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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Shmelev on Economic, Political Stability

914A0594A Moscow IZVESTIYA in Russian 30 Mar 91 Union Edition p 3

[Article by N. Shmelev: "Where I See an Opportunity for Salvation"]

[Text] **I am, most likely, not the only one who has the feeling that there is in our overheated social life today too much criticism and not enough that is positive. I do not in this article wish to criticize anyone, I wish to offer suggestions. Whether people listen to my suggestions or not—that, as they say, is a different matter.**

Domestic Policy

Dictatorship and martial law in the country would do nothing today; they would merely plunge our entire society into bloody chaos and bring about total economic paralysis. Social compromise and, on that basis, social harmony, albeit unstable, are essential.

The main conditions of this compromise today are seen as:

1. Recognition of a decentralized model of the Union, a separation of powers between the center and the republics clearly recorded within the framework of the new Union treaty, and, most importantly, a precisely recorded three-stage separation of budget revenue and expenditure; as a consequence, the termination on a constitutional basis of the present war between the president and the leadership of the Russian Soviet Federated Socialist Republic and the war between Union and republic laws.

2. The creation, encouraged and stimulated from above, of a genuinely multiparty system in the country, whose backbone could be composed of three or four main parties: the CPSU, social democracy, an industrial party , and a party of small proprietors. Other parties in our political spectrum (from ultra-radical to ultra-conservative) could, if they espouse nonviolent positions, continue to develop freely, but they would hardly acquire decisive political significance.

3. The need for urgent measures to strengthen the army and, the main thing, improve its social standing, from a gradual transition to a professional basis through such nontraditional measures as the compact provision of officers and warrant officers about to retire (including the contingents being withdrawn from places abroad) with land and government assistance to them in establishing a farm.

4. Abandonment of the policy of the gradual winding down of glasnost, assurance of equal access for the main political forces to the media, and a broadening of the regime's intellectual base through the more active enlistment of the country's best intellectual forces in the preparation and discussion of decisions to be adopted.

5. Restraint and tolerance in respect of the separatist aspirations of certain republics—proceeding not from opportunist considerations but a historical perspective; the main means of restraining them should be not tanks (useless) but the firmly and candidly stated condition that, aside from compensation for all- Union property, there would await them the day after separation trade with the other republics of the Union only in hard currency and only at world prices. Sober heads in these republics even now understand quite clearly that, left to themselves, they would not survive a year in the world economy unless they obtained from somewhere permanent and multi-billion artificial support, and there is nowhere from which they might expect this.

It is essential in the solution of domestic policy problems, however, to proceed from the fact that in all aspects of the domestic policy situation the main problem for the country today is the broken-down consumer market, the paralysis of the ruble, the return to medieval exchange in kind, and, on this basis, an accelerating decline in production. Unless the present trends are halted, at the end of this year and the start of the next famine, an energy crisis, an unprecedented decline in production, mass unemployment, and a sharp increase in strikes and spontaneous social unrest most likely await us.

The leadership of the country at all levels must today finally recognize that under the current conditions all political games and tugs-of-war are a secondary matter. The people are tired—tired of waiting, tired of being afraid. Until they acquire some tangible sign of hope and some positive change in the conditions of their everyday life, no political gestures will do anything. All hopes for surmounting our social crisis are today connected primarily with the economy and only secondarily with political struggle.

Socioeconomic Problems

At this stage of our economic crisis, evidently, we do not so much need a far-reaching strategy (granted all its importance) as a set of emergency measures which might completely arrest the fall into the abyss and produce an improvement in the economic situation, if only slight, that is at least obvious to all. The most important thing today is a strong hope in society that we will emerge from the comatose state, not armchair arguments about the kind of societal model toward which we are moving and what to call it.

Three related problems seem the most important now in this connection. They will inevitably be solved differently in different republics, of course, but the overall line should be the same.

1. Privatization and the utmost development of enterprise. Of course, in the long term the future belongs to

profound privatization of the bulk of the state sector, and this process must begin right now. But it will necessarily take years, perhaps decades, considering the degree of monopolization of our state sector and the giant scale of our leading industrial enterprises. As in the 1920's, rapid returns may be expected primarily from small and medium-sized enterprises. It is they which in two or three years could fundamentally change the situation on the consumer market. But the rapid privatization of small and medium-sized state industrial enterprises and the trade and distribution network is only one side of the coin. The other side is not only freedom but the utmost purposive support for cooperative and private enterprise opening its own new business with its own money and at its own risk. The same should be said about tenant farming in the countryside also.

