions in the system of existing wholesale, purchase, and state retail prices have also become established in the republic, and that is even without taking into account the correlation of market supply and demand. This deforms not only the market but also the profitability of sectors by artificially turning some of them into low-profit and planned-loss sectors. Price equivalency and the proportions of intersectorial and interrepublic commodity turnover are also being violated. The coal industry, a substantial part of the metallurgical sector, and the sectors which produce construction materials and agricultural products have proven to be in particularly bad condition. While the average level of cost-accounting support [okupayemost] of fixed and working capital of industrial enterprises is 15 percent; for the fuel-energy complex, because of the low wholesale prices, this indicator is only eight percent, for the electric power industry—6.8 percent, and for the chemical and petroleum-chemical industry (the most profitable in all the world's highly developed countries)—11.4 percent. However, light industry provides support at 42.6 percent, the timber, wood-processing, and cellulose and paper industries—29.4 percent, and the food industry—17.1 percent.[4]

In order to create more or less equal economic conditions and potential for operation of sectors and enterprises on full cost-accounting, that is, on the principles of self-support and self-financing, and to change farms to contract and rent relations and to hand them over directly to the ownership of labor collectives; the government still has to resort to redistributing financial resources through the state budget, thereby nullifying not only the consequences of mispricing, but also aligning the profit rates of both efficient and inefficient collectives, and that does not have economically justifiable

grounds. This system of leveling nullifies the operation of economic stimuli both for those who work more efficiently, since for them the so-called "profit remainder" is drawn off to the budget, and for those who constantly receive subsidies from the budget, since they are accustomed to the fact that the state always helps and will not allow them to fail. It is that, finally, which prompted us to start evaluating the activity of economic systems on the criterion of final results and degree of profitability. In accordance with state legislation, after taxes and insurance fees have been paid the rest of the profits are spent by the labor collective, which is the owner who itself determines how much is needed for savings, and how much for additional incentive and for social and cultural development. This is a significant step forward, toward the economic independence and accountability of enterprise collectives and toward getting out from under the guardianship of the administrative bureaucracy. Selecting economic solutions, sales and purchase markets, and cooperative ties, and distributing income is to an ever-greater degree becoming the prerogative of the owners themselves, although the strict redistribution functions of the Gosplan, Ministry of Finances, and Gossnab systems continue to operate.

Analysis of the Ukraine's economic development for the past quarter century by five-year periods shows that the rate of increase in gross product, national income, and fixed production capital is generally on the uptrend, given the rising rate of increase in profits, investments, and introduction of fixed capital in the last two periods as compared to the 1976-1980 level (see table). The factor of the rise in prices and the fluctuation in expenditures had a great impact on these opposing trends. Fixed capital introduced in the last four years has risen in price and investments have increased. Given the lower physical increases, the rate of monetary savings of capital has increased sharply, reflecting the process of inflation. The rate of change in real incomes calculated per capita (even taking into account rising inflation) shows a steady downtrend.

Table. Average Annual Rate of Change in the Basic Macroeconomic Indicators of Development of the Ukrainian SSR*

	Years				
Indicators	**1966-1970**	**1971-1975**	**1976-1980**	**1981-1985**	**1986-1989**
GNP	6.7	5.6	3.4	3.3	2.6
National Income Produced	6.7	4.6	3.4	3.4	3.0
Fixed Production Capital of the Economy	6.9	8.0	6.4	5.3	3.5
Output of Industry	8.5	7.2	3.9	3.5	4.2
Output of Agriculture	2.5	3.0	1.6	0.5	2.0
Fixed Capital Put on Line	8.0	5.7	1.9	2.7	4.1
Capital Investments	6.7	6.4	2.1	3.1	5.3
Profits for the Economy	...	8.9	1.0	5.3	10.9
Real Income per Capita	5.9	3.8	3.2	2.7	2.0

*See: "Narodne gospodarstvo Ukrainskoy RSR u 1988 rotsi," p 5; "Narodne gospodarstvo Ukrainskoy RSR u 1980 rotsi. Statisticheskiy yezhegodnik," Kiev: "Tekhnika," 1981, pp 22-23; "URSR v tsifrakh u 1989 rotsi. Kratkiy statisticheskiy spravochnik," Kiev, "Tekhnika," 1990, p 9.

The indicators cited realistically reflect existing trends. As for absolute indicators, they need to be refined. Let us add that at the present time the task has been posed to recalculate cost indicators for the country and for the republics. The first steps in this direction have already been made—the cost indicators of GNP and national income for 1985 and 1986-1989 have been adjusted, and as a result, they much more accurately reflect the changes in absolute amounts.

While the economic growth rate was almost seven percent in 1966-1970, since 1971, when the potential of the one-sided and brief economic reform of 1965 began to be exhausted, the growth rate began to slow down gradually and declined to 2.5-3 percent (1986-1989). Negative trends began to appear in the republic's economy—stagnant phenomena and disproportions. Command methods no longer worked and the renewal of production potential and economic structures slowed down. The short-term increase in world prices for oil led to increased hard currency revenues for the Soviet economy, including the Ukraine. To a certain degree that weakened the negative trends. But negative phenomena were still building up in the development of the domestic economy, worsening the republic's economic and social condition. Pressure on the economy from the large proportion of the low-profit and planned-loss mining sectors—the coal and iron ore industries, as well as ferrous metallurgy which was rapidly becoming obsolete—was felt ever more sharply. Investments were centrally directed primarily to ensuring the rapid rate of development of atomic power-engineering, to building inefficient hydroeconomic objects, and to upgrading defense industrial complexes. As a result of the low rate of modernization and reconstruction of existing facilities, fixed capital was rapidly becoming obsolete. The proportion of sectors which produced output directly to satisfy consumer demand declined.

The report of the republic's government to the UkSSR Supreme Soviet pointed out that from 1970 to 1988 the

proportion of light industry declined from 13 to 11 percent, while the proportion of the processing sectors of the agroindustrial complex declined from 23 to 17.5 percent.[5] The proportion of output of the wood-processing industry as well as that of the construction materials industry also declined; that is, precisely those spheres which by satisfying the primary essential needs of the population make the greatest contribution to national income, the state budget, and savings for expanded reproduction.

All this occurred under the unjustified pressure of Union ministries and departments, which until recently managed almost all the republic's industry. As that same report to the government mentioned, even two years later only six-seven percent of the industrial potential was directly subordinate to the UkSSR Council of Ministers, but now this proportion has been raised to 40 percent. However, even now all base sectors of the economy continue to remain in the hands of the center.[6] Consequently, the existing "sovereignty" operates outside of economic power and outside ownership relations, that is, it remains fictitious. In fact, it is against this, above all, that the deputies of the Ukrainian SSR parliament are acting. Scientists of the UkSSR Academy of Sciences Economics Institute, along with the UkSSR Academy of Sciences Institute of State and the Law, have formulated a version of the scientific concept and drafts of legislative acts to confirm the Ukraine's state sovereignty and its self-management and economic independence in all spheres of socioeconomic and spiritual activity. The republic's Supreme Soviet adopted the Declaration on State Sovereignty of the Ukraine and the Law on Economic Independence of the Ukrainian SSR. Packages of legislation on ownership, land, taxation, rental, entrepreneurship, the enterprise, joint-stock companies, banks, the finance-credit system, price-setting, foreign economic activity, and a number of other laws which will regulate the market economy are being formulated.

It is very important to insure the parity of the Ukraine's participation in the all-Union treaty, maintaining the balance of economic interests of all peoples who belong to the Union federation. But the most important thing for the republic parliament's system of contemporary law-making is, in my opinion, working up a new Ukrainian SSR Constitution on a strictly scientific foundation. Political expediency of a constitution and its periodic radical revisions in connection with the coming of the next leader or a change in the parliamentary body and the system of state or economic order are unacceptable. It is precisely all this which should naturally occur on a strictly legal constitutional basis rather than just the opposite; in order to ensure that the Constitution does not adjust itself every time under the subjective opinions of certain political forces or certain leaders, as has happened in our country in the past. The Constitution is supposed to ensure real state sovereignty and a truly democratic social order, guarantee all human rights, and stabilize the political and economic system of society on the fundamentally new basis of perestroyka.

It is apparent to every unbiased person that forming a highly efficient market economy for the Ukraine is impossible without strategies and tactics of economic development which operate qualitatively differently than now. The republic's state sovereignty presupposes concurrent introduction of a system of internal self-management, economic independence, and economic accountability for final results for all state and economic structures from the bottom up, processes of renewal, and development of production and social infrastructures. It envisions changing from an administrative system, a kind of "supplicative-distributive" system of distributing scarce resources by subjective considerations, to a system which would be based on creative entrepreneurial activity and to a viable system of efficient economic activity, healthy economic initiative and competition, and producers struggling for consumers on the market with effective state support and flexible economic regulation of the system operating in accordance with objective laws, above all the operation of the laws of value and development according to plan.

In pondering the economic independence of the Ukraine, like that of the other Union republics, we must not ignore such an important problem as the naturalness of territorial division of labor and specialization with inevitable economic integration, which, incidentally, is encompassing more and more regions of the world. For thousands of years peoples, despite their racial or national affiliation, have sought and are seeking mutually beneficial trade and other forms of economic ties. Especially since now each of our republics and their peoples are vitally interested in mutually beneficial, equal commodity exchange and the creation of joint economic objects, unified systems of energy supply, transport, and communications, and the like. In many of today's inadequately thought-out programs and projects for bringing the economy out of crisis, various (especially nationalistic) political and social movements and even official organs of state and local self-management are advancing only the most general, sometimes completely abstract interpretations of sovereignty and demands for the Ukraine's immediate withdrawal from the all-Union federation based on emotions. In doing so, interrepublic and interethnic relations and mutual ties which have taken shape historically, as well as the degree of concentration in the disposition of production forces, are not being taken into account. I am deeply convinced that erecting a Great Wall of China between republics and their nations, and particularly inciting hostility between them, is unreasonable at best and, if things are to be called by their right names, a crime against all peoples of our country, in fact against all humanity. Destroying traditional economic and spiritual ties is destructive to a multinational society.

Suffice it to recall that five Union republics have no oil or gas at all on their own territory. More than 91 percent of the oil production is concentrated in the RSFSR. And about 77 percent of the natural gas is concentrated there too. Coal is not mined in eight republics, iron ore is not

mined and pig iron is not produced in 11, and steel is not produced in 6.[7] Other mining and refining complexes and machine building and light and food industry sectors are also unequally distributed. I would like to give special attention to the areas of distribution of the extraction of gold, diamonds, and other rare-earth metals which play an enormous role in the state's economic and currency-financial potentials. Without strong gold reserves, given the acute commodity shortages and the uncompetitiveness of many types of output, it is difficult to count on the convertibility of the monetary unit either. Completely unique zones of narrow specialized production of many types of agricultural raw materials have also become established. Cotton, for example, is produced only by the Central Asian republics and Azerbaijan. All 100 percent of the fine-fibered cotton needed by all republics without exception is grown by Uzbekistan, Tajikistan, and Turkmenistan. Virtually only four Union republics (Russia, the Ukraine, Belorussia, and Lithuania) produce flax fiber. Georgia supplies almost 100 percent of the state purchases of citrus fruits and produces 92 percent of the tea leaves, while Russia and the Ukraine produce the same proportion (92 percent) of the sugar beets. From the RSFSR 91.7 percent of the commercial timber is exported and 82.1 percent of the lumber and 84 percent of the paper are produced in the same place.[8] There is an objective reason for all this, and this objectivity must not be ignored. In a modern developed society there can be no stereotyped standardization of economic structures with a closed economy and market and with so-called self-reliance [samoobespecheniye]. The steadfast opinion that in the situation which has taken shape disintegration would not bring economic benefits to even one of the republics is thereby confirmed. The republics must independently develop in an efficient direction, based on the particular conditions and resource potential, and become independent states and equal and stable trade partners, exchange results of their labor on the basis of mutually beneficial equivalency, and not allow excesses or unjustified transfers of income from one republic to another.

Coordination of interrepublic economic relations is objectively necessary from the center's standpoint. However, the system of centralization of the economy which has taken shape in our country has exhausted itself and on a number of key items reached an impasse. While in 1970, for example, 53.3 percent of the national income used was redistributed through the Union budget, in 1988 the figure was already 74.4 percent.[9] The size of the state budget is double the savings fund, thereby creating a unique kind of phenomenon of state-wide dependence. Disproportions in the ratio between production and consumption and the transfer of economic turnover of resources to an uncompensated and nonequivalent basis reflect the obvious flaws of supercentralization. A mechanism of management has been formed which fundamentally undermines economic stimuli and accountability for results of economic activity. It is for precisely that reason that the idea of self-management and independence of actions of the present owners of production has been advanced as one of the main ideas in the economic theory and practice of regulation of economic relations at all levels of the hierarchy of economic administration.

However, in itself the process of the formation and strengthening of economic independence is not yet defined, as some people assume, only by legal acts and political declarations. Consistent and radical perestroyka of the mechanism of economic interregional ties, implementation of fundamental measures to optimize them, and transformation of the structures of the economic complexes of the Union republics are needed.

The problem of criteria for each republic to accurately evaluate production of gross national product and the creation and use of national income (net material product) and net output of material production enterprises (NOMPE) rests on the reliability of a quantitative evaluation of the proportions of their movement, on the one hand, on the vertical—between the republics and the center, and on the other, on the horizontal—between the republics during commodity exchange and in cooperative and integrated ties. Mispricing, which violates the equivalency of exchange, seriously complicates both recordkeeping and payment for transfers of commodity and monetary masses. In addition, the sites of production and realization of many types of raw materials and finished items are by no means stable, and the diversity in the levels of contract prices complicate identifying the real picture even more.

Earnings from foreign trade transactions are primarily centralized and in the mid-1980s made up about 10 percent of the country's national income and eight-12 percent of the republics' income. Inasmuch as this is not an exact record of the sale and earnings for each commodity and particular site of the transaction, the degree of reliability of the average data cited is not very high. However, state statistics raises the NOMPE and the consumption and savings funds of the Union republics by this percentage.

The volume and structure of imports and exports and their proportion in social product are undoubtedly of crucial significance. The Ukraine has annual import-export turnover at a level of R96.8 billion (1988), which makes up approximately one-third of gross aggregate product.[10] That same year the proportion of exports in Belorussia reached 27 percent and of imports—26 percent of republic production and consumption; in Lithuania—24 percent and 27 percent, respectively; in Kazakhstan—12 percent and 20 percent; and in Moldavia—28 percent and 27 percent.[11] The Ukraine, given its present by no means perfect economy in many regards, meets 82 percent of its domestic needs through output of its own production; the RSFSR—86 percent; and the Baltic republics—71-73 percent.[12]

Calculations based on official statistical materials establish that in terms of levels and correlations of domestic and foreign trade exchange and prices, the Ukraine

(according to 1988 data) is a republic with a predominance of imports (R49.86 billion) over exports (R46.94 billion); that is, with a balance of R2.92 billion. But if only the exchange within the country is taken into account, then the volume of exports makes up R40.06 billion, and of imports—R36.43 billion.[13] In other words, in order to a achieve a balance, the republic would have had to additionally obtain R3.6 billion worth of output. The value indicators cited reflect artificially lowered prices for metal, fuel-raw material, and agricultural resources as well as other mispricing. They should never be cut back or exaggerated, as is now being done in market condition publications which are pursuing certain political goals.

Items of ferrous metallurgy, iron ore and coke, electric power, and a number of products of the food industry predominate in the commodity structure of exports. Oil and gas, timber, and light industry goods are the main imports. Given the almost equal import and export of machine building and petroleum chemical output, they have little impact on the republic's economic resources and well-being of the population; since a large part of this exchange involves defense and foreign trade transactions of the Union organs. The RSFSR, the UkSSR, and the BSSR carry the main burden of military expenditures. In the country's GNP, expenditures for defense, according to Soviet sources, in 1989 were 8.8 percent[14], and according to American sources, in 1980 and 1985 (in dollars) 13 percent and 12.5 percent, respectively.[15] That gives the impression that it is difficult to guarantee these three republics their economic independence without profound conversion of the military industry. But if there is extensive conversion, the Ukraine will be able to rapidly increase production of modern science-intensive output, especially in the sectors of radioelectronics and ship building, as well as create technological systems for the food and light industries.

The worsening shortage of fuel-power engineering resources is a special problem for the future development of the Ukraine's economy. I should point out that in the period 1970-1988, the production of oil (including gas condensate) declined in the republic from 13.9 to 5.4 million tons (or by 61 percent), of gas from 60.9 to 32.4 billion cubic meters (or by 47 percent), of coal—from 207.1 to 191.7 million tons (or by 7.4 percent), and of peat—from 4.1 to 2 million tons (or by 51.2 percent). Instead, production of electric power increased from 137.6 billion to 297.2 billion kilowatt hours (or by a factor of 2.16),[16] which to a certain degree compensated for the decline in extraction of fuel resources. However, the concurrent increase in energy-intensive production facilities and the rapid development of the petrochemical industry and the motor vehicle fleet require a sharp increase in deliveries of oil and gas to the republic. In 1988, 127 million tons of oil and petroleum products were pumped through pipeline transport alone, and that exceeds the 1970 level by a factor of 5.5.[17]

A course to save energy through reducing energy-intensive production facilities and introducing energy-saving technologies allows requirements for energy resources to be reduced. However, this process is occurring gradually, in accordance with structural changes. The Ukraine constantly experiences a shortage of all types of liquid fuel and lubricants. Reorienting the republic's power-engineering program from atomic power-engineering to thermal power-engineering with gas-powered steam turbines, which ensure high performance, requires additional gas and construction of new gas pipelines with investments of billions of rubles. The rise in cost of oil, gas, and timber complicates the Ukraine's economic position much more and makes a corresponding increase in the price of output exported from the republic inevitable.

Fundamental perestroyka of foreign economic activity is also an important condition of economic independence. The point is that the amount of exports by the Ukrainian SSR is still meager: in 1988 it was only 6.9 billion rubles.[18] Metallurgy has the highest proportion in its structure—27.8 percent; machine building and metal processing account for 22.1 percent, the coal industry—10.1 percent, and the chemical and petroleum chemical industries—9.2 percent.[19] The volume of exports of machine building output remains very small; in 1988 the Ukraine exported a total of only 2.4 billion foreign exchange rubles worth, while the USSR as whole exported 17.8 billion dollars worth. At the same time, however, the volume of Japan's exports of machine building industry output was 184 billion dollars; of the FRG—155 billion, correspondingly; of the United States—135 billion; of Canada—42.4 billion; and of the CSFR—15.7 billion dollars.[20] It is clear that without including the republic in broad world economic ties and in the exchange of science-intensive output and contemporary technologies, no declarations will ensure its effective economic independence. What is needed to solve this problem, in addition to the other prerequisites, is the same thing, perestroyka of the structure of the entire economy, above all industry.

Regulating the processes of the creation and ultimate use of national income are a distinct set of problems of economic independence. At the present time some republics are using more national income on their territory than they produce. At the same time, a considerable share of national income produced in the RSFSR, the Ukraine, and Belorussia is redistributed outside their borders—for investments in other regions and to statewide needs. That is the reason for the unequal movement of financial sources which are by no means always in line with the real labor contributions of various republics, and that increases social and interethnic tension.

The Ukraine, in particular, is experiencing an acute shortage of resources for expanded reproduction in the base sectors of the economy, in the light and food industry, and in the agrarian sector. But at the same time the share of savings of fixed production capital (FPC) in the period 1970-1987 is declining, according to our

calculations. The general fall in this indicator reaches 7.66 points, and of national income produced—2.1 points. While in 1970 FPC savings totaled 17.75 percent of the Union-wide level, in 1980 the figure was only 11.64 percent, in 1985—9.32 percent, and in 1987—10.09 percent. As a result, Ukrainian national income per capita began to decline relatively—from 95 percent of the Union-wide level in 1970 to 91.2 percent in 1987.

A system of normal economic relations among republics is supposed to provide each of them—through their own sources of investments and running expenditures—reproduction of a qualitatively new structure of the economy oriented to saturating the commodity market and meeting personal social and spiritual needs. That is one of the decisive conditions of their economic independence which in itself presupposes radical perestroyka not only of the system of relations and forms and methods of management, but of the entire economic medium and the operation of the regulatory levers of administration. It is especially important to fundamentally change the procedure for and proportions of the formation and expenditure of budget resources by sharply increasing the republic and local budget share in them and their role relative to optimization of the savings and consumption funds and ensuring financial support of the priority directions of development. For the Ukraine's economy, which has a high level of obsolescence and physical wear of production capital and technologies, the trend toward further decline of the savings norm should be overcome; otherwise no renewal of its production potential or the structure of the economy and the market will occur. According to calculations of the UkSSR Academy of Sciences Economics Institute, in the very near future the level of savings of the active part of FPC should be at least doubled—in order to renew obsolete capital worth at least R85 billion.

Lying on the path to conducting radical economic reform in the Ukraine are, on the one hand, the burden of the historical stratifications of the past and the distorted stereotypes of totalitarian thinking, and on the other—the mistakes already made during perestroyka, which also complicate the socioeconomic situation. For the Ukrainian people, like other peoples of the country, are directly tying improvement of their lives and material well-being and an upsurge in culture to reform. But while reform is being declared in words and the parliament and the government are adopting various legal acts and programs; in real life inflation and market shortages are increasing, fixed supply is being introduced, and the population's standard of living is declining. That brings a negative response from them and distrust of the decisions being made. People no longer want to wait endlessly for the "bright future."

It is for that very reason, in my opinion, that the important thing now is not even to formulate more and more laws and state programs (although they are also necessary), but to specifically define the key links of economic reform and carry out effective measures on their top-priority practical realization—in order to stabilize the economic situation in the republic, intensify economic development and structural reorientation, and balance market supply and demand.

Receiving state sovereignty and political and spiritual prosperity will also provide a high economic effect, if at the same time a surge of economic activism occurs and discipline, order, and personal accountability in production activity and in ensuring highly intensive conduct of all forms of economy for the purpose of saturating market demand are reinforced. Freedom of democratic choice, independence of economic actions, and cost-accounting incentive for labor collectives and their competition on the market to satisfy consumers' demand will lead to a revival and upsurge in the republic's economy on a healthy basis.

The development of a multistructured economy based on different forms of ownership and economy and on a system of large, average-sized, and small enterprises and cooperative associations (including joint production facilities with foreign capital) and joint-stock, cooperative, rental, contract, and other relations with broad interrelations on domestic and foreign markets is not possible without stabilizing the currency-financial system and the exchange rate of the monetary unit and without it subsequently becoming convertible currency.

In my opinion, the state must carry out a number of priority measures to achieve success in developing a market economy.

First, currency-financial normalization should be begun immediately through the introduction of very strict control of the issuance of bank notes and acceleration of their rate of turnover, using economic regulators and legal acts to close channels for monetary and material accumulations by illegal elements. Today they are becoming an even greater economic force which not only disorganizes the currency-financial system, but also provides financial support for destructive circles. Effective measures focused on reducing, and then completely eliminating, the budget deficit and inflation must be taken. No matter how paradoxical it may seem, this should and must be done not through a policy of snuffing out stimulating factors (here we mean the unsuccessful, excessive measures of the Union government) but just the opposite—all-out development of stimuli to economic growth through activation of price, interest, tax, and budget policies. A regulated market cannot function effectively on the artificially restrained and deformed system of existing state prices, where the mass information media has imposed a kind of taboo on discussing their condition and changes have been presented as a catastrophe. Sooner or later (and the sooner, the better!) the government will be forced to carry out its resolve and society will have to consent to a price and currency-financial reform—in order to resolve the crisis situation.

Secondly, the strategic priorities in the Ukraine's economic development must be precisely defined. Here

radical changes are needed in the structure and forms of economic activity in industry and its two subdivisions (the groups "A" and "B" sectors) as well as in the agrarian sector and in development of integrated equivalent relations between agriculture and industry and the city and the countryside. The structural and investment policies must be focused on supporting priority development of those sectors and economic systems which can rapidly eliminate the shortages of foodstuffs and nonfood products on the domestic market, combined with a sharp increase in gross and net income and the savings and consumption funds in order to resolve the social problems which have worsened. These economic spheres are above all the "Group B" industrial sectors and the agroindustrial complex. At this stage they should be given not illusory but real priority throughout the entire national economic structure, in order to resolve the problem of eliminating the shortages of resources most vital to human life and to sharply increase the rate of increase in national income. It is precisely here that the flow of investments and resources should first be ensured, not at the expense of the heavy industry sectors but on their basis.

At the same time, "Group A" industry must be structurally and qualitatively transformed by realizing a broad program of conversion of defense enterprises. But that is still not enough. In order to overcome the commodity shortages, we will have to follow the path of diversifying investments and ongoing expenditures in large industrial associations and at enterprises, creating within them modern specialized production facilities for the ongoing production of high-quality industrial goods directly for the market, as well as raw and processed materials and assembly components for manufacturing these goods. According to the calculations of the UkSSR Academy of Sciences Economics Institute, from one-third to one-half the fixed and working capital can be directed to diversification without harming basic production, which will ensure a significant acceleration of its turnover, increased yield, and higher cost-accounting profitability and savings for comprehensive development and technological upgrading of the entire structure of industrial complexes. Liberated labor resources should also be directed there, after preliminary retraining. The opening of additional work places at new enterprises within existing associations will also eliminate the problem of unemployment which is approaching in connection with the transition to contract, rent, and market relations. It has been calculated that in 1995, given a total increase in the commodity mass by a factor of 1.4, the sectorial structure of its production may look like this: about 40 percent—heavy industry, more than 40 percent—the agroindustrial complex, and 20 percent—light industry.

At the same time, the structure of the "Group A" sectors should be reoriented to modern, science-intensive production facilities; to production of radioelectronic, automation, and information means; to computer laser systems; to qualitatively new materials for aerospace instruments and land and water transport; and to the creation and mass production of technologies to build up agricultural raw materials in new organizational forms of production and carry out timely and intense industrial processing of those materials into finished consumer products and saturate the food market with them, as well as to increase production of light industry goods. An especially wide field is being opened up here for activity to create corporate associations with foreign capital. Radical perestroyka of the mining and processing industries, ferrous metallurgy, and machine building should occur on a fundamentally new scientific-technical basis. All planned-loss and low-profitability enterprises should be either made profitable through technological and organizational modernization or closed. In all industrial spheres resource-saving technologies with a closed (low-waste or best of all, no-waste) cycle which would ensure fundamental solution of the problem of protecting the environment must be developed and introduced. And that is the main direction for bringing our republic out of ecological crisis.

In this way, radical perestroyka of the Ukraine's economy and its transition to market relations require fundamentally changing the entire structure and proportions of the economic balance on the macroeconomic level, given simultaneous qualitative and structural changes in the economic systems on the microeconomic level. Expanding market relations both within the country between republics and international relations with other countries of the world will in turn bring major adjustments in the formation of a balanced domestic market and the structure of the market economy. If it is discovered that domestically producing certain goods is more expensive than importing them in exchange for exports of our cheaper and higher-quality goods, then irrational production will ultimately fail, notwithstanding even a system of state protection of domestic enterprise.

The Ukraine's inclusion in broad world economic market ties will inevitably also influence the structure of its own economy by nudging it toward increased efficiency. For precisely the difference in the economic structure in many respects also accounts for the difference in the effectiveness of investments, as well as in production of consumer goods, net product, and national income per capita as compared to the industrially developed countries.

According to our calculations, the ratios of investments in food and nonfood objects should also be changed in the new structure. Today they are 71:29, but we should already have, at the minimum, 60:40. It is particularly important to give priority to development of the rural production and social infrastructures and construction of well-equipped individual peasant houses and related structures which have the necessary technical equipment; for without that there is no reason to seriously expect to resolve the food problem successfully, and certainly not through the individual farmer system.

Thirdly, it is unacceptable to carry out an important component of economic reform—perestroyka of relations of ownership and forms of management—forcibly, through administrative methods or diktat from above. This particularly complex social process should occur on the basis of the conscious democratic choice and actions of the working people themselves (managers, specialists, labor collectives, workers, and peasants) and their becoming real masters of their work (effective management), without political pressure on the part of any party, front, or movement. Following the same path that was used at one time to construct the present system of economy, thoughtlessly nationalizing all and everything and driving millions of peasants into kolkhozes and then by decree transferring them to state ownership, in reverse—that is, through forcible denationalization, privatization, complete rejection of state ownership, and similar archirevolutionary actions—would lead only to the next breakdown of the economy and would be a flagrant mistake and mockery of our own people. No improvement of their lives can be made in this way. The destruction of the economy has never before led to people's greater well-being. Conversely, it drove their standard of living back decades by requiring additional resources and time to restore the economy to its previous level, from which it could only move forward. Rapid progress is certainly not contained in the breakdown of production which has become established, but in its consistent transformation into highly-intensive and efficient production based on a system of contract and rent relations, specialization and cooperation, and qualitative technological renewal. And then when they become economically self-sufficient and independent in accordance with the law and change to cost-accounting, rental, and the joint-stock forms of economic management and operation, working people receive the right to own and use the means of production; that is, they become owners of state enterprises or associations. They bear full economic accountability for the final results of their labor and for timely settlement with state and local treasuries. The volume, structure, and quality of output produced, saturation of the market with that output, timely sale which satisfies consumer demand, and the level of prices determine the earning power of both production and of each of its workers. The person who works better and manages things more efficiently also has a higher wage and better social living conditions and way of life. That is certainly the real socialist principle of a regulated market economy.

But the point is not merely transforming existing production potential, which in the Ukraine has become greatly outdated (more than 40 percent of the funds are physically worn, and obsolete technologies predominate), but also the fact that there simply are not enough of many facilities. They must be built up; that is, new enterprises must be created, especially small and average-sized science-intensive production facilities and enterprises of the food and light industries. The number of the latter should be roughly doubled by concentrating them directly in rural areas where the raw materials are grown and using cooperation of savings and investment funds and essential material resources; which will allow earning power to sharply increase, reduce expenditures, make better use of the labor and fund potential of the countryside, and overcome still-existing negative trends toward haphazard migration of the rural population to the city.

The state's agrarian policy, which is focused on developing diverse economic forms, among them—private peasant plots and individual-farmer units, also presupposes the peasants' freedom of voluntary choice, without forcible pressure on them and without breaking up sovkhozes and kolkhozes, as certain "hotheads" thoughtlessly propose. It is altogether unacceptable to close up certain existing forms of production without transforming them into more effective ones or without creating qualitatively new ones. Especially since the problem of replenishing rising market capacity and eliminating commodity shortages gives ample room for selecting active and profitable economic activity, including private and group (cooperative) enterprise. The Ukraine has extremely limited land resources per capita: only 0.81 hectares of farm land and 0.66 hectares of pasture land per inhabitant. For that reason land must be used with maximum efficiency, constantly increasing its fertility. If we are speaking of transferring land to the ownership of certain occupants, then the state, in the person of the soviets, should be responsible for preserving it and maintaining high productivity—so as to provide food not only for the present generation but also for future generations. Here the freedom of choice of the owner should be combined with his occupational training and ability to manage the farm efficiently. Land can be offered for rent or for sale only to those citizens who will be able to ensure its high productivity as compared to the existing economic systems. We must not forget about the investment and technological potentials of new owners and about supporting them with loans from the agricultural bank or commercial banks and material resources. In other words, agrarian economic reform—just like reform of the industrial or the services sphere, spiritual culture, or the entire system of the public and social order—requires profound consideration, high professionalism, precise economic calculations, and consideration of both immediate and long-term consequences.

Only a strictly scientific approach to carrying out economic reform which rules out rash, ill-considered decisions and actions or rally appeals can bring quick success and provide a new impulse to the scientific-technical and economic revolution in the interests of improving the lives of the Ukrainian people. The Ukraine can and must join the number of most progressive, economically developed countries of the world; but certainly not by returning to the starting point of the previous primitive system of management and bazaar trade, which adherents of the past call for, but along paths of modern world progress and ascent to its new, higher degrees of economic, organizational, and technological achievements,

freedom of enterprise and market activity, and reinforcement and development of mutually beneficial integrated relations.

Footnotes

1. See: "Norodne gospodarstvo Ukrainskoy RSR u 1988 rotsi. Statisticheskiy yezhegodnik" [The UkSSR Economy in 1988. A Statistical Annual], Kiev, "Tekhnika," 1989, pp 4, 299, 314; "Narodnoye khozyaystvo SSSR v 1988 g. Statisticheskiy yezhegodnik" [The USSR Economy in 1988. A Statistical Annual], Moscow, "Finansy i statistika," 1989, pp 19, 262, 330, 426.

2. See: "Narodnoye khozyaystvo SSSR v 1988 g. . . " op. cit., pp 340-342.

3. See: "Narodne gospodarstvo... " op. cit., p 237.

4. See: Ibid., p 413.

5. See: "Pro politichne, sotialno-ekonomichne ta yekologichne stanovishche Ukraini. Dopovid Golovi Radi Ministriv URSR," deputy V. A. Masola, RADYANSKA UKRAINA, 27 May 1990.

6. See: Ibid.

7. See: "Narodnoye khozyaystvo..." op. cit., pp 340-342, 455-458, 472.

8. See: Ibid.

9. See: "Narodnoye khozyaystvo SSSR v 1982. Statisticheskiy yezhegodnik" [The USSR Economy in 1982. A Statistical Annual], Moscow, "Finansy i statistika," 1983, pp 378, 522; "Narodnoye khozyaystvo SSSR v 1988 g.," op. cit., pp 12, 624.

10. See: Ivanchenko, I., "Who Feeds Whom?" PRAVDA UKRAINY, 15 April 1990.

11. See: "Economic Interrelations of Republics in the Economic Complex," VESTNIK STATISTIKI, No 3, 1990, p 36.

12. See: Ibid.

13. See: "Volume of Imports and Exports of Output by Union Republics in 1988 at Domestic and World Prices," VESTNIK STATISTIKI, No 4, 1990, pp 49-54.

14. See: Ryzhkov, N. I., "O programme predstoyashchey deyatelnosti pravitelstva SSSR" [On the Program of Coming Activity of the USSR Government], Moscow, Politizdat, 1989, pp 33, 35; "SSSR v tsifrakh v 1989 gody. Kratkiy statisticheskiy sbornik" [The USSR in Figures in 1989. A Concise Statistical Manual], Moscow, "Finansy i statistika," 1990, p 5.

15. See: "Statistical Abstract of the United States," 1989, Washington, D.C., 1989, p 843.

16. See: "Narodnoye gospodarstvo..." op. cit., pp 266-267.

17. See: Ibid.

18. See: "Ekonomic Interrelations of Republics..." op. cit., p 40.

19. See: Ibid.

20. See: "SSSR i zarubezhnyye strany v 1988. Statisticheskiy sbornik" [The USSR and Foreign Countries in 1988. A Statistical Manual], Moscow, "Finansy i statistika," 1990, p 268.

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Historical Antecedent to Agrarian Market Relations Examined

914A0407A Kiev EKONOMIKA SOVETSKOY UKRAINY in Russian No 10, Oct 90 pp 52-56

[Article by Yu. Kovalenko, candidate of economic sciences: "From the History of Socialist Market Relations in the Ukraine's Agrarian Sphere"]

[Text] The forthcoming changeover of agriculture to market relations will be the second attempt in the history of our country and republic. As long ago as the 1920's (from 1921 through 1929) those relations were widely employed in all branches of the national economy. That was a period of the New Economic Policy [NEP] that had been introduced on V. I. Lenin's initiative. The NEP spread not only to peasant farms, but also to the sovkhozes, the creation of which had begun as early as 1918. It was precisely those sovkhozes that provided the first practical experience in operating large-scale public agricultural enterprises under conditions of market relations. Today that experience is not only of historical importance, but also of concrete importance as a real attempt to employ a generally recognized form of economic administration. One can point out at least two circumstances that attest in favor of the opinion that has been expressed.

First, like the present time, the 1920's were a period specifically of transition from the chiefly noneconomic methods of administering the sovkhozes to the economic ones. In conformity with the "Instruction Guide For Administering Soviet Farms" that was adopted on 20 August 1919, all the output produced by the sovkhozes was distributed as follows: first the production and food needs of each sovkhoz were satisfied in conformity with the existing quotas, and then the surpluses were transferred exclusively to the jurisdiction of the People's Commissariat of Foodstuffs. All the necessary funds for organizing and running production on the sovkhozes were transferred by the guberniya land departments in an estimated procedure [1], that is, without accounting for the correlations between the expenses and the production of output. These were the in-kind relations of the period of War Communism, which the New Economic Policy had come to replace.

Secondly, like the present time, the changeover from in-kind relations to market relations was carried out under exceptionally complicated conditions of economic ruin, destroyed monetary circulation, and a shortage of material resources. The Kiev Oblast State Archives contain a telegram sent to the Kiev Guberniya Land Department with respect to the organizing of a sovkhoz in one of the uyezds: "In Tarashchanskiy Uyezd, in the village of Cherebiny, on the basis of an agreement with the peasants, 107 desyatinas of land have been set aside for growing crops for the state. In order to manage the farm and work the land, it is necessary to have 'kerenki' [Kerenskiy scrip] or salt. Soviet money is not coming. Please allocate to the organization 500,000 rubles in 'kerenki,' and send a farm manager. Dyachuk, manager of the Tarashchanskiy Uyezd Land Department"[2]. In addition, the overall situation was considerably complicated by the existence of bandit gangs. At a session of the section of crop-growing farms of the Kiev Guberniya Land Department in December 1921, the speakers reported, "...for Radomyshlskiy Uyezd we cannot count on a large number of sovkhozes as a result of the wooded terrain and the presence of bandits," "for Pereyaslavskiy Uyezd ... there are frequent attacks by bandits on certain sovkhozes"[3]. It was in this complicated and strained situation that the work of changing the sovkhozes over to market relations began.

The beginning was laid by the "Decree of the Special Committee for Questions Concerning Forms of Farm Management on Sovkhozes in Connection With their Conversion to Self-Paying Economic Units," which was adopted on 27 September 1921. Paragraph 7 of that decree enunciated the basis principle of operating the sovkhozes under the new conditions: "Crop-growing sovkhozes are granted the right, after fulfilling their state food-tax obligations, to dispose freely of their surpluses and the right to engage freely in economic operations for purposes of reinforcing their economic condition. By virtue of this fact, by using the appropriate resources, they can enter into commodity exchange with state agencies, the cooperative system, and also, if necessary, with private individuals, to obtain manufactured products and articles necessary to develop the farm, and also to carry out freely acts of buying and selling with the aid of the monetary equivalent"[4]. That meant nothing else but the inclusion of the sovkhozes as economic unit into the conditions of the real market situation, and of real market relations. Thus the first practical steps in carrying out this decree deserve not only attention, but also a study of the desirability of carrying them over into modern practice. We have in mind the taking of a differentiated approach to individual sovkhozes when determining the possibilities of operating them on a self-paying basis.

The decree that was mentioned posed the task of carrying out a study of the existing sovkhozes in order to determine the degree to which they were being provided with production goods, manpower, and initiatory administrative personnel. For that purpose, a special instructional guide was prepared, which was signed by D. Manuilskiy, UkSSR People's Commissariat of Agriculture[5]. That guide stipulated the selected changeover of sovkhozes to market relations, with the weak sovkhozes being converted to leased status or simply eliminated as economic units. The study was carried out in the shortest possible period of time, and by the beginning of the next year, 1922, there had been formed a nucleus of strong farms that became part of the Ukrsovkhoztrest All-Ukrainian Sovkhoz Trust, under the republic's People's Commissariat of Agriculture. The statute governing this formation, which was approved by the Ukrainian Economic Council on 26 May 1922, planned the inclusion as part of the trust of "the strongest ... sovkhozes that are capable of being converted at a single time to the levers of cost accountability[6]. But long before the formation of the trust, the Board of the UkSSR People's Commissariat of Agriculture, by its 22 January 1922 decree, had decreed: " ... prior to the formation and confirmation by the UES [Ukrainian Economic Council] of Sovkhoztrest, the second category of sovkhozes (the nucleus of the trust being organized) is to be removed from state estimated supply and this category of farms is to be granted the right to use its own income to cover current expenses"[7], that is, they were to be converted to cost accountability. Yes, specifically to cost accountability. In the 1920's cost accountability and market relations meant one and the same thing—economic independence under conditions of the real market situation.

The clear-cut division of sovkhozes into those that were cost accountable and those that were subsidized was preserved for the rest of the decade. The following fact, in particular, attests to this. In May 1926, UkSSR Council of People's Commissars instructed the People's Commissariat of Agriculture, the Workers and Peasants Inspectorate, and the republic's People's Commissariat of Finance to consider the question of how subsequently to construct the administration of the Ukraine's stud farms and pedigree stock farms—the question of whether they should be changed over to cost accountability or should remain on the state budget[8]. The fact of the matter is that those farms did not have the opportunity to sell their pedigree output in the "free market" at prices that would completely compensate for the production expenses. Therefore their conversion to economic administration by Ukrsovkhoztrest did little to change their situation. They remained in a special situation, receiving subsidies for their pedigree output. The balance sheets for the cost-accountable sovkhozes and pedigree stock farms that had been included in the trust were prepared separately, that is, the organizational association within the confines of a single agency of administration was not accompanied by an economic association.

The present-day technical level of management of production at agricultural enterprises varies considerably for individual farms. Therefore, when they are changed over to market relations, it is complicated to create equal

conditions for the profitable management of production or for fair competition. It is specifically for this reason that it is desirable to carry out a gradual changeover to the market. Some kolkhozes and sovkhozes where the equipment and the technological schemes for production correspond to the present-day level can be the first to be included in market relations. For others it is necessary to grant state assistance, to strengthen their production potential, and to prepare them for a market economy.

It is also desirable to pay attention to such an element in the agrarian market relations of the 1920's as state regulation. Ukrsovkhoztrest was granted the broadest opportunities to determine independently the direction to take in its actions, and to choose the places to sell the produced output and the price level. A special commercial department was created as part of it. That department's task consisted in determining the profitability of sells "in one or another rayon of the Ukraine, in other parts of the RSFSR, or in the foreign market"[9]. However, gradually these rights were supplemented by definite obligations with respect to the fulfillment of state assignments. For example, the by-laws of Ukrsovkhozobyedineniye (as the trust was renamed in 1925) stated, "The association has the right to sell its output freely both in the domestic market and in the foreign market (with the observance of all laws and rules governing foreign trade), but the preferential right to purchase the objects produced by it belongs, all other conditions being equal, primarily to the state agencies and state associations, and then to cooperative associations... Decrees of the UkSSR EK [Economic Council]... can issue production orders for the association's output... at prices lower than the market prices, but not lower than the production costs plus average profit"[10]. Consequently, the state regulated the directions taken by sales and prices. But state interference was not a rule, but an exception. Something that can serve as an example is the conclusion of a contract between Ukrsovkhozobyedineniye and Sakhartrest concerning the growing of sugar beets by individual sovkhozes in that association in the beet-growing zone[11], which contract was fulfilled in accordance with an order issued by the Ukrainian Economic Council in December 1928[12]. There were also instances in which reserves of sowing materials were reserved with a consideration of the real-life situation in the national economy[13].

Simultaneously the state applied measures of an incentive, protectional nature. For example, the Ukrainian Economic Council, at its 24 January 1928 session, made a decision to free the Ukrsovkhozobyedineniye sovkhozes from their indebtedness on seed loans that had been received as early as 1922-1923 and to enter them as part of the working capital[14].

All this should be viewed not as a sign of the gradual transition to a rigidly administrative system of management, but as a search for an efficient correlation between centralism and independence. The desirability of the market system with certain elements of the state regulation that was applied specifically to the sovkhozes that had been formed into the trust in the 1920's did not cause any doubts. That is confirmed by the following data. When working out the development indicators for the years of the first five-year plan, Ukrsovkhozobyedineniye planned considerable capital investments—approximately 20 million rubles—thanks to which the total amount of profit increased to 3.5 million rubles a year[15]. The 10 April 1928 decree of UkSSR VUTsIK i SNK [All-Ukrainian Central Executive Committee and Council of People's Commissars], entitled: "Soviet Farms," posed the task of transferring for a two-year period, beginning on 1 October 1928, all the sovkhozes in the Ukraine (other than those engaged in viticulture, seed-growing, beet-growing, and several others) to Ukrsovkhozobyedineniye[16]. Thus, market cost accountability with elements of centralized regulation was recognized as a promising form of economic administration. Therefore the criticism that is directed today toward even the expression "planned market economy," in the light of the experience of the market cost accountability of the 1920's, can be viewed as being insufficiently well-argumented. In any instance, without any doubt it can be felt that even the present-day market relations must necessarily be supplemented by or combined with the state regulation of the economy.

In the context of what has been stated, something else that takes on exceptional importance is the fact of the centralized regulation of the wage level on the sovkhozes that operated on market cost accountability. It seemed that market relations leave the only possibility to the organization for paying for the labor—according to the residual principle. Precisely one modification of that principle was made the basis of the concept of providing material incentives. As early as 1923, a special statute governing the payment of labor was developed. That statute stipulated the formation of an overall payment fund for sovkhozes by the quota method as a definite share of the enterprise's gross earning power. To compute the payment, it was recommended that use be made of the prewar prices and amounts of payment of labor[17]. It was recommended that the overall total of the funds for paying for the labor be distributed among the workers in proportion to their labor contribution. For that purpose, a 17-category wage scale was developed, with the correlation between the extreme categories being 1 : 8. For each worker, provision was made for determining the total quantity of category units in terms of Category 1, by multiplying the number of days that he worked by the appropriate category coefficient. The average payment of the category unit could be determined by dividing the overall total of the funds for payment of labor by the total number of category units for all the workers[18]. However, those recommendations did not receive any practical application. In the real-life situation, a guaranteed hourly payment of labor was employed, and the rates were coordinated annually with the trade-union agencies. For example, for 1924-1925 a collective contract between Ukrsovkhozobyedineniye and Vserabzemles [All-Russian Trade Union of Agricultural and Forest Workers] established the minimum

monthly rate for paying for labor to be six rubles for sovkhozes in Poltava, Kiev, Chernigov, Volynsk, and Podolsk guberniyas, and 6.50 rubles in Odessa, Donetsk, Kharkov, and Yekaterinoslav guberniyas[19]. The link between the payment level and the production results at the level of the individual worker could be discerned insufficiently. For example, in 1925 the payment for one work-day of the so-called day workers, who accounted for approximately 60 percent of the total labor expenditures, constituted on the sovkhozes that were operating at a loss 0.51 rubles (on those operating at a profit, 0.55 rubles), that is, was only eight percent lower[20]. At the same time the harvest yield of winter wheat in the same year on the sovkhozes operating at a loss was one-half that of the sovkhozes operating at a profit[21]. Under these conditions, the functions of increase in wages were entrusted not to the decentralized levers that coordinate that process with the production results, but the the centralized ones—the wage rates that are coordinated with the trade unions. Thus, starting on 1 October 1926, the monthly minimum wage was increased to 9.6 rubles for sovkhozes in the first group of guberniyas that was mentioned, and to 10.2 rubles for the second group[22].

With a consideration of this historic retrospective, the contents of Article 14 of the Law Governing the State Enterprise (Association) that was previously in effect can be viewed as a substantial weakening of the principles of centralized regulation of wages. It is not precluded that it was precisely this that was the economically inefficient opening of the sluiceways for the rise in wages that was mentioned by Academician S. Shatalin[23]. Therefore it is extremely important to guarantee the harmonious combination of centralism and independence when making the successive transition to market relations. In this regard it is desirable to take advantage of the experience also of the remote 1920's.

The very structure of Ukrsovkhozobyedineniye and the system of administering it also are of considerable interest with regard to the possibility of borrowing for present-day practice. Ukrsovkhozobyedineniye included more than 160 sovkhozes, which were located throughout the territory of Ukrainian SSR[24]. The association's board of governors, which was located in Kharkov, enjoyed the right of a legal individual. Every individual sovkhoz acted as a subdivision of a modern enterprise, that is, was completely subordinate to the board of governors. Consequently, the association had a two-level organizational structure. The farms were deprived of the right to conclude contracts to purchase production goods or to sell output, or to obtain credit. All those questions were resolved by the board of governors in a centralized manner. However, that part of the output for which no centralized contracts had been concluded was sold by the sovkhozes locally. This kind of organization of the work from the very beginning became an object of criticism, inasmuch as the fact that the independence that an individual farm had was too remote from complete independence was instantly apparent. However, at the same time, one could also see clearly expressed as a shortcoming the preference of the, so to speak, "internal" centralism of the association. That preference lay in the broad opportunities for shifting the resources within the confines of the association. The question of granting an individual sovkhoz the rights of a legal individual was raised at the USSR Workers and Peasants Inspectorate, beginning in January 1927, but it was never resolved positively. Therefore the experience of the organizational structure of Ukrsovkhozobyedineniye and the administration of it, by virtue of its territorially dispersed nature and the means of communication that existed at that time, deserves detailed study.

One of the prerequisites for guaranteeing the effectiveness of the administration of the association was the organizing of internal economic work. A central place in it at that time was occupied by accounting for the expenditures and the output yield. This can be explained by the fact that the final results of the work performed by an individual sovkhoz in the form of comparing expenses and results began to be depicted in the plans only starting in late 1928, while such indicators did not yet exist in 1927[25] (the items planned were chiefly the production indicators for the sown areas, harvest yield, and gross harvests of output). Therefore the necessary itemizing of the income and proceeds was achieved precisely by the accounting means. For example, the association's annual report for 1927 included: "Computation of the Sowing of Winter Wheat in Bare Fallow." That attests to the keeping of records in the cross-section of the predecessor crops. From the point of view of present-day ideas, the lines in the account were structuralized partially on the basis of items and chiefly on the basis of technological cycles. The following is a list of the lines: rental, agricultural tax, plowing and tilling of fallow, seeds, preparation of the soil for sowing, sowing, harrowing in the springtime, weeding, fighting of pests, harvesting, haulage to the threshing floor and stacking, threshing and cleaning, guarding of sowings, depreciation of tools, repair of tools, treatment of seeds, fertilizers, various expenses, total expenses. In addition, each line provided a depiction of the item of expenses: number of days worked by the sovkhoz workers, the operation of live tractive force as subdivided by types of traction (horses, oxen), days of tractor operation and expenditures of tractor fuel. Details were also given for proceeds from the harvest: Grade 1 grain, Grade 2 grain, poor-quality grain, chaff, straw, other proceeds. All the indicators in the account were given both in absolute expression and in terms of a desyatina of sowing[26]. That information came in from every sovkhoz, and then was summarized for the association as a whole. The comparison of that account with the present-day practice will be not in favor of the latter, because today it is impossible to find even a single official intrafarm planning or reporting document that, from the point of view of detailed information concerning expenses and the output of production, would approach the one cited. Moreover, in recent times one has observed a disdainful attitude toward the level of technical methodology in

managing the economic work on kolkhozes and sovkhozes. In the planning of expenses this is a return to the methodology of the achieved level, and in the accounting of expenditures, the so-called "common pot-"method, with which the accounting is made on the whole for the production subdivision without isolating the individual types of output.

In the last-mentioned instance, we are even dealing not with the real-life economic practice, but with the recommendation of the already liquidated union-level Gosagroprom with respect to the procedure for accounting for the work of the leased collectives at agricultural enterprises. Without exaggeration it can be said that, in this work sector, the practice of the 1920's is the model. With an accounting of the next technical base of planning and accounting, this conclusion becomes simply indisputable.

In conclusion we would like to cite certain data concerning the operation of the Ukrsovkhozobyedineniye sovkhozes during the first five complete years of their existence (see table). As we can see, the model of the market relations of that time made it possible to achieve substantial success. Whereas at first the sovkhozes did not have any opportunity even to cultivate completely the land that had been allocated to them and they operated at a loss, subsequently they achieved both the complete cultivation of the land and profitable operation. And that is the chief proof of the necessity for an attentive study of their experience during the subsequent changeover of agriculture to market relations. If we are able to make intelligent use at lest of our own experience in this matter, it will not be necessary to pay a too expensive price for the market, as is foreseen by our leading economists—academicians L. Abalkin and S. Shatalin—because even our own experience proves that the radicalization of the economic reform should be carried out not in the direction of an uncontrollable market that cannot be regulated, but in the direction of the transition to market cost accountability.

Resources and Effectiveness of the Operation of Ukrsovkhozobyedineniye Sovkhozes in 1922-1927*

	Years				
Indicators	**1923**	**1924**	**1925**	**1926**	**1927**
Number of sovkhozes	416	137	162	164	171
Total land area (desyatinas)	208,486	190,697	202,372	204,849	225,727
including: plowland (desyatinas)	105,643	96,685	126,789	127,393	140,958
of which, in cultivation (desyatinas)	56,738	73,289	93,105	112,980	131,694
Number of head of livestock, including:					
work horses (head)	2050	2249	2980	3507	3921
work oxen (head)	1961	2159	3748	3957	3492
Number of tractors(units)	—	3	236	321	570
Value of gross output (thousand rubles)	Nodata	3650	6945	8656	11,700
Profit(loss) (thousand rubles	-302	-100	736	355	1220

*Computed on the basis of TsGAOR data, collection R-352, inventory 1, file 298, sheets 114, 115, 117, and file 920, sheets 26-30.

Footnotes

1. See: Central State Archives of the October Revolution [TsGAOR], the Highest Agencies of State Power, and Agencies of the State Administration of Ukrainian SSR.—TsGAOR, collection R-352, inventory 1, file 1, sheet 1.

2. See: Kiev Oblast State Archives [KOGA]—KOGA, collective R-349, inventory 1, file 135, sheet 4.

3. See: KOGA, collection R-4027, inventory 1, file 149, sheet 43.

4. See: Ibid., sheet 1.

5. See: KOGA, collection R-4027, inventory 1, file 149, sheet 3.

6. See: Ibid., sheet 195.

7. See: Ibid., sheet 168.

8. See: TsGAOR, collection R-352, inventory 1, file 564, sheet 48.

9. See: TsGAOR, collection R-352, inventory 1, file 123, sheet 63.

10. See: TsGAOR, collection R-352, inventory 1, file 203, sheet 52.

11. See: TsGAOR, collection R-352, inventory 1, file 1543, sheet 284.

12. See: TsGAOR, collection R-352, inventory 1, file 1336, sheet 29.

13. See: TsGAOR, collection R-352, inventory 1, file 1045, sheet 54.

14. See: TsGAOR, collection R-352, inventory 1, file 1045, sheet 10.

15. See: TsGAOR, collection R-352, inventory 1, file 788, sheets 78, 79.

16. See: TsGAOR, collection R-352, inventory 1, file 761, sheet 49.

17. See: KOGA, collection R-4027, inventory 1, file 149, sheets 163-166.

18. See: Ibid.

19. See: TsGAOR, collection R-352, inventory 1, file 224, sheet 10.

20. Computed on the basis of TsGAOR data, collection R-352, inventory 1, file 408, sheets 281-283.

21. See: Ibid, sheet 39.

22. See: TsGAOR, collection R-352, inventory 1, file 516, sheet 229.

23. See: IZVESTIYA, 22 April 1990.

24. See: TsGAOR, collection R-352, inventory 1, file 203, sheets 53-54.

25. See: TsGAOR, collection R-352, inventory 1, file 537, sheets, 1-6, 33.

26. See: TsGAOR, collection 1, file 916, sheets 15, 16.

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Kazakh Draft Law on Curtailing Monopolistic Activities

Text of Draft Law

914A0426A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 29 Dec pp 1-2

[Draft of Kazakh Soviet Socialist Republic Law: "On Curtailing Monopolistic Activity"]

[Text] **A law focused on the development of the Kazakh SSR market, as well as on protection of its participants from the monopolistic activity of the organs of state power and management and economic subjects.**

Section 1. General Provisions

Article 1. Purposes of the Law

1. The purpose of the Law is to stimulate free entrepreneurial competition and protect the interests of consumers.

2. The Law defines measures:

- to eliminate monopolistic structures of management and prevent their emergence;
- to prevent, curtail, and cut off monopolistic activity and unscrupulous competition on the commodities market.

Article 2. The Sphere of Application of the Law

1. The Law applies to the organs of state power and management as well as to the organizational-management formations, enterprises (or associations), organizations, and citizens (hereafter—participants in economic turnover) conducting economic-commercial activity located on Kazakh SSR territory.

2. The Law does not apply to the following:

- sectors or types of activity envisioned in the Addendum;
- rights stemming from legislation on inventions, trademarks, or authors' right, as well as international treaties.

Article 3. Definition of Monopolistic Activity and Dominant Position

1. Activities of participants in economic turnover or organs of state power and management aimed at curtailing or eliminating competition and in this way harming other participants in economic turnover are considered monopolistic.

2. The position of a participant in economic turnover is considered dominant when the output it produces or sells (other than output of whole-sale-intermediary organizations) holds more than 50-70 percent (depending on the sector) of the market of comparable commodities (or jobs or services); which makes it possible to decisively influence the level of competition or limit the freedom of activity of other participants in economic turnover.

Article 4. The Tasks of the Organs of State Power and Management in the Area of Curtailing Monopolistic Activity and Developing Competition

1. The republic's organs of state power and management are obliged to implement the following:

- denationalization and privatization of property through stock-holding arrangements, rental, or purchase for the purpose of creating and maintaining free competition of various types of enterprises and organizations;
- breaking up of highly monopolistic state enterprises or associations with due regard for technological and production potential;
- targeted investment in those participants in economic turnover which are developing competitive activity in sectors where certain commodity producers hold a monopoly position;
- stimulation of the activity of parallel production facilities in monopolized sectors by allocating state resource funds and offering tax and credit concessions for participants in economic turnover;
- expansion of export-import activity and liberalization of customs duties on commodities which on the domestic market will lower monopoly prices and develop competition.

2. The organs of state power and management do not have the right to do the following:

- prevent the creation of new participants in economic turnover in any sphere of activity or limit types of activity or production of commodities (or jobs or services), if they are not prohibited by Kazakh SSR legislation;
- give orders to a participant in economic turnover to deliver goods to a certain group of consumers first, with the exception of cases envisioned in Article 2 of this Law;
- carry out activity which prevents competition of enterprises or organizations of different forms of ownership; or set up preferential conditions for enterprises of the state form of ownership or discredit subjects of other forms of ownership.

Section 2. Curtailing Monopolistic Activity

Article 5. Demonopolization of the Organs of Management

1. The Kazakh SSR ministries and departments and organizational-management formations are prohibited from doing the following:

- determining and establishing the product list (assortment), volumes, and prices of output (or jobs or services) produced for enterprises, organizations, or associations which are part of the sector;
- limiting the zones of activity (or service) of participants in economic turnover by territorial, economic, or other boundaries;
- introducing any restrictions (other than those established by Kazakh SSR law for that sector) on producing output (or jobs or services) for participants in economic turnover which are not part of the sector;
- determining and establishing the products list and volume of the delivery of products (or jobs or services) for guaranteeing state needs. This item does not apply to the state committee on contracts, interrepublic and interregional relations.
- centralizing, in any form or under any pretext, material or financial resources belonging to participants in economic turnover;
- disposing of the property of enterprises which are part of the organizational-management formation by auctioning them off or putting them up for rent;
- distributing material or financial resources being allocated in a centralized manner which are indicated in the Addendum.

2. The formation of organizational-management structures (associations [assotsiatsiya], concerns, or other associations) leading toward the creation of monopolistic formations is prohibited.

Organizational-management formations of commodity producers (associations, concerns, and other associations) whose charters envision the following may not be registered:

- regulation of the production volumes of enterprises included in them; establishment of price levels for them; distribution among them of sales markets and centralized investments;
- distribution of the volumes of production (or jobs or services) or of deliveries to certain customers among subordinate enterprises;
- granting to organs of management of organizational-management formations the functions of disposing of output being distributed in a centralized manner.

Article 6. Abuse of a Dominant Position on the Market

The following actions of a participant in economic turnover who is in a dominant position on the market are considered illegal:

- reduction or cessation of production as well as withdrawal from circulation of goods in order to create or maintain an artificial shortage on the market;
- unsubstantiated raising of prices.

Article 7. Prohibition of Monopolistic Activity on the Commodities Market

Participants in economic turnover who are sellers (manufacturers) or consumers (buyers) are prohibited from concluding monopolistic contracts that lead to the following:

- division of the market by territories or by consumers;
- imposition on the other contracting party of a compulsory assortment as a condition for the sale of goods (or jobs or services);
- coercion to accept conditions of a contract unrelated to its object;
- coordinated actions of participants in economic turner which counteract competition;
- coercion in setting prices when selling goods.

Article 8. Prohibition of Unscrupulous Competition

1. Any action of a participant in economic turnover which results in the discrediting of the business reputation or raises the question of the solvency of a competitor by spreading false or distorted information is considered illegal.

2. Participants in economic turnover or organs of power and management are prohibited from doing the following:

- using information relating to a trade secret of participants in economic turnover without their consent;
- advertising or selling goods using a method which harms competitors;
- deliberately distorting or intentionally using a shape, trademark, or external packaging of goods made by other manufacturers; or misrepresenting the place of manufacture of goods.

Section 3. The Kazakh SSR Antimonopoly Committee

Article 9. The Kazakh SSR Antimonopoly Committee

In order to curtail monopolistic activity, prevent abuses of dominant positions on the market, and stop unscrupulous competition, the Kazakh SSR Antimonopoly Committee is created. The provision on the Committee is authorized by the president of the Kazakh SSR.

Article 10. The Rights of the Kazakh SSR Antimonopoly Committee

1. The Kazakh SSR Antimonopoly Committee has the following rights:

- legislative initiatives;
- to demand that organs of state power and management and participants in economic turnover present information needed to perform their functions as well as written explanations on questions posed;
- to give instructions which must be fulfilled involving the application of antimonopoly legislation;
- to institute proceedings to confiscate for the state income unfairly received as a result of monopolistic activity or unscrupulous competition;
- to institute proceedings with imposition of fines against participants in economic turnover as well as against officials of organs of state power and management for violating this Law and not fulfilling the instructions of the Kazakh SSR Antimonopoly Committee;
- to institute proceedings to invalidate fully or in part acts published by the organs of state power and management or agreements concluded by them which violate antimonopoly legislation;
- to institute proceedings to invalidate fully or in part contracts by participants in economic turnover which are in conflict with antimonopoly legislation or to cancel or amend contracts which infringe on the interests of other economic subjects or citizens;
- to present proposals to the appropriate organs of state power and management on introducing compulsory licensing, banning, or cessation of export-import operations by participants in economic turnover if they violate antimonopoly legislation.

2. The Antimonopoly Committee has the right to impose fines in the amounts set by this Law (Article 13) on officials who fail to present the information envisioned in Article 10 within a month.

Article 11. The Procedure for Appealing Decisions of the Kazakh SSR Antimonopoly Committee

Organs of state power and management and participants in economic turnover have the right to appeal decisions of the Kazakh SSR Antimonopoly Committee adopted for violation of legislation in court or arbitration.

Section 4. Measures To Ensure the Fulfillment of Antimonopoly Legislation and Accountability for Its Violation

Article 12. Measures To Ensure the Fulfillment of Antimonopoly Legislation

1. The following are measures to ensure the fulfillment of antimonopoly legislation:

- compulsory breaking up of a participant in economic activity;
- confiscation of unfairly received profits;
- imposition of obligations to fulfill (or cancel) a contract or amend its conditions;
- penalty for damages suffered, including profits not received;
- imposition of fines.

2. The application of these measures is carried out by the court or arbitration tribunal according to the procedure established by Kazakh SSR legislation.

In cases envisioned by Article 10 of this Law, the fine is imposed directly by the Kazakh SSR Antimonopoly Committee.

3. Institution of proceedings related to monopolistic activity, abuse of dominant positions on the market, or unscrupulous competition is carried out by the following:

- the Kazakh SSR Antimonopoly Committee;
- the Kazakh SSR organs of state power and management;
- the Kazakh SSR Procurator's Office organs;
- the court (or arbitration tribunal) on its own initiative;
- the participants in economic turnover;
- the citizens of the Kazakh SSR.

Article 13. The Grounds for and Amounts of Fines for Violating Antimonopoly Legislation

1. Accountability in the form of a fine arises on the following grounds:

- for deliberate creation of conditions causing monopolization of the market or preventing its demonopolization expressed in actions envisioned by Article 5 of this Law;
- for abuse of a dominant position on the market expressed in actions envisioned by Article 6 of this Law;
- for abuse of a monopoly position on the market expressed in actions envisioned by Article 7 of this Law;
- for unscrupulous competition expressed in actions envisioned by Article 8 of this Law;
- for failure to present documents, reference materials, or other information, as well as written explanations (Article 10 of this Law), or for presenting clearly unreliable or false information to the Kazakh SSR Antimonopoly Committee in the designated time period;
- for evasion of fulfillment of the instructions of the Kazakh SSR Antimonopoly Committee issued in accordance with its competency or untimely fulfillment of these instructions.

2. Fines for these violations are imposed on the basis of the decision of the court in the following amounts:

- against legal persons who are participants in economic turnover—10,000 to 100,000 rubles;
- against organs of state power or organs of state management—3,000 to 50,000 rubles;
- against officials (or legal persons or organs of state power and management)—100 to 1,000 rubles.

3. Fines imposed on participants in economic turnover, organs of state power and management, or officials are transferred to the Kazakh SSR Antimonopoly Committee Assistance Fund, which uses it to finance measures to develop competition and curtail monopolistic activity.

Addendum

List of Sectors and Types of Activity Where the Kazakh SSR Law: "On Curtailing Monopolistic Activity" Does Not Apply:

1. Electric power engineering.

2. Construction and operation of the railroads.

3. Main pipelines.

4. Communications facilities and lines.

5. Defense needs.

6. Space work and research.

Resolution on Draft Law

914A0426B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 29 Dec 90 p 2

["Kazakh SSR Supreme Soviet Resolution on the Draft of the Kazakh SSR Law: 'On Curtailing Monopolistic Activity'"]

The Kazakh Soviet Socialist Republic Supreme Soviet **decrees** the following:

1. To approve upon first reading the basic provisions of the draft of the Kazakh SSR Law: "On Curtailing Monopolistic Activity" presented by the republic's Council of Ministers.

2. To publish the draft of the Kazakh SSR Law: "On Curtailing Monopolistic Activity" in republic and oblast newspapers for public discussion.

3. That republic press organs, television, and radio organize clarification of the provisions of the draft law, cover the course of its discussion thoroughly, and summarize the comments and proposals on it which are received.

4. That oblast, Alma-Ata, and Leninskiy city soviets of peoples' deputies organize summarization of the comments and proposals on the draft of the Kazakh SSR Law: "On Curtailing Monopolistic Activity" made by people's deputies, citizens, labor collectives, or social organizations or presented by the mass information media. Materials which generalize the comments and proposals on the draft law should be presented to the Presidium of the Kazakh SSR Supreme Soviet.

5. To charge the Committee on Questions of Development of Industry, Transport, and Communications jointly with other committees of the Supreme Soviet and with the participation of Kazakh SSR Ministers Cabinet with finishing work on the draft of the Kazakh SSR Law: "On Curtailing Monopolistic Activity" with due regard for the proposals and comments made by people's deputies and during public discussion and present it for study by the next session of the Kazakh SSR Supreme Soviet.

[Signed] Deputy Chairman of the Kazakh SSR Supreme Soviet, S. Abdildin, Alma-Ata, 11 December 1990.

Turkmen Legislation on 1991 Budget

914A0479A Ashkhabad TURKMENSKAYA ISKRA in Russian 31 Jan 91 p 3

["Law of the Turkmen Soviet Socialist Republic: On the State Budget of the Turkmen Soviet Socialist Republic for 1991"]

[Text]

Article 1. To ratify the state budget of the Turkmen SSR for 1991 for revenues in the amount of R3.851366 billion and for outlays in the amount of R4.058430 billion.

To ratify the deficit limit of the Turkmen SSR state budget for 1991 in the amount of R0.207064 billion.

To stipulate that budget outlays will be financed within the limits of revenues actually obtained.

Article 2. To ratify the republic budget for 1991 for revenues in the amount of R3.103024 billion, for outlays in the amount of R3.216344 billion, and a deficit limit for this budget of R0.113320 billion.

Article 3. To include in the state budget of the Turkmen SSR for 1991 the budgets of oblasts, cities, and rayons of republic subordination for revenues totalling R1.791134 billion and for outlays totalling R1.884878 billion, including oblasts, cities, and rayons of republic subordination.

Revenues and Outlays in Millions of Rubles

	Revenues	Outlays
Mary Oblast	390.621	411.421
Tashauz Oblast	279.426	294.626
Chardzhou Oblast	380.275	401.075
Cities:		
Ashkhabad	464.475	489.075

Revenues and Outlays in Millions of Rubles (Continued)

	Revenues	Outlays
Bezmein	16.983	17.883
Kizyl-Arvat	5.073	5.273
Krasnovodsk	34.211	36.111
Nebit-Dag	45.973	48.773
Tedzhen	10.336	10.836
Cheleken	8.829	9.229
Rayons:		
Ashkhabadskiy	30.604	32.504
Bakhardenskiy	12.929	13.579
Geok-Tepinskiy	14.795	15.645
Kaakhkinskiy	13.916	14.616
Kazandzhikskiy	8.255	8.305
Kara-Kalinskiy	8.721	8.765
Kizyl-Arvatskiy	7.059	7.089
Kizyl-Atrekskiy	5.435	5.465
Kirovskiy	9.585	9.885
Krasnovodskiy	14.238	14.338
Serakhskiy	9.423	9.723
Tedzhenskiy	13.017	13.667
Gasan-Kuliyskiy	6.955	6.995

To direct the Turkmen SSR Finance Ministry to use direct settlement between the republic budget and the budgets of oblasts, cities, and rayons of republic subordination to regulate changes in the volume of these budgets resulting from modifications made by the Turkmen SSR Supreme Soviet in ratifying the state budget of the Turkmen SSR for 1991.

Article 4. To stipulate that revenues for the republic budget for 1991 are constituted from:

—withholdings from the turnover tax in the amount of 43.9 percent;

—sales tax in the amount of 70 percent;

—withholdings, in accordance with the USSR Law and Turkmen SSR Law "On Taxes From Enterprises, Associations, and Organizations," from taxes on profit of enterprises, associations, and organizations, except for those comprising a portion of the local economy;

—deductions from the sale of State Internal Premium Bonds of 1982 issue in the amount of 30 percent;

—rental payments from the production association of the Turkmen gas industry Turkmengazprom;

—return from duties and nontax revenues.

Article 5. To take under account, in the republic budget, revenue returns in the following amounts (in millions of rubles):

Tax on profit of enterprises, associations, and organizations	344.941
Turnover tax	262.583
Sales tax	90.000
Return from the sale of State Internal Premium Bonds of 1982 issue	16.500
Rental payments	1,500.000
Duties and nontax returns	87.000

Article 6. To stipulate that in 1991 republic budget funds be directed towards supporting the functioning and development of branches of the economy falling under the direction of republic organs, towards financing the most important scientific-technological projects and social programs of general republic significance, and towards creating necessary financial reserves and other outlays of general republic significance.

Article 7. To confirm appropriations for 1991 from the republic budget for the accomplishment of measures envisaged by Article 4 of this law in the following amounts (millions of rubles):

Funding the economy	1,086.100
Of this amount:	
for reimbursement of the difference in prices for agricultural production and certain kinds of food products, as well as certain kinds of raw material goods	661.211
for other economic outlays	424.889
Funding sociocultural measures	525.194
Of this amount:	
for public education and professional training of personnel	171.291
health care	66.818
physical training	1.875
culture and art	44.086
implementation of measures to protect mothers and children, the payment of pensions and benefits to certain categories of citizens, and other measures	241.124
Funding scientific research and republic scientific-technological programs	13.862
Maintenance of republic organs of state power and government	24.550
Maintenance of law enforcement organs	34.242
Allocation of subsidies to the budgets of local soviets	1042.792
Formation of the reserve fund of the Turkmen SSR Government	35.451
Other measures falling under the administration of republic organs	29.269
Compensation to budget organizations for the rise in expenses related to the introduction of sales tax	85.000
Support of the stabilization fund	339.884

Article 8. To ratify, from the total appropriations for maintenance of republic organs of state power and government, outlays for the maintenance of:

Turkmen SSR Supreme Soviet	1.795
Turkmen SSR Government	4.905
Turkmen SSR State Control Committee	1.705
Turkmen SSR State Arbitration	0.183
Turkmen SSR ministries and departments and their organs	15.962

Article 9. To allocate, from the republic budget, subsidies to the budgets of oblasts, cities, and rayons of republic subordination to equalize the level of social protection for the population, and also to balance revenues related to their inequitable distribution to regions under the price system currently in effect—R1.042792 billion in all.

This includes (in millions of rubles):

Mary Oblast	231.884
Tashauz Oblast	195.049
Chardzhou Oblast	245.675
Cities:	
Tedzhen	5.966
Kizyl-Arvat	1.949
Nebit-Dag	16.738
Cheleken	6.102
Ashkhabad	269.609
Rayons:	
Bakhardenskiy	3.365
Geok-Tepinskiy	6.469
Kaakhkinskiy	9.051
Kazandzhikskiy	5.621
Kara-Kalinskiy	7.308
Kizyl-Arvatskiy	3.909
Kizyl-Atrekskiy	4.664
Kirovskiy	1.583
Krasnovodskiy	9.043
Serakhskiy	5.631
Tedzhenskiy	1.963
Gasan-Kuliyskiy	6.213

To stipulate that the subsidies will be utilized strictly for their special purpose.

Article 10. To allow the Turkmen SSR Government to issue state securities with the aim of attracting free assets of the population, enterprises and organizations, banks and other finance and credit institutions, for the financing of republic budget outlays.

Article 11. Following resolution of matters concerning the transfer of enterprises, associations, and organizations to municipal property, the Turkmen SSR government will precisely specify revenues and outlays of the republic budget for 1991.

Article 12. To ratify norms for effecting allocations to the budgets of oblasts, cities, and rayons of republic subordination:

a) from turnover tax, with the exception of revenues from the liquor-vodka and winemaking industries:

—oblasts, cities (except for Bezmein and Krasnovodsk), and rayons of republic subordination—70 percent;

—the city of Bezmein—20 percent;

—the city of Krasnovodsk—33 percent;

b) from the sale of State Internal Premium Bonds of 1982 issue—20 percent.

[Signed] S. Niyazov, president of the Turkmen SSR, Ashkhabad, 10 January 1991

INTERREGIONAL, FOREIGN TRADE

Public Surveyed on Free Economic Zones

Leningrad Oblast Opinion

914A0468A Moscow VECHERNYAYA MOSKVA in Russian 20 Dec 90 p 1

[Unattributed report]

[Text] Leningrad. More than half the residents of Leningrad Oblast favor the creation of a free economic zone. And 47.4 percent of those surveyed expressed the desire to go abroad for paid work.