And it is not simply a question of laws here. A policy of open official encouragement of all types of legitimate entrepreneurial activity—industrial, in the sphere of transport and construction, and the commercial-brokerage field, in service sectors and in the production, processing, and sales of agricultural produce—should be proclaimed at all levels of the state structure: no administrative red tape in registration, credit, and tax benefits, and the public protection of the law enforcement authorities. Business people first and foremost must believe the state when it says that it will not deceive them again and will protect them. And only under these conditions may we look for if only some visible and natural revitalization of the consumer market.

2. But no privatization measures will be successful unless the ruble works. Restoration of the capability of the ruble is the main condition for the success of the economic reform and our economy's way out of the crisis. The main reasons for the money paralysis in our economy are the inconceivable scale of the budget deficit and the mountain of accumulated "dead money" belonging to the public and the enterprises.

Not counting the trifling and ineffective action concerning the exchange of large-denomination bills, the Pavlov government has as yet taken just one serious step toward a solution of the problem of restoring the capacity of the ruble—a sharp increase in retail prices. A painful step, but inevitable on the whole, but of limited effect. Ideally, it would be possible to reduce the budget subsidies of the economy by practically half in this way, but this measure will not eliminate the budget deficit. The subsidies on a number of consumer commodities and for numerous unprofitable industrial and agricultural enterprises, unjustifiably high military spending, the increasing scale of incomplete capital construction, swollen administrative expenditure, "aid" to other countries, and other channels of the budget deficit will remain.

The increase in retail prices will devalue (by approximately 25-30 percent) the mountain of "dead money" belonging to the public and the enterprises. But the bulk of this mountain will remain untouched, and, given the present dimensions of the budget deficit and the speed of the printing presses, there is every reason to maintain that by the end of the year the supply of "dead money" will have been restored to its former, if not greater, amounts. Confiscation of money is now impossible—following the reform of retail prices, a second such pitiless blow to the public would cause the country to explode.

The government must finally switch from words to deeds in the policy of tying up money through the free sale of all state assets: long-term loans, stocks, apartments, incomplete construction, and equipment stocks. But this is not enough.

There is today no practicable and rapid way out of the current situation (as there was two and three years ago) other than the attraction on loan terms of commodity resources from abroad. For the next year or two this problem could be the central issue of our foreign policy on a practical level. Either we are able to persuade our Western partners to render us collective emergency assistance on credit terms for the solution of this problem (without illusions, what is more, only as part of an all-Union state program of consistent political and economic reforms) or we will inevitably and very soon arrive at what Stalin did in 1947. Many Western leaders understand this, and the prospect of chaos in the Soviet Union is scaring them more and more. Under these conditions it is perfectly probable that the question of collective assistance to the Soviet Union could be a principal issue at the next "big seven" meeting. It would be perfectly natural if, following the appropriate diplomatic preparation, our president were to be a participant in this meeting also.

3. But our economic situation is deteriorating so rapidly that we will, I believe, have to have emergency, fire-engine measures aimed at preventing possible starvation and an energy crisis in the winter of 1991-92. The time has come, evidently, to release onto the consumer market a considerable part of our mobilization reserves. The time has come (another month, and it will be too late) to develop on the scale of the whole country a campaign calling on the population to take, as in the war years, small plots of land to provide themselves with potatoes and vegetables. Even today, ahead of time, the government should announce that this year the harvesting (except for cereals) on all state and collective farms will be organized on the half-and-half system—one sack for oneself, one for the farm. All obstacles in the way of all procurement officials, second-hand dealers, processors, and speculators in agricultural produce even must be lifted: There must be just one principle—that this not go for nothing but end up on people's tables. And a compromise (including all possible forms of stimulation) must be found between the miners and oil workers on the one hand and the government on the other in order to restore the level of fuel production in the country.

Foreign Policy

1. It is essential to restore the West's overall trust in our foreign policy, that is, first, to abandon attempts to circumvent by all kinds of maladroit maneuvers the accords on reducing conventional arms and, second, not only to forgo an increase in military spending but also to agree to a real reduction visible to all.

2. Since, following the war in the Persian Gulf, the market for exports of our arms will evidently diminish sharply any way, we can preserve our influence in this region chiefly by diplomatic means. A new policy initiative of ours pertaining to a settlement of the Arab-Israeli conflict, including the restoration of our diplomatic relations with Israel and our participation in a new system of collective security in the Near East as a guarantor of the integrity and inviolability of the borders of all states of this region, would, most likely, be prudent under such conditions.