Moscow Area Rayon Polled

914A0468B Moscow ARGUMENTY I FAKTY in Russian No 8, Feb 91 p 8

[Text of letter followed by results of survey by Ye. Pervysheva, candidate of psychological sciences]

[Text] *"I heard that Zelenograd had become a free economic zone, although this city is a rayon of Moscow. Here in Kharkov we have different opinions as to the existence of these zones. How did the Zelenograders feel about this? For if not today then tomorrow this problem will affect many cities." [Signed] N. Lushchuk, Kharkov*

On 13 September 1990 the RSFSR Supreme Soviet adopted the decision to set up a center of Soviet microelectronics and a free economic zone in Zelenograd. The population of Zelenograd is about 170,000 people.

The Moscow State University Public Opinion Research Laboratory did a study on this problem among the residents of the "free" city back in October 1990. The

survey included 1,000 respondents selected "at random": that is, the questions were asked of people who had not been specially chosen:

[Question] Are you "for" or "against" the creation of a free economic zone (FEZ):

—"for"—70 percent;

—"against"—5 percent;

—have not decided yet—17 percent;

—do not know—8 percent.

[Question] How do Zelenograders conceive of a free economic zone? They associate the following with a free economic zone:

—high demand for workers—92 percent of the responses;

—vigorous entrepreneurial activity—85 percent;

—substantial difference in income—80 percent;

—high efficiency of the work of enterprises—76 percent;

—saturation of the market with goods and services—74 percent;

—high prices with high wages—71 percent.

[Question] Will there be social protection for the low-income strata of the population?

—"Yes"—48 percent.

[Question] Will it be easier to go abroad for work?

—"Yes"—61 percent.

[Question] Will the city be self-reliant?

—"Yes"—58 percent.

[Question] Will a "local currency" be introduced?

—"Yes"—24 percent.

[Question] Advocates of the creation of a free economic zone believe that:

—the well-being of each person will depend on his efforts—70 percent; —a person will be able to make money and be well off—66 percent;

—there will be unemployment—60 percent;

—people will realize their own abilities better than before—59 percent;

—a free economic zone will ensure general access to contemporary achievements in the sphere of daily life and leisure—56 percent;

—a free economic zone will help clean up the environment—56 percent; —the city's special status will cause tension with other rayons—54 percent;

—the creation of a free economic zone will lead to greater social inequality—50 percent;

—it will be necessary to change occupations—47 percent;

—a free economic zone will help achieve the world level of economic and technical development—33 percent.

Operation of Estonia's Economic Border

914A0480A Tallinn SOVETSKAYA ESTONIYA in Russian 6 Dec 90 p 1

[Article by U. Helme, consultant, Department of Defense and Border Guard: "The Economic Border Is in Operation"]

[Text] On 3 December, a regular meeting of the government commission for establishing the economic border of Estonia was held. The meeting was chaired by the chairman of the commission, State Minister Raino Vare.

Completing efforts to outfit control checkpoints on highways was the focus of attention. The commission found that despite the efforts made the progress of the endeavor was slow due to the lack of material resources.

The control checkpoints in the Parnu and Viljandi sections have become fully operational. The high quality and effectiveness of the operation of the control checkpoints in Viljandimaaskiy Uyezd were specifically noted.

As Chief of the Parnu Section Viktor Hansen reported, the first violators trying to ship goods out by passing control checkpoints have already been apprehended. It has also been established that individuals have come along who look for opportunities to transport goods beyond the borders of Estonia by circumventing the control checkpoints.

General Director of the Customs Department Tinis Harm communicated that efforts to institute customs inspections of goods shipped out of the republic by rail will be completed soon. A pertinent agreement with the management of the Estonian Division of the Baltic Railroad has been reached. Preparations to introduce customs inspections in commercial and passenger ports are under way.

According to his report, the Department of Navigation has taken preparatory measures to introduce customs inspections at maritime ports. The introduction of similar inspections at the airport of Tallinn is on the agenda

Andrus Eevel, chief of the economic border guard headquarters, presented the first summarized data for the first 10 days of November. Attempts were made to ship outside the republic without proper licenses the following goods in short supply (in 1,000 rubles [R]):

- foodstuffs and soft drinks worth R414,000;
- garments, knitted garments, and footwear worth R430,000;
- other consumer goods worth R804,000;
- cattle worth R132,000;
- construction materials worth R92,000;
- alcoholic beverages worth R160,000;
- other products and goods worth R234,000.

Therefore, in the 10 days alone, goods worth more than R2.2 million were retained for the republic market (without taking into account goods shipped through the city of Narva—there is no control at this location). At the same time, goods in short supply worth more than R7 million were shipped out under licenses.

However, as A. Eevel said, the effects of the operation of the economic border cannot be determined from these statistics because there is no data on the volume of imported goods. In his opinion, the Customs Department of the Republic of Estonia should come up with a well-grounded economic assessment of the turnover of goods in the republic.

The opposition of the Narva leadership to the establishment of the economic border is continuing and even growing—this is how Arved Pent, chief of the East Virumaa Section of the Republic of Estonia, described the situation. V. Chuykin, chairman of the Narva City Soviet, is clearly trying to aggravate the situation both in the city and in East Virumaa Uyezd. Last week, he visited Sinimae Volost where he sought allies and assistants in creating the East Virumaa Autonomous Oblast of Estonia, resorting to demagoguery, threats, and promises. V. Chuykin made all manner of promises to the effect that life in a Sinimae Volost administered by Narva will be heavenly and, mainly, that Soviet power will stand firm and will be able to oppose Estonian separatists. Everyone indeed has his own yardstick, and interprets things depending on the degree of his depravity.

RSFSR-Belorussian Customs Posts Viewed

914A0456A Moscow TRUD in Russian 19 Feb 91 p 2

[Article by TRUD staff correspondent G. Gromyko: "Goodies From My Mother: What Customs Barriers on the Republic Borders Cost"]

[Text] Smolensk—**In Smolensk, you hear stories everywhere about the severity of Belorussian customs inspectors who closed roads on the border with Russia in November of last year. One person assures me that they dumped out a three-liter jar of sour cream right onto the ground. Another one swears that he had a TV set taken from him at a checkpoint, and received no compensation whatsoever. Yet another grieves for a goose, which his beloved mother-in-law fattened for Christmas, taken away from him...**

Frankly, it is not quite pleasant for me, a Belorussian, to hear such things, despite the fact that I took these stories to be anecdotes far removed from reality—until I made a trip to my native home.

My familiarization with Belorussian customs began on the main highway, which has the most traffic, Moscow-Minsk. The Belorussian checkpoint is located about 15 kilometers away from the border, near the settlement of Osinovka. The lonely figure of a militiaman with a baton in his hand loomed next to a lone trailer squeezed in on the shoulder. As a rule, cars driving by slowed down before the checkpoint and drove on. I stood there for 10 minutes, for 20 minutes—and nothing interesting happened. This was a regular GAI [State Motor Vehicle Inspectorate] post rather than a menacing customs checkpoint. Where were jars with sour cream and drawn geese?

My interview with the chief of the duty detail, Senior Lieutenant A. Aristov, began with this question. Initially he did not understand me. I had to tell him what horror stories are told in Smolensk about their service. The inspector did not even smile. Two of his young assistants also looked at me gloomily. They answered reluctantly. It turned out that they did not have any confiscated merchandise. They rarely encounter malevolent smugglers. They did happen to pull over a truck with spare parts (they were being shipped for barter), and confiscated five cases of vodka—perhaps, that was it.

However, I told them, I myself have read reports in the republic newspapers that the "catch" of the Vitebsk GAI in just two weeks exceeded three million rubles [R].

They answered: "May very well be. However, the people are not stupid; they will not take such losses. They do not transport refrigerators or TV sets anymore. Besides, where would you buy them?"

Subsequently, one of the inspectors revealed the reason for his disinclination to be interviewed:

"They ship it by railway cars and refrigerated trucks, and all the paperwork is fine. Meanwhile, I am ordered to weigh a bag of candy that a child carries..."

The good life does not appear to have been the reason for the appearance of customs checkpoints on intrarepublic roads. This was not a local initiative or a whim of zealous administrators. The supreme legislative organ of the republic, the Supreme Soviet, laid down new procedures for economic and commercial relations with neighbors. In late October, it passed the Law on Temporary Measures To Defend the Consumer Market of the Belorussian SSR [Soviet Socialist Republic]. As you can see, the law is temporary, for the duration of the stabilization

period during a transition to the market. However, what prophet may foretell how long this transition is going to last?

Let us note that, in keeping with the law, protection of our native consumer market is structured quite formidably and strictly. Speculation, abuse of official position, illegal outshipment of goods, forgery of merchandise paperwork, violations of trade rules, and so on are punishable by enormous fines, confiscation, and even imprisonment. Common citizens, household smugglers, so to speak, are particularly scared by Article 2 of the law: "Outshipment of certain foodstuffs and manufactured goods on a list compiled by the Council of Ministers of Belorussia is also banned or restricted."

The list was also published. It includes virtually everything that man has learned to produce and procure since the stone age. The list of goods of which limited quantities may be shipped out is more modest: Two hundred grams of sausage and butter per person, two bottles of mineral water, and two boxes of matches. Do you know what kind of punishment is meted out to courageous individuals who exceed these limits? A fine ranging between R5,000 and R10,000, confiscation of illegally shipped goods, as well as the accessories and means of committing a violation of the law.

This is a harsh law! However, it does have one essential shortcoming. They definitely had to indicate how much a person coming to Belorussia is allowed to eat in addition. Otherwise, crafty fellows would come along who would take out the authorized 200 grams, having gorged themselves on a kilogram right before the border. This is a clear-cut case of thievery!

To ensure that the new law would operate rather than remain on paper, the government envisaged a veritable mountain of endeavors and measures and convened a series of conferences and seminars, having allocated to this end means and resources, new staff positions and jobs in the militia, courts, and financial and control organs. For starters, 35 special checkpoints controlling the outshipment of goods were set up effective 1 November at border- crossing locations.

We may now say with confidence that for the most part compliance with the law is ensured, but not entirely. Thirty-five checkpoints are clearly not enough to cover the 2,500 kilometers of border, or more precisely, they are almost nothing. I have reliable information to the effect that, in return for a regular half-liter, any resident of the border areas may take around the checkpoints, on back roads, not only a maneuverable Niva with minced pork, but even a tractor carrying bricks.

I believe that procedures will have to be made stricter in order to definitively protect the Belorussian market against minute encroachments: several rows of barbed wire will have to be erected along the entire border, a plowed strip should be put in, and, naturally, armed patrols with dogs should be posted. Of course, it is expensive, but it is reliable. This way an entire republic may very well turn into a slice of heaven making its remiss neighbors envious.

Incidentally, the discussion of this law in the Belorussian parliament proceeded with extreme difficulty. They barely managed to get the necessary minimum of votes to pass it. Many deputies maintained that the law would declare war on the consequences of shortages rather than their causes. Chief of Belorussian State Customs N. Krechko even maintained that there should not be any customs barriers inside the Union because this hampers regular economic development.

Nonetheless, the policy of intervening gates and guards prevailed.

So far, no precise statistics are available on the amount and worth of goods intercepted by the newly set up checkpoints in more than three months. As I have mentioned, in the initial weeks amounts going into millions appeared in triumphant reports. They may be real because the "surprise factor" did play a role at first. However, itinerant merchants from faraway lands and republics who were not able to read Belorussian newspapers or listen to the radio in time quickly figured it out. At present, the "catch" is quite negligible. In addition, latter-day customs inspectors display no particular zeal in confiscating the third match box or the 11th egg from visitors to the republic. Therefore, outlays for maintaining the customs service continue to be made, whereas profits run out.

There are other economic losses, and quite considerable at that. For decades, dozens of Belorussian cars with foodstuffs and manufactured goods were parked at all markets and trade "pads" in Smolensk itself and both border and more remote rayons of the oblast. The lack of things local was not the reason. They were available. However, the Belorussians brought for sale a greater assortment of better-quality and cheaper goods. I remember very well the complaints of some local rayon leaders: Our hard-earned money is migrating to our neighbors. It is easy to understand who stood to win then.

At present, you cannot see such cars. Indeed, there are shortages of manufactured goods and many foodstuffs in Belorussia as well. Nobody is going to haul them hundreds of kilometers if they can be sold locally. In Minsk, butter, flour, macaroni, sugar, and soap are only sold for coupons... However, the output of meat and meat products in the republic has not declined substantially. Generous amounts of meat products and cheese are sold at state prices without any coupons in the cities and especially in rural areas, but only to the "locals." Salespeople honestly warn visitors that foodstuffs will be confiscated on the border.

On Saturdays, for example, the market of the city of Bobruysk overflows with meat, ducks, chickens, tongues, and prepared foods. Suburban rayon consumer societies, public catering, cooperatives, and city grocery stores sell

goods. However, there is not much demand. By night, almost one-half of these abundant supplies are returned to storage and stock rooms. Even a noneconomist would understand that in this case the law did not protect but rather froze the Belorussian market. Goods need to be sold, and it is not important whether they will be sold for Smolensk, Belorussian, or Ukrainian rubles. It is easy to sever this chain but it is difficult to restore it.

This is as far as elementary economics is concerned. The following questions also trouble me. We may somehow understand why my Belorussian brethren have fenced themselves off with gates, but I do not quite understand from whom. So, it turns out that I personally am no longer a son of my native land, and my sons are aliens and foreigners? And that the citizens of Smolensk and Ukrainians are no longer our brethren with whom we have broken bread? I want to ask excited legislators: Does it become us to humiliate our shared memories and our difficult, tragic lot over a slice of lard or ladies' pantyhose? What do we intend to change, and for what? Such defense of the market and protection of the interests of common consumers, our ethical indifference, jar upon me. Perhaps, one of my former schoolmates was right when he said the following crudely, but sincerely: "Time will pass, and we ourselves will be surprised what fools we made of ourselves..."

All that remains is to hope that this enlightenment will not be too long in coming.

I returned to Smolensk on another road and through another checkpoint. There was obvious contraband in my car: a rabbit carcass, a salted ham, and (to make the experiment valid) about 1.5 kilograms of cheese. I tried in vain to convince my mother not to stuff things into my bag. I argued that they would confiscate everything at the border anyway. She refused to believe me and got angry: "Are you kidding me or what? You are not carrying stolen goods, who will dare to take it from you?"

Of course, it is difficult for an old, illiterate village woman in her eighties to appreciate the entire complexity of our ethnic-economic situation. Let us forgive her.

A young inspector standing next to a customs booth looked at the car cursorily and did not move. This time, we got by without mutual humiliation.

Kazakhstan, Belorussia Sign Cooperation Treaty

Leaders' Commentary

914A0445A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 12 Jan 91 p 1

[KazTAG report: "Interstate Treaty Signed"]

[Text] On 11 January a Treaty Between the Kazakh SSR and the Belorussian SSR was signed at the House of Friendship in Alma-Ata. This extremely important document, which defines and specifies the interstate relations between the two republics involved, was confirmed by the signatures of N.A. Nazarbayev, president of the Kazakh SSR, and N.I. Dementey, chairman of the Belorussian SSR Supreme Soviet.

The following persons attended this formal ceremony: from the Kazakh SSR—Ye.M. Asanbayev, chairman of the Kazakh SSR Supreme Soviet; S.A. Abdildin, deputy chairman of the Kazakh SSR Supreme Soviet; as well as Ye.G. Yezhikov-Babakhanov and Yu.A. Khitrin, Kazakh SSR state councillors, i.e., advisers; from the Belorussian SSR—V.F. Kebich, chairman, Belorussian SSR Council of Ministers; V.I. Sholodonov, chairman, Belorussian SSR Supreme Soviet. Other members of the official delegations were also here.

A press conference was then held for members of the Kazakh and Belorussian mass media. In speaking to the journalists, N.A. Nazarbayev remarked that the document which had just been signed comprised the basic foundation of a new Union treaty. We have made the transition from regulating our republic's economic relations to reinforcing our ties on the state and political level. The new Treaty has provided for the mutual observance of Kazakhstan's and Belorussia's sovereignty, along with respect for their territorial integrity and human rights. Serving as a pledge of its future viability is the fact that previously existing economic agreements are still in active operation. Commodity turnover between our two republics will already exceed a billion rubles during the current year.

N.I. Dementey stated that the Treaty just signed will open up broad horizons for economic and humanitarian cooperation, as well as for strengthening friendship between the peoples of Belorussian and Kazakhstan. They will organically continue the lengthy history of these relations: because, after all, our fraternal peoples have always come to each other's aid in both wartime and in peaceful work. This Treaty also constitutes a good staging area or launching platform for forming a new Union of sovereign republics, for creating an interrepublic field of market relations. Coordinating the development of Belorussia's and Kazakhstan's economic potentials will allow us to upgrade our peoples' well-being more rapidly, as well as to solve the complex social and ecological problems confronting them.

Members of the official delegations provided exhaustive answers to numerous questions posed by the correspondents.

The Belorussian delegation toured Alma-Ata; they visited and inspected the Medeo Sports Complex located on a hill, as well as the Central State Museum.

In the name of the Kazakh SSR president, a dinner was given for our honored guests.

On that same day the emissaries from our fraternal republic of the Belorussian SSR flew back to their homeland.

Text of Treaty

914A0445B Alma-Ata KAZAKSTANSAYA PRAVDA in Russian 12 Jan 91 pp 1,2

["Text" of "Treaty Between the Kazakh SSR and the Belorussian SSR"]

[Text] The Kazakh SSR and the Belorussian SSR, hereinafter to be designated as the "parties":

based on the Declaration of the State Sovereignty of the Kazakh SSR, dated 25 October 1990, and the Declaration of the Belorussian SSR Supreme Soviet On the State Sovereignty of the Belorussian SSR, dated 27 July 1990,

taking into consideration the historically evolved ties between these two republics and the traditions by which their cultures have been mutually enriched,

expressing the will of our peoples and their determination to construct democratic states—based on the rule of law—in the Kazakh SSR and the Belorussian SSR,

being convinced of the need to develop our own interstate relations based on the principles of sovereign equality, noninterference in internal affairs, a rejection or abandonment of the use of force or other pressure-type methods, but instead adjudicating disputes by accomodating means, as well as other commonly recognized principles and norms of international law,

considering that the further development and strengthening of relations of fraternal friendship and mutually advantageous cooperation between them would correspond to the basic national interests of the peoples of both states and would serve the cause of peace and security,

guided by the striving or aspiration to facilitate by all possible measures the creation, establishment, and development—on a voluntary basis—of a Union of sovereign states,

affirming their own adherence to the goals and principles of the United Nations Charter, as well as those of the Helsinki Treaty [Final Act], the Paris Charter for a New Europe, and other documents adopted by the Conference for Security and Cooperation in Europe and Asia,

pledging themselves to observe the commonly recognized norms of international law in the field of human rights,

have agreed to the following points and provisions:

Article 1

The parties shall recognize each other as sovereign states and shall pledge to refrain from actions which could inflict harm or damage to their state sovereignty.

Article 2

The parties shall guarantee to all citizens of the USSR residing on the territories of the Kazakh SSR and the Belorussian SSR—after citizenship laws shall have been adopted by the parties concerned—the right to be a citizen of that party on whose territory they are residing.

Questions regarding the obtaining of citizenship in one of the parties by persons residing on the territory of the other party shall be adjudicated by an appropriate agreement based on the citizenship laws of the parties concerned.

Article 3

Each of the parties shall pledge to guarantee to citizens of the other party residing on its territory rights and liberties equal to its own citizens in accordance with the operative laws of the parties concerned, as well as their legal protection.

Each party shall protect and defend the rights of its own citizens residing on the territory of the other party, and shall render protection and support to them in accordance with the commonly accepted norms of international law.

Article 4

The parties shall facilitate the expression, preservation, and development of the ethnic, cultural, linguistic, and religious originalities, i.e., distinctive qualities, of the national minorities inhabiting their territories, as well as of the unique, ethno-cultural regions which have evolved.

Article 5

The parties shall develop an equitable and mutually advantageous cooperation between their peoples and states in the fields of politics, economics, education, culture, health care, ecology, science, technology, trade, as well as in humanitarian and other spheres; they shall also facilitate a broad-based exchange of news and information.

The parties deem it necessary to conclude agreements concerning cooperation in the appropriate fields.

Article 6

The parties shall recognize and respect the territorial integrity of the Kazakh SSR and the Belorussian SSR and the presently existing borders.

Article 7

In striving to further strengthen international peace, the parties shall recognize the need for cooperation between both states in the area of defense and in guaranteeing security based on the declarations of state sovereignty by the parties concerned and in accordance with the UN Charter.

Article 8

The parties recognize that their joint activities—to be implemented on an equitable basis through common coordinating institutions of the two parties—shall include the following:

- interaction and cooperation in foreign policy;
- guaranteeing human rights and the protection of civil rights;
- cooperation in forming and developing a common economic, legal, humanitarian, and informational area, including that within an All-European context, as well as Eurasian initiatives;
- questions of customs policy;
- administering systems of electric-power engineering, transportation, information science and communications, including satellite links and telecommunication;
- cooperation in the field of environmental protection, including the avoidance of transporting or hauling pollutants across borders, participation in creating an all-encompassing international system of ecological security,and rendering mutual assistance amid extraordinary circumstances;
- issues of migrational policy;
- the struggle against crime, including international crime.

Article 9

The parties acknowledge the planetary nature of the Chernobyl catastrophe, the negative consequences of testing nuclear weapons on the Semipalatinsk Proving Grounds, and the ecological diasters in the zone of the Aral Sea. And they shall exchange information with regard to all aspects of the above-mentioned problems, combine and coordinate their efforts—including those on an international level—to overcome their consequences.

Article 10

The parties consider that the legal system of state property, the property of juridical persons, i.e., persons in the eyes of the law, and citizens of one party living on the territory of the other party shall be adjudicated by the laws of the parties concerned, or, in case of necessity, by a special agreement.

The parties agree that all problems with regard to objects qualifying as All-Union property shall be subject to adjudication on the basis of special agreements.

Article 11

The economic relations of the parties concerned shall be adjudicated by agreements, an integral part of which shall be the granting of most-favored nation treatment. The parties shall guarantee and provide for the development of economic, trade, scientific, and technical relations on the following levels:

- organs of state authority and administration;
- banks and financial systems;
- enterprises, associations, organizations, and institutions;
- joint Kazakh-Belorussian and Belorussian-Kazakh enterprises and organizations;
- individual, i.e., private, entrepreneurs.

The parties agree that the specific mechanisms of inter-enterprise and inter-farm relations, trade and commercial exchange, all types of communications links and hauls, as well as matters pertaining to economic and informational cooperation, shall be regulated by inter-governmental agreements. The parties shall conscientiously and unwaveringly observe their mutual obligations and shall not unilaterally employ economic measures which would destabilize their economy or inflict harm on the parties concerned.

Article 12

The parties shall conclude inter-governmental agreements concerning mutual or reciprocal supplies, deliveries, services, payments, prices, and the movement of, or traffic in, securities. The above-mentioned list of agreements shall not be exhaustive.

The parties shall pledge themselves to take measures to coordinate a price policy.

Article 13

Each of the parties shall guarantee or ensure transit-type transport operations conducted by the other party through seaports, riverports, and airports, as well as railroad and highway networks, and main pipelines situated on their territories.

The conditions and procedures for carrying out transit-type transport operations shall be determined by special agreements to be reached by the parties.

Article 14

The parties shall reserve to themselves the right to conclude additional treaties or agreements regarding cooperation in all other spheres of interstate relations.

Article 15

The parties shall exchange plenipotentiary representatives.

The procedure for exchanging representatives and their status shall be regulated by a special agreement.

Article 16

Disputes relating to the interpretation and application of the present Treaty shall be subject to resolution by means of negotiations or talks.

Article 17

The present Treaty shall not affect the obligations of the parties with respect to third states and the rights to conclude treaties with third parties concerning their

participation, as specified by the Treaty, in the sphere of the parties' joint activities, including those in the area of guaranteering security.

The present Treaty shall not be directed against third parties.

Article 18

The parties will conduct regular, bilateral consultations and talks regarding problems in carrying out or executing the present Treaty.

In order to implement the present Treaty, the parties deem it necessary to likewise set up a permanently functioning, interparliamentary commission on cooperation.

Article 19

Each of the parties shall reserve to itself the right to initiate—within the framework of consultations—talks concerning continuing the validity of the present Treaty or certain of its articles.

The provisions of the present Treaty may be supplemented or amended upon the mutual consent of the parties.

Article 20

The present Treaty shall be subject to ratification.

The exchange of the ratification documents or instruments of ratification shall take place in the city of Minsk.

The present Treaty shall go into force, i.e., become valid, on the day when the instruments of ratification are exchanged.

Article 21

The present Treaty shall be concluded for a period of 10 years.

Its validity shall then be continued for the next 10 years unless one of the parties shall declare its desire to abrogate it by means of a written statement at least six months prior to the expiration of this Treaty's period of validity.

Done in the city of Alma-Ata in two copies, each of which has been rendered in Kazakh, Belorussian, and Russian. Moreover, each of the three texts shall have equal force in the eyes of the law.

Article 22

After the present Treaty has become legally valid, a copy of it shall be sent to the United Nations Secretariat for registration and publication.

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

[Signed] **For the Belorussian SSR by N. Dementey, chairman, Belorussian SSR Supreme Soviet.**

Turkmenistan Issues Ukase on Export of Items From Republic

Text of Ukase

914A0435A Ashkhabad TURKMENSKAYA ISKRA in Russian 7 Dec 90 p 1

[Ukase of the President of the Turkmen Soviet Socialist Republic: "On the Temporary Regulation of Export of Goods, Products, Raw Materials and Other Materials From the Turkmen SSR"]

[Text] For the purposes of ensuring a state of balance in the republic's domestic market, protecting the interests of the consumers and producers in the period of transition to a market economy, and guaranteeing fulfillment of contracted obligations, **I hereby decree:**

1. To forbid citizens to export and send foodstuffs and industrial goods beyond the borders of the republic, in accordance with lists No 1 and 2, attached.

2. To establish, that citizens who have purchased goods for foreign currency, checks or certificates, must, upon leaving the republic, in case of inspection, present a copy of the commodity receipt or a copy of the invoice.

Citizens who have acquired goods at auction must present a receipt verifying the purchase.

3. Tashauz and Chardzhou Oblast Ispolkoms, Krasnovodsk City Ispolkom and the Krasnovodskiy Rayon Ispolkom shall establish strict control over the sale and export of goods, and shall not allow them to be dissipated beyond the bounds of the republic. When necessary sales in the retail system shall be conducted by means of coupons or passports. They shall take strict measures against officials and administrators of trade organizations and enterprises who violate the procedures established by this point.

4. Militia organs are authorized to carry out customs inspection of the freight and baggage of citizens traveling beyond the bounds of the republic by any means of transport, and shall take measures established by law (right down to confiscation) to preclude the export of industrial goods and foodstuffs in violation of point 1 of the given Ukase.

5. Oblast, rayon and city ispolkoms, in conjunction with the TSSR Trade Ministry and the TSSR Ministry of Internal Affairs, shall review the list of trade enterprises which provide for the receipt and sale of industrial goods and foodstuffs, confiscated in accordance with point 4 of the given law; and shall work out, in coordination with the TSSR Ministry of Internal Affairs and the Health Ministry, a procedure for receiving, paying for and selling the indicated goods to the TSSR Trade Ministry and the Turkmen Union of Consumer Cooperatives.

6. The TSSR Communications Ministry shall guarantee control over the contents of parcel post shipments in accordance with the requirements of the given Ukase,

and shall require communication enterprises to receive parcels in an opened condition.

7. Export of goods, products, raw materials and other materials from the republic by enterprises, organizations and institutions, regardless of their departmental subordination and form of property, shall be carried out in accordance with economic agreements concluded according to established procedure and on the basis of licenses issued by the TSSR Gosagroprom, Gossnab, Trade Ministry, Turkmen Union of Consumer Cooperatives, TSSR State Committee for Petroleum Products, and the TSSR Ministry of Consumer Goods, in accordance with their jurisdictions and the range of goods and products.

8. For the purpose of ensuring control over the regulation of the export of goods, products, raw materials and other materials, a Republic Commission shall be established, made up of the administrators of TSSR Gosplan, Gosagroprom, Gossnab, the TSSR State Committee on Petroleum Products, TSSR Trade Ministry, and the Turkmen Union of Consumer Cooperatives. TSSR State Control Committee Chairman Comrade S. Motayev shall be appointed chairman of the commission.

The commission may take under consideration any questions associated with regulating the export of goods, products, raw materials and other materials.

9. Export of goods, products, raw materials and other materials in commodity exchange operations, including imported goods, is permitted with a license issued by the organ stipulated in point 7 of the present Ukaze, with the permission of the Republic Commission for Monitoring the Regulation of Export of Goods, Products, Raw Materials and Other Materials.

10. Licenses for export of products, raw materials and other materials in accordance with economic agreements shall be issued without cost.

Licenses are documents of strict accountability and shall be registered in a special ledger.

11. The Ashkhabad and Chardzhou Departments of the Central Asian Railroad, the Turkmen Civil Aviation Administration, and the TSSR Ministry of Motor Transport and the Highway System, the Central Asian River Shipping Administration, and the Krasnovodsk Merchant Seaport shall dispatch goods only under license.

12. The Republic Commission for Monitoring the Regulation of Export of Goods, Products, Raw Materials and Other Materials shall, within a ten-day period, draw up and submit for approval to the Turkmen SSR Government a regulation on the procedure for licensing of goods, products, raw materials and other materials; the form of the license; and also the amount of payment for issuance of licenses for commodity trade operations.

13. In order to prevent export beyond the republic borders of industrial goods, foodstuffs and live cattle in violation of the procedure stipulated by the given Ukase, the TSSR Internal Affairs Ministry shall establish specialized subunits of officials from BKhSS [Struggle with Pilferage of Socialist Property and Speculation] and the highway patrol service, in the cities of Krasnovodsk, Chardzhou, Kerki, and also in Krasnovodskiy, Tashauzskiy, Oktyabrskiy, Kunya-Urgenchskiy, Takhtinskiy, Kalininskiy, Telmanskiy, Leninskiy, Dargan-Atinskiy, Farabskiy, Khodzhambasskiy, Charshanginskiy, Chardzhouskiy, Sakarskiy and Sayatskiy Rayons, and if necessary in other rayons as well.

Natural routes for the shipment of freight by motor transport and for driving cattle onto the territory of neighboring republics in Tashauz and Chardzhou Oblasts and in Krasnovodskiy Rayon, shall be covered.

Personnel at monitoring posts shall be periodically replaced.

14. The TSSR Ministry of Justice and Ministry of Internal Affairs shall, within one month, submit suggestions to the Government of the Turkmen SSR on liability for actions which promote the export beyond the borders of the republic, in violation of established procedure, of industrial goods, foodstuffs, and raw materials; liability shall include stipulation of fines in the amount of from 3-5,000 rubles.

15. The TSSR Ministry of Internal Affairs, the TSSR Committee for State Control and executive committees of local Soviets of People's Deputies shall establish strict control over the execution of the given Ukase.

16. The procedure for export beyond the borders of the republic of goods, products, raw materials and other materials established by the present Ukaze shall be brought to the attention of enterprises, organizations, institutions and citizens.

17. The Resolution of the TSSR Council of Ministers of 9 October 1990 is no longer in force.

[Signed] President of the Turkmen Soviet Socialist Republic, S. Niyazov, City of Ashkhabad, 5 December 1990.

Lists of Items Prohibited From Export

914A0435B Ashkhabad TURKMENSKAYA ISKRA in Russian 7 Dec 90 p 1

[Lists of Goods Prohibited for Export]

[Text]

List No 1: Goods, Products, Raw Materials and Other Materials Prohibited from Export and Shipment from the Turkmen SSR by Citizens

Carpets and carpet articles, both man-made and manufactured; Domestic sewing machines; Domestic refrigerators and freezers; Electric irons; Vacuum cleaners; Televisions, all brands; Video equipment; Decorative tile stoves; Furniture suites; Domestic washing machines; Articles of jewelry and articles made from

precious metals and precious stones; Articles of antiquity having historic and artistic value; Tea and table services and sets; Domestic radio-electronic apparatus; Cameras and photographic equipment; Bicycles, motorcycles and mopeds; Polyethylene sheets; Gas stoves; Cable and cable products; Electric meat slicers; Electric coffee-makers; Domestic air conditioners; Medical equipment; Bathtubs; Radiators and heaters; Mixing valves; Cement; Wall-paper; Paint; Sheet metal; Kamen gyusha [unknown]; Bricks, construction; Slate; Timber, round and sawn; Sand, washed; Plywood; Panels, wood fibre; Panels, particle board; Garden huts; Parquet; Door and window assemblies; Steel Roofing Sheets; Wire Netting; Pipes; Gas Filling Station Pumps; Asphalt; Cotton Wool; Licorice; Cotton-Lint; Articles from natural fur, and skins of all kinds; Ulyuk [unknown]; Lint; Lamb and camel wool; Medicines; Medicinal herbs; Snake venom; Meat, valuable varieties of fish, and live cattle; Animal fat; Potatoes; Grain and cattle feed; Flour and groats; Silkworm cocoons; Raw silk.

List No 2: Goods, Products, Raw Materials and Other Materials Prohibited from Export and Shipment from the Turkmen SSR by Citizens, in Excess of Norms Indicated Below:

Automobile Spare Parts—1 set; Automobile Covers—1 each; Fabrics, all kinds—up to 6 linear meters; Knitted outerwear—two sets; Knitted underwear—three sets; Linen, table and bed—two sets; Linen, underwear and outerwear, three sets; Stockings and hosiery articles—up to five pairs; Shoes, foreign manufacture—one pair; Outerwear, foreign manufacture—one set; Detergent—one kg; Books (fiction, scientific-popular and technical literature enjoying high demand)—up to five of each kind; Soap, toilet and domestic—up to 0.5 kg; Meat products (sausage, packed meat products)—up to two kg. Coffee, tea, cocoa—up to 0.5 kg; Oil, vegetable—one kg; Sugar—one kg; Milk, canned—two cans; Cheese—one kg; Roe, sturgeon and salmon—one can each (up to one kg). Baby food—one kg; Fruits, vegetables, melons—up to 15 kg; Grapes—five kg; Nuts and almonds—two kg; Honey—one kg; Fish, canned—five cans; Liqueurs and vodka—one bottle; Wine, including champagne—one liter; Tobacco and tobacco articles—one carton (ten packages); Petroleum products—20 liters, in addition to that in fuel tank.

PRICES, BUDGET, FINANCES

Georgian Finance Minister on Republic's Economic Crisis

914A0463A Tbilisi ZARYA VOSTOKA in Russian 21 Dec 90 p 2

[Interview with Guram Absaidze, finance minister, Republic of Georgia, by Alla Kokaya of Sakartvelo News Agency under the "Revenues and Expenses" rubric: "The Finances: Radical Changes Are Necessary"]

[Text] As you know, the republic's economy is in a state of crisis, and the negative indications in the national economy are continuing and increasing. It is clear that such an economy cannot have a sound financial base. This truism, however, also has a flip side. The economy's improvement will not occur until its financial area has been strengthened.

How is such a seemingly hopeless situation to be overcome? We have little time for this. The time is limited by the transition period announced by the republic's government. Georgia must greet its independence as economically strong.

The republic's finance minister, Mr. Guram Absaidze, tells us about the sector's problems.

[Absaidze] The republic's economy is experiencing a plainly manifested financial strain. The strain did not start today. It has deep roots. Now, however, it is necessary to seek ways for the situation's radical improvement, not those to blame. For this purpose, it is essential to have an accurate picture of what is taking place in the sector today. I shall try to familiarize you briefly with the state of affairs that has taken shape. In the financial situation of the economy's leading sectors—industry, the agro-industrial complex, and capital construction—no signs of improvement, or even of stabilization, are being observed. The state of affairs in the consumer market has become extremely acute as well. The irresponsible and discriminatory decrees passed by the center, along with the relaxation of financial and bank control, have brought about growth at high rates in earnings, accompanied by decline in the production rates of products.

Absolutely no purposeful fight is being made to reduce wastefulness, losses, unprofitableness, and unproductive expenditures, which complicates the financial situation even further. All of this has caused industrial production in the republic not to exceed 94 percent for 10 months. Thus there has been a shortfall of 527 million rubles [R] in products.

After all, husbandry and thrift constitute one of the important conditions for the successful effect of market relations—this is clearer than clear. But today there exist the opposite effects.

Judge for yourself: for the last four years of the five-year plan, the sum total of recorded expenditures and losses in the republic's national economy amounts to R2.9 billion. This total substantially exceeds the outlays on such major social programs as health care or social security. It is a remarkable fact that the majority of the unproductive expenditures and losses is the result of improper management and criminal negligence.

The status of the inventory—the storage and control of material assets—out of which the deficit from losses, thefts, and spoilage of commodity stocks annually reaches substantial values, causes alarm. During the

years 1986 through 1989, the total amount of these kinds of losses exceeded R350 million, including R90 million last year.

[Kokaya] (Batono) Guram, please tell us, what is the state of affairs in the basic sectors?

[Absaidze] The problems of safeguarding material assets have become more acute in all sectors of the national economy; however, they are especially acute in the State Agroindustrial Committee [Gosagroprom] system. During the years 1986 through 1989, the sum total of commodity stock losses there amounted to almost R300 million. During last year alone, consumers received too few food products by more than R50 million and almost 1.195 metric tons of meat and meat products as a result of the spoilage of agricultural and food-processing-industry products.

Quite a few such examples may be cited. An extremely difficult financial situation has taken shape in the republic's construction complex. Irresponsibility and arbitrariness in that field have led to workers' failing to receive 166,000 square meters of housing during 10 months of the current year.

An unfavorable financial situation has developed in the enterprises and associations subordinate to the Ministries of Light and Local Industry, in trade, and in the (Tsekavshiri) System; and, as a result, there are empty store shelves.

[Kokaya] The situation is, indeed, extremely difficult. However, as the saying goes, hopeless situations do not exist. In what do you see the way out?

[Absaidze] The way out is in the establishment of market relations. However, each of us must understand: the market economy implies order and conscientiousness, not chaos and permissiveness. It is not an end in itself. It is a means of achieving harmony among people and between the society and the state.

Estonian Revenue Department on New Excise Tax

914A0452A Tallinn RAHVA HAAL in Estonian, 10 Jan 91 p 2

[Release from the Estonian Revenue Department: "About the New Excise Tax"]

[Text] **The "Procedure for Charging Excise Tax" established by Law Number 209 of the Republic of Estonia, dated 10 October, 1990, will go into effect on 10 January, 1991.**

Beginning January 10, all businesses and organizations located within the territory of the Republic of Estonia, with the exception of state and administrative organs, will be subject to paying excise tax. Excise tax will be applied to the sale of all goods and services in Estonia and to items imported for basic personal needs.

The following goods and services are exempt from excise tax:

1. Land;

2. Natural resources in their original form;

3. Any lines for water, sewer, lighting, gas, electricity, television, etc., that are not part of buildings or other permanent structures; and pipelines that are not directly involved in the production of goods;

4. Highways, streets, bridges, parking facilities, railroads, airports, seaports and other objects serving traffic;

5. Securities and official means of payment;

6. Newspapers and periodicals ordered for at least one month;

7. Live domestic animals and birds;

8. Round timber, firewood;

9. Medications and other pharmaceutical items;

10. Prosthetic-orthopedic devices, corrective devices for vision, nursing supplies

11. Caskets;

12. Medical services;

13. Providing general, trade and higher education;

14. Manufacture and repair of prosthetic-orthopedic devices;

15. Manufacture and repair of contact lenses, frames, lenses and hearing aids;

16. Line transportation on planes, ships, trains, buses, trams, trolleys and taxicabs;

17. Renting out living space;

18. Public entertainment and cultural services (film showings, theater and outdoor performances and concerts), and the services of museums and exhibits;

19. Forecasting and research activity and information services;

20. Providing legal assistance;

21. Communications services provided by state agencies;

22. Nutritional services provided by the employer, at the premises of the latter, to its employees; and nutritional services provided to residents in educational, treatment, health care and special education facilities;

23. Funeral services;

24. Public bath services;

25. Hair care services;

26. Repair of garments and footwear;

Exempt are also sales of the following unprocessed primary products, provided they are sold by the primary producer at the producing location:

1. Grain;

2. Potatoes;

3. Chicken eggs;

4. Milk;

5. Meat—fresh, frozen, salted or dried;

6. Fish—fresh, frozen, salted or dried;

7. Vegetables—raw, dried and cleaned, sorted and cut;

8. Mushrooms—fresh, dried and salted;

9. Fruit and berries—fresh;

10. Natural honey;

11. Seeds and potting plants of wild, agricultural, garden and decorative plants;

12. Coarse feed

Exports of goods and services are exempt if paid for in readily convertible currency.

Excise tax to the state treasury is calculated at seven percent of the sales price of the goods or services (except for retail turnover and exports), not including excise tax. On retail turnover and exports the excise tax is computed at 6.54 percent of the sales price including the seven-percent excise tax.

Beginning January 10, whenever goods are sold or services rendered, the billing submitted to buyers within the Republic of Estonia will have to include:

Sales price without excise tax, the corresponding amount of excise tax, and the total to be paid.

In the case of goods and services sold to individuals by retailers and public eating places, and also in the case of exported (Soviet Union included) goods and services, the billing for taxable goods and services will have to show the sales price including excise tax, without reference to the inclusion of the latter.

In the case of goods and services sold to businesses and organizations by retailers and public eating places, the billing would have to itemize the sales price without excise tax, the excise tax, and the total to be paid.

Necessities purchased for one's own consumption will be billed with the excise tax as part of the sales price, other goods and services will be billed and charged to the cost of production without including the excise tax in the sales price.

Manufacturers of packaging pay excise tax on the packaging materials produced. Containers returned at the guaranteed rate are not subject to excise tax, provided they are not resold at a price higher than the guaranteed price.

Businesses fully based on operating licenses do not charge excise tax on the turnover of their goods and services. Those only partially based on operating licenses, would charge excise tax on the sale of those goods and services that are not covered under the operating license.

District or city councils of the republic, within their administrative boundaries, can effect additional excise tax rates up to (and including) 3 percent of the sales price of the goods and services not including excise tax.

INDUSTRIAL DEVELOPMENT

Lithuanian Industry Minister on Ministry's Function, Goals

914A0465A Vilnius LETUVOS RITAS in Russian 22 Dec 90 p 4

[Interview with Rimvidas Yasinavichyus, Lithuanian Minister of Industry, by A. Maldeykene: "The Ministry Which Hatches the Golden Eggs"]

[Text] Enterprises do not belong to the ministries of industry of Sweden, Norway, or France, but the ministries themselves exist and function successfully. Japan and the United States also have such state institutions. We are talking with Rimvidas Yasinavichyus, the Lithuanian minister of industry, about what such a Ministry should do.

[Maldeykene] There are people who believe that Lithuania absolutely does not need the Ministry of Industry. What does the head of the unpopular Ministry think about that?

[Yasinavichyus] I will answer with the words of a Swede. When he was told about our situation, he smiled: "That's madness! In Sweden only six percent of industry belongs to the state, but the ministry exists. And how can there not be one there, when almost everything belongs to the state?"

I understand why we are attacked and criticized. Most people are convinced that we are doing and will continue to do the same things as the previous bureaucrats. But the point is not the structure; it is the character of the work, the style, and the results. The structure of our Ministry is changing now: instead of a "headquarters" which dispenses commands, we are creating an information-consultation center. But inertia in thinking is tenacious. And there are quite a few people in the Ministry who want to just give orders. Former management apparatchiks are oriented not to results of activity, but to the activity itself and to functions. They say that if you talk on the telephone or write something, then you're working. But the result? That seems to be unimportant.

There are also quite a few who believe that if you don't shout, don't give orders, and don't issue instructions, you're not working.

[Maldeykene] It is not just the management apparatchiks who want to give commands. There are also many who have a need for these primitive orders.

[Yasinavichyus] It should be understood that different levels of management tasks exist. At the lower level—at machine tools and behind desks—particular problems of the moment are decided. The manager of a subdivision must analyze the problems and an enterprise's specialists—questions of customers and the market. Good managers of an enterprise should always know what it will be like in five years and where the enterprise is going. But the Ministry is responsible for Lithuania's economy as a whole and for Lithuania's place in the world economy. Those who come to us merely to find out what there is for them to do now don't know anything. They want to pass off their own work to me. If I do not agree, they are angry and accuse us of idleness.

[Maldeykene] But what does the Ministry do? How is it finding its place?

[Yasinavichyus] The most difficult thing was finding our place among enterprises,, the government, and the Supreme Soviet. We have already passed through that stage. Formerly the leadership could be represented as a pyramid. Now it is a circle. Formerly the Ministry was the crown of the pyramid; now it is in the middle of the circle. We have entered a new stage of activity: we have undertaken to form mechanisms capable of getting this circle rolling. That is only the beginning; there are still few results. For example, when laws used to be adopted, the Ministry instructed the enterprises: you introduce and we'll monitor the introduction. Now it is altogether different: we are organizing a consultation center on economic reform in industry, gathering information on problems which industrial managers face, and holding conferences where we answer questions and analyze the situation. The first time only a few people came to this event, but the next—the people who assembled almost filled the hall.

[Maldeykene] So there has been a result?

[Yasinavichyus] Some people say: cut out those conferences. The point is that with these conferences we are depriving workers in other ministries of a peaceful life. Not everyone wants that. If you start explaining things, it means you're assuming responsibility for results.

[Maldeykene] What could you say about your Ministry's main directions of work?

[Yasinavichyus] They include studying the foreign market and marketing. Seeking better, ecologically clean technologies and introducing them. A strategy for conserving investments and resources. We latch onto all kinds of exotic things, but in the meantime Lithuanian flax is forgotten and timber is rotting. Incidentally, after we had already defined ourselves, we found out what the American Department of Economic Development does: the same thing we do.

[Maldeykene] You said that the Ministry of Industry should look after Lithuania's place in the world economy. What is the prognosis there?

[Yasinavichyus] Most pessimistic. It is especially difficult to enter the world market, but that is the only opportunity to find your place in the world community. We must follow the path of Japan and Korea. For now we are not exporting, we're just playing at exports. Only 2.5 percent of the output ends up in developed countries, and at least half should.

There are two ways to enter the world: support some one sector of the economy (or enterprises) with large investments, or small-scale but regular exchanges with foreign countries. But it is very important to have as many of these exchanges as possible. Both ways are complicated. In the first case investments must be very large. One Korean electronics company which wanted to join the international market allocated seven billion dollars to do so. Where are we supposed to get that much money?

At the present time we are seeking foreign investors. But the first thing all of them ask is where are the promising places for them to invest capital. If you start talking about ecology or agriculture, they only smile. They show interest only in industry; that is the only place we can attract capital. Those who suggest eliminating our Ministry are behaving like the miserable cook: they are killing the chicken which hatches the golden eggs.

[Maldeykene] Don't you ever feel like stopping everything?

[Yasinavichyus] For the time being the criticism is, in my opinion, groundless. Life chastises a person for his mistakes. There are two paths: either not make mistakes, but then not do anything either; or take the risk, make corrections, make mistakes, but have a result. I'm for the second.

Kazakh, General Machine Building Ministry Conversion Pact

914A0484A Moscow KRASNAYA ZVEZDA in Russian 26 Feb 91 p 2

[Article by KRASNAYA ZVEZDA correspondent Colonel A. Ladin: "The Conversion for Kazakhstan"]

[Text] **The Baykonur spaceport is the main space harbor of our country. Kazakhstan President N. Nazarbayev and members of the republic's government recently visited the site. They met with O. Shishkin, minister of general machine building, with leading experts of space research, and with representatives of the USSR Ministry of Defense. They met to agree on terms for their direct cooperation under the new conditions.**

Later both sides met in Alma-Ata for a more detailed discussion, after which they signed a program of economic and scientific and technical cooperation. This is what the story is about.

The technical and production aspects of the rocket and space complex have been shrouded in secrecy for years. Now we start learning that many of the modern technologies, materials, and pieces of equipment produced in our country are no worse than those made in other countries. The same, probably, is true not only of the Ministry of General Machine Building but also of other defense related industries. Now, in the process of the conversion, we have gained opportunities to share all this wealth with the entire national economy.

That was the subject of our conversation with Yu. Koptev, USSR Deputy Minister of General Machine Building.

"It would be wrong to think that once we started working within the conversion framework, we would begin to resemble the proverbial mountain which is waiting for Mohammed to come to it. It has been a long time since we outlined our proposals on cooperation with various industries. We sent lists of our proposed services, contracts, and supplies everywhere. We did not receive too many answers, though."

"Why is there such passivity?"

"On the one hand, our partners are experiencing an unstable financial situation. But there is also another factor: few managers have enough of the entrepreneurial spirit; they are not prepared or do not know how to work in a new manner."

"Did you feel this here, in Kazakhstan, also?"

"I would not say that. Kazakhstan's president and cabinet of ministers seriously intend to introduce scientific and technical achievements extensively in the national economy. We were given an extremely interested reception. Speaking of this, a similar meeting with our participation took place earlier in the Russian Federation."

"What concrete goals did you target to be realized in Kazakhstan?"

"Over 70 plants, design bureaus, and science and research institutes of the Ministry of General Machine Building are involved in the design and production of equipment for the confectionery, baking, yeast-producing, meat processing, and other branches of the industry."

According to a completed agreement, prosthetics centers will be opened in three cities in Kazakhstan, with Alma-Ata and Dzhezkazgan among them. Equipment for the centers will be supplied by the space agency. The main thing is that, since October 1988, Yu. Semenov, chief designer of the Energiya-Buran manned space complexes, has been in charge of a program which is helping to produce orthopedic prostheses. As early as this year 8,000 of these units will be supplied to Kazakhstan. The latest technologies, materials, and precision titanium casting are being used in their production. As a result the prostheses are no worse than foreign-made ones. The people in Alma-Ata also got interested in the processes of automatic welding and of hardening metal-cutting tools, and in rubberless stop valves for water mains.

As we were told by G. Yefremov, general manager of one of the science and production associations under the Ministry of General Machine Building, in 1992 they will start implementing their plan for a solar battery installation to provide electricity for remote shepherd villages.

S. Konyukhov, general manager for rocket, space, and satellite systems of the Yuzhnoye science and production association, told us that as early as this year they will install a wind-driven power plant, produced by them, in Alma-Ata Oblast. According to a signed agreement, they are supposed to design and produce similar, 1,250 kilowatt plants, for installation near the Dzungarian Gate, known for its constant winds.

I cannot leave unmentioned the joint space programs either. The republic's specialists showed great interest in the creation in Kazakhstan of a regional center which would receive, process, and issue to the public information on space. A new direct TV broadcasting complex is being designed which would include the Gals satellite.

As if continuing with the subject: "Space to Kazakhstan," USSR Deputy Minister of Communications Yu. Zubarev told me that a system of direct television broadcasting, Zharyk, had already been made for Kazakhstan. It was made possible through the mutual effort of enterprises of his ministry and of science and production associations of the Ministry of General Machine Building, with Academician M. Reshetnev as the chief designer for the system of space communications and television. The Zharyk system would employ the experimental channel of the Gorizont communications satellite. It consists of 10 ground receiving stations. Another 20 will be supplied before the end of the year.

In other words, the conversion of the defense industry can make a considerable contribution.

AGRO-ECONOMICS, POLICY, ORGANIZATION

VASKhNIL Session Discusses Land Reform, Agricultural Development

914B0079A Moscow SELSKAYA ZHIZN in Russian 26 Jan 91 pp 1-2

[Report on VASKhNIL session by V. Shaykin and S. Kostornoy, special correspondents of SELSKAYA ZHIZN: "Land Reform and APK Development"]

[Text] **A session of the All-Union Academy of Agricultural Sciences imeni V. I. Lenin [VASKhNIL] was held in Kursk on 16-18 January of this year. Problems of exceptional importance—implementation of land reform in the country—were discussed at it.**

Agrarian Crisis

Academician A. A. Nikonov, VASKhNIL president, presented a report at the session. He noted that the agrarian crisis serves as an objective reason for the need for radical changes in land relations. In our country agriculture is still managed extensively and we utilize only 35 to 40 percent of the bioclimatic potential and 30 to 35 percent of the productive capabilities of varieties and hybrids and of animal breeds. At the same time, it is very resource-intensive, because farms consume much more energy per unit of output than in developed countries throughout the world and their technical base is such that more than two-thirds of the people are engaged in manual labor, which determines its low productivity.

In the opinion of scientists, the present agrarian crisis, first of all, is the result of extremely insufficient development and neglect in the sphere of storage and industrial processing of products and, consequently, in the production of final commodity food products. Their chronic shortage, especially of meat, dairy, vegetable, and fruit products, leads to an inadequate structure of nutrition and the groundlessly low retail prices, which often are one-half of the actual value of products, create a speculative flurry and require vast subsidies for the consumer market from the state budget.

As the VASKhNIL president especially stressed, the agrarian crisis is being aggravated by the general economic crisis, the mass of money is growing rapidly, while the demand for consumer goods is not being met, inflation is galloping, there is a big budget and currency deficit, the ruble is being devalued, and foreign currency is invading the domestic economy. It is also interwoven with the ecological crisis and with the deterioration and destruction of the soil cover. We lost one of the first places in the world in per-capita land provision a long time ago: In the country during the last quarter of the century 22 million hectares of arable land fell out of the agricultural turnover. It is also complicated by demographic anomalies, which together has led to agricultural resettlement in Uzbekistan and neighboring republics, on the one hand, and to depopulation in the country's north, west, and center. This dictates the need to begin resettlement measures in some regions and a search for work places and retraining people in others.

The inefficient structure of the entire food complex, undeveloped state of the "third sphere" of the agro-industrial complex, lack of a sufficient number of storage facilities, refrigerators, and specialized transport, and extreme weakness and archaic nature of the food industry also aggravate the agrarian crisis to a significant extent. This leads to inconceivably big losses of grown products, which exceed their imports severalfold, to a reduction in quality, and to an impoverished ration. This has occurred owing to the flawed investment policy during many years.

In fact, the agrarian crisis has accompanied us for decades. Its roots and deep causes are known. After Stalin's death attempts to untie this complex knot were made more than once—in 1953, 1965, and 1982. They gave some temporary effect, which faded away after a few years. Many experiments and major measures were also carried out during the years of perestroyka—purchase prices were raised and various forms of labor and production organization, of contracts, and of leasing, production and scientific production systems, and many other things were proposed. As yet, however, there are no noticeable changes. It is clear that radical reforms—not superficial, not partial, and not palliative, but with due regard for the entire experience of our country and others—are needed.

Next the speaker showed that reforms are successful only when they are carried out by noncoercive, democratic methods in the interest of the peasantry and with its participation. Land reform is successful when it also receives financial, material-technical, political, legal, organizational, and moral-ethical support, when it is of an overall nature and, at the same, in its solution of land problems is directed toward the social transformation of rural areas and contributes to the mastering of scientific and technological achievements and improvement in the occupational training of workers, and, finally, when special bodies are established, which are directly engaged in managing land, cutting land, drawing up documents, uncovering inefficiently used land, and so forth.

The land reform carried out in our country already has a solid legal, theoretical, and methodological substantiation: The USSR Supreme Soviet adopted the Fundamentals of Land Legislation on 28 February of last year and the USSR President's ukase "On Immediate Tasks Concerning the Realization of Land Reform" was issued on 5 January of this year. Land legislation of many countries throughout the world was studied, consultations with prominent experts of the FAO, the United States, and other countries were held, and a group of the Curry Foundation headed by Professor Prosterman from the United States, who prior to that had engaged in the preparation of land reforms in a number of countries with progressive democratic regimes, worked in the

country. We have their conclusion and recommendations. There are also numerous investigations by institutes of VASKhNIL and the USSR Academy of Sciences and other materials.

As the president noted, land reform is the central link of all agrarian transformations. If we do not carry it out, we will not be able to solve a single major agrarian problem. The establishment of a multistructural economy based on the development of various forms of ownership and management and, ultimately, the formation of an efficiently operating agro-industrial complex are its basic goals.

Thus, the landowner, regardless of whether he is an independent peasant, cooperative, or sovkhoz, becomes the owner of the means of production, of the produced products, and of the obtained income. Only in this case can he play the role of an agent on the market and only in such a situation can a normal market exist.

The reform is to ensure a real equality of all forms of management, to guarantee freedom of choice and all possible legal and social protection for the peasant, and to provide financial, material-technical, and other assistance. It is necessary to overcome dogmatism and a contrived confrontation among forms of management. Form is not the main problem of agrarian policy. The peasant himself chooses it. It is determined by natural conditions, the nature of people's settlement, historically formed traditions, and other factors.

I would not dramatize the seemingly key question of land ownership, the president said. In the entire civilized world private property in various forms—from purely individual, family property to group, joint-stock, and other properties—exists along with state property. After all, nonstate property is called "private" everywhere. However, strict land legislation regulating land relations exists everywhere. In particular, a person who does not work on land and does not observe ecological requirements cannot acquire land. On the other hand, leasing relations exist everywhere and, as a rule, legislation gives preference to the lessee, not the lessor. The formula of lifetime possession of land with inheritance adopted in the fundamentals of our legislation fully suits any honest person who seriously decides to settle on it. After all, the law guarantees the right to possess land and no one can deprive man of land if he uses it according to purpose and does not destroy it.

In our country new land legislation has already been in effect for almost 1 year. As yet, however, noticeable shifts in the course of reform have not occurred. What is the matter?

Big Changes

As both the VASKhNIL president and other scientists noted, the cumbersomeness, complexity, and inertness of our agro-industrial complex and its scale cannot be overlooked. After all, it includes more than 50,000 large farms—kolkhozes and sovkhozes—6,500 interfarm enterprises, 8,500 cooperatives, more than 30,000 peasant farms, and millions of small orchards, gardens, and private plots. The following deterrents have also been revealed: a negative or indifferent attitude toward reform on the part of conservative-minded managers of various ranks, as well as of a significant number of workers in the most various specializations, who have not become used to independent work and to responsibility and are afraid of risk and trouble; the absence of a market in the means of production and of elementary services radically undercuts initiative and enterprise; bureaucratism, red tape, and trying experiences take away any desire to get off the beaten track. Scientists capable of opening up prospects for advancement, indicating specific measures, and substantiating their order play an especially big role here.

Of course, the reform will take more than one year—this is the opinion of A. A. Nikonov and of many other scientists—but it should begin on a wide front and make 1991 a decisive year right now. And here, it seems, the reorganization of kolkhozes and sovkhozes themselves is the most timely and urgent matter. This process has already begun and is going on, although slowly. It is going on where managers have understood the impasse nature of the principle "to hold and not to let go" and themselves help in the birth of an individual farm and of a small cooperative under the roof of a kolkhoz or a sovkhoz, where a kolkhoz member is made a shareholder and an owner, and where multiformity is created within the biggest enterprise with the use of its already formed infrastructure. Both managerial functions and methods of operation are being changed. This can be seen with Chartayev in Dagestan, with Professor Shcharetskiy, chairman of the kolkhoz from Minsk Oblast, with Moraykov in Pytalovskiy Rayon, Pskov Oblast, and with Mikhail Sergeyevich Shirkov in Lgovskiy Rayon, Kursk Oblast. This path is also multivariant, but less capital-intensive and more intelligible and understandable to everyone.

Of course, a stable development of the APK is determined primarily by the steadiness of farming, but is not confined to it. Its structure and the development of services, of the storage base, of refrigerating facilities, of transport, and of the sphere of processing, delivery, and sale are important. Along this entire path we still incur innumerable losses and, if they are not eliminated, the increase in agricultural production itself becomes senseless. Therefore, in practice, in science and, especially, in investment policy it is necessary to resolutely abandon such a narrow sectorial approach. Rural areas and the food complex should be viewed only as a single whole with all internal and external ties and with all structures and biological, technical, demographic, social, and economic components.

At the session academician A. N. Kashtanov, VASKhNIL vice-president, presented an account of the characteristics of the further development of farming in the country. He noted that in the development of agriculture we are changing over to a totally new stage. We

face tasks with many unknowns. The concept developed by the academy's scientists on the basis of a study of historical experience in our country and abroad determines the basic directions in the development of farming and in getting out of the agrarian crisis as early as in the next few years. For this it will be necessary to reexamine the entire land policy and forms and methods of land possession and use and to form multistructural agricultural production in a new way—with due regard for the diversity and equality of forms of ownership and methods of management on land.

The point is that by its nature agriculture is intended to be multistructural. The diversity of historical, natural, technological, and other conditions of its management in the country's various regions presupposes a diversity of forms and methods of management on land. Therefore, it is planned to create, as far as possible, equal economic conditions for the management of agriculture in order to be able to efficiently use land everywhere, to get the biggest yield from it, and to create favorable conditions for improving the social development of kolkhozes, sovkhozes, cooperatives, and, speaking in contemporary language, individual peasant farms.

The scientist also reported that a scientific and technical program was adopted. It envisages the elaboration of "technologies" for the formation of highly productive soil—agrozem [agricultural land]—in all the country's zones, development of contour-reclamation farming and biologically pure plant growing, and production and extensive use in practice of new generations of machines, which make it possible not only to grow good harvests, but also to increase, not lose, land fertility in the process.

Legal Mechanism Needs Refinement

E. N. Krylatykh, corresponding member of VASKhNIL, told participants in the session about the realization of land legislation in practice and implementation of land reform. She noted that the mechanism for this has just begun to be formed and many provisions determining the procedure of allotment and withdrawal of land, rights and duties of landowners, functions of soviets of people's deputies, and other aspects are given in too general a form even in republic codes. Therefore, it is necessary to activate as quickly as possible scientists' efforts for legal support for land reform and to more widely include specialists in agrarian problems in working commissions on the preparation of legislative acts and their implementation.

Experience convinces us that no reform has occurred without the establishment of a new organizational structure that has existed throughout it. Fundamentals of Legislation of the USSR and the Union Republics provide for its lower links—deputy commissions on land established under oblast, rayon, city, and rural soviets of people's deputies. However, upper links are formed at the discretion of republics, or in the form of committees on reform (RSFSR), or through the assignment of corresponding functions to ministries of agriculture. The question of the need for an all-Union link in this structure remains debatable.

Speakers at the session especially stressed that scientists should not avoid the solution of organizational problems. The example of Doctors of Economic Sciences V. N. Khlystun, V. F. Bashmachnikov, P. F. Loyko, and I. I. Demidov, who head the work of Russia's State Committee on Land Reform, should serve as an inspiration to others.

For a successful implementation of land reform it is also extremely important how its economic levers operate, that is, the taxation system, mechanisms of economic incentives for efficient land use, of sanctions for ecological damage, and of substantiation of the amounts of compensation for damages and losses when land is withdrawn for nonagricultural use, methods of recording investments in land, and so forth. Scientists' task is to work out the structure of the mentioned mechanism and to prepare methods of land evaluation, tax and rent computation, and so forth as quickly as possible.

Doctor of Economic Sciences V. N. Khlystun, chairman of the Russian Committee on Land Reform, made its entire course dependent on the operation of the mechanism of land regulation and redistribution, on the observance of principles guaranteeing all people working on land the right of freedom to choose forms of ownership, and on their improvement and combination both among themselves and with state property.

Candidate of Economic Sciences A. Z. Rodin from RosNIIzemleproyekt discussed with those gathered the need to carry out all top-priority work on reform in two stages: In 1991-1992 to transfer land to village soviets and to work out land management plans and then to complete its agricultural evaluation. Methods of preparing plans are already being developed, the transfer of land and the calculation of the land rent and tax rates have begun, and a system of information on the quality of all land is being established.

Candidate of Economic Sciences A. Ya. Boruks from the Latvian Scientific Research Institute of Farming believes that land should be evaluated not only according to its potential fertility, but also according to the net income that it is capable of giving depending on its location and proximity to markets for the sale of products or to enterprises for processing them. The scientist even presented and explained formulas, according to which corresponding calculations can be performed.

N. I. Slyusareva, senior scientific associate at VNIETUSKh, examining the transition to rent relations, noted that economic land evaluation is a new phenomenon in our life, but in order that it may be developed properly, a flexible and capacious information system, as in all civilized countries, is needed.

It is also necessary to conduct constant observations of the condition of land. Apparently, a certain part of our land will have to be temporarily withdrawn from circulation—for major repairs and for an increase in its fertility.

The evaluation of land and introduction of rent should be carried out in stages, not right away. In order to make the first evaluation round, according to calculations, 4 or 5 years will be needed. Meanwhile, rent is already being introduced, although pertinent studies have not yet been made for this. As a result, owing to various distortions, lessees suffer, which hinders the course of reform.

Clarification of information and verification of its accuracy represent the second stage. After all, the tax should be introduced on its basis. It should not infringe on the landowner, nor hamper or stifle his entrepreneurial activity.

A uniform information system, that is, a data bank on land areas, which would make it possible to use it rapidly and according to a uniform method, will have to be established in the country. After all, land cannot become a resource, which is preserved and improved, if it is not evaluated accurately and objectively.

Rent is defined as surplus income obtained on land of a better quality and location. For example, 21 land zones have been determined in the Russian Federation and the evaluation of the quality of plots should be made according to a uniform method everywhere.

Truth Is Born in Disputes

A very sharp debate on various aspects of implementation of land reform and a subsequent development of farming unfolded at plenary and section meetings—four sections worked at the session. Many problems, that is, improvement in land use, production of biologically pure products, protection of soil against erosion and contamination, protection of ground water, water sources, and reservoirs, and overall land reclamation for the purpose of a consistent increase in its fertility, await a solution.

Many scientists, managers of farms and associations, and specialists in different fields took part in a discussion of these and other problems. Participants in the session received with interest speeches by Doctor of Economic Sciences L. Ya. Novakovskiy on new principles of land use and management under diverse forms of ownership, by A. P. Shcherbakov, corresponding member of VASKhNIL, on the biologization of farming, by L. N. Petrova, corresponding member of VASKhNIL, on scientific principles of formation and modeling of farming systems under new conditions, and by V. S. Shevelukhi, VASKhNIL academician, on plant resources and increase in the stability of farming owing to a fuller utilization of the potential productivity of new varieties and hybrids. Our capabilities are especially great here.

Participants in the session heard with great attention V. A. Dobrynin, VASKhNIL academician, who, having critically examined the development and present state of kolkhozes and sovkhozes, stressed that they did not work under normal economic conditions even 1 hour. Their profit is taken away right and left. The market needs products, not something else, but there is a shortage of them. Who will create them? People say, individual farming. But what can it give now? From whom will it get funds? From prostrated farms? Or from good ones, ruining them? The state does not have them!

At one time academician A. V. Chayanov wrote a special paper on the optimum scale of agricultural production determined by specific conditions and by the specific development of productive forces. It is highly determined. Therefore, a program for the optimization of our large-scale production is needed. Why suddenly does everyone insist on individual peasant farms? Of course, individual farmers are also needed, but in order to more rapidly saturate the market with goods, first of all, it is necessary to think about the development of commodity farming, which has already been formed in our country.

VASKhNIL academician V. R. Boyev (the All-Union Scientific Research Institute for the Economics of Agriculture) devoted his report to an examination of measures to improve APK work under conditions of a market economy. Among them he drew special attention to the fact that forthcoming structural changes in production, transformations on kolkhozes and sovkhozes, and the vast difference in the provision of rayons with manpower already require the adoption of measures to redistribute labor resources. In our country this problem cannot be solved according to the classic scheme of the labor market based on the calculation of supply of and demand for manpower—an employment service is needed.

The country's APK already has five million people, who are fully or partially unemployed in some regions, while there is the same shortage of people in other regions, especially in the nonchernozem zone, Siberia, and the Far East. On many farms the provision with labor does not exceed 30 to 50 percent here. The main reason hampering production development lies in this. An analysis of the situation points to the fact that at Union and regional levels it is necessary to have overall goal-oriented programs for improving the use of labor resources with due regard for the profound changes taking place on farms, in forms of ownership, land use, and production organization, and in the observance of state, not market, policy of employment.

As A. I. Seleznev, chairman of the Kursk Oblast Soviet and first secretary of the party obkom [oblast party committee], noted, the humiliating state of the social sphere in rural areas is now and was for many years one of the main obstacles to APK development. It must be changed in the first place. This can be attained if the material interests of working collectives as a whole and of individual workers are combined more fully.

Leasing collectives and cooperative and joint-stock enterprises show their worth widely and ever more actively in the oblast. Individual farms are also developing.

However, even the heretofore small experience in this matter has already shown that land for farming can be given by no means to all those claiming it, but only to those who are well familiar with agricultural production and want and are able to work in it, to experts at their jobs, and to specialists capable of using the latest scientific developments and modern equipment and on this basis, not by doubling the length of the work day, of withstanding the difficult competition with large-scale mechanized production. While the shortage of machines for kolkhozes and sovkhozes is acute, they are not available at all for individual farming.

Very many speakers at the session pointed out this misfortune. Academician B. M. Kryazkov, VASKhNIL vice-president, examined critically and in great detail the state of work on the development of new equipment meeting present agrotechnological requirements, as well as the prospects for its development. He concluded that a new machine system, by means of which it will be possible to ensure a 1.5- to 2-fold labor productivity growth, should become the basis for soil protective farming, which gives an especially high effect in the black earth zone noted for extremely strong ruggedness of relief. A third generation of machines for many operations and, first of all, for the most difficult one—soil cultivation—is being developed.

Meanwhile, as A. F. Ponomarev, chairman of the Belgorod Oblast Soviet and first secretary of the party obkom, noted, to this day we do not have a system of machines for a transition to contour-reclamation farming. Yet, as shown by the research of the All-Union Scientific Research Institute for Farming and Protection of Soil Against Erosion, which is located in Kursk, as well as of other scientific institutions and a number of farms, it can give especially good results here. However, owing to the shortage of equipment, it is developing poorly and land affected by erosion returns to the economic turnover slowly.

* * *

Foreign scientists also spoke at the session. For example, Prof John Pesek from Iowa State University (United States) examined certain technological and organizational criteria concerning the development of ecologically balanced agriculture and Prof B. Mollison from the Australian Institute of Renewable Agriculture, from Tasmania, said that systems of agricultural management on land providing people with everything that is necessary can be established and exist almost everywhere.

After an all-around discussion at plenary meetings and sections the VASKhNIL session approved the concept of land reform in the USSR and its scientific support. It also adopted the decree "Land Reform and Problems of Development of Farming in the USSR for the Immediate Future."

It was decided to publish the materials of this session in the form of a separate book. They will also be partially published in the journal ZEMLEDELIYE.

REGIONAL DEVELOPMENT

Agricultural Development of Non-Chernozem Zone Discussed

Regional Seminar in Kirov

914B0089A Moscow SELSKAYA ZHIZN in Russian 8 Feb 91 p 1

[Article by V. Tatarenkov: "On the Problems of the Non-Chernozem Zone"]

[Text] Kirov, 7 Feb (SZh)—The work of the seminar-conference organized by the RSFSR Ministry of Agriculture and Food began here today. About 300 representatives of all the non-Chernozem zone's 29 oblasts and the Russian Republic convened: farmers and directors of farms, agro-industrial formations, consumer cooperative organizations, local executive organs, as well as scientific institutions.

At the center of their attention are the problems for the region's agro-industrial complex (APK) in working effectively under market conditions, fulfilling its program for socioeconomic development, and bringing about land reform. The guests familiarized themselves too with the experience of several progressive farms in the oblast and visited an exhibit at the House of Science and Technology displaying the best examples of technological complexes ensuring high yield in various branches of the APK.

Participating in the seminar-conference are senior officials of ministries and departments of the Russian Federation and the Central Committee of the Russian CP.

Discussions Explore Peasants' Problems

914B0089B Moscow SOVETSKAYA ROSSIYA in Russian 13 Feb 91 First Edition p 2

[Article by Yu. Belyayev: "A Bucket More and a Pail Less: How Can the Peasants of the Russian Non-Chernozem Zone Go On"]

[Text] Kirov (SR)—. . . Chervyakov returned from America with the title "Richest Farmer in Russia." In what way did the two-star chairman of the much-decorated Vyatskiy kolkhoz "Lenin's Path" please the hundred-percent entrepreneurs? Scarcely by the power of the land, although to live alongside permafrost on sands that go down dozens of meters and get Kuban harvests and abundant milk yields with princely extra weights is in itself a miracle the making of which could

also be properly appreciated by a calloused laborer, even from the other end of the world. And the fact that the kolkhoz millionaire can allow himself to invest huge sums into housing and culture, into roads and flowers, into the young and old—this is obviously the direct outgrowth of wealth. The Americans envied the Vyatskiyite!

But Aleksandr Dmitriyevich went all over the United States with Validol at hand. What fortitude of heart must a Russian have for it not to burst at the site of the technology to every taste with servicing calculated to the minute, at an entire state infrastructure oriented toward the interests of landowners? They've shot ahead, the devils, by decades. . . . And that is why his unfinished dispute with Yuriy Dmitriyevich Chernichenko poisoned his soul even more. The people's deputy and famous writer had visited the kolkhoz and tried to convince them to set up shop on other's unsown fields. This seemed so adventuristic that the chairman is still trying to figure out whether their guest was joking or in earnest. But to drag people out to farm holdings—without roads, without equipment, without service, to a workday beyond human endurance—why should the poor chumps have that kind of penal servitude instead of collective, honorable kolkhoz life? And why should the kolkhozes and sovkhozes be getting such grief now from a writer and deputy, from the devotees of the peasant party they created?

Few have ever seen Chervyakov at a loss. That's not his nature. But here he now stands, perplexed, before the audience:

"What's going on, men? It's a parliamentary tribune with the state seal over it, but they're slinging muck and abuse down on us from it. It's altogether indecent."

Here one might call a halt to the dispute, but the "men" still find it interesting. The men who have gathered on the Vyatskiy land for these days are special. Pillars of the economy and politics. Agrarians from the CPSU Central Committee and the Russian CP Central Committee, Russian ministers, heads of departments, kolkhozes, and sovkhozes, obkom secretaries, representatives of oblispolkoms, consumer union boards, scholars, leasers, and farmers of the Russian non-Chernozem zone. They have gathered with a single goal: to ascertain how well life over the enormous Russian territory conforms to the decisions of the second special RSFSR Congress of People's Deputies, which gave the countryside so much hope, which was reinforced in laws. So far they do so badly. That is why the men listened to Chervyakov so attentively, justly supposing that if such a pillar had been shaken, then what about average and poor non-Chernozem peasants, who predominate in numbers? Chervyakov shared his thoughts:

"There's something wrong, men. What's happening with prices for agrochemicals? They're growing faster than weeds! Here they're telling us that the previous subsidies have been put into the new procurement prices. Well that's the logic of a bucket more and a pail less. The earnings from our entire harvest aren't enough to cover costs. This is the land's out-and-out ruin. It's the same with building materials. Who benefits from robbing the poor and stripping the naked? And where's the declared independence to dispose of one's own output when the in-kind food tax and state and territorial procurement won't let you make a move? Finally, why aren't the 'Harvest '90' checks crammed in the safes being issued? You can't go on deceiving the people for eternity! And the essence of things is this. Not only has the existence of the kolkhozes and sovkhozes, which today feed the country, been threatened. Without a strong economy the farmer can't survive today either. So that let's talk and think not about the vain and fleeting but about the land and our descendants. Anything else is out of the question now."