3. Without Japan's participation it is now unrealistic to expect serious international assistance for the policy of perestroyka and a concentrated influx of foreign private capital into our economy. The islands should be returned—not immediately, perhaps, but gradually, unequivocally. Given such a turn of events, the most important thing is not to sell things off too cheaply, as was recently the case in Europe. Reports which have appeared concerning possible amounts on the order of $28 billion show that there is a real danger of things being sold off too cheaply in this case also.

4. The confusion and disorder in East Europe are becoming an increasingly serious foreign policy issue. A reason for this situation has been the absence in our country throughout the past five years of any integral concept whatever for the further development of our relations with this region. Such a concept must be devised. It should be tied in closely with our vision of the general development of the situation in Europe, including relations with NATO, the European Community, and the institutions of European cooperation which are about to emerge.

5. Considering the depth of the present crisis of the Soviet economy and the possibilities for a way out it which actually exist, a central direction of our foreign policy should be the development of full and equal cooperation (with our assumption of all the necessary commitments) with international economic organizations—the IMF, the World Bank, the International Energy Agency, and others.

All these considerations emanate from just one—from the fact that the leadership of the country has no intention of turning aside from the road of reforms. But even if it has other intentions, the minimum of stability in the economy can no longer be secured by purely administrative measures, however tough. The time for this has passsed.

Draft Legislation on Enterprise Privatization Published

Draft Text

914A0564A Moscow EKONOMIKA I ZHIZN in Russian No 7, Feb 91 pp 18-19

[Draft version of legislation: "Bases of Legislation of the Union of SSR and the Republics on Denationalization of Property and Privatization of Enterprises"]

[Text] These bases define the general legal, economic, and social conditions and the procedure for denationalization of property and privatization of enterprises during the transition to market relations, and they are aimed at developing a mixed economy and at systematizing and regulating the processes of transformation of state property into other forms of ownership.

Section I. General Provisions

Article 1. Definition of Denationalization of Property and Privatization of Enterprises

1. In these Bases, denationalization of property means transformation of state ownership into enterprises based on other (nonstate-owned) forms of ownership.

2. In these Bases, privatization means the process whereby individuals acquire all or some of the stock (shares) of joint stock companies, other business companies and partnerships, and also enterprises based on state or collective ownership.

Article 2. Legislation on Denationalization of Property and Privatization of Enterprises

1. These Bases set forth the conditions and procedure for denationalization of property and privatization of union-level state enterprises, their structural subdivisions, and subsidiaries (hereinafter "enterprises"), and also the basic principles governing denationalization and privatization of state enterprises at the republic and municipal levels.

The procedure and conditions for the sale and transfer of other pieces of state property to juridical persons and individuals are defined by civil legislation and legislation on conservation and use of the natural resources of the Union of SSR and the republics.

2. In the process of privatization, the procedure governing sale to individuals of the stock (shares) of joint stock companies, other business companies and partnerships is defined by the articles of incorporation of those companies, in accordance with these Bases and other legislative enactments of the Union of SSR and the republics.

3. The procedure for privatization of the enterprises of public organizations is defined by those organizations in accordance with these Bases and other legislative enactments of the Union of SSR and the republics.

4. Denationalization and privatization of the land stock are regulated by other legislative enactments.

Article 3. Property To Be Denationalized and Privatized

1. Enterprises in all sectors of the economy which are state-owned at the union level, property of the republics, autonomous oblasts and okrugs, or municipal property may be denationalized and privatized.

2. The list of enterprises not subject to denationalization or privatization is defined as follows:

- pieces of property at the union level—by the State Property Fund of the Union of SSR;
- pieces of republic and municipal property—pursuant to legislation of the republics.

That list includes the following:

- property whose continued state ownership is dictated by the tasks of defense capability and the security of the state;
- property performing an activity which constitutes a state monopoly.

3. The State Property Fund of the Union of SSR and legislation of the republics may establish specific features concerning the denationalization and privatization of particular types of enterprises.

Article 4. Principles Governing Denationalization and Privatization

1. The following are the basic principles governing denationalization and privatization:

- reconciliation of the interests of the Union of SSR, the republics, and local soviets of people's deputies by delineating jurisdiction in the denationalization and privatization of bodies of government and administration at the various levels and also by dividing among them blocks of stock, shares, or purchase payments;
- as a rule, compensation is paid for transfer of property during denationalization and privatization;
- benefits are to be granted to members of work collectives and other individuals when privatization takes place;
- the interests of the work collective are taken into account in the selection of forms and definition of the procedure for denationalization and privatization;
- public scrutiny and monitoring by the state and the public of the performance of the measures involved in denationalization and privatization.