The chairman is a thousand times right. Need is pulling kolkhoz-sovkhoz belts so tight that they're already squeezing navels to spines and backbones are cracking. And this is while the situation in the agro-industrial complex (APK) is beginning to take on the proportions of a national disaster. The land is going downhill, the count of the multiplying abandoned and fallow acres—those unmastered bridgeheads of farming on a backdrop of ineffective land reform—is climbing into the hundreds of thousands. Heads of cattle are being cut back at such a rate that it's about time to declare cows, sheep, and hogs sacred beasts. Poultry farming—only yesterday agro-industry's most profitable branch, which didn't know what to do with its millions of eggs—is splitting at the seams. Sowings of grain, flax, potatoes, and vegetables are shrinking like shagreen, and already the government, in order to stimulate the production of grain, is forced to pay 200 rubles (R) for every additionally sown hectare. . . . Nowadays we're seeing the rubric "What Shall We Eat This Winter?" on the pages of many newspapers. It looks like it might turn into another question: "What Shall We Eat at All?"

Despite all this, we have the amazing successes of tens and hundreds of kolkhozes and sovkhozes to crown the ridiculous assertions of the "asphalt" experts on the nonviability of this form of farming. If these are attempts to wreck the country's centers of vital provision and the worker's social defense, then this is an anti-people policy. And despite all this, thousands of farms in the non-Chernozem zone have acquired the potential for a decisive surge. To cut off their oxygen right now means nullifying the extraordinary efforts of the country over the last decade and a half. And this policy is in the interests of the people? And despite all this hundreds of peasant farms and farm holdings have been born, the indexes for which are worse than a knife to the heart for some managers whose incompetence is becoming more than obvious. But where is the boundary where others are so anxious to drive farmers and kolkhozniks together wall to wall? They say that when two thiefs fight, the honest man always benefits. But who benefits from igniting hostility between honest people? Certainly not the people.

We are going to remain beggars in the presence of wealth for a lot longer if vanity swallows up substance, if the people are fed not bread but politics for the sake of politics. And the substance, according to N. Dmitriyev, chairman of the RSFSR non-Chernozem zone department of Rosselkhozakademiya (Russian Agricultural Academy), is that under conditions of socioeconomic reform on the basis of market relations, the agrarian economy must overcome its eight inherent sins: lack of correlation between results and wages; nonequivalent exchange between city and country; low quality and limited selection of agricultural machinery; restrictions on economic activity; poor living conditions in the countryside; weak assistance to the countryside on the part of the state; and a backward system for training rural specialists.

Naturally, you don't have to be an academic to reach this conclusion. But the questions that make up today's agenda cannot be discussed, to say nothing of answered, today without science. For example, what represents 33 percent of the farms of Russia but yields 80 percent of the agricultural production? Agro-enterprises possessing powerful scientific-productive potential and operationally realizing progressive ideas in practice. Science's unclaimed surpluses are very great. And its very first task is to elaborate and bring about a system for adapting technology to the natural and economic conditions of any farm in order to yield concrete technological plans for maximum utilization of every hectare of land.

Actually, the leading farms have become leading for the very reason that they started out in time on this high road of APK development. Right now the number of fellow travelers is increasing. The conference participants judged on its merits the experience of Kirovites in creating the "Clover, Pork, Beef" productive-scientific system and others founded on cooperation between science, the industrial town, and the farm. Traveling the same path is the "Priuralye" scientific-productive association of Permskaya Oblast. The scale of activity of its APK scientific supply center is striking. In it are united the efforts of 48 scientific institutions, which receive from local agro-industry up to R2 million annually, half of which is spent on research and the other half on implementation. In three years, farmers have had over 80 offerings with an agreed economic effect of up to R20 million per year. They have been realized most successfully in the "Korma" system, which has "prescribed" corn for Permskaya fields, has doubled the production of silage, and has raised the harvest of hay from 12 to 20 centners of fodder units per hectare. And if previously unprofitable farms are developing at rates that exceed the highly profitable model farm (OPKh), which yielded 100 percent growth in output production for the last five-year plan, then the limits of the progress being secured system- and complex-wide have yet to be determined.

As in any larger matter, however, there is a a very serious obstacle that, as they say, is holding scientific-technical progress in the countryside by its skirts. I'm talking about the system of machinery for agricultural production. Those mechanical nags that come out the factory gates—you can't whip them or spur them on. Extremely embarrassing is our native technology for potato production, which exceeds the parameters of Holland's. And combines no worse than sowers spread over the fields the extra pay that creators of intensive types get. Fodder harvesting equipment is choking trying to catch up. If we add to this our primitive base of processing and storage, then it works out that the countryside is not feeding the city but the city is not feeding the countryside and itself. Let us be objective. Having exhausted the human resources of the countryside, the city has concentrated in itself the basic intellectual potential, labor resources, and fixed capital. What then? In the same Perm, industry comprises 95 percent of the vigorous union enterprises, which produce output worth R13 billion. In the form of assistance the countryside gets R7.5 million, with which the shops of the former "Selkhoztekhnika" produce output worth R5 million. Here is a situation that you can't hide from and that nauseates kolkhoznik and farmer alike.

One of the idiocies of the situation we're experiencing is soldiers in the potato fields. This is not even a quirk of conversion, which has nothing to do with it. Although today probably the sole reliable partner for people in the countryside is the defense industry. After all, N. Gudkov, director of the defense industry's central scientific research institute, has talked about an all-weather installation for preparing protein concentrate out of green vegetation that pays for itself thrice over in a season, which is supposed to be put on line starting next year. And who is going to object to an installation for vacuum-drying vegetables and medicinal plants, or the "Istochnik" installation, which is capable of preparing natural beverages with a vitamin base. Only when all this and much more arises at some other demand? The director is right in one thing: until processing is moved closer to the countryside, it will remain a raw materials and unreliable appendage of the city.

It is impossible to enumerate all that was said, which took up more than 200 pages of stenographic record for the conference. True, I'm inclined to think that in another audience someone would have tried to throw a monkey wrench into the discussion between, say, G. Kulikom, first deputy chairman of the RSFSR Council of Ministers and minister of agriculture and food, and V. Kashin, Russian CP Central Committee Secretary, thereby transforming the conference into a political spectacle. But no one was up for a spectacle when it is a matter of the survival of an entire region and Russia itself. One thing is indisputable: the resolutions of the second special RSFSR Congress of People's Deputies for reviving the Russian countryside and developing the APK respond to the people's hopes and are supported by the people. Just as something else is indisputable: the conference was the first public review of the implementation of the Congress's resolutions, which people were very worried would not be carried out. This concern is

reflected as well in the conference participants' appeal to the peasants and all workers of Russia.

I'm not about to anticipate the conference's conclusions. Although the necessity of passing another resolution on the development of the non-Chernozem zone and the assignment to the zonal central directorate (glavkom) of the rights and responsibilities of the former Gosagroprom of the RSFSR non-Chernozem zone was deemed vital. Much else will be developed, clarified, and explained in other documents, a decisive characteristic of which must be a practicality that takes into consideration the interests of rural dwellers. Everything obviously must in principle obviously come about in this way if we all don't want the Congress's decisions to resemble those still unissued harvest checks.

From the Appeal

of the participants in the conference of workers in the agro-industrial complex (APK) of the non-Chernozem zone of the RSFSR to the peasants and all laborers of Russia.

Along with the entire people, we are experiencing an acute food crisis and call upon all laborers of Russia's APK, as well as farmers, peasants, and the entire population, to take what measures they can to prevent a worsening of the situation in the food market in the coming year and to increase the output of food.

We are disturbed by the exceptionally difficult state of affairs in the sovkhozes and kolkhozes. Winter crops have not been sown over large areas, and the autumn plowing has not been done for the spring planting. Many regions of the non-Chernozem zone have prepared less crude and succulent forage, and there are major difficulties in supplying farms with seed, especially for potatoes.

We appeal to the labor collectives of industry, other branches of the economy, students, and young people—in the interests of solving the most important problem of all, the food problem—to consider assisting the countryside in carrying out its agricultural tasks to be their civic duty.

The non-Chernozem is a zone of great lands with room for all forms of farming—state, kolkhoz-cooperative, private. We support everyone who wants to work the land, laboring on this land side to side, but we are against the land-provider being transformed into an object of buying and selling and land speculation. The creation of farms, which will take a long time, must follow a natural path, without pressure, and on the path of their development, artificial hindrances must be removed to assigning lands and material-technical resources. Nonetheless, people have to be fed today.

We support the efforts of public-political organizations and associations acting for the good of the people, within the framework of the USSR Constitution, oriented toward the ideals of socialism, and directed toward consolidating Soviet society, overcoming crisis phenomena, and preserving the USSR.

Khlystun Interviewed on RSFSR Land Reform Progress

Payments, Abuses, Privatization Discussed

914B0076A Moscow IZVESTIYA in Russian 4 Jan 91 Union Edition p 3

[Interview with Viktor Nikolayevich Khlystun by M. Petrov: "Russia Will Begin Land Reform"]

[Text] **Viktor Nikolayevich Khlystun is 44 years old. He was born and grew up in a virgin-land village in Kazakhstan's Kokchetav Oblast. After graduation from an institute he worked on a sovkhoz. He is professor and doctor of economic sciences. He devoted his doctoral dissertation to the development of land relations in Russia. His last place of work: prorector of the Moscow Institute for Land Management Engineers. He became chairman of the state committee as a result of an open contest.**

"Don't believe those who claim that land reform is unnecessary and that private land ownership is equivalent to a change in the social system," says V. N. Khlystun, chairman of the RSFSR State Committee on Land Reform. "While the economy is no longer subordinate to ideological dogmas, that is, it lives according to its own objective laws, management on land is still deeply rooted. Two principles are inseparable here: natural and human. That is, land and the peasant on it are inseparable. Only property relations connect them.

"Will you say that much good came from the fact that we declared land to be state or public land? Did collective land use, which alone was declared socialist, lead us to become advanced agrarian powers? I am not an opponent of kolkhozes or sovkhozes. However, is it not a fact that today many of them have turned into—please forgive the crude comparison—a dog in the manger: they themselves cannot take care of land and do not let others do this. And so, it is impossible to attain a real diversity of forms of management and ownership without land distribution."

[Petrov] Russia has already adopted the necessary decisions and documents in connection with this. Now, however, the question of a nationwide referendum arises.

[Khlystun] I will not get involved in a discussion here. Laws were adopted, a committee on land reform was established, and we must act. The point of our actions, if it is expressed in one phrase, is to uncover neglected land and to transfer it to truly careful hands, including to individual farmers.

I must emphasize right away: the allotment of land to new owners is not an end in itself, but only one component of land reform. Naturally, in order to give, it is

necessary to take away. In this case it is a question of withdrawing what is superfluous and unnecessary. On the other hand, when a person has the need to work on his own plot, he should be given not only the right to land, but also land itself.

In this sense I would not begin to dramatize the situation with the referendum, because I am deeply convinced that supporters of profound changes in land relations, including permission for private land ownership, are not fewer than opponents. Therefore, our committee is an instrument of creation, not destruction.

[Petrov] How will this instrument operate?

[Khlystun] Our task is to determine in the shortest time the actual need for land on the part of those who use it today. I have already said that kolkhozes, sovkhozes, and enterprises for nonagricultural purposes have a vast amount of land, which they hardly need or, owing to the manpower shortage, use carelessly. The reserve for redistribution will be made up of this land. Soviets of people's deputies in localities will receive the right to dispose of this reserve.

Moreover, the committee's services should prepare a forecast concerning the development of various forms of land possession and use and determine the immediate and remote needs of peasant farms, of collective horticulture and gardening, and of subsidiary and private plots, as well as the land reserve for them.

[Petrov] However, this requires a sizable service?

[Khlystun] It has been provided. We have deliberately chosen a vertical structure of the committee's formation. Its workers in localities will act regardless of the agreement or disagreement of corresponding authorities. There should be no localistic tendencies in their decisions.

The committee's bodies are already being established. A total of 100 people will be employed in the central apparatus, 15 to 40, in republic and oblast apparatuses, and from 3 to 9, in city and rayon apparatuses.

[Petrov] Are you not afraid of possible conflicts? It can happen that the committee's subdivisions in localities will simply drown in hearings. Not by chance have proposals to establish special land courts already been heard.

[Khlystun] I believe that there is no need for this. We are establishing our own legal service as part of the committee. If we believe that a certain soviet has adopted an incorrect decision, we have the right to protest it. And so, people will go to court only in cases when they cannot manage without legal intervention. I don't think that there will be many such cases. After all, a substantial tax on land is being introduced and it is more profitable for those who have unnecessary land to get rid of it.

[Petrov] Yes, a uniform land tax for all is being introduced as of 1 January 1991. Furthermore, recognition of private property by the Russian Congress of People's Deputies and the Parliament in the future, on the expiration of the moratorium, will make land a commodity. But a commodity has to have a certain price. And so, at what price will land—our own mother—be sold?

[Khlystun] I appreciate your irony and, like you, am outraged at the hypocritical cries that, as they say, land is our own mother and a mother is not sold... Please excuse me, but does one mock a mother so?

The fact that now a charge for land is not imposed on kolkhozes and sovkhozes is also a hypocrisy. It is imposed and how! Only in a hidden, ugly form—through the system of prices of products, through a "dance" of various kinds of differentiated increments, and so forth. Therefore, there is a need for a system of payments based on a real evaluation of the quality of every land plot and its location.

A draft of the RSFSR Law on the Land Tax has been prepared. On agricultural land it is planned to charge about 1 ruble per point-hectare of the cadastre land evaluation. With regard to the sale price, strictly speaking, the market should form it. Since a 10-year moratorium has been introduced, consequently, some fixed price will be needed. According to the calculations and experience of other countries, it is approximately 50 times the land tax. Naturally, in cities this ratio will be higher, because the price will include so-called infrastructure, construction, and ecological rents.

[Petrov] And how do you react to the talks about the mafia, which will buy up land?

[Khlystun] Skeptically. You can't gag incompetent people's mouths. In today's world the institution of private ownership, including of land, is far from that of Marx and does not resemble the one that existed in the 19th century. Try to find unlimited private ownership somewhere! Limitation mechanisms exist everywhere.

We are also establishing them. Russia's Land Code alone provides for a whole system of economic, administrative, and criminal sanctions against law breakers. Moreover, all land allotments and land transactions can be carried out only through a corresponding soviet of people's deputies.

It is completely absurd to consider the existence of private land ownership a threat to kolkhozes and sovkhozes. Two different matters are mixed here: the form of land ownership and the form of land management. Peasant farms, their cooperatives, kolkhozes, and sovkhozes can exist both with and without private ownership. It is another matter that the right of land ownership also guarantees the right to dispose of the products of one's labor. Without all this a market is inconceivable and hopes for food sufficiency in the country are futile. There is no threat to the social system here, because the sausage grows on the tree of freedom, not on the withered shrubs of administrative coercion.

In brief, many farm managers simply do not yet understand that new land relations bring a true unity in new forms and new economic structures, not destruction and fragmentation, to kolkhozes and sovkhozes. I myself was an opponent of private land ownership for some time and am familiar with the psychology of those who do not understand it. However, those who want to understand will do so. It is worse when people deliberately do not want to hear arguments. Very often opponents of changes replace arguments with emotions, various kinds of jugglings, and even political speculations.

[Petrov] Will the work of your committee not lose its meaning if the institution of private ownership is not recognized?

[Khlystun] Well, first, Russia has already recognized it. If, however, for some reason we will have to go back to the formula of "lifetime possession with inheritance," it does not matter. After all, we cannot do without a redivision of land. And so, we will not waste time in vain. And the peasant... Sooner or later life will force [us] to give him land and will.

Work of Committee Explained, Prospects Noted

914B0076B Moscow SELSKAYA ZHIZN in Russian 22 Jan 91 p 2

[Interview with V. N. Khlystun by N. Nikulina: "Land and Reform"]

[Text] **V. N. Khlystun, prorector of the Moscow Institute of Land Management Engineers, having won in an open contest, heads the recently formed RSFSR State Committee on Land Reform. Our correspondent N. Nikulina talks with him.**

[Nikulina] Viktor Nikolayevich, please tell us: Why was the committee established? Is this a new structural subdivision?

[Khlystun] It was formed on the basis of an already existing land management service in order to directly pursue work on land reform. Together with soviets—from the Supreme Soviet to the rayon soviet—bodies of the state committee will have to prepare the reform, propagandize its purposes, and provide specific assistance to owners. Purely technical work is also ahead: delimitation and consolidation of new plot boundaries, issue of state documents for the right of possession, and preparation of leasing agreements. However, the chief thing is to competently form reserves for land redistribution and to withdraw on the basis of arguments and substantiation the part that is used inefficiently by present owners. The committee's services will uncover who needs land now and will need it in the future, how much, and where, at the same time, taking into account the needs of citizens, organizations, and institutions. On this basis we will prepare proposals for soviets, because only they can make the final decision.

The committee's structure is as follows: the central apparatus in Moscow has 100 people. Furthermore, every oblast, kray, republic, rayon, and city will form its own bodies. However, their size is not big. Special responsibility for reform implementation rests with rayon committees—with them and, moreover, with local authorities. Basic documents regulating the committee's activity have already been prepared, the republic program for reform implementation has been worked out, and a number of legally binding documents, as well as of methodological and other materials, have been drafted. We are completing the preparation of the Land Code. People's deputies will examine it in the new version at the forthcoming session.

[Nikulina] What rights have been given to the committe?

[Khlystun] It is entrusted with advisory land management work, settlement of various land disputes (in cases when a special trial in court is not needed), the entire information activity connected with land, management of the state land cadastre, acquisition of topographic-geodesic information, and performance of geobotanical and soil surveys.

[Nikulina] Who will work in the committee here, in Moscow, and in localities?

[Khlystun] Various specialists will be needed. Land managers will form the basis. In addition, jurists, geodesists, soil scientists, geobotanists, economists, and ecologists will work.

[Nikulina] You will agree, however, that it is not easy to find such competent specialists. I realize that people wishing to move from one office to another will always be found in Moscow and in an oblast, republic, or kray center. Out of whom can the committee's bodies, let us assume, in a rayon center, in Russia's out-of-the-way places be formed? There you can count such specialists on the fingers of your hand.

[Khlystun] It is not simple to find them even in Moscow. Only 2,400 specialists work in the country's land management system today. In the next few months we will need about 16,000. What are we undertaking? We are increasing the enrollment in faculties of land management. As of the fourth course we want to retrain some graduates of higher educational institutions in the fields of agronomy, eco-economy, and land reclamation into land management engineers. Precisely they will not be sufficient at first. Then we will open permanent faculties for retraining personnel at the base of Russian agricultural higher educational institutions and planning institutes.

[Nikulina] And from where do you intend to begin this work?

[Khlystun] As always, from the beginning. It is necessary to take an inventory of all land, to evaluate whether present boundaries of plots correspond to the actual needs for it, and to evaluate their quality. Then we will

begin to form reserves for a subsequent redistribution. And, of course, we will transfer real rights to dispose of land to soviets of people's deputies. We must clearly indicate to every rayon and rural soviet the boundaries of territories to which their jurisdiction extends, to delimit this land, and to compile the information data base.

[Nikulina] If I understood you correctly, the committee's decision prevails over the decision of soviets. You instruct them, they, let us assume, do not agree, and a fight for power begins there and then.

[Khlystun] No. We only prepare substantiated proposals, but they make decisions. Of course, if we are convinced that we make sensible proposals, but soviets, owing to some localistic interests, hamper their realization, committees reserve to themselves the right to prove their case to any authority, right up to a court.

[Nikulina] Nevertheless, clashes, apparently, are unavoidable...

[Khlystun] We will try to convince and to professionally demonstrate the advisability of adopting precisely such decisions, but if we do not succeed in this, indeed, clashes will occur.

[Nikulina] The structure of your committee and of all its subdivisions is vertical. They "will act regardless of the agreement or disagreement of corresponding authorities." But what about the role of soviets? Who will begin to conduct land reform and who has the last word?

[Khlystun] According to the adopted laws, reform implementation is entrusted to soviets and bodies of the State Committee on Land Reform.

[Nikulina] Well, is there a diarchy?

[Khlystun] No, only soviets have full rights to dispose of land as an object of ownership. And they have the final word. The preparation of decisions for soviets and their socioeconomic substantiation are our tasks.

[Nikulina] Well, all right. You have determined the land that, let us assume, the kolkhoz uses poorly. According to law, it is subject to withdrawal. The soviet accepts your proposal, but the kolkhoz raises objections. What to do in such a case?

[Khlystun] First of all, to abandon the mechanical approach to land redistribution. This will only lead to conflicts. Each specific case needs its own approach. Inefficiently used land is not at all unproductive arable land, or a barren meadow. However, if land is degraded, its fertility is diminished, it is overgrown with brush, and erosion develops on it, but the owner does nothing, such land must be saved. Or take another case: The results of economic activity on land are extremely low. Then the need for withdrawal is obvious. We formulate all this with documents, transfer them to the soviet, and it can withdraw land even if the kolkhoz chairman is against this. After that we establish the boundaries of the withdrawn plot and place it under the authority of the rayon soviet. We assign the land of settlements, the ground for grazing private livestock, and the land for hay mowing to the village soviet and the settlement soviet. All the remaining land is under the jurisdiction of the rayon soviet.

[Nikulina] Is the implementation of land reform a long undertaking?

[Khlystun] In order to carry it out in a full volume as it has been conceived, no less than 10 years will be needed, because it is necessary not only to redistribute land, but also to establish a mechanism for its efficient use. In order that this mechanism may operate, it is necessary to create economic incentives, that is, to make an objective land evaluation, to introduce reasonable land tax rates and substantiated prices of land, to develop programs for the conservation of degraded land and recultivation of disturbed land, and so forth. It turns out that no less than 10 years will be needed just to put land at least in primordial order, in a start-up, so to speak, condition for further improvement.

[Nikulina] However, such long-term vast work will require large funds. And this with the present collapse of the economy and the threatening budget deficit...

[Khlystun] The land tax will provide funds for these purposes. According to the most modest estimates, we can already obtain about seven billion rubles in the current year.

[Nikulina] From where will such an amount come?

[Khlystun] From the differentiated rent, which will fully go into improving land use. I think that investments from the state budget and from the funds of landowners themselves—lessees, farmers, and agricultural and other enterprises—will be added to these seven billion. I believe that in the future we will be able to annually spend 16 to 17 billion rubles on reform implementation and land improvement.

[Nikulina] The President's ukase "On Immediate Tasks Concerning the Realization of Land Reform" was published not long ago. What is your attitude toward this ukase and what has already been done in Russia to realize land reform?

[Khlystun] Undoubtedly, this ukase is necessary. However, it should be kept in mind that in most republics work on land reform has already begun. Nevertheless, its importance and expediency are obvious. Work envisaged by the ukase is already going on in Russia. In particular, taking land inventory, assignment of land to village and settlement soviets, and formation of reserves for land redistribution have begun. To be sure, the ukase will contribute to a correct understanding of the significance of and need for reform in localities.

MAJOR CROP PROGRESS, WEATHER REPORTS

Crop Losses to Pests, Rodents Forecast

914B0094A Moscow SELSKAYA ZHIZN in Russian 22 Feb 91 p 2

[Article by V. Shevelukha and K. Novozhilov, academicians of the All-Union Academy of Agricultural Sciences imeni V.I. Lenin, and V. Zakharenko, doctor of agricultural sciences: "Alarm Signal: The 1991 Harvest Is in Danger"]

[Text] An analysis based on data from monitoring the phytosanitary condition of agricultural lands last year and development trends of the populations of harmful organisms warn us that a considerable proliferation of pests and diseases in the main regions of our country is possible. In particular, an invasion of rodents and omnivorous pests, grain, sugar beet, cotton, potato, vegetable, fruit plantation, and vine pests is expected during the new season. According to preliminary calculations, potential harvest losses in the course of this may, at a minimum, come to between 10 and 12 tons of grain, 18 million tons of sugar beets, 30 million tons of potatoes and vegetables, and 30 million tons of fruit, berries, and grapes.

The fact that weed control has weakened virtually everywhere also gives rise to concern. This poses an additional threat to the crop. The following statistics make it possible to judge how extensive this threat is. We may fail to harvest approximately 10 million tons of grain, an equal amount of sugar beets, somewhat less potatoes and vegetables, and a lot of other products. Allowing losses of this magnitude will be criminal! This means that all necessary measures should be taken in the republics, oblasts, rayons, and on the farms to protect the crop reliably.

What measures are at issue? First of all, implementing an integrated system of plant protection whereby agrotechnical and other non-chemical methods are used effectively, but not exclusively. As of now, we cannot do without chemicals in an absolute majority of cases when the number of harmful organisms is reduced to economically safe levels.

Unfortunately, chemical and other means available on the farms, taking into account their additional deliveries, are absolutely insufficient. This year kolkhozes [collective farms], sovkhozes [state farms], and farmers are virtually defenseless against pests, plant diseases, and weeds. This is primarily associated with the fact that industry has been reducing the production of pesticides year after year, whereas the commissioning of new capacities leaves a lot to be desired.

Scientists have yet a lot to do for farmers. Institutes of the USSR Academy of Sciences and the USSR Ministry of the Petroleum Refining and Petrochemical Industry failed to carry out the program of developing new pesticides. The assortment of domestically produced compounds is restricted. At the same time, purchasing them abroad has not been ensured. Moreover, purchases abroad were reduced by a factor of two in 1990 compared to 1989, and are virtually not envisaged at present. In view of this, the availability of most types of pesticides will amount to only one-half of the needs, and in the groups of compounds for potatoes, cotton, rice, soybeans, rapeseed, vegetables, and grain fungicides—a mere 11 to 13 percent.

This is a catastrophe! Put together statistics concerning the possible proliferation of pests, diseases, and weeds and statistics concerning pesticide availability and possible crop losses, and you will understand what is in store for us unless measures are urgently taken by the government echelon.

Pesticides, primarily for intensive production technologies, which are lacking should be urgently purchased abroad.

Specialists whose work is directly associated with plant protection have a lot to do. In particular, the forecast service should continuously update the situation.

In the application of pesticides, dosage and deadlines should be strictly observed, taking into account the threshold values of the number and harmful effect of diseases, pests, and weeds. It is time to ensure on every farm the application of a scientifically justified system of land cultivation to which an integrated system of plant protection measures should be central.

To make it so, the scientific establishments of the VASKhNIL [All-Union Academy of Agricultural Sciences imeni V.I. Lenin] are altogether duty-bound to sponsor seminars for training specialists, kolkhoz, sovkhoz, and farmstead employees thoroughly in the time remaining before the beginning of field work. Finally, we cannot allow the crop to remain dependent on pesticide imports in the long run as well. The USSR Committee for Science and Technology and the USSR Academy of Sciences should do their part in this matter.

LIVESTOCK AND FEED PROCUREMENT

Downturn Seen in Livestock-Dairy Sector

914B0098A Moscow SELSKAYA ZHIZN in Russian 22 Feb 91 p 1

[Article by Marat Glinka: "Even the Cows Are Protesting"]

[Text] Agricultural analysts employ the following marker: the level of production and sale of livestock produce during the first three months of overwintering predict quite accurately the annual results of work at the farms. So what do the first months of this stall period forecast for the kolkhozes and sovkhozes [collective and state farms]? The prediction is not good. During the

period October through December milk production declined nine percent and purchases 11 percent, and egg production fell seven percent. The sale of meat remained virtually unchanged (99.8 percent), but the "stability" here is no cause for joy since it is known that winter slaughtering of cattle is most often associated with fodder shortages—better to put them to the knife than bury them.

All of this is a particular cause for concern because if we take last year as a basis for comparison, that was not a good one for livestock farmers. Kolkhozes and sovkhozes (for it is they that define the larger picture) sold 300,000 tons of meat less than 1989, produced 909,000 tons less milk, and collected 2.9 billion fewer eggs. This was the sad result of falling productivity among cattle and poultry (for the first time in five years milk yields from cows and eggs from chickens declined), and also a decline in their numbers. This latter is particularly dangerous: Even if livestock productivity could be restored, even though it were difficult, and even if there were the fodder to do it, animals that are disposed of or die (at some farms there has been an outbreak of epizootic murrain in these past weeks) cannot be replaced in a few months, or even years.

Where is the situation most dangerous? The dairy farms serve as the barometer here; when things are bad there, they are even worse in other livestock sectors. The greatest decline in milk purchases (31 percent) has been seen in Armenia; in Moldova and Latvia the decline is 16 percent, in Estonia 15 percent. In the Russian Federation in the last month of the year productivity in cows fell 8.8 percent below the December milk yield in 1989. At farms in Ryazan, Tula, Penza, Voronezh, and Lipetsk Oblasts and the Buryat, Tuva, Checheno-Ingush and Mordovian Autonomous Republics milk yield per cow has fallen 20 percent or more. The absolute, and sorry, record has been set by farmers in Tambov, where in December milk yield fell 47 kilograms, or almost one-third, compared to the December the year before.

Well, what is the reason for this situation? I unexpectedly received an answer to this question from V.S. Fomin, a deputy of the Russian Soviet Federated Socialist Republic [RSFSR] from Penza Oblast. Speaking at an extraordinary session of the Russian Congress, he noted with some surprise that "of the 71 regions of Russia, all our 'conservative oblasts' have the highest per capita production of meat. And they are also among the leaders in terms of milk production and other foods. Meanwhile, the summer and fall here have been no better than in other places, but in terms of development of the infrastructure of the countryside in the oblast they are not last in the republic. Indeed, among the Union republics, livestock farming is best developed in 'ossified' Belorussia and has declined most in the 'very radical' Baltic. So does the secret of stability lie in 'conservatism' or in 'discredited' methods of leadership?"

The fact that the decline in livestock farming cannot be everywhere explained by fodder shortages suggests this idea. Overall, by the beginning of the year there was even slightly more fodder available per head of livestock in Russia compared to the previous overwintering. Of course, the decline in milk yield in Penza Oblast was the result of lack of fodder: There was one-third less fodder here than the year before. But how do we explain the milk crisis in Kostroma or Ivanova, where fodder reserves are 20 percent higher than a year ago? And why are milk yields "taking off" in the most democratic of oblasts—Sverdlovsk and Chelyabinsk—where 13 and 19 standard fodder units respectively are available per head of livestock—much more than at this time a year ago?

In the most highly productive herds and hog-raising farms and complexes, where a significant proportion of the ration is accounted for by feed mills and where the situation has become complicated, the position is, to call a spade a spade, catastrophic. In earlier times, when there was "strict directive leadership from the center," even though it did it poorly and badly, the Union Ministry of Grain Products did manage to allocate fodders to projects in industrial livestock farming, highly productive breeding farms, and other projects of importance to the fate of the sector. These crucial functions have now been transferred to the republics. The way in which they have managed to deal with the rights given to them can be seen from a recent alarm signal coming from Vologda, and published recently in SELSKAYA ZHIZN: the large Sheksninskiy Feed Million, which supplies farms in the Northwest, is on the point of closing down. And in other oblasts of Russia (we have also written about this) laying hens at poultry farms are losing their feathers because they are hungry, and young hogs being prepared for fattening are losing weight.

Meanwhile, there is grain in the country. It is in the warehouses at the kolkhozes and sovkhozes; repeatedly cheated by the procurement people, the grain growers, who in past years have not received promised fodders for above-plan sales of grain, nor the abundance of goods for their "Urozhay-90" checks last year, are in no hurry to disclose their hiding places. It is also available in state silos in the Ukraine and Kazakhstan, but a ban on exports outside the republics has been imposed. Oil-cake and corn purchased abroad are on the way. But until they arrive at our shores I fear that there will be no fodder at the farms. Emergency, nonstandard measures are needed here, and the main thing must be a sense of responsibility for the country's fate, not only the fate of one's "own" republic, oblast, or farm.

I would like to end with an excerpt from the stenographic record of that same V.S. Fomin's speech: "In these difficult times for us there can be only one criterion for assessing people, regions, governments, and the leaders of kolkhozes and sovkhozes and rayons, oblasts, and republics—the actual, specific deeds, not words and resolutions. So let us all follow this." (applause)

POLICY, ORGANIZATION

Labor Committee Chairman on Price Reform

914D0152A Moscow TRUD in Russian 16 Feb 91 p 2

[Article by TRUD Political Commentator V. Golovachev: "Sixty Rubles Supplement... Because of Pending Price Increases, Compensatory Payments to the Population Are Proposed"]

[Text] A few super secret pieces of information, which, I must say, concern the entire population of the country today, came out at the press conference of V. Shcherbakov, chairman of the USSR Goskomtrud [State Committee for Labor and Social Problems]. The most acute issue: a pending centrally-administered increase in state retail prices and the size of compensatory payments to the population. The immense interest towards this issue is understandable. What is not clear, however, is: Why are all working materials related to the preparation of the price-formation reform and the compensatory mechanism being so carefully concealed from the people and why do they bear a highly secret classification? After the press conference I wanted to clarify something with State Committee for Labor and Social Problems people, and they were afraid even to repeat what Shcherbakov had said, explaining that all documents are classified.

Unfortunately, a straightforward conversation at the press conference had not materialized. It left me with a strange feeling. It appeared that the journalists were not invited here to give them a current picture, but only to give them some of its rainbow-colored fragments, that is, to tell about compensatory payments without linking them either with the specific extent of the price increases or with the change in the standard of living. I think this is an understandable goal: to lobby for the upcoming reform with the help of specific compensation figures, which may appear to be large at first glance, but which in reality—if one does not know the real scale of the price increases—say nothing.

Now let us move on to what we were permitted to learn. V. Shcherbakov emphasized that the decision on the price reform must be adopted by all republics together, and this goes not only for the Union republics. Going through its final stage is the preparation of an agreement which needs to be signed by republic presidents or Supreme Soviet chairmen and, probably, also by the top officials of highest executive organs.

How is the reform going to be implemented? Three groups of goods are identified. First, are those that determine the population's standard of living. That is, they are part of the "consumer basket." For these goods a price ceiling will be established. In some republics prices may be below this ceiling (for instance, prices for bread or flour in Central Asia). But nowhere can they rise beyond this ceiling.

Goods that are not considered to be basic necessities (automobiles, new models of refrigerators and television sets, etc.) will be sold at so-called regulated prices. There is no upper ceiling here, but a strict rule will be in effect: profit cannot exceed a certain limit. If an enterprise, using its monopolistic hold on the market, earns superprofits, they will be confiscated.

Finally, the third group of goods. Prices here are dictated by supply and demand. These include gold, caviar, fish delicacies, etc. As we know, prices on these goods have already been raised. Therefore, according to V. Shcherbakov, this time they "will no longer be meddled with."

How will these price increases be compensated for? In general, it has been agreed that increased expenditures for basic goods will be fully compensated for. This includes food, underwear, fabric, clothing, footwear, construction materials, domestically produced furniture, dishes, household chemicals, passenger transportation rates, etc. In addition, the higher costs of children's goods will be compensated for, but only for families with children.

It should also be noted that compensation is intended to be given not across the board, but in a differentiated manner, according to social-demographic groups. For those who work, the task is to ensure a higher level of social protection for employees of state enterprises and offices. This sector, wrapped in various restrictions and instructions, can hardly compete with cooperatives in wages. **It is proposed to increase wages and salaries in the state sector of the economy by a minimum of 60 rubles [R].** At the same time, enterprises are freed from bondage: they will now be able to establish rates and salaries within the limits of the labor remuneration fund and the consumption fund. New rates and salaries are to be regarded as minimum state guarantees. One may be paid more, but not less.

Measures should also be taken to protect hired labor in the non-state sector. Any salaries for hired labor, for instance in cooperatives, should be at least R60 higher after price increases than they are now. Naturally, they cannot be less than the state salaries.

To ensure that enterprises have enough money, it is proposed to reduce the tax on profits from 45 percent to 35 percent. Simultaneously, it is proposed to make changes in individual taxation. Today salaries of up to R100 are exempt from taxation. This threshold is supposed to go up to R160. A progressive scale of taxation is supposed to start at R1,000 instead of the current R700.

At first, compensatory payments will be made separately from other money, to clearly demonstrate their scope. Later they will be included in salaries, which will be increased correspondingly.

Special attention will be paid to protecting the workers of the cultural and social sector. Salaries of those who work in the areas of health care, culture, education, archives,

and such should be brought to the level of those in the production sphere. R17 to R18 billion is supposed to be allocated for this purpose.

Specifically, these are the figures from the draft (all of this will be discussed at the Federation Council): **today, a medical doctor's average salary is R140-220; the State Committee for Labor and Social Problems suggests other "boundaries"—from R250 to R430-470. School teachers are paid R140-170 today; the proposal is for R250-350...** Now, in regard to those who do not work: children, pensioners, the unemployed... Here a differentiated approach will be used, too. Take, for instance, **the child care benefit for families with children under 18 months. Until 1 December last year it was R35; it now stands at R70, and is planned to rise to R110 in the future.**

Child care benefits for families with children between 18 months and six years of age (now at R35) will increase by R40-45. This benefit increase will be doubled for orphans.

At the same time, in addition to the regular child care allowance (let us say R110), single mothers will get an additional benefit. **Thus, for instance, a woman with an infant under 18 months will receive R160.**

Compensatory payments to soften the impact of price rises on children's goods are also taken into consideration in the plan. **For a child under six it is R200 a year; for children aged six to 13 years it is R240; and for teenagers aged 13 to 18 (unless they receive a stipend) it is R280.**

It is important to emphasize that compensations should be paid in advance, that is, they should precede price rises.

It is proposed to increase student stipends: up to R120 in colleges, up to R100 in technical schools, and up to R60 in vocational schools. Some college deans believe that the procedure should be different: students should receive part of this money in cash, and part in the form of coupons for free meals. This comes out of concern for young people's health. Today 70 percent of students suffer from gastritis, while only 10 to 15 percent had it when they entered school. However, I think that the deans' proposal should be carefully weighed, since with the current quality of food in the cafeterias it is hard to tell whether these free meals will do any good. Besides, many students eat at home, and this should not be disregarded either.

How will price reform affect the pensioners? In January-February this year the average pension was R117. **It is proposed that R65 should be added to the pensions. Then the minimum pension will be R135, and the average will be R182.**

This seems to be good, and the increase is, in fact, sizable. Still, if we analyze future family budgets of pensioners and other low income categories, it will become clear that many of them will continue to live below the poverty level, since their income will be far below the basic minimum. Under conditions of ever growing inflation and the disintegration of the consumer market, these people will find themselves in a catastrophic situation. I think they should get compensatory payments on a much larger scale than is intended in the draft of the USSR State Committee for Labor. Especially considering that the plan calls for using only 85 percent of the income received from price increases for compensatory payments, not the entire amount...

The system of benefits will affect military personnel, too. **Compensations for conscripts serving their draft duty is proposed to be set at R30 or more (now it is R7), so that they would get a total of about R50. Officers, petty officers, and ensigns will have their salaries raised by R70).** Special compensatory payments are proposed for the **wives of military personnel** who live in remote areas and cannot find employment—about R50-60.

Of special interest today is the issue of the subsistence minimum. According to the calculations of the State Committee for Labor and Social Problems, in 1988 it was R94-97. (According to the General Confederation of USSR Trade Unions [GCTU] the subsistence minimum today is R130-150, as V.I. Shcherbakov informed us). According to the State Committee for Labor and Social Problems, after price increases it will rise to R170-175. I think this issue requires further discussion.

Will the unemployment benefits set by the recently adopted Law on Employment increase? Yes, both the benefits and allowances for the unemployed are supposed to be increased by R50. That is, whatever is stipulated by the law in each particular case, plus R50.

Also in the plan is a re-valuation of savings accounts, certificates, and treasury bills, but it is not known when and within what period of time; V. Shcherbakov referred to the Gosbank [State Bank], saying that it is their business. I believe that there is a distinct danger that the resolution of this matter may stretch out for an indefinite period of time.

And, finally, are there goods whose prices will stay at current levels? Yes, they exist, although their assortment is quite limited. The list includes medications, medical supplies, coffee, synthetic fiber fabrics and other synthetic goods—fake furs, jerseys, hosiery, and footwear; also gasoline, kerosene, electricity, natural gas, coal, stove fuels, and wood sold to the population. It was specifically emphasized that no increase in the price of vodka is anticipated. The Ukraine even proposes to lower these prices to counteract moonshining. Apartment rents will not be revised until the housing reform is in place.

Speaking about the positions of the republics, V. Shcherbakov said that literally in the past few days they had received a letter from B.N. Yeltsin, who expressed a number of serious objections in regard to the price reform. This reform, in B.N. Yeltsin's opinion, will hurt the population. "This was a total surprise for us," said the chairman of the USSR State Committee for Labor and Social Problems. "The position of the Russian

parliament, and of I. Silayev, on this issue is known. B. Yeltsin's letter requires some thought. In all probability, it will be discussed at the Federation Council."

And what is the position of the trade unions? Do they participate in the work on the draft price reform?

"Yes, we work closely with the GCTU Council," replied V. Shcherbakov. We conduct specific negotiations... The trade unions support the basic principles of the reform. The discussions are about the size of the benefits."

At the GCTU Council I was told that the discussions are indeed heated. As a result, many trade union proposals have been accepted. Firm demands presented by the GCTU Council led to the fact that the size of the increase in wage rates and salaries in the proposals of the State Committee for Labor and Social Problems were substantially increased—from R40 to R60. There have been other principal positive changes as well. On the whole, the trade union position is that all increases in the cost of food and basic necessity goods and services should be compensated for in full. Measures should also be undertaken to contain contract prices. Today many people buy food not in the stores, where there is none, but on the kolkhoz [collective farm] market and in cooperative stores. This should be taken into account to a certain degree in calculating the benefits. The trade unions also insist on preferences in taxes on compensation benefits to the population. The list of goods that will be sold at free (contract) prices also needs serious revision. A clearly defined procedure should be established to compensate owners of savings accounts and securities, since they will devalue fast. And, of course, under conditions of fast developing inflation it is especially important to adopt a law on indexation of population income simultaneously with the decision on one-time benefit payments. These and many other specific comments that reflect a firm position of the trade unions were sent to the State Committee for Labor and Social Problems and to the Council of Ministers.

Local Reports on Effectiveness of Workers' Control Systems

914D0150A Moscow RABOCHAYA TRIBUNA in Russian 12 Feb 91 p 1

[Individual reports under "Worker Control" rubric]

[Text] *The ukase by the president of the USSR on strengthening worker control was published two months ago. Its essence is the establishment of a strong system that would include not only representatives of labor collectives but also workers of law enforcement services, peoples' deputies, and labor union activists. Of course a ukase is not dogma: it proposes a theoretical approach to the matter, close cooperation, and coordination, above all of the soviets and trade unions with agencies for state and people's control.*

Reports from Moscow, Kiev, Kharkov, Ashkhabad, and Sverdlovsk indicate that there they are getting involved in the fight against the "shadow economy," speculation, and trade violations. But there are other reports as well. They are slow about implementing the ukase in several regions. Local soviets and trade unions are "sharing portfolios" and in a number of cases are sabotaging the organization of control work. This is the subject of today's headings under the rubric.

We are appealing to all those who are concerned about the situation: write to RABOCHAYA TRIBUNA about how the president's ukase is being implemented and about how worker control is going. You may also telephone: 257-29-25.—rubric chief Anatoliy Sukhonos.

Lovers of Truth from Mercury

It appears that Nevyansk in the Urals has taken the first step on the way to democratization and pluralism. The news is discouraging: sales people in local stores have put an embargo on...deputy and worker control. And so as to give their decision an air of legitimacy, they presented this matter to the plenum of the city committee of the trade union of trade workers.

Trade union activists noted with pretended concern that trade in Nevyansk is being subjected to persecution by controllers, that deputies and worker controllers have little specific knowledge of their work, and that the checks that they carry out are are harmful to market relations. And they warned that if the urban soviet does not calm down the zealous defenders of a just distribution of food products and industrial goods, then they-...will carry out a mass warning strike. They are saying, go for a day or two without bread and salt and you will understand what is going on.

They were other demands at the plenum. One was that the most meticulous deputies—P. Balmashnova and V. Kushnarev—be removed from among the controllers. They also attacked the local newspaper URALSKIY RABOCHIY, which published an article by the "nonprofessional" Kushnarev, in which, according to trade workers, he defamed them. They therefore decided to teach the meticulous inspector a lesson and filed suit against him. The court rejected the suit.

As for V. Kushnarev, he, as the people say, grabbed Novitskiy, the head of city trade, by the hand during a routine inspection. Anticipating his noble indignation, a necessary refinement must be made. The deputy tried to detain not Novitskiy himself at the doors of the warehouse but his "Moskvich" loaded with champagne and cognac. The "Volga" from the BKhSS [Fight Against Theft of Socialist Property and Speculation] parked here was out of luck. Controllers took some large pieces of meat from its truck. One of the guardians of law and order sat behind the wheel.

Those caught are now putting pressure on Kushnarev and demanding that the testimony be changed. Such is the fight for "honor."

A. Maksimov.

Not Instead but Together

The formation of new worker control agencies is not a simple process in Rostov Oblast.

A year ago, Ivan Lubenets, an engineer from the Azov Mechanical Optics Plant, along with comrades in the plant group for people's control "caught" one store manager who concealed scarce goods worth 20,000 rubles. It promised to be a case that would cause quite a stir but...precisely at this moment, as luck would have it, they abolished the system for people's control in Russia and it was necessary to stop half way. True, there were still hopes for a worker control inspectorate that was then being organized under the trade union committee. But it can be said that it just did not work. It had few people and no one freed them from their regular work. But time and experience were needed to "shake down" that base.

The ukase on worker control changed a lot at the end of last year. In Azov, they assembled an initiative group for its implementation—basically representatives of the labor union committees of the largest enterprises. And they decided that there was no reason to disperse forces in the enterprises by establishing their own groups of controllers at each one. A strike force is needed—a city committee for worker control. One representative from every thousand workers should be delegated to it.

No sooner said and it is done. The committee now has 54 members. It is headed by I. Lubenets.

By the way, the founders argued vigorously about what to do with the "old" worker control, the inspectorates at the enterprises.

"This is not a case where competition is needed," Lubenets tells me. I proposed my own version: take the best people from the previous control to the new one. It was accepted. They then broke the controllers down into "groups of five." Every day we will inspect three or four facilities—stores, depots, and warehouses...

The question is now: What to do with the oblast worker control inspectorate that was so much help locally?

"To isolate ourselves at the local level," Lubenets thinks, "means to condemn ourselves to dependence upon the local authorities."

Let us note, by the way: the worker controllers there are receiving attestations precisely from the Azov Urban Soviet. But that same urban trade directorate is subject to the ispolkom of the urban soviet.

Worker control is just getting on its feet. And much depends upon what it leans on.

Gennadiy Belotserkovskiy (our own correspondent)—Rostov Oblast.

Again Specifics...

The store shelves show more abundance in the arctic Yakutskiy settlement of Ust-Kuyga than in the capital of the republic. Here there are canned fish and vegetables, potatoes, onions, powered eggs, and biscuits. This is over and beyond the coupons. With them one can buy meat, butter, tea, juices, candy, groats, unpeeled Bulgarian tomatoes, and green peas. Alcoholic beverages and sugar are distributed by lists. The situation is similar with respect to trade in industrial goods. In the store for household goods, for example, I saw a concentrated line moving slowly toward a cherished counter. The people were looking for their family names in notebooks that the sales person had, counting out money, and dragging their purchases—washing machines and color television sets—out into the darkness of the street.

So, are there no problems? And no need for worker control here?

"Yes," thinks S. Klyuchko, chairman of the settlement soviet, "we have full control over the situation. We are coping with leaks by improving the distribution system."

The goods in shortest supply, for example, are alcoholic beverages and sugar. Previously in the stores, one could find a tremendous quantity of "extra" coupons for them. It was just necessary to introduce trade by lists and passports and the consumption of sugar declined by almost two tons per month. And this was in a small settlement. The picture is the same with vodka.

But to get worker control involved in "inspections" here means to stir up the population. The fact is that Ust-Kuyga is a special settlement. It is the gateway to a large industrial region. The trade depot here carries goods for remote mines. Imagine that our controllers see them. Try to explain the situation! One will understand and perhaps another but the next person will start an ugly rumor. And these days a rumor is like a war.

It would seem that the chairman's words are reasonable. But doubts also arise. Can it really be that absolutely no control of such a depot is needed? After all, there have been unpleasant incidents here as well. So think about whether they are right in the urban soviet when they discount the efforts of worker control.

Vladimir Androsenko (our own correspondent)—Yakutskaya ASSR.

FOOD PROCESSING, DISTRIBUTION

Vodka Coupon Scheme Described

914D0161A Moscow TRUD in Russian 1 Mar 91 p 3

[Interview with A. Sorokin, chief of the administration of the Mosgortorg trade organization, by I. Nevinnaya: "Vodka Guaranteed"]

[Text] Starting today vodka will be sold in Moscow for coupons. We asked A. Sorokin, chief of the administration of the Mosgortorg trade organization, about the procedure for acquiring them and purchasing alcoholic beverages with them.

[Nevinnaya] Who has the right to obtain vodka with coupons, and what norms have been established for its sale?

[Sorokin] Every adult, that is, person who has reached 21 years of age, who is a resident of Moscow has the right to a block sheet made up of four coupons. In March, one coupon gets one bottle. In the future it is possible that the norm will be increased. The sheet is obtained at the same place other types of coupons are obtained; that is, in the building management office. The cost of a sheet is 10 kopeks. Individual coupons that are not part of the sheet are invalid. Purchase periods must also be followed strictly.

[Nevinnaya] But if a person does not need vodka, and he wants to buy, for example, champagne or dry wine?

[Sorokin] Coupons are being introduced only for vodka. The sale of cognac, champagne, and dry wines, and all other kinds of alcoholic beverages, will continue as previously.

[Nevinnaya] Can the coupons be used in all Moscow stores that have wine departments?

[Sorokin] No. There are about 200 such stores.

[Nevinnaya] But if someone needs a large amount of alcoholic beverages; for example, for a wedding?

[Sorokin] For special occasions—weddings and funerals—there is a provision for the sale of 10 bottles on the presentation of appropriate documents in stores specifically set aside for this purpose. Incidentally, the sale is completed only on turning in empty vodka or cognac bottles.

Lvov Warehoused Goods Not Appearing in Stores

914D0163A Moscow IZVESTIYA in Russian 2 Mar 91 p 3

[Article by IZVESTIYA correspondent S. Troyan: "There Are Goods, But in the Warehouses"]

[Text] *L. Klevanov sent a message full of despair to the Supreme Soviet of the UkSSR on the unhappy day of February 13: "Four million rubles of goods have piled up at the Lvov distribution center of Ukroptkhoztorg [Ukrainian Wholesale Trading Organization]. The trading organizations were under-supplied by more than two million rubles worth of goods in January at the same time. The financial situation at the center is critical."*

It is easy to understand Leonid Vasilyevich—his subdivision has been engaged in nothing but accepting every kind of good for "safekeeping" for almost two months now. The manufacturers have swamped him with eleven railcars of refrigerators alone—Snayga, Dnepr, Saratov, Sviyaga, Donbass, Morozko—the very ones you can't find in the stores in daylight with a flashlight. Many hundreds of Volna, Kharkovchanka, Tavril and Zvezdochka washing machines are gathering dust. They have piled up more than 2,500 vacuum cleaners.

They talk about all kinds of paints, varnishes and solvents so critical to the builders, as well as commercial goods and enamel, cast-iron and aluminum cookware, as trifles, even though there are none of them on the shelves.

"There was nothing left for me to do but appeal to the police the other day to increase security at the base," said the director. "Otherwise there would be no guarantee of 'safekeeping.'"

The main reason for the increase in the mountains of goods at the warehouses is well known. IZVESTIYA has been writing about it (No. 34): wholesale prices became higher than the prevailing retail prices for many items as of the first of January, with the blessing of the higher authorities. The deputy chairman of the Ukrainian Council of Ministers, K. Masik, in a telegram sent out to every corner of the republic, proposed accepting goods from suppliers, but not showing them to consumers.

And now it's March and the statesmen will in no way give up these prices. Someone probably gains from their increase. But doesn't the question arise of whether they have considered the harm from this "freeze"?

It can be stated firmly that Lvov is not an exception, either in the republic or in the country; not a day goes by that more and more "surplus" goods do not appear in the distribution yards. The stores are closing for specious reasons—"Repair" or "Modernization." They don't take down the "Inventory" or "Cleaning Day" signs at others for weeks.

I am standing with chief goods appraiser R. Uskiy and warehouse head B. Yazvinskiy in a facility reminiscent of an Aeroflot hangar—full from floor to ceiling with manufactured detergents. And they have meanwhile been cleaned out at retail detergent and soap establishments. They had accumulated 326 tons of these detergents, or half a million rubles, by the end of February. But that is not the whole stockpile. Just as much has been sent out from Lvov to trading organizations—in other words, to smaller distribution centers and warehouses—at their own risk. All of the transport waybills are filled out with the notation, "No price."

Product sales are suffering. The wages of the salespeople are dropping catastrophically. General dissatisfaction is growing among customers, to whom the local authorities elaborate without beating around the bush that there are things to sell, but the central authorities are not giving them the opportunity to sell them. Which corresponds to reality. But people naturally express their indignation to those who are closest.

The director of the Lvov firm of Obuv, M. Zaylo, was concise: "It has gotten ridiculous. When the winter came, there was nothing for the children to wear to

school, and we cannot sell warm boots and footwear. Only at the end of January did they graciously say to get the goods onto the shelves at the old price..."

Almost a hundred thousand pair of shoes intended, judging by the price, for those who make low wages or have beggarly pensions are "under arrest" at the warehouses anyway even today.

I dropped in on the general director of the Lvovavtoservis oblast enterprise, Yu. Filippov, in despair. About two million tires for Volga, Moskvich and other makes of cars are just sitting there.

There are, according to the most conservative estimates, over thirty million rubles of all types of goods lying around in the oblast today. A full-scale offensive is underway against the Ukrainian consumer. The republic government has surrounded him with coupons like the hunters surround the wolf with flags. A five-percent sales tax followed the not very well thought-out exchange of large bills. And now a new stress—goods being stockpiled across the country...

Turkmen Readers' Letters Highlight Food Supply Problems

914D0151A Ashkhabad TURKMENSKAYA ISKRA in Russian 17 Jan 91 p 3

[Letters and publication prepared by L. Antonishina: "Empty Counters"]

[Text] **The patience of the people was apparently coming to an end. One came to this conclusion upon reading the letters concerning trade and supplying the population with food products and industrial goods.**

The time has come to employ a more strict law. Conscientious worker committees must be created in each rayon. Goods which are in short supply should be sold after 1700 hours. Why is it that the profiteers have all types of goods? Indeed, they are not imported from another state, but rather brought in from a base or wholesale trade store. Honest people are suffering because of these outrages. *(Savelyeva, city of Ashkhabad)*

How can a television set or refrigerator be acquired in Ashkhabad? Why is there no order in the sale of these goods in the stores? The people on the waiting list maintain their own record as to who wishes and how they wish it. I was listed as the 400th at the "Radiotovary" Store. One month later the list was checked, but the former priority list was nowhere to be found. I was added to a new list and became the 600th. And the situation in a store for air conditioners is horrible.

Why is there order in the pharmacies? In the absence of medicine, one is placed on a list and subsequently informed of its availability by means of a postcard.

I propose that all goods be issued only according to their rating plates with Ashkhabad registration and that their availability be announced to those waiting on the list by means of a post-card. *(V.T. Boldyreva, city of Ashkhabad)*

It would be well to open up a store for pensioners in each rayon, a store where they could purchase a particular item of food goods at the state price. First of all—meat. The time is at hand for introducing the use of coupons for wine and vodka products. Only in this manner will it be possible to eliminate profiteering in these products. And let us also consider coffee and tobacco products. These items are sold at exorbitant prices from under the counter and yet they are not available anywhere to us pensioners.

Thus it is my belief that workers attached to the controlling organs should be paid wages based upon their final results and not for simply sitting in their offices. If profiteers are uncovered, they receive their wages. If not, they continue to sit and wait. *(V.I. Chizhikov, city of Bayram-Ali)*

I wish to begin this discussion with the report by Goskomstat [State Committee for Statistics] of the Turkmen SSR where, in particular, it is noted that manifestations of stockjobbing demand and purchases of a reserve supply of consumer goods are becoming stronger.

This fact is not a new one for the past five years, just as the extensive violations of the rules of trade are not new. The sale of flour in bags to some people has been carried out—however much an individual can procure and carry away. A similar situation prevails in the case of rice. And granulated sugar long ago became a part of this scheme: the "unknown" base—the conductors of passenger trains—the final (or intermediate) point of sale according to prices which are suitable to "those who make available" and "those who receive." Both categories bear equal criminal responsibility and yet obviously the game is worth the candle. All are inspired by a sense of impunity.

Just as in the past, the ill-fated storerooms of stores, which are under fixed scrutiny by the legal protection organs, include deficit goods which do not end up on the store shelves for sale to the rank and file consumer. The "forgetful" salesmen of stores overlook the rules of trade and sell their meat in the state trade stores in quantities of 3-10 and at times even 15 kilograms to some individuals. All of this is done before the indignant eyes of those on the waiting list.

I recall the words of our president S.A. Niyazov. In the not-too-distant past, to the question raised by correspondents of the central newspapers: "How did you achieve relative calm throughout the republic," he replied that we prefer creative labor to political discussions. Our cotton growers actually confirmed the correctness of these words, having harvested an unprecedented yield of raw cotton. How is the trade responding to and supporting the words of our president? It is intentionally creating stockjobbing and tension among the population.

It is hoped that the Committee of State Control of the Turkmen SSR, relying upon society, will be able to stabilize the situation in trade and in the matter of providing services for the population. *(G.S. Gasumyants, city of Ashkhabad)*

Today the republic is confronted by a critical situation—that of supplying the population with food and industrial goods. I believe that the situation can be saved only through the introduction of a coupon system for the distribution of goods, since meat, sausage, flour and other products cannot be purchased in the stores. Indeed, everything is being distributed by the "trade Mafia." First of all for themselves and the leadership, with the remainder being sold at a second-hand market—from individuals, from bases and from warehouses. And even worse is the fact that periodically these products are being consigned to the dump-pile in order to maintain the artificial deficit.

If a coupon system is introduced into operations, the people will be able to obtain the minimum that they are entitled to receive. And if they are unable to receive it, then someone will be held accountable. Indeed, information will be available on how much product was received by a store and how many coupons were honored by it. In addition, with the introduction of the coupon system there will be a reduction in the amount of goods shipped beyond the borders of the republic. *(A. Saparov, city of Ashkhabad)*

At the present time, with products and goods of primary need appearing less frequently in the stores, there is every reason for continuing the discussion on improving the wholesale and retail trade. In addition to store workers, we would like to hear the opinion of representatives of wineries, breweries, milk combines, meat combines, the meat and fish trade, non-alcoholic beverage plants, public catering and others concerning the measures that are being undertaken to improve the production and marketing of goods and products of primary need. It would be interesting to know just where the meat, dairy products, chickens, frozen fish, unsalted butter, pepsi cola and other non-alcoholic beverages disappeared to.

The quality and quantity of bread being made available continue to decline. Let us take the so-called "railroad" bread. Ten years ago it was tasty and light in texture. And today there is almost no taste, the loaves are smaller and the price higher. And chal, the curative drink of hot regions, is clearly being produced in insufficient quantities and only in the city of Erbent. Nor is chal being sold in all of the stores.

In my opinion, a need exists for eliminating the unit-weight departments in stores, especially the grocery departments. All of the republic's stores must convert over to self-service operations, which make it possible to accelerate the trade process and increases commodity turnover. Enter any store and you will see 5-10 salespersons where 1-2 would be sufficient. In order to prevent unemployment in the sphere of trade, there should be a reduction in the recruitment of individuals for all specialty courses at VUZ's [higher educational institutions] and SSUZ's

And there is still one other consideration: there is no movement in the direction of privatization of stores or the creation of joint stock companies. *(Kh. Khamedov, city of Ashkhabad)*

The present situation in the sphere of trade, not only in our republic but throughout the entire country, underscores the inability of the existing principles for distribution to radically change the situation for the better. I believe that the fault lies in the absence of a mechanism for the fair distribution of goods.

Any normative documents aimed at correcting negative phenomena will not produce the desired results unless and until an efficient control mechanism is developed. Nor will punitive measures produce positive results. Their enactment will require objective and convincing proof, the obtaining of which will be extremely difficult, since under-the-counter trade for excessive payments has become massive in nature.

It seems to me that the most efficient method, one that lends itself to control by means of the distribution principle, is that of issuing goods based upon the use of coupons. This method, in addition to having justified its use during the stern years of the Great Patriotic War, is today being employed successfully in cities and republics.

For goods of primary need, particularly food goods, numbered coupons are issued for specific families and these coupons are registered in the local executive organs of government. The coupons must be issued only for goods which are available in a rayon, city or oblast. Stores must be in operation in each rayon which service only the residents assigned to them. And the workers attached to these stores are accountable for the coupons handled as opposed to accountability on a monetary basis.

If it turns out that a definite number of coupons is missing, a fine will be imposed upon the trade organization (store). Citizens must bear responsibility, either for the handling of the coupons or for turning them over to the local organs of government. In any case, strict accounting will be kept for each coupon and for its handling. *(A.D. Satlykov, city of Ashkhabad)*

At the present time, the union and republic governments and the organs of internal affairs and state security are undertaking stern measures aimed at introducing order into the sphere of distribution of commodity resources. Controls are being implemented over warehouses, bases, stores and also over the exporting and shipping of goods beyond the borders of the republic. The chief of the trade administration of Ashgorispolkom [Ashkhabad Municipal Executive Committee], A. Ashirov, has reported that

the Ashgorispolkom administration has introduced a proposal for the advance registration of the population for large items of goods—rugs, furniture, refrigerators, television sets and others. The proposal has been adopted. A new commission shop for providing consumer goods for the population at contractual prices and a department for commission trade at contractual prices in a department store were also opened up during October in Ashkhabad for the purpose of satisfying consumer demand. The mass media are presently informing readers regarding the tense work being carried out in this sphere at the present time. However, mail being sent in by readers reveals that the effect of the efforts being made is not always as expected and that other reserves are still available.

Food Intended For Trade Network Hoarded In Bashkiria

914D0156A Moscow TRUD in Russian 10 Feb 91 p 2

[Article by A. Valeyev, TRUD correspondent, and R. Khayrutdinov, chairman of the Worker Control Inspection of Bashkir Oblast Trade Union Council: "Invoice With A 'Secret' Stamp"]

[Text] Just as in Greece, everything is available at our warehouses and bases: from imported refrigerators to domestic matches. Worker inspectors became convinced of this fact when, together with co-workers attached to the torginspektsiya [trade inspection], MVD [Ministry of Internal Affairs] and the KGB [State Security Committee] of Bashkiria, they conducted an inspection of these sources of abundance, sources which unforunately are not supplying the scanty counters.

When an inspector of worker control of the oblsovprof [oblast trade union council] asked workers assigned to the Bashlestorg [Bashkir Lumber Trade] for documents, in order to ascertain what had happened to hundreds of thousands of rubles' worth of imported goods—those so questioned put a finger to their lips and stated: "Shhh! These documents are secret!"

What sort of nonsense is this? Bobkov worked his entire life at a motor-building association and although he inspected many stores, bases and warehouses he never saw invoices bearing the "secret" stamp. He had to call upon workers assigned to the trade inspection and OBKhSS [Department for Combating the Embezzlement of Socialist Property and Speculation] for assistance. And they dared not refuse the polite but persistent KGB workers of the Bashkir SSR. The latter removed from the custodians of the "secrets" the documents of a non-existent kiosk of the Ufa Plywood Panel Combine. A curious picture developed.

The combine's collective received imported goods in the form of barter, goods which in terms of the items involved, according to the suppliers, were definitely categorized as being in short supply: 138 television sets and 115 video tape recorders, more than 9,000 video and audio cassettes, hundreds of dresses, jackets and so forth—representing an amount in excess of 700,000 rubles. All of the above was brought out of a warehouse by the association's cashier D. Ramazanova. Based upon an order issued by the director, the action was carried out by a mobile trade salesperson. She returned the earnings and naturally she could not recall to whom or how much was sold.

The chairman of the combine's profkom [trade union committee], F. Shayakhmetov, was unable to add anthing intelligent in this regard, since the lists of workers to whom the deficit goods were sold had been destroyed. And according to him, this was done strictly in the interests of the labor collective, so that the racketeers would not begin "bombing" the apartments of the leading production workers.

And Bobkov, greatly surprised, once again visited the departments in order to chat with the fortunate owners of the imported goods. And a simple conclusion was drawn: by no means did all of these goods fall into the hands for which they were intended.

Nor was this all. Sixty two thousand packages of "Rodopi" and "Astra" cigarettes were sold through this same mobile kiosk in little over a month's time. Generally speaking, it was not possible here to isolate one customer: there was no list of organizations, nor were there any orders for work or materials. There was only the money—received only several days prior to the sale of tobacco products!

"There was no sin involved in inspecting other warehouses of the association," decided Bobkov together with his comrades. They carried out inspections and uncovered the following: one ton of Indian tea, 1,200 bottles of champagne, 163,000 packages of cigarettes, and 71 tons of sugar which had been stored for months and some even since 1989. At Warehouse No. 3, for example, there were 31,000 rubles' worth of cooperative goods that had been added to the inventory in January of last year. "They are not taking advantage of demand," noted the warehouse's workers. At this point, worker inspector Yu. Danilov requested that he be shown at least one fastidious worker who had turned up his nose at a beaver lamb cap selling for 12 rubles and 50 kopecks, a sheepskin cap for 20 rubles and 50 kopecks, children's panty hose for 2 rubles and 50 kopecks, or men's socks for almost no charge at all. They were unable to find such a customer. Nor could they explain why, at the warehouse, such items as Finnish, Japanese and Czechoslovakian dresses and jackets, Indian jeans and Yugoslavian jackets, Korean robes and Austrian boots were not moving.

On the other hand, an explanation was furnished by the general director of the Bashlestorg [Bashkir Lumber Trade], P. Korneychenko, who, referring to a 20 November 1989 letter of the Ministry of the Timber Industry and the Central Committee of the branch's trade union, issued an instruction on setting aside a reserve of industrial goods for use in awarding incentives to leading production workers. And thereafter they

began successfully to accumulate these goods. By the beginning of December last year, the supply had reached 865,740 rubles' worth. The general director provided a detailed explanation on all of this; however, he remained silent as to exactly when incentives would be issued in the form of deficit goods.

Add to these documents the letter sent in by the collective of the Bashlesorg Motor Transport Establishment, which persistently calls for a study of the violations associated with the sale of passenger cars and the distribution of housing within the association, with the sale of furniture on the side, the importing of video equipment or the spoilage of 12 tons of smoked sausage—and it was understandable why the worker control inspection of the oblsovprof had decided to transfer its files over to the office of the public prosecutor. There the problems would have to be investigated...

True, Yu. Danilov did not have much faith in this. Despite two dozen cases having been sent recently by the republic's trade inspection to the legal protection organs, not one measure has been undertaken. How is it possible here not to recall the notes taken from V. Vasilyeva, deputy director of the Elastik Company Store, notes which include some nameless workers of the ROVD [Rayon Department of Internal Affairs], the rayon party committee, the public prosecutor and an investigator. Understandably, nobody wished to appear any worse than someone else, but each had to pay a different price for this. And not just in rubles.

The volumes of the Bashlestorg Trade-Production Association were just a drop in the ocean compared to what was being transacted through the far-flung Bashpotrebsoyuz [Bashkir Union of Consumers' Societies] system, which services one and a half million residents of the republic. Thus one can imagine the surprise experienced by the worker inspectors and KGB workers upon seeing the abundance of goods at just one warehouse of a wholesale-import base: 87,432 cans of imported stewed fruit and other assorted products, 30,000 packages of Italian macaroni, 5,000 packages of Indian tea, Chinese thermoses, Korean refrigerators and footwear. Moreover, not only at a warehouse but also in facilities not intended for the storage of goods. Or in the trunk of a private automobile owned by loader A. Astakhov, who found a unique explanation for the shortage of "Zhigulis": the cigarettes were purchased at a market at the state price, the tea was palmed off on an unfortunate customer and the Chinese thermoses were provided by thoughtful colleagues.

Late in the evening the inspectors looked in on a warehouse that was crammed full with radio electronic equipment and decided that they would have more work tomorrow. But they were wrong. Within a matter of a few hours, the consumer cooperation workers contrived to ship to the customers items which had been lying about for weeks and months. But to which customers—this still had to be clarified. But were they able to do this? There is some basis for doubt when one recalls how in early 1989 the former head of the Sterlitamakskiy Rayon Financial Department, L. Zinov, conducted a documentary audit at a warehouse for imported goods of the local raypotrebsoyuz [union of consumers' societies]. Lukyan Petrovich uncovered a deficit amounting to 28,000 rubles. The head of the warehouse, R. Latypova, quickly made up for this shortage. The experienced Zinov was amazed by how quickly this was accomplished and, after insisting upon a more detailed audit, he uncovered the fact that generally speaking no norms or documents had been provided for this particular warehouse. Nevertheless, 700,000-800,000 rubles' worth of goods pass through it each year. Moreover, in the majority of instances only money and invoices are brought to the warehouse.

The audit lasted five months. Finally, the chief of the rayon OBKhSS, N. Sidorov, was given a 122-page document which registered a shortage amounting to 250,000 rubles. However, everything came to a standstill at this point. Zinov repeatedly turned to the offices of the public prosecutor of Bashkiria and the Russian Federation, the USSR MVD and the USSR Supreme Soviet, but without success. Lukyan Petrovich then placed a phone call to the Editorial Board of the SOVETSKAYA BASHKIRIYA newspaper. In July of last year, an article appeared in it entitled "Under Mysterious Circumstances." It included a detailed description of the mishaps occurring during an audit conducted on a voluntary basis. It would appear that certain measures were undertaken. But which ones? Why was the repeated audit assigned to the departmental service of Bashpotrebsoyuz [Bashkir Union of Consumers' Societies], which had lowered the deficit to 30,000? Who was interested in bringing a halt to this business? The legal protection organs are still not providing any answers to these and many other questions and meanwhile the head of the warehouse, R. Latypova, has disappeared and is the subject of an all-union inquiry.

Zinov is pressing for the carrying out of audits at other warehouses and trade enterprises and he continues to maintain that the threads of embezzlement can be traced to the management of Bashpotrebsoyuz and the Sterlitamak Municipal Party Committee and that it is knocking upon every door. Including the door of the Bashkir KGB. Moreover, nor is he the first to harbor this opinion.

Pedestrians from Arkhangelskiy Rayon have already blazed a path there. Over the course of a year's time, the local militia, people's deputies and journalists accumulated so much rich material on the work of the chairman of the raypo [rayon consumers' society], M. Galimzyanov, that the presidium, executive committee and the permanent deputy committee for trade of the raysovet [rayon council] no longer considered it necessary for him to continue on in that position. The recommendation was made to have this question examined during a meeting of authorized shareholders. A genuine course of action was undertaken in response to this proposal.

Having closed their stores, bases and trade points on weekdays and after launching the call "All for protecting the chairman," the potrebkooperatsiya [consumer cooperation] workers went to the Palace of Culture where a plan that had received a critical review in the rayon newspaper was being performed. And the chairman sat down in an armchair.

The patience of the rayon leaders ran out and they went to the republic KGB. Its chairman, V. Podelyamin, naturally was not a shareholder of the Arkhangelskiy raypotrebsoyuz [rayon union of consumers' society] and recently has been in charge of the staff for combating economic sabotage. Thus the hope exists that the "organs" will finally investigate the raypo's chairman.

All professions are important and all professions are needed. There was a time when the trade needed expeditors, salesmen and commodity experts. But today it is experiencing a need only for loaders. Indeed it is no secret that the deficit is being caused by low wages and constant conflicts with the customers and the law. And not only for that which is delivered to a point or which "is added." Today an exchange in kind is in vogue: books are exchanged for sausage, perfumes for evaporated milk and paint for millet. Thus, in principle, importance is not being attached to where an individual goes or to what position. Rather, the chief concern is that he be as near as possible to the feeding trough. But if a selection is possible, then we would recommend the Ufa "Okean" Company Store, the collective of which is small and united and, in the form of self-support, at times trades three ton of fresh frozen fish, 12,000 cans of salmon or sprats or a quintal of Caspian roach.

There are enough examples of a similar nature. They come as no surprise. But there is another factor that is surprising: the ease with which the trade leaders ignore their responsibility, substituting in their own place rank and file executive agents, juvenile salespersons and loaders who work constantly while suffering from hangovers and ignoring the decrees, orders and instructions which at times cancel out one another. An individual who breaks the letter of the law understands well the strategems of the trade roads and always snatches a morsel for eating. And he does not stop after having tasted the forbidden fruit. He is "hooked" and thus he will fight to the end for the distribution system that is dear to his heart and will take a disliking to the privatization that is now commencing in like manner as the devil spurns incense.

Strong control and punitive sanctions—this is not the best variant for combating embezzlers and profiteers, even during an era of total deficit. But for the time being it is inevitable so long as the country, just as during its worst days, stands on line for bread and converts over to the use of cards.

ENERGY COMPLEX ORGANIZATION

Ukrainian Power Workers Demand Payment

914E0060A Moscow IZVESTIYA in Russian 16 Feb 91 Union Edition p 2

[Article by IZVESTIYA correspondent S. Tsikora: "The Bills Must Be Paid"]

[Text] **"Cash on the barrel!" was the firm demand of power workers of the Ukraine to two Union ministries that had "forgotten" to pay them for all the kilowatt-hours they had received. The ones that failed to pay were the USSR Ministry of Power and Electrification and the Ministry of Foreign Economic Relations. The Ukrainian power workers warned them that further red tape in paying off their debts would lead to a situation where half of Europe and a large part of the Northern Caucasus could be blacked out.**

This demand was by no means a threat uttered in a fit of temper. The electric power stations of the Ukraine actually provide power to extensive regions of Poland, Hungary, Czechoslovakia, Romania, Germany, the Northern Caucasus, and the Transcaucasian republics. As I was told in the Ukrainian SSR Ministry of Power and Electrification, in January of this year the republic delivered approximately $200 million worth of electric energy to countries of Eastern Europe. The cost of the kilowatt-hours delivered from the Ukraine to the energy network of the Northern Caucasus amounts to tens of millions of rubles.