2. Legislative enactments of the republics may envisage distribution of a portion of the value of property belonging to them among citizens on a nonreimbursable basis.

Article 5. Division of Authority With Respect to Denationalization and Privatization

1. State enterprises are denationalized and privatized by the representative of the property owner:

- by the State Property Fund of the Union of SSR—with respect to enterprises which are union property;
- by republic committees or other republic authorities so authorized—with respect to enterprises which are republic property;
- by commissions of local soviets of people's deputies or other entities authorized by local soviets of people's deputies—with respect to enterprises which are municipal property.

2. The State Property Fund of the Union of SSR and the respective republic and local entities may:

- draw up joint programs for denationalization and privatization of enterprises;
- compose from their own representatives a unified regional entity for joint performance of the work of denationalization and privatization of state enterprises at the union, republic, and municipal levels located in the respective area.

Article 6. Persons Acquiring Property as a Result of Denationalization and Privatization

The persons acquiring property in the process of denationalization and privatization may be the following:

- citizens of the USSR, who may or may not work in the given enterprise;
- juridical persons of the USSR;
- foreign juridical and natural persons.

The State Property Fund of the Union of SSR and the respective republic and local entities may establish restrictions on the participation of certain categories of juridical persons or individuals in denationalization and privatization.

Specific aspects of the participation of foreign juridical and natural persons in denationalization and privatization are regulated by USSR legislation on foreign investments in the USSR and by other legislative enactments of the Union of SSR and the republics.

Section II. Forms and Procedure of Denationalization and Privatization

Article 7. Programs for Denationalization and Privatization

1. Denationalization and privatization are carried out in accordance with programs drafted by the union, republic, and local entities authorized to manage state property.

2. With respect to union-level property, the program for denationalization and privatization is drafted by the State Property Fund of the Union of SSR and is approved by the USSR Supreme Soviet.

As a rule, the program for denationalization and privatization is drafted for a term of one year.

3. The program defines priorities and the size and list of enterprises to be denationalized and privatized first, the procedure for performance of the respective measures and for distribution of the moneys received.

4. The procedure for drawing up republic and local programs for denationalization and privatization is established by legislation of the republics.

Article 8. Decision-Making Procedure Concerning Denationalization and Privatization of an Enterprise

1. A state enterprise may be denationalized or privatized on the recommendation of the following:

- the work collective of the enterprise or of its structural subdivisions and subsidiaries;
- the enterprise council;
- the State Property Fund of the Union of SSR, republic and local entities authorized to manage state property, and other bodies of state government and administration.

2. The decision to denationalize or privatize an enterprise which is union, republic, or municipal property is made by the respective entity authorized to manage state property.

3. Denationalization or privatization may be carried out without consent of the work collective in the following cases:

- enterprises included in state programs for denationalization and privatization;
- enterprises whose denationalization and privatization are being carried out on the initiative of entities authorized to manage state property.

4. The decision to carry out denationalization or privatization is made within one month from the date when the proposal is submitted. The decision is delivered in writing to the entity that submitted the proposal for denationalization or privatization and to the work collective.

5. The decision on denationalization or privatization of a union-level enterprise taken by the entity so authorized by the State Property Fund of the Union of SSR may be reviewed by the Fund on its own initiative or upon representation of third parties.

6. If an adverse decision is made on denationalization or privatization of an enterprise, the body making the decision must in addition to the appropriate justification of the refusal indicate the conditions under which denationalization or privatization could be carried out.

7. A decision of the State Property Fund of the Union of SSR on denationalization or privatization of an enterprise or refusing to carry it out, and also failure to examine a proposal within the established period of time may be appealed in the courts.

8. With respect to enterprises which are republic or municipal property, the procedure for making and appealing the decision on denationalization or privatization is defined by legislation of the republic.

Article 9. Organization of the Work of Denationalization and Privatization

1. Once the decision is made to denationalize or privatize an enterprise, the entity authorized to manage state property creates a commission which organizes the entire necessary work. The members of the commission include representatives of the owner, the management, the work collective, its trade union organizations, the financial authority, the bank, and other specialists.

2. The commission for denationalization or privatization may form teams of experts for the various aspects of the effort, and it may enlist consulting, auditing, and other organizations and pay them out of the resources of the enterprise being transformed.

3. Jointly with the management of the enterprise, the commission duly prepares the necessary information on the enterprise being transformed for the participants in denationalization or privatization and also for the public.

4. The commission drafts a plan for denationalization and privatization