But now the time has come to settle accounts, and in Kiev we were surprised to discover that the money for the work that was done completely in keeping with the contract was not being deposited into the bank accounts of the power industry workers. Even in order to pay wages they had to resort to short-term bank loans. To the question to the USSR Ministry of Power and Electrification: What is going on? Why were they not paying their bills?—the answer came from Moscow: We cannot get the money out of the consumers! The power industry workers have no money to pay to the miners for coal or the petroleum processing workers—for fuel oil, or for uranium for the atomic power plants. In such a situation the national economy could quietly sink into darkness.

But, frankly, there is more than one not very nice aspect to the situation that is developing. Never before has the center divided up the dollars received for electric energy sent abroad by Ukrainian power industry workers. And this is no small amount—almost $1.5 billion a year. Now there have begun to be interruptions in the circulation of the rubles. In reaction to such "equal ties" more and more frequently in the Ukrainian parliament voices have been heard talking about nationalization of power engineering and changing it over to strictly contractual conditions for operation with energy systems of other republics and states. Initially this subject seemed to be explored in parliament, but in recent months I have repeatedly been present when it has been discussed among deputies of the Ukrainian SSR Supreme Soviet. Incidentally, the Ukraine recently nationalized two more basic branches of the national economy, shifting them to its jurisdiction—all metal plants and mines located on the territory of the republic.

Extracts, Discussion of Draft Worker Protection Agreement

914F0136A Moscow TRUD in Russian 8 Feb 91 p 1

["Extracts" from All-Union USSR Trade Union Confederation draft agreement with USSR Government for 1991 on socioeconomic protection for working people, and commentary by Confederation Chairman V.P. Shcherbakov: "The Position of the Trade Unions: Basic Demands for the Social Protection of Workers Included in a Draft Agreement With the USSR Government"; followed by TASS report: "Urgent Problems Discussed"]

[Text] The Council of the All-Union USSR Trade Union Confederation has drawn up a draft agreement between trade unions and the government for 1991 on pressing questions of socioeconomic protection for workers. The document has been presented to the USSR Cabinet of Ministers. Extracts from the draft agreement:

- to establish a minimal consumer budget and introduce on its basis state minimums for wages, financial benefits, and grants.
- to establish a list of food and non-food products and services comprising the "consumer basket," which will be used in determining the minimal consumer budget.
- to develop and confirm a mechanism for providing full, anticipatory, compensatory payments to the population during the conduct of retail price reform.
- to introduce, beginning in second quarter of 1991, a mechanism for indexing population income and citizen deposits in savings banks; to create a price registration service independent of central economic departments.
- to determine procedure for providing assistance to poorly provided-for segments of the population regarding vitally essential products, goods, and services.
- to raise the monetary quotas for providing nourishment in health care and educational institutions.
- to draw up and ratify in the first quarter of 1991 a state program for providing population employment.
- to draw up a legal enactment regulating questions of social protection and of the rights and guarantees of USSR citizens working abroad under the hire of foreign firms.
- to preserve the right of citizens in need to receive free housing.
- to release as noncommercial organizations cultural-educational, extrascholastic, sports, sanatorium-resort, and health-restoration institutions and enterprises from obligation to pay any taxes or payments to the treasury.
- to develop and ratify a National Program for Labor Safety Protection.
- to guarantee each member of society free, universally accessible, qualified medical care; to refrain from introducing medical insurance without a comprehensive discussion and evaluation of the economic and social consequences of this for the population.
- to provide 100 percent satisfaction of demand for drugs, medicines, and medical equipment within the health care system.

The USSR Cabinet of Ministers obligates itself to undertake all necessary measures in fulfilling the trade union demands envisaged by this agreement.

The results and progress with respect to execution of the agreement will be published in the newspaper TRUD and by other mass media.

Commentary by V.P. Shcherbakov, chairman of the All-Union USSR Trade Union Confederation

Dangerous and destructive trends in the economy and social and political spheres continue to grow and accelerate in headlong fashion. In essence, the state finds itself on the verge of catastrophe. Under conditions of unregulated price increases and a total shortage of food and manufactured products, the standard of living of workers and the entire population is falling sharply. In such a situation fraught with social upheaval, the Council of the All-Union USSR Trade Union Confederation sees as its first priority, its most important task, the decisive struggle for the fundamental rights and interests of people who labor and guarantees for their social protection that are the same throughout the country.

One specific step in this direction is the proposal of the Council of the All-Union USSR Trade Union Confederation to conclude an agreement between trade unions and the central government with respect to the most pressing socioeconomic problems we face. The draft of such a document for 1991 was submitted to the former USSR Council of Ministers in October of last year. The government was in no hurry to sit down at the negotiating table, however, even though legislative organs and the government were clearly lagging behind with regard to the adoption of measures for social protection of Soviet people under conditions of transition to the market. Then in January a draft agreement was again sent to the Kremlin, this time to Prime Minister V.F. Pavlov. The signing of such a document would mitigate the negative consequences felt during transition to the market and would significantly reduce social tension in society.

Among the most important issues included in the draft agreement are the determination of a minimal consumer budget on the Union level in a short period of time and, based on this, state minimums for wages, pensions, and grants. Today the official minimum wage in the country is 70 rubles. This level was established back in 1972 and has long been unable to provide for normal subsistence of citizens. Ever increasing millions of people are finding themselves below the poverty line. The trade unions consider this situation intolerable, and we demand that the minimum wage not be lower than the minimum amount necessary to live—which today constitutes 130 rubles per month on the average across the country, according to the most modest calculations.

A mechanism for effecting compensatory payments related to increasing prices occupies a special position in a number of social protection measures. The essence of our demands is understandable—increased expenses related to the higher cost of living must be unconditionally reimbursed to everyone. And this is also reflected in the draft agreement between trade unions and the government. We are demanding an indexing in this regard not only of workers' current income, but of their savings in banks as well.

Devaluation of deposits is painfully disturbing to millions of people. The position of the All-Union Confederation of Trade Unions on this issue is unambiguous—workers' savings must not be depreciated as a result of inflation.

The introduction of a mechanism for indexing the income of the population requires objective price information. We are insisting on the establishment of a special price registration service independent of the central economic departments. The people must be constantly informed of price increases and indexes characterizing the standard of living of various segments of the population through the press and other mass media. The publication of such information will allow workers and trade union organs to make reasoned demands for just compensation.

But monetary compensation will not settle everything under conditions of a most critical shortage of food and manufactured goods. This is especially true of the poorly provided-for segments of the population. These people need a system of compensation in kind, assistance in acquiring basic food items and essential goods.

Another extremely critical problem is the threat of unemployment. Of course, we managed to achieve a situation in which considerable social protection guarantees were inserted into the recently adopted Foundations of USSR and Republic Legislation on Population Employment for citizens who find themselves in this adverse situation. But after all, the important thing is to provide not benefits but rather confidence in the fact that a person will be able to realize his constitutional right to work. The law is the law, but a general state program is critically needed which would provide for the development of a system of job positions, efficient distribution of the forces of production, organization of the training and retraining of personnel, and other specific measures. The trade unions are resolutely insisting on the immediate development and adoption of such a program.

People today are afraid not just of being without work but being without a roof over their head as well. The transition to market relations and the coming privatization of housing present complex problems to millions of Soviet people. According to selective sampling research data, about 70 percent of those in need of improvement in their living conditions do not have the money to acquire or construct their own house or apartment. Trade unions are insisting that the needy be provided free guaranteed minimum housing. This applies first and foremost to those who have been standing in line a long time to obtain it.

Special sections in the agreement are devoted to problems of labor protection, the ecology, and improving the health of workers. Each year more than 670,000 individuals undergo trauma at the work place. Legislative norms for labor protection are outdated. We must develop once and for all a national program for labor protection, and this is the direct responsibility of the government.

Unfortunately, manual labor and heavy physical work remain a reality today for millions of Soviet women. Our present norm for carrying heavy loads is one-and-a-half times that of the developed countries. It is the aim of the trade unions to terminate this shameful practice once and for all.

We should not forget that the health of our people is the main wealth of the country. And when the question now arises of introducing paid medical insurance, the Council of the All-Union USSR Trade Union Confederation believes that under any conditions, every member of society should be guaranteed free, generally accessible medical treatment.

The draft agreement envisages creation of a health improvement system to victims of the Chernobyl catastrophe and to the population of regions which adjoin the Semipalatinsk nuclear proving ground. The question is being raised as to prohibiting nuclear testing at this proving ground.

It would be impossible to relate the entire content of an agreement containing 47 points in a brief commentary. All these points touch upon vitally important questions and closely concern every Soviet individual. I hope that in the very near future we will sit down at the negotiating table with the USSR Cabinet of Ministers.

Urgent Problems Discussed

As reported from the All-Union Trade Union Confederation press center, a meeting took place 7 February between USSR Prime Minister V.S. Pavlov and All-Union USSR Trade Union Confederation chairman V.P. Shcherbakov. A broad circle of problems was discussed with respect to social protection for workers and the entire population of the country under conditions of the active introduction of market relations. Understandings were reached which were considered feasible to be drawn up in an agreement on socioeconomic issues for 1991 between the Council of the All-Union USSR Trade Union Confederation and the USSR Cabinet of Ministers. Instructions were issued to immediately set about drawing up the final version of specific sections of the agreement, a draft of which has been presented by the trade unions.

TU/TRUD Roundtable on Worker Protection Accord

914F0138A Moscow TRUD in Russian 24 Jan 91 p 2

[Report on roundtable meeting by F. Yemchenko: "An Instrument for Social Protection: How Should the Collective Contract Be?"]

[Text] For many years, the attitude of workers toward one of the main documents determining their interrelationship with the administration of an enterprise was one of indifference, and negative at that. As a rule, those whose interests were supposed to be protected by the collective contract did not involve themselves seriously in its preparation. They discussed this document at meetings and conferences without any particular enthusiasm. Many trade union committees viewed this work only as the necessity of carrying out the instructions "from above." And this is why they were pleased to turn it over to the administrative system. Economists prepared their own estimates for the trade union committee, on the basis of which worker "demands" on the administration were also formulated. Formally prepared and formally accepted, the contract was a "dead document" that they looked at only when they summarized the results of the year's work. The administration had no responsibility to the collective for violations of the contract.

The situation is now changing fundamentally. The trade unions have finally "come out" to their main function, that of protecting the rights and interests of people of labor. Hence the new attitude toward the instrument of protection, the collective contract. How should it be under the new "premarket" conditions? The participants in the "roundtable" carried out by the department of the All-Union Trade Union Conferederation [VKP] Council for the protection of the social and economic interests of working people and the newspaper's department for trade union life tried to find an answer to this question.

The following people took part in the discussion of the problem: **V. Pankin,** chairman of the Central Council of the trade union of workers in heavy machine building; **V. Ryazanov,** deputy chief of the deparment of the VKP Council for the protection of the social and economic interests of working people; **V. Yegorov,** deputy chairman of the commission on wage negotiations, agreements, and collective contracts of the Federation of Trade Unions of the Mining and Metallurgical Industry; **O. Frolov,** head of the self-administration department of USSR Goskomtrud [State Committee for Labor and Social Problems]; **B. Zharkov,** senior scientific associate of the International Workers' Movement Institute; **V. Vavilov,** head of the department for the protection of the economic rights and interests of the working people of the Saratov council of the Federation of Trade Union Organizations of the oblast; **R. Romanovskaya,** chairman of the Belorussian republic committee of the trade union of communications workers; **A. Rybak,** department head of the Federation of Independent Trade Unions of the Ukraine; **T. Soshnikova,** assistent professor at the Institute for the Improvement of the Qualifications of Trade Union Personnel of the Academy of Labor and Social Relations; **E. Tsoy,** deputy chief of the Moscow House-Building Combine No 2, **A. Novichok,** chairman of the trade union committee of the "Vremya" cooperative; **V. Petrakov,** chairman of the trade union committee of the Moscow Institute for Steel and Alloys; **D. Tretyakov,** head of the juridical department and member of the executive committee of the General Federation of Trade Union Organizations of Joint Enterprises; and **V. Belyayev,** legal consultant of Goskomtrud.

V. Pankin: After the 19th Congress of Trade Unions of the country, several commissions were established under the VKP Council, including a commission on the protection of the social and economic interests of working people. The basic direction of its work is that of providing practical help to the member organizations of the VKP in the preparation of agreements at the republic level, participating in the work to prepare a general agreement between the VKP Council and the Government of the USSR, and assistance to regional organizations and especially to primary organizations in the preparation of collective contracts at enterprises....

The role of this document is becoming significantly greater in the time of the transition to market relations, when hired workers need a dependable juridical base for social protection. There is now a need for a law on the collective contract. Regardless of whether or not it is passed, it is necessary to sign such a contract at enterprises. I think that it is now necessary to prepare agreements at the level of those structures and departments that will act in the new situation.

...What, in my view, is important to include in the new collective contract? Above all it is necesary to set forth the reciprocal recognition of the parties, the hirer and the trade union committee. It is important to reach an agreement immediately that the parties recognize each other's authority and their responsibility for the performance of the conditions in the collective contract.

A. Novichkov: It seems to me that it is not a simple matter at this time to convince the administration that the collective contract is just as necessary for it as for the labor collective and the trade union committee. I think that the trade union must obligate itself not to resort to strikes as long as the administration does not violate the conditions contained in the collective contract.

A. Rybak: The signing of collective contracts is an extremely important matter in view of the fact that legislators in our republic, apparently just as those in other republics, are catastrophically late in formulating a mechanism for the social protection of the working people under the conditions of the transition to the market. I think that it is necessary above all to reach an agreement with the government and to sign with it a document that would include the necessary social and

economic guarantees involving the provision of a worthy standard of living and wage and the indexing of incomes to account for inflation.

Today we frequently find that the executive committees of the oblast soviets of people's deputies are ignoring the proposals of trade unions and are not entering into agreements, referring to the absence of the corresponding directive. If a general agreement were reached more quickly at the national level between the VKP Council and the government, then it would be easier for us break through the "wall" in our own republic. Here the new leadership of the VKP ought to act more vigorously and assertively.

I. Vavilov: I want to delve into the agreement that we were able to reach with the oblispolkom [oblast executive committee].

Last year began turbulently in the oblast. We, of course, supported the movement of the working people and even, to be frank, were somewhat distracted by the mass meeting form of democracy, the picketing, and the declarations of protest. But then we understood that such methods will not yield perceptible results and will not improve the life of the people. We decided to seek other ways leading to practical agreement. We formulated a draft agreement of the federation council with the oblispolkom, in which we foresaw three divisions: obligations of the oblispolkom, obligations of the trade unions, and joint measures.

Initially our position was not accepted. They also referred to the lack of a legal basis. We then began to act through the deputies of of the oblast soviet, who were nominated by the trade unions. And an agreement was signed by the end of August. What did it give us? Here is just one example. The oblispolkom was forced to set maximum prices for potatoes, vegetables, and meat products. At the present time, the inhabitants of the oblast buy pork in cooperative stores for 2 rubles 90 kopecks and beef for 3 rubles 90 kopecks.

In addition, it was stipulated in this agreement that we in the oblast will raise wages for workers in medicine, education, and children's institutions a half year earlier....

B. Zharkov: It is useful to compare the collective contracts that they sign at capitalist enterprises with ours. Their functional roles differ fundamentally. Here this document is a means to regulate many questions in production itself and to raise efficiency and labor productivity. In my opinion, these tasks are foreign to collective contracts. And it was stated in the draft law on collective contracts and in agreements that production and labor relations are the subject of regulation by collective contract.

I cannot agree with this with respect to production relations. This document must exercise only a protective function, that is, regulate the conditions of labor and wages.

T. Soshnikova: I too am a jurist, a colleague of Zharkov, but I do not go along with some of his statements. I have been at international conferences. I remember the address of the chairman of the metalworkers' union of the FRG, who said that they do not have a collective contract but an agreement on wage rates. And they include only wage matters in it. Yes, their trade union does not deal with the housing and leisure of working people. They have no such problems. But here there is one sanatorium pass per 500 people. And it is necessary to think about how we will provide for the rest of the trade union member and for a place in a children's camp for his child.

For the time being, the trade unions cannot get away from the fight to establish guarantees, compensation, and payments. Each labor collective receives a certain income or profit. And it must dispose of the resources fairly so that there will be enough for the development of production and for each individual in accordance with his contribution. The collective contract is an instrument to protect the social interests of the worker. This determines its structure and content.

V. Belyayev: We are talking about a contract. And if the two partners have come to an agreement, then naturally there is no need to utilize any pressure tactics. In resolving problems at the enterprise in such an event, such extreme measures as strikes are unacceptable. In resolving social problems in the past as well, we had close contact with the trade unions. It is quite possible, of course, that there were differences in the positions on some questions but they were not substantial. But this is no reason for destructive confrontation. Taking into account the situation in the country, we should persistently seek mutually acceptable versions....

D. Tretyakov: A few words about joint enterprises. They are based on a mixed form of ownership with the participation of foreign investors. Therefore the question of collective contracts is very important for us here. The decree of the government that regulates labor relations in joint enterprises states, in particular, that the enterprise itself sets the work and rest schedule and the procedures for hiring and dismissal. In my opinion, it is quite impossible to get along without the collective contract. On the other hand, the entrepreneurs in charge of joint enterprises would prefer not to have either such contracts or trade union organizations in general.

We need the specific help of scientists and trade union workers in the preparation of collective contracts that would really protect the hired worker.

R. Romanovskaya: It seems to me that we must think about those trade union officials of enterprises that will be directly involved in the formulation of collective contracts. Our help to them must be quite specific.

Unfortunately, today no one can say definitely how the production and economic relations of enterprises are developing and what will happen with wages. This is why the question of collective contracts is becoming so acute.

In our oblast, for example, small enterprises, where trade union chairmen are not freed from their basic work, make up the lion's share. They need objective assistance. For this reason, I join those who say that practical recommendations and consultation are now urgently needed.

E. Tsoy: I am the only one here who represents the administration. The nature of my work is such that I am more involved than others in the enterprise with collective contracts and I am more often in contact with trade unions than others. Today I understood that in collective contracts we are trying to "combine" the spirit of yesterday with the spirit of today.

For the time being, no one here wants to sign this contract: neither the workers nor the administration. Probably this will not go through as it is. There will be telephone calls and they will be forced to sign a collect contract whether they want to or not. But let us look into this. After all, the contract is voluntarily signed by two sides. Who is the arbitrator? The superior trade union body and its legal inspectorate—if so, then the administration must have the possibility to appeal to its higher body. Ask any worker here at the house-building combine whether he needs a collective contract. No, he does not believe in it. Let us take the contract for last year. It was fulfilled only 50 percent. Where is the guarantee that the situation will change this year?

V. Ryazanov: Under the conditions of market relations, the social protection of working people cannot be ensured through a collective contract alone. In addition to the legislative acts that we talked about today, it is necessary to establish a reliable mechanism for the protection of the rights and interests of the person of labor and a system of agreements and contracts at different levels of administration. This will be a unique result of the work of trade union bodies in the protection of the interests of different professional and social groups.

Under the conditions of economic decline, it is necessary to stabilize the work of enterprises. So in the collective contract, besides local norms regulating the conditions of labor and reproduction of manpower, it is still expedient to reflect a combination of the interests of the labor collective and administration in the achievement of good results.

In drafting this document, it is important to consider questions in the improvement of the labor and living conditions of women and young people and the establishment of supplemental privileges for poor families and those with many children, veterans of war and labor, and invalids through the own means of the enterprises.

I think that those trade union organizations are correct that utilize the extensive possibilities of collective contracts and agreements to protect working people and labor collectives from the negative consequences of the transition to the market and skillfully apply in practice the rights granted by the Law on Trade Unions to achieve these noble goals.

* * *

The participants in the "roundtable" only touched on the complex problems having to do with the preparation and signing of collective contracts at enterprises and agreements of trade union structures with administrative bodies at all levels. Unfortunately, newspaper space did not permit us to present all of the addresses. Locally, certainly, a great many questions arise every day and hour with respect to the content and practice of the preparation and adoption of the basic document for the social protection of working people. It is for this reason that the editor's office of TRUD intends to continue the discussion of this subject. Write to us about how this work is proceeding at your enterprises.

Market Economist Argues For Women Workers' Guarantees

914F0142A Moscow PRAVDA in Russian 11 Feb 91 Second Edition p 4

[Article by N. Kungurova, Candidate of Economic Sciences, Minsk: "Marked Ruble"]

[Text] Tomorrow, when a woman will have to work not only at a state enterprise, her present and extremely modest social protection may be severely shaken or even destroyed. Yes, a woman appeared more confident back when there was a monopoly of state ownership. At the very least, the command-administrative mechanism was in operation: an enterprise could be ordered to display charity and humaneness, or elementary concern for motherhood, even within the framework of that prescribed by law. Under the conditions of economic independence, particularly private ownership, it is naive to expect appeals and orders.

Under the new economic conditions, a new mechanism is needed for the social protection of women. Not one that has been renewed by means of light or even capital repair, but rather a basically different one. As yet, we have not heard one word regarding its creation and it is as though women do not constitute one half of all workers. It is as though not only an enterprise or department but all society as a whole are not interested in solving their problems. These problems are related to such problems as protecting nature, public health, education and culture.

Thus I am convinced that the social protection of women must be centralized in the hands of the state. One of the most vital forms of this centralization is the creation of a state fund for women. Such funds are already in use in developed capitalist countries. In other words, I propose the creation, within the framework of the state budget for the republics, of a special fund for use in solving the production and social problems of working women.

From a financial standpoint, it appears as a specially allocated item of the state budget.

In addition to this centralized fund for women, thought must obviously be given to the local funds of a small territory or even an individual enterprise or group of enterprises. There never was a need earlier for this, owing to the fact that state economics were involved. Economic and social development proceeded from the same pocket, the state pocket. All funds were obtained from the state. Why then was a financial solution for the problems of women ignored? It was another matter entirely when various types of ownership appeared.

How is the fund formed? What resources are included in it? They are supplied by all enterprises—state, cooperative, joint-stock, private and others, where women are working. Compared to earlier when all of the money earned by them went into a state treasury and was distributed among all items of the state budget, today a portion of this money will be used at the expense of the fund. In a sense, the "marked ruble" of female earnings. This can be withholdings from profits, made available depending upon the earnings of women working at an enteprise, withholdings for the social insurance of working women or payments for female labor resources.

I would like to single out in particular the latter source—payments for resources. In maneuvering them, an enterprise can become materially interested in solving those problems which have remained unattended for decades. For example, working conditions. In Belorussia, one out of every ten individuals works under harmful or especially harmful conditions. It is still more advantageous for enterprises to use submissive female labor rather than machines, since the repair of such labor does not raise any great problems. And so we will do the following: we will raise the payment for each "unit" of female labor resources used for work prohibited by legislation and which violates the norms for labor safety employed for women during nighttime shifts. Should such an increase be carried out in order to prove which is more advantageous? At the same time, we will once again lower rather perceptibly the payments for those women who are assigned to favorable work regimes. It seems to me that it makes sense generally to lower the payments for all mothers, regardless of the work carried out, in order to soften the attitude of self-recoupment enterprises towards such workers.

How will the accumulated funds be used? A considerable portion will be returned to the enterprises. In the form of loans or incentives—for measures aimed at mechanizing operations in which use is made mainly of women and for improving their working conditions and the rules for safety. The fund will be employed for other production expenditures if they are directly associated with improving the status of women.

But I consider the most important use of this fund to be for liquidating those expenses of enterprises which are associated with the motherhood of working women. Thus the funds will be used for protecting the health of women, for carrying out prophylactic work with pregnant women, for releasing them from work and paying them for maternity leave, for granting extended vacation periods to mothers of many children and for many other reasons. The fund's resources will be used for paying for one of the most important measures for working mothers, one which I consider to be the most important. This is a reduction in working time with complete or partial retention of wages.

The market must work not against women, but rather in behalf of them.

CIVIL AVIATION

Increased Fares for International Flights Examined

914H0114A Moscow IZVESTIYA in Russian 2 Mar 91 Union Edition p 3

[Interview with Aeroflot International Commercial Administration of Civil Aviation Chief V. Tikhonov by V. Belikov: "Flights Abroad Are Also Becoming More Expensive"]

[Text] *The reform of retail prices being readied in the country will also affect rates for trips by air. We have already been relating the changes in the cost of tickets for domestic Aeroflot routes (No. 47). An IZVESTIYA correspondent now discusses the new rates for flights abroad with the company's chief of the International Commercial Administration of Civil Aviation, V. Tikhonov.*

[Belikov] What reasons have forced ticket prices for flights abroad to be reviewed?

[Tikhonov] The entry of Aeroflot into the International Air Transport Association (IATA)—a most prestigious organization, uniting about 200 of the leading companies in the world—has made it necessary to bring our international fares into strict conformity with the rates of our counterparts—the foreign air shippers—and convert the cost of tickets to a dollar basis, as is done around the world.

The commercial exchange rate for the ruble versus the U.S. dollar that has been instituted by presidential ukaz will possibly entail conversion of transactions according to that rate for airfares for Soviet citizens and categories of foreign passengers equivalent to them. These are, for example, foreign students studying in the Soviet Union; they comprise a sixth of all passengers on Aeroflot's international routes.

The conversion to new wholesale prices for the fuels, hardware and equipment used by Soviet air enterprises flying abroad that occurred here as of January 1 of this year has also had an effect on ticket prices. The expenses for in-flight meals have also gone up.

[Belikov] How much will a trip on an Aeroflot plane from Moscow to, say, Paris cost today, in that case?

[Tikhonov] The version of the rate scale that we have prepared and is now being coordinated with our airline counterparts envisages the cost of a ticket on the Moscow-Paris route to be 802 American dollars, or 1,440 Soviet rubles. The institution of special rate concessions is also being planned, so that the changes will not be so burdensome for Soviet citizens.

[Belikov] One often hears talk these days of the possible institution of a so-called combined rate for paying for an Aeroflot flight abroad.

[Tikhonov] The combined rate envisages covering the Aeroflot expenses abroad, which are equal to roughly a third of the cost of the ticket on a foreign flight, in freely convertible currency (FCC), and the rest in rubles. This financial step is used in many other countries with "closed" national currencies like that of the Soviet Union, and whose airlines also experience difficulties with receipts in FCC, as Aeroflot does today.

[Belikov] Nothing like that used to happen...

[Tikhonov] Aeroflot was actually a budget organization until 1989, and hard-currency funds for its expenses were received from the state coffers. The number of Soviet citizens on our aircraft flying in foreign skies also did not exceed 20 percent in the recent past. The overwhelming majority of air travelers on Aeroflot international routes were then paying in hard currency.

A large percentage of the people that are departing on foreign flights on Aeroflot routes today are our countrymen. The ruble amounts received from them for airline tickets, unfortunately, do not solve the problem of paying for the considerable operating expenses outside the country that have to be paid in hard currency.

The Moscow-Singapore route in particular, which was always considered commercially very profitable, has become unprofitable in hard-currency terms for that reason. The oil companies that supply aviation fuel recently demanded the immediate payoff of our cumulative indebtedness for refueling our aircraft at foreign airports—that had never happened before over the entire history of Aeroflot. We have recently even been forced to cancel unprofitable foreign routes in order to economize hard-currency funds.

The harsh demands of the self-financing and hard-currency cost recovery under which Aeroflot has been operating for more than two years now, in short, will possibly require the use of a combined fare. Judging from the multitude of inquiries we have received from allied enterprises, associations and cooperatives engaged in foreign-trade activity, as well as sports and traveling concert organizations, they could pay part of the cost of the tickets they need in hard currency.

Private trips abroad, in the event of conversion to a combined fare, will also require the availability of FCC to our passengers, or the deposit of amounts of hard currency into an account for the cost of the flight for people they are inviting.

[Belikov] When can we expect the institution of the new prices for tickets on Aeroflot's foreign flights?

[Tikhonov] If it occurs, it will happen simultaneously with the conversion to new retail prices across the country. The old rates are still in effect.

Civil Aviation Official Interviewed on Il-96 Operational Testing

914H0105A Moscow VOZDUSHNYY TRANSPORT in Russian No 7, 11-17 Feb 91 p 5

[Interview with V.Ya. Potemkin, general director of the TsUMVS [International Air Services Central Administration], by VOZDUSHNYY TRANSPORT correspondent Yu. Ostapenko: "Aviators Are Pleased But Quite Uneasy Before Receiving the Il-96 Airliner"]

[Text] **Our newspaper has been discussing on a regular basis the appearance of the new-generation transport aircraft—the Il-96, Tu-204, Il-114, and others—on Aeroflot's air routes. Specialists in different fields, scientists, and pilots have expressed their concern about the failure to deliver the aircraft on time, about the changes in parameters compared with the technical specifications (TZ), and about the obsolete radio equipment (let us mention the article by S. Belogorodskiy, "Tomorrow's Aircraft Are the Aircraft of Yesterday," and the subsequent statements by B. Grubiy, L. Selyakov, P. Levushkin, V. Skrypnik, and others). Now finally we see "the light at the end of the tunnel." Two Il-96 aircraft are scheduled to be received from the KB [Experimental Design Bureau] imeni S. V. Ilyushin in the first quarter. One aircraft will go to Domodedovo and the other will be received by the International Air Services Central Administration.**

Our correspondent Yu. Ostapenko discusses this with V. Potemkin, general director of the TsUMVS.

[Ostapenko] So the TsUMVS pilots will be familiarizing themselves with the Il-96 soon, Vladimir Yakovlevich. New equipment always means new advances. So will there be new advances for the international routes?

[Potemkin] The new aircraft is enticing, of course, but the truth is that pilots are waiting for the Il-96 not so much in a joyful frame of mind as an uneasy one.

[Ostapenko] Why?

[Potemkin] The time of glasnost has lifted many screens, and what was not usually mentioned before is now becoming a subject of general discussion. Alas, we know that the Il-96 is appearing for operational testing in a form that is quite different from the technical specifications, and this means that the operations enterprise will have a heavier burden to develop them.

[Ostapenko] Do you think we can and should accept such aircraft for operational testing?

[Potemkin] The inertial force is too great. After all, this is the way it was before: they announced the usual victory of Soviet science. They reported for a congress, a forum, a Komsomol birthday, or something else and turned over the aircraft to the ones who would operate it. And it would be developed afterward for 8 or 10 years or more. No one asked the ones using the aircraft and they could not ask why "the usual victory of Soviet science" was so far removed not only from world standards, but the carefully planned technical specifications as well. This is roughly the procedure that is being repeated now.

[Ostapenko] It is not a very cheerful beginning for an interview devoted to the appearance of a new aircraft, Vladimir Yakovlevich...

[Potemkin] Of course it is not cheerful. I am looking at the list of imperfections and the list of those deviations from the TZ (for the worse, of course) and I am wondering: just how much will we have to refine this aircraft?

I am convinced that an aircraft that is turned over for operations should correspond to its specifications and have the features that it will have under production conditions. Operational testing presupposes that the aircraft is to be evaluated under the expected operating conditions.

Unfortunately, it is doubtful that the Il-96 will be able to operate on international routes to the full extent. It is appropriate to point out here how long it has taken for the Il-96 to come to life.

Nevertheless, we will receive the first Il-96 in the hope that we can familiarize ourselves with it and identify its shortcomings as rapidly as possible. I do not know if this will be called operational testing or something else right away, but we will never start shortening the testing periods and simplifying the program in order to make a report or for some other reasons.

[Ostapenko] We were watching the first flight of the Il-96 at the Tushino air show and noted how good-looking and powerful the new airliner is...

[Potemkin] Yes, it is really good-looking. It really should become a landmark in domestic aircraft manufacturing. But under the condition that it attains those parameters intended for it. Alas, the engines are not the ones planned for it at all; they have less power and consume more fuel. And something else that concerns us (perhaps even more so) is the aircraft's equipment. The electronic equipment. The flight control and navigation equipment and so forth. According to the specifications, this equipment should enable us to fly without a navigator, just as in all modern aircraft of this type (the Boeing 747, A-320, and so forth), but the first Il-96 cannot be flown without a navigator, because it does not have that equipment.

Further. It is now known that the Il-96 has not been given the capability to follow free flight paths. The automatic landing approach regimes have not been tested yet. The navigation complex is unreliable and inaccurate. Unlike foreign equipment of this type, our equipment does not have the capacity to update navigation data with the aid of a "loader" (I mean operation with an on-board computer).

I am not dwelling on the condition of the equipment without reason—this is now the most important element in the complex called an aircraft. We thought before if

the airframe is good, the landing gear is reliable, and the engines hold out, it follows that the aircraft is good. Nowadays, the electronic equipment of an aircraft plays an almost decisive role. And we, the pilots, and all of us remember how the landing and takeoff minimums for the Il-86 were higher for a long time than for the Il-62 and Tu-154 because the flight control and navigation equipment was defective, and how the passengers were astonished and indignant because they could not fly in the new aircraft, even though the old aircraft were departing on a flight.

[Ostapenko] How did you take the news that a navigator will be required for the Il-96 now?

[Potemkin] We were taken by surprise, as they say. After all, three persons are a large number these days (there are two on a Boeing 747), but here we have a navigator as well! All this turns everything upside down, you know! But the designers thought that I (not only me, but everyone who will operate the Il-96) would have to look for navigators, provide them with housing, nursery schools, uniforms, and so forth. But what about the wages? And everything else?

I have insisted and will continue to insist that this be a temporary measure—during the testing period. The Il-96 should be put into operations as it was planned—with a crew of three, and the ministry should show its firmness here. If it is taken into account that even three persons is too many. And our newspaper reflected this quite fairly in the article by P. Levushkin.

[Ostapenko] You have pointed out that the questions I am asking come from items in the newspaper. So here is a question: B. Grubiy raised the problem of retraining for the new aircraft and putting it into operation... I am referring to simulators. You have personal experience in preparing the retraining for the A-310 and work with their simulators. But how do matters stand for us?

[Potemkin] Well, this is turning out to be a discussion! Not in a festive tone at all. But what can I say about simulators for the Il-96 if there are none in existence? We are once again seeing a situation in which an experimental design bureau does not provide its aircraft with technical training facilities. And again we will have to instruct by diagrams and press the air in vacant aircraft. But as far as the A-310 is concerned, it would be good if this were our day after tomorrow. The article in your newspaper was not given the title "Tomorrow's Aircraft Are the Aircraft of Yesterday" to no purpose, it seems.

[Ostapenko] All the same, did training in the A-310 provide you with something?

[Potemkin] By utilizing experience with the A-310, we have now ordered classes with computer training equipment (the (Vakbi) type), but our department has had to push this through.

I think that beginning with the Il-96, we should discontinue this practice of equipment delivery "in stages"; the requirement for complete delivery should be included in the new Air Code of the USSR.

[Ostapenko] That is, reinforce it with legislation?

[Potemkin] Precisely! The long relationships between two departments with monopolies—one in manufacturing the aircraft and the other in operating them—have not led us either toward progress in civil aviation or sufficiency in aircraft.

Those few disputes between the MAP and MGA [Ministry of the Aviation Industry and Ministry of Civil Aviation] (unseen to anyone from the outside) have always been resolved somewhere at the top—in the Central Committee or the VPK [Military Industrial Commission], but not within the framework of normal market relationships. The time of power decisions has passed, and the law should take effect. For in the final analysis, it is what protects the consumer, that is, the passenger.

[Ostapenko] In concluding our discussion, I want to ask: are the TsUMVS aviators prepared for operational testing?

[Potemkin] Yes, I think so. We are waiting for the new aircraft, which we badly need, and we we will try to do everything that depends on us. I would like the OKB to be inclined the same way. And our scientists. Our discussion today has not touched on this, but we have serious complaints about our sectorial science.

But now a little about the term "operational testing." I think it also needs serious reassessment. When foreign airlines, JAL or Pan Am, for example, purchase a new aircraft from the Boeing firm—a Boeing 767, let us say—they do not set up "operational testing" at all. They purchase a commodity. And that is all. The one who has tested it has refined it, and it is not the concern of the one who operates it. He needs a commodity. It is a quality product. With a guarantee, that is, it is certified. But we have a combination of two departments with a complete monopoly in aircraft production and services which has reached the point that the operator of a new aircraft also tests it himself. An uncertified aircraft, I will point out.

But this is a subject for another discussion. We need a law, and I hope we will have it some day. But in the meantime, we desperately need a long-range mainline aircraft, and we will be testing it to ensure that it is put into service as quickly as possible.

Azerbaijan Airlines Organizational Structure Viewed

914H0106A Moscow VOZDUSHNYY TRANSPORT in Russian No 8, Feb 91 p 6

[Interview with A.G. Iskenderova, assistant general manager of the "Azerbaijan Airlines" concern, by VOZDUSHNYY TRANSPORT Baku correspondent G. Kostenko: "Meet a Concern Learning to Take the First Steps"]

[Text] **The country has entered into market relationships. What will this bring aviators? How are they preparing for the tests? Our correspondent discusses this and other matters with A. Iskenderova, assistant general manager of the "Azerbaijan Airlines" concern.**

[Kostenko] Adilya Gasanovna, the name of the former administration states that it underwent important structural changes. Is this good for the business?

[Iskenderova] Yes, you correctly noted that we have appeared in a new capacity today. This year the administration was changed into a concern consisting of three aviation companies: the Baku "Azaltrans," the Zabrat specialized company "AzalPANKh," and the Yevlakh agrochemical company "Azalagro." The unified aviation detachments and structural units have been abolished. Twelve independent enterprises have been formed out of them and other subunits. The concern is managed by a council composed of representatives of all the enterprises. It is headed by a general manager.

[Kostenko] Have the functions of the new management structure been changed?

[Iskenderova] Of course. Today all the enterprises have become independent. They have delegated a number of their powers to the concern's council: material and technical supply, personnel training and retraining, development of technical policy, prices and tariffs, provision for flight safety, and solution of a number of financial problems. That is, we have become the ones carrying out the will of the enterprises and at the same time, a monitoring and guiding organ that checks efficiency in utilizing the fixed capital and redistributing it in the event of poor operation, and so forth. Naturally, the reorganization and assignment of such functions to the concern's management meant that the work force was cut back by half. Overall, the new structure should contribute to the further development of civil aviation in the republic.

[Kostenko] Could you give an example showing that the new structure has already begun to function, and operate successfully?

[Iskenderova] We are not satisfied with last year's results, because they were low for the first time in the administration's history. And this is not because of poor work by the collective. On the contrary, it did everything possible under the existing circumstances to achieve those results at least. We also managed to maintain the operations volume and the air routes assigned. We redistributed the fleet of aircraft on internal routes in order to provide for maximum workload.

The Zabrat company raised its prices for carrying cargo on 1 January. This measure was necessary because this area of services was operating at a loss. Most of the clients viewed this decision with understanding and transport volume was maintained. We can say that judging by the contracts that were concluded, the Zabrat company should make this type of operation profitable. In connection with the losses of airborne chemical treatment operations in the republic and within the country, the Yevlak company was compelled to look for them in other countries. At its request, the concern concluded a contract to treat 220,000 hectares of agricultural land in Iran. The expedition will last until June. The contract was advantageous to both sides. The foreign exchange earned will go to meet the social needs of the collective and expand the material and technical base. Generally speaking, this area of activity is promising.

The volume of international transportation service will also increase this year. In particular, service has begun on the route between Baku and Istanbul. Flights are being made weekly at present, but they may be made more frequently if there is demand.

[Kostenko] Are there problems for the concern's collective in working under the new conditions?

[Iskenderova] Unquestionably. And there have been still more of them, because a great deal has to be resolved for the first time. However, there has been a desire to overcome them more quickly, because every employee is interested in the final results of his labor. I will say frankly that it has become more interesting to work, and responsibility has been increased. The people are not allowing themselves to weaken. And they have mobilized themselves as never before. Previously such incentives did not exist...

MOTOR VEHICLES, HIGHWAYS

ZIL Auto Plant Problems Highlighted

914H0101A Moscow SOVETSKAYA ROSSIYA in Russian 15 Feb 91 First Edition p 2

[Interview with A. P. Bulantseva, chairman of the Labor Collective Council of the ZIL [Automotive Plant imeni I.A. Likhachev]; G.N. Matrosov, secretary of the STK [Labor Collective Council]; and V.Yu. Severin, a cleaner in the main casting shop, by SOVETSKAYA ROSSIYA correspondent I. Alekseyenko: "The Automotive Giant on the Cross"]

[Text] **The automotive plant that is well-known throughout the country has a fever. The condition of the main production line here is nothing new. This is a sorry sight—shops at a standstill in the middle of the work week and workers scattered in confusion at home: what do they bring to the family if the production line stops for a long time one day? This is why we decided to look at the ZIL's problems through the eyes of representatives of the working class. We talk with A.P. Bulantseva, chairman of the lead enterprise's labor collective council; G.N. Matrosov, the STK secretary; and V.Yu. Severin, a cleaner in the main casting shop.**

[Alekseyenko] So just what is happening at the ZIL today?

[Bulantseva] For the first time, I emphasize, for the first time since it was established our plant has not fulfilled its annual program. The main reason for that, I think, is the mess into which the country's economy has been plunged. Everything is collapsing before our eyes. The war of laws being conducted between the union and republic governments is beating us mercilessly and draining the blood from production. The ZIL is huge, and its branches are distributed throughout the union, including the republics. If it is taken into account that we have more than 1,000 suppliers, it becomes obvious that all the disorders throughout the country are ours as well. However, we are not in a position to correct them through our own efforts.

[Matrosov] Do you remember the CPSU Central Committee plenum in July 1985 and what was discussed? The establishment of a reliable basis for radical changes in the country's economic policy. What do we have today? Metallurgists are selling their product for firm shorts, if you will excuse the expression, but the automotive giants such as our ZIL are standing idle. The system of contract deliveries has been shattered completely. Suppliers are "scouring" the entire country for complete units and parts, but they do not even want you to talk with them without bartering "grease." They have called this exchange, although it is direct evidence of bartering extortion.

[Severin] You go to the plant and you don't know what kind of new "surprise" is waiting for you. And more and more new laws are being promulgated. The parliaments, both the Russian and the union parliaments, are cooking them up like blintzes, and each one is jealously watching to see that his batch comes out lighter. The only problem is that nothing materializes in real life.

[Bulantseva] This is bad, very bad, when they laugh at the legislators...

[Severin] And I would like to emphasize this aspect. The working man is keeping an eye on the party's influence in each legislative document. He has become used to the Communist Party being responsible for everything. And when I, a communist, come to work, and another ill-considered decision was made the night before, they rebuke me for everything. I want to stress in particular that the confusion of today strikes at the communists and the party first of all.

[Alekseyenko] But how did the plant's workers regard the provision in the union Law on Enterprises which essentially abolished labor collective councils?

[Severin] Negatively. The STK is the working man's mouthpiece, and the principal instrument of the people's rule today. Alas, both the union and republic labor collective councils, with their interests and problems, have proved to be inaccessible. Speaking on behalf of the people, they have done practically nothing for the people.

[Bulantseva] The Law on Enterprises did not openly abolish the STK, but by depriving it of legislative rights, it is as if it doomed it to extinction. But we have not given up; only the next time we realized that there has to be a tense struggle for the worker's rights and interests. Our labor collective councils are continuing to function at the lead enterprise and the branches, but a production council will be established in the association. It will include both workers and representatives of the administration.

[Alekseyenko] What kind of a struggle for the interests of the working class do you see?

[Bulantseva] A few words about what has already been done. We paid the veterans a one-time grant of 100 rubles for each year worked. We organized free meals for workers in the busy shops. We provided financial assistance for women on maternity leave. And of course, in the disputes with the administration, which are heated at times, we support the workers interests. There has been a cutback from 22 to eight "black" Saturdays in a year. But all this taken together is only confirmation of the struggle. The labor collective council is faced with much more complicated tasks. The market, which threatens to take away our worker's last shirt, is drawing near. This is where we will have to struggle.

[Severin] The situation at the plant is critical. About 20 percent of the work positions are vacant today. And about 30,000 of the remaining 70,000 workers are temporary. Including those who are ill in the drug abuse clinic. And workers continue to be discharged. The most highly skilled ones. They are going into joint ventures and cooperatives. There is one reason—the wages at our plant are incomparably lower.

[Matrosov] I think the enterprise's main problem on the threshold of the market is the incompleted reconstruction, which in its time was undertaken as almost an All-Union project. Now we are left one on one with our problems.

[Alekseyenko] That is, we can draw the unequivocal conclusion that the plant is not ready for the market?

[Matrosov] I would phrase this thought differently. State enterprises, the giants such as our ZIL first and foremost, are being driven into a dead end in the alternatives being proposed for the shift to a market economy. The monopoly brand has turned them into second-rate enterprises. The state intends to regulate the prices for our output—and this is logical. But then it proposes to purchase the component parts and assemblies at contract prices. I see no logic here at all. With the current deficit, the suppliers are prepared to make us pay through the nose for every gasket worth a kopeck. There will be a drastic increase in the production cost of motor vehicles, and we will have to sell them at a loss. And this is the market?

[Bulantseva] We are being smothered by taxes as well. Now, before raising the worker's wage by a ruble, two

rubles should be transferred to the state budget. We cannot cope with such a burden. At the same time, all the consumption funds, including the social fund, are being taxed. It turns out that the state is punishing us for being concerned about the working man. This does not make sense. I realize that the country's budget is impoverished, but one who is naked cannot be stripped further. All these flaws in the tax policy are extremely disturbing to us. The labor collective council intends to make specific suggestions to the government and the country's president to correct the injustice that has been permitted.

[Alekseyenko] Is privatization feasible for the ZIL, and how have you resolved the main question of public accommodation, the problem of ownership, for yourself?

[Matrosov] A competent commission now working at the plant will figure out what privatization will give the workers, and other alternatives are being examined at the same time. I support the transfer of fixed capital to the collective without compensation. The worker-owner will become the true boss of production.

[Severin] I would refrain from categorizing it this way. Many questions are being raised. In being aware of the entire range of problems at the ZIL, I would not decide to be its collective owner, even without compensation. Why? Because I fear bondage to the suppliers once again. An enterprise formed as an All-Union giant can function successfully only within the framework of the union. Will a brain last long if all the blood vessels are cut off?

[Bulantseva] I support this view. The Russian parliament's game with property and the owner has taken us by the throat. The veiled restoration of capitalism will not move the republic ahead, but backward. Because there is no place in the new society of employers and businessmen for the ZIL. Or its workers, either. But such a disregard for the interests of the majority is fraught with unpredictable consequences.

Returning to privatization, I want to add literally two more words. What will this give us? The taxes will remain as before, as will the prices for output. But I do not think it is worth starting a fuss because the mask has been changed.

[Alekseyenko] In adopting the rubric "Stabilization Is the Watchword," our newspaper has stated its position clearly. Do you agree with it and what do you consider to be the ways out of this crisis situation?

[Bulantseva] I agree unequivocally. We must speed up the signing of the Union Contract first of all.

[Matrosov] Any wise politician proceeds from what exists today, not from what he wants to see. I believe that our parliamentarians do not have enough of this wisdom, first of all. And while the "war of the laws" continues, the fate of a boy facing a beating has been prepared for the economy.

[Severin] I cannot understand one thing at all. Whom do the government and the president intend to rely upon in the future by actively tearing down the state sector today? The time is coming when there will be an abundance of tights in the cooperatives, but domestic motor vehicles will vanish without a trace, I fear. So there is one way out—stabilization.

Highway Accident Statistics Scored

914H0109A Moscow PRAVDA in Russian 9 Jan 91 Second Edition p 8

[Interview with B. Koryakovtsev, chief of the State Motor Vehicle Inspectorate Main Administration of the USSR Ministry of Internal Affairs, by G. Ovcharenko and B. Pipiya, PRAVDA special correspondents: "Tomorrow Over 100 People Will Die on the Roads: But Today, All Unsuspecting, They Are Leading an Ordinary Life"]

[Text] **Alas, this tragic prediction and these statistics attest to the fact that there is sometimes a high price to pay for the blessings brought by the motor vehicle. In 11 months of 1990, 56,165 people were killed in road-transport accidents, and 325,611 were injured. To put it descriptively, the population of a large industrial city was removed from normal life.**

Our PRAVDA correspondents interview B. Koryakovtsev, chief of the GAI MBD [State Motor Vehicle Inspectorate Main Administration of the USSR Ministry of Internal Affairs], about traffic safety problems.

"How many human tragedies, unrealized hopes and plans, how much pain and despair lie behind these figures," says Boris Aleksandrovich. "Traffic safety on the roads should become the concern of all society, not just the State Motor Vehicle Inspectorate. Any measures to prevent DTP [road transport accidents]—legal, organizational, educational, technical and others—require financial and material expenditures.

"Unfortunately, many directors, as before, class the task of ensuring traffic safety as secondary. Here, as before, the residual supply of resources holds sway. As a result, the regional traffic safety programs worked out remain unfulfilled in many ways, and a number of departments have not even undertaken sectorial programs.

"The incomplete work of the State Motor Vehicle Inspectorate itself must also be taken into account, of course. The sometimes low professional level of the workers, carelessness, poor technical equipment of the service, and many other things take their toll."

[PRAVDA] All the same, as the statistics attest, bright spots have begun to appear in ensuring traffic safety on the roads....

[Koryakovtsev] Yes. For example, beginning with the second half of last year, the rise in the accident rate began to drop. The number of road-transport accidents

and the seriousness of their consequences were reduced in the Baltic republics, Kirgiziya, Moldavia and Azerbaijan.

Nevertheless, the situation on the roads is far from normal. There are many cases of drivers' showing contempt for our workers' demands, right up to disobedience and a show of resistance. The numerous motor accidents and low level of law and order on the roads are causing a sharp public response. Last December alone, there were 18 major road accidents, in which 161 people were killed and 199 injured. This situation has made it necessary to carry out additional measures to organize safe transport for people and intensify control on the part of the organs of internal affairs, including the development of special police posts, used in the "Rubezh" system.

[PRAVDA] Just what is this system?

[Koryakovtsev] So far it includes 56 posts, equipped with modern technical devices. They are located on the country's main highways. In 1990, the policemen supporting the service here found over 300 stolen or hijacked means of transport, and detained 4,900 persons who had committed crimes. There were many cases of stopping the transport of stolen personal or State property, including agricultural products. Therefore, these posts should, in the very near future, become support points, equipped with modern means of combating crime and law-breaking on the roads.

[PRAVDA] What are the main causes of road-transport accidents?

[Koryakovtsev] I should like once more to emphasize the fact that the main ones are directly connected with the lack of discipline of road traffic participants. The result of this is mass violation of established speed limits, crossing into the oncoming traffic lane, and failure to adhere to the rules when going through intersections. In the last six months of the year alone, almost 2.5 million drivers were found to have got behind the wheel when drunk.

[PRAVDA] At one of the briefings, you, Boris Aleksandrovich, presented this data: in our country there are 14 persons killed for every 100 persons who are victims of DTP, while in the FRG, for example, there are only two. How do you explain this?

[Koryakovtsev] There are many reasons for this. As before, many people do not use safety belts, helmets and child restraint devices.

There is another side to this problem. I have in mind the present-day rendering of first aid and skilled medical aid to the victims. The data from many studies indicate that the basic mass of deaths falls to the pre-hospital stage. I think that it is here that reserves must be sought today.

As before, we do not have the necessary means of getting the victims out of the damaged motor vehicle. It is almost impossible to jack up the car quickly, cut apart its body and quickly free the person and give him the necessary aid. In addition, not all the GAI employees and other drivers and passers-by who give aid at the site of the accident have the skills to give first aid. They wait for the "ambulance" brigade and lose time, which naturally leads to people dying.

[PRAVDA] Is anything being done to change this situation?

[Koryakovtsev] Of course. In the first place, we are trying to start training the GAI colleagues in a new way, for immediate action at the DTP sites. In the second place, a program has been outlined for the industrial output of special equipment to evacuate victims from the damaged vehicle. For example, at the end of this year we are planning to obtain the first consignment of 1,000 units of hydraulic emergency rescue equipment. The set includes powerful shears and devices to hoist the vehicle and free the victims. We propose to equip patrol cars, permanent posts and alert units with them.

An intensive search is in progress to attract additional resources used for DTP prevention. A decree of the USSR Council of Ministers on setting up a Soviet Road Traffic Safety Fund was recently adopted. These funds are being set up in the republics, krays and oblasts. With their help, I think, we will succeed in solving many technical service problems and achieving its full outfitting with the necessary instruments and equipment. We are paying more attention today to introducing computer equipment and setting up information-retrieval systems.

I should like to direct your attention to something quite important. Road accidents not only lead to death or injuries, they place a heavy burden on society forever. Seven percent of those injured become invalids, and persistent health disorders are observed in most of the children who have fallen under the wheels of motor vehicles. It should be said directly that almost no attention is paid to medical and social rehabilitation in DTP.

Today we have begun this work with the Main Administration of Public Health of Moscow and the All-Union Children's Fund imeni V.I. Lenin. The Sodeystviye Association created at the main administration has taken a special direction—"rehabilitation", and we hope that all those wishing to contribute will join us. It would seem that this activity should gain support at union and republic levels and be expressed in carrying out special programs.

[PRAVDA] Incidentally, Boris Aleksandrovich, many resolutions and decrees on improving the material-technical base of the police have recently been adopted. How are they being carried out?

[Koryakovtsev] The main administration has found support from the management of the USSR Ministry of Automotive and Agricultural Machine Building and the collective of the AvtoVAZ Association, by means of which provision of the road patrol service with passenger

vehicles has been set up. In 1990, about 300 of these vehicles were received, and their output volumes should increase in the future. With this sort of approach, we hope that our dreams of all the GAI colleagues being outfitted with special, well-equipped motor vehicles will be realized.

This year we are planning to organize the output of air cushions, the use of which will also, in our opinion, increase the efficiency of post-accident actions. This will naturally cost quite a lot of money, but after all, the dramas on the roads cost us even more—both materially and, no less important—morally.

[PRAVDA] It is obvious that the legislation must also be improved to stabilize the situation on the roads. In any event, many GAI colleagues, and indeed, even drivers, are writing to the editors about this.

[Koryakovtsev] A draft of the USSR Law on Administrative Responsibility for Violating Traffic Rules has now been drawn up, and it is under review at the USSR Council of Ministers. This is what I want to talk about. No matter how strict the law, it cannot in itself reinforce discipline among those who make up the traffic. The point is that the lack of norms ensuring strict execution of the law makes it impossible to carry out the principle of inevitable punishment. These norms are also lacking in the draft of the above-mentioned law. We have repeatedly submitted the appropriate proposals, but they are not supported.

One also cannot help but note that a negative tendency has taken shape in which the union republics adopt their own laws on responsibility for violating road traffic rules. These laws are already in effect in Lithuania, Moldavia and Azerbaijan. A number of other union republics have also prepared the drafts of laws. We regard this phenomenon as negative. We feel that, if the road traffic rules are unified throughout the territory of the country, the legislation must preserve the principle of unity of responsibility.

[PRAVDA] Many people feel that GAI has been in a hurry to revoke coupons for driver's licenses.

[Koryakovtsev] Yes, practical experience has shown that identical measures have been unjustly used for a driver who is a first-time offender and one who has had repeated violations during the year. Incidentally, that is the way the drivers themselves feel. When working out the draft of the USSR Law on Administrative Responsibility for Violating Road Traffic Rules, a collective decision was made—restore the principle, formerly in effect, concerning the introduction of higher sanctions with respect to persistent violators. This naturally requires setting up an accounting system. We see the ideal way out as complete computerization of the service. The question is extremely complex, and requires a great deal of time and millions of rubles. This means that for the time being, it will simply be necessary to have the coupon.

[PRAVDA] Another question, which readers often ask. Why do the "GAI workers", instead of keeping order on the road, set up "speed traps"? Do they fulfill the plan for fines?

[Koryakovtsev] I will begin with the second question. There are no plans for the number of fines imposed. The work of the inspectorate staff is evaluated by the state of the accident rate on the assigned patrol route, adherence to the law, the state of the standard of behavior and treatment of the traffic participants and a knowledge of the service duties and normative acts.

As for the so-called "speed trap," I do not like this expression. The work of the road patrol service has three official forms of monitoring traffic: open, concealed and combined. They call the concealed form "speed traps." Well, exceptionally undisciplined drivers do not like them. Incidentally, this form of surveillance is very widespread abroad, and is quite effective. We too will develop these, making increasingly wide use of technical posts for speed limit control.

[PRAVDA] Anti-radar devices have appeared, which drivers are installing in their vehicles. What is your attitude toward this?

[Koryakovtsev] May they use them in good health! After all, when the signal is received, the driver reduces speed, right? We are achieving this. This means that in this case, the point is to have more radar on the roads and anti-radar attachments in the cars.

[PRAVDA] Boris Aleksandrovich, what is your attitude toward the proposal that republic GAI become independent?

[Koryakovtsev] Understanding, if this pertains to independence within the limits possible. Let us say, in determining the number of colleagues, their wages and the equipment. True, the level of these norms should be no lower than the all-union recommendations. Higher, if the republic has this possibility—by all means!

[PRAVDA] And the last question, Boris Aleksandrovich, but we will reserve for you the right to formulate it.

[Koryakovtsev] Very well. When will all the traffic participants finally and strictly fulfill its requirements? I am not joking: the number of tragedies on our roads depends on the answer. Therefore, the search for radical measures and resources, directed toward lowering the accident rate and preventing road-transport accidents, is our general and important task.

RAIL SYSTEMS

Five-Year Rail Performance Figures Issued

914H0104A Moscow GUDOK in Russian 5 Jan 91 p 1

[Unattributed article consisting of materials from the Statistics Board of the Minister of Railways: "Results of the Sector's Operations"]

[Text] The 12th five-year plan, which proclaimed perestroyka in all spheres of our activity, has ended. Railway transportation successfully met the plan for freightage the first three years, 1986-1988. As a result, despite the abrupt decline in the volume of operations in subsequent years, railway workers managed to fulfill the five-year plan (the sum of the yearly plans). More than 114 million tons of cargo were delivered over and above the plan during this period across the entire network.

The target for passenger turnover was also overfulfilled by 1.9 percent. The labor productivity of workers employed in conveyance increased during this same period by 13.4 percent, compared to a target of 12 percent. More than 700 million rubles [R] in profits were received over and above the plan.

In 1990 railway transport conveyed 3.857 billion tons of national economic output, which exceeds the established target by more than one million. At the same time the state order was underfulfilled by more than 55 million tons, particularly bituminous coal—by 24 million tons.

Transportation of cargo for local planning was carried out more successfully. Of 26 categories, the plan was met for 12. Some 60 million tons of construction materials were transported over and above the plan, and the target for all cargoes pertaining to the category of "food products" was exceeded. Almost three million extra tons of potatoes, vegetables, and fruits alone were shipped. At the same time it is necessary to note that in regard to agricultural equipment, industrial consumer goods, scrap ferrous metals, and other cargoes, not only was the plan underfulfilled but the volume of shipment declined in comparison with 1989.

Twenty seven railroads met the annual plan. The largest contribution to the network's results was made by the following railroads: Moscow—2.8 million tons above the plan, North Caucasus—2.3 million, Dnepr—1.8 million, Kuybyshev—1.8 million, Central Asian—1.8 million, Gorkiy—1.5 million, and Belorussian—1.5 million.

The following railroads did not meet the plan: Donetsk by almost 7 million tons, South Urals—4.2 million, Azerbaijan—2.4 million, and Transcaucasian—0.2 million.

Last year the state order for passenger turnover was somewhat underfulfilled, and the network did not manage to increase the level of use of the rolling stock. The turnaround time for a car slowed by 2.6 hours. The average weight of a freight train declined by 35 tons.

All of this could not help but have an effect on the economic results of the sector. Labor productivity of the workers employed in conveyance declined by 5.2 percent in comparison with 1989, and the plan was underfulfilled by 0.5 percent. The cost of transportation increased by 4.8 percent against the established target. Throughout the entire sector the plan for profits was underfulfilled by R240 million.

New Line Maintenance Organization Created on Southern Railroad

914H0103A Moscow GUDOK in Russian 8 Feb 91 pp 1-2

[Interview with V.F. Sushkov, chief of the Lines Service of the Southern Railroad and candidate of technical sciences, by GUDOK correspondent A. Mudrakov: "'Put' Is the New Boss"]

[Text] **Kharkov—A production association for line repair and maintenance has been organized on the Southern Railroad by order of the Ministry of Railways. And this is what it is called—"Put" [Line]. This is to be an independent enterprise based on cost accounting and with its own bank account.**

Our correspondent has asked V. Sushkov, chief of the Lines Service of the Southern Railroad and candidate of technical sciences, to tell us about the objectives and tasks of the new enterprise.

[Mudrakov] Valentin Fedorovich, is this enterprise basically new in its composition and purpose, or are there ones like it in transport?

[Sushkov] We have been studying all the experience accumulated in this area and we have have taken it into account, naturally. There is the "Remput" on the October Railroad, which united the industrial enterprises engaged in line work. On the Moscow Railroad, the subdivisions and track machinery stations are subordinate to a division lines department. Something similar has been established in the Bukhara Division of the Central Asian Railroad. But in our view, these are all halfway solutions which are incapable of producing sufficient gain. If a judgment is made with respect to the scale of reorganization, then we are the first ones to follow the path of full economic independence in line operations.

[Mudrakov] What is the most important difference between the new organization on the Southern Railroad and the other ones?

[Sushkov] We consider elimination of the dual authority which has taken shape in the subunits to be our principal objective. There has always been two bosses in them. The Lines Service performs the functions of production planning and organizational and technical preparation of enterprises, provides part of the financial support for operations and financing of major repair on the line, and monitors its technical condition.

The railroad's divisions finance the operations activity of the subdivisions and are in charge of personnel and social and everyday affairs. Under this system, the railroad's divisions utilize the economic levers of management and the Lines Service is responsible for the technical levers. All this leads to a decline in employees' responsibility and work efficiency, and in the final analysis, to deterioration in line condition.

Take just one example. Far from every subdivision is equipped with the machinery needed for routine maintenance. Under these conditions, many subdivisions are refusing to use the machinery of other enterprises, even when there are significant line disruptions, because of the shortage of operating funds planned by the divisions...

The "Put" Association is composed of members of the Lines Service and departments of the railroad divisions, and in exercising the rights of structural units, the subdivisions of the line and protective afforestation, the track machinery stations, and experimental PMS [track machinery station] No. 265, as well as the Redutskiy Ballast Plant, rail-welding train No. 1, and the Kryukovskiy Quarry management. There will be a single manager of all these operations, and it is of no small importance that he will be a line specialist.

[Mudrakov] May we assume that you will be the director of the association?

[Sushkov] This has not been decided yet. On the one hand, they tell me: you were the one who initiated the reorganization and made the calculations, and it is up to you to direct the work, but on the other hand, I myself ask that V. Tolubets, the railroad's deputy chief for lines and construction, head the association, because he has a great deal of practical experience. But a manager has not been appointed yet, and a railroad order confirming the association has not been signed yet.

[Mudrakov] We will not be surprised if the management staff of the association is increased in relation to the number of personnel in the service; we have already become accustomed to this. It has always been this way, after all. But the association is based on cost accounting. Will this have an effect on the number of persons employed in management?

I told you how it is in cost accounting. According to my estimates, we can survive and make a profit only if we move away from the old habits and stereotypes. We cannot do without our financial experts, economists, and specialists in material and technical supply, of course. These positions will have to be introduced. But we have a reserve: the lines departments are being eliminated in five divisions, and we will obtain the specialists because of this. In short, we plan to reduce the number of management personnel by 75. There will be changes in the line enterprises as well. In particular, we will have the opportunity to eliminate the subdivisions which are not very active and to redistribute the sections between the remainder.

[Mudrakov] You mentioned profits, but after all, line workers are not turning out a product. Where will the income come from?

[Sushkov] The railroad management will finance the association in accordance with the accounting prices for an adjusted kilometer of track and a hectare of forest planting. The cost accounting income is formed from the sum of revenues received for line upkeep and repair work and the sum of amortization deductions for reconstruction, capital repair, and other items. The railroad is allocating roughly the same amount of money to us for 1991 that was spent in line operations last year. We are free to dispose of these funds at our discretion in order to carry out the volume of work contracted and make a profit at the same time. Compensation for financial losses incurred and the payment of fines and penalties will come out of our income.

[Mudrakov] In throwing yourself into the sea of market relationships, you should be prepared for any surprises, especially the unpleasant situations which can be predicted even now. For example, is the association prepared to pay for materials in the line superstructure that are now in short supply at contract prices?

[Sushkov] Only practice can put everything in its place ultimately, of course. But even now we are trying to simulate various situations. In particular, we have noted the trend toward a reduction of centralized deliveries of materials and we have come to the conclusion that we cannot manage without outside purchases. We are counting on acquiring the funds for this primarily from subsidiary activity.

It is doubtful that there is one industrial enterprise which does not need to put its sidings in order now. We are prepared to provide such services. In addition, we think that the association's income should include receipts from the sale of old track that is serviceable and the sum from planned reduction in the cost of capital repair. The railroad and the ministry took away both of these before. According to preliminary estimates, the association can put up to 3.5 million rubles into economic incentive funds every year with the increased receipts and savings in our own funds. But a guaranteee is needed that all the savings acquired by our subunits will remain at the disposal of the association and those enterprises which create the savings.

The structure of line operations management we are proposing should increase production efficiency and profitableness to the extent that we are able to resolve the line workers' principal social and everyday problems within a short period of time. Thus, we are counting on making use of 2.2 million rubles every year for capital construction, which is twice the amount spent today. And then before 1993 we will be able to provide housing for everyone living in railcars and to add accomodations for 1,200 persons and general-purpose buildings for three subdivisions and two track machinery stations.

[Mudrakov] So you have no doubt that the plans made are practicable?

[Sushkov] No. There will be many difficulties, but I am confident of success.

[Mudrakov] But I question whether this innovation will be to everyone's liking on the railroad. Quite a few good programs have been left on paper already because they

affected the interests of other officials and collectives. Just take the railroad divisions. Organization of the "Put" Association is already undermining the authority of the NOD's [railroad division chiefs]. If other services follow this path as well, this will automatically lead to elimination of the railroad divisions. It seems to me that many managers and line personnel are not prepared psychologically for such innovations.

[Sushkov] With respect to line workers, I do not agree. The workers and young production leaders have been ahead of us, the managers, for a long time in their aspiration to achieve economic independence and their desire to break the vicious circle of multiple authority. And it is not for the majority to engage in theoretical preparation. The employees of line enterprises have counted up their benefits for a long time, just as we have.

Wages in the collectives have increased in recent months. The prestige of the line employee's vocation is being enhanced. Last year 1,600 persons were brought into the work. For the first time in many years, the planned work force was reached. But we have no means of continuing this policy under the old system; there are not enough funds. The news that the wage fund for the first quarter of this year was planned at the level of the first quarter last year ruins all our achievements in the past. So there is only one choice for the railroad—the "Put" Association.

But doubts really do exist as far as the higher echelons of authority on the railroad are concerned. In particular, the railroad division chiefs are already dissatisfied, and they have enough levers to impede the successful operation of the association. Everything depends on the extent to which our leading line workers are oriented toward a single goal. And we do have a common goal, you know. Perhaps our question is centered on the maturity of all society as a whole. If perestroyka is a reality and if it has gained sufficient momentum, we have a good chance.

Section Chief Interviewed on Railcar Repair, Modernization

914H0107A Moscow GUDOK in Russian 2 Feb 91 p 2

[Interview with Igor Ivanovich Khaba, Railcars Main Administration chief, by A. Loginov; date and place not given.]

[Text] The demand for this type of rolling stock [flatcars] is well known from letters, telegrams and telephone calls to various departments and newspaper editorial boards. The requests usually ring out at the end of the quarter, half year or year: the plan is on fire; help dispatch motor vehicles, agricultural equipment, reinforced concrete structures, etc., to the user. At the same time, hundreds and thousands of unfilled flatcar skeletons are pushed from railroad to railroad.

It seems that the flatcar shortage can be significantly reduced and, if efforts are made, done away with in a few years. You see, thanks to the competition that was spread among the railroads to modernize flatcars by replacing their wooden floors with wood and metal ones, we managed to return more than 10,000 of them to service last year alone.

A telegram from N. S. Konarev, the minister of railways, in connection with this took note of the aggressive work of the Dnepr Railroad, which modernized 1,201 flatcars and the South Urals Railroad, which modernized 869. The Donets, Lvov and Central Asian railroads, which were awarded third place and bonuses of 20,000 rubles each had more than 700 each to their credit. The leaders, who took first and second place, were awarded 50,000 and 30,000 rubles, respectively. The leaders and specialists of the Alma-Ata, Kemerovo, Belorussian, North Caucasus, and Tselina railroads were also rewarded.

A pleasant fact. I. Khaba, Railcars Main Administration chief, commented on this at the editor's request:

[Khaba] Newspapermen know how paper has risen in price. It is made from wood, which has also risen in price; the repair of railcars has also begun to cost us a pretty penny. Therefore, no matter how boring figures are, I will begin with statistics. The "metalization" of the floor of one flatcar saves us one and a half cubic meters of wood. With our methods for operating rolling stock, a wooden floor lasts no more than half a year, that is, three cubic meters of wood are "eaten" a year, or 750 rubles.

[Loginov] If one multiplies these cubic meters and rubles by the more than 10,000 renovated flatcars, more than 7.5 million rubles are saved a year in wood alone.

[Khaba] This is true at today's prices but prices can soar tomorrow. However, even if we take the present ones as the accounting figure, the gain is much more. You see, metal can last for years and even for a decade. According to the estimates of specialists, last year's modernization of flatcars alone will provide about 200 million rubles in the future.

[Loginov] Here, Igor Ivanovich, a complete package of questions immediately arises—as it is now fashionable to say. The first and simplest one: Doesn't metal cost something and isn't it now difficult to mine? On the other hand, whereas yesterday you managed to modernize 10,000 flatcars, would it be possible to double and triple this number today and tomorrow?—you see, millions will not fall from the sky under a market economy. The organizational and technical aspect of a flatcar share, of course, interests our readers.

[Khaba] Concerning metal, from the very beginning we have not created any special illusions about its centralized delivery. That is why we have directed railroad specialists toward direct contacts with enterprises working with metal. Substandard items and wastes will always be found at them. We have also provided rewards—20 rubles to one who procures something in a "non-traditional" way for the modernization of a flatcar—in some cases, for an appropriate payment and, in

other cases, in exchange for something.... Some industrial enterprises have their own railroad shops, transport facilities and ... small repair bases.

In a word, market relations are already being started: You give us metal and we will repair a locomotive or railcar for you or we will supply or repair assemblies, items ....

[Loginov] On equal terms—barter deals of a distinctive type. However, there is also another source: They cut up written-off railcars and containers at many depots and make light equipment garages and garden huts from the old metal ....

[Khaba] Yes, and a wealth of metal is found here. In those depot collectives where they understand this, welder-cutters do not simply hack up the metal but cut it and make semi-finished products of the required sizes, which are used when repairing rolling stock and modernizing those same flatcars. The garages are a good exchange commodity in barter deals.

Here is what I would like to say about the organizational and technical measures that preceded the experiment. Before undertaking it, a contest was declared on the railroads, divisions and directly in depot collectives. Its essence can be boiled down to two points: how to restore and renovate those very flatcars that are being shoved from place to place and make them more durable and where and how to find lumber and metal under the conditions of a growing shortage.

Dozens and hundreds of suggestions followed from innovators and inventors—workers, engineer technical workers and scientists. All of them were studied and summarized at the depot, division, railroad, and ministry levels. After this, we sent five-six modernization schemes to the railroads—select the most acceptable ones and take action.

[Loginov] Are you, as the director of the main administration, satisfied with these actions?

[Khaba] As a start—yes. In the sense that we moved straight off from futile discussions, suggestions and wishes to concrete matters. On the other hand—this was pointed out in a telegram from the minister—the activity, initiative and enterprise of some and the incomprehensible passivity and temporizing policy of those lagging behind were revealed. They say that we will get by—we will see what comes from this initiative. I hope that the affair will now advance. Yes, and we will help in this.

[Loginov] Good. In your view, why has the Dnepr mainline become the leader in renovating flatcars?

[Khaba] Some think that Zaporozhstal and other enterprises, where one can get hold of metal, are close by the Dnepr workers. However, there are railroads where conditions are no worse, but the results—alas... It is something else. On the Dnepr, all 12 railcar depots—regardless of their specialty—have contributed their share to renovating flatcars. The Nizhnedneprovsk-Uzel Depot, which engages in repairing gondola cars, and the Verkhovtsevo Depot have taken first place in this. I think that it would be good to talk separately in GUDOK about their experience just as that of the railroad in general.

[Loginov] What is the contribution of our railcar repair plants to the modernization? As they say, it is up to them.

[Khaba] Unfortunately, it is still not great.

[Loginov] Well, what are your views for the present year, and, if one can dream, for tomorrow?

[Khaba] It is not a simple matter to dream today... and to plan from above under the conditions of an uncertain market economy. The work along this avenue, however, is gathering strength. Based on the suggestions that have arrived from the divisions and railroads, a so-called repayable plan has been drawn up: Renovate more than 20,000 flatcars this year.

[Loginov] And the modernization requirement?

[Khaba] 160,000!... True, the government supports our undertaking and plans to allocate 45,000 tons of metal in a centralized manner for these purposes. This would permit another 30,000 flatcars to be renovated. However, as they say, hope in God but don't slip up yourself.

[Loginov] Don't slip up—achieve!... You see, judging from your calculations—even last year's, a rather modest result promises 200,000 rubles in savings. This means that the present expected savings "smacks of" a billion! If you, as the client, assign strict conditions for renovating the pool to railcar building and repair plants, the problem of the flatcar shortage can be solved quickly. In this connection, I would like to ask: "How about gondola cars and covered ones? Are there also lots of problems here?"

[Khaba] Everything is correct, and I repeat, difficult. Nevertheless, everything is feasible. Concerning the latter question, this is the subject of a special discussion. Here also, we have quite a few interesting proposals and designs—scientific and practical ones. There are just as many difficulties and problems. That is why I would like to draw the attention of journalists on GUDOK, our railroad newspapers and in other mass information media to solving and eliminating them and to revealing the experience of progressive collectives.

[Loginov] In the name of GUDOK workers I can promise this to you—with only one but binding condition: maintain closer contacts with the editorial board and with our correspondents on the railroads.

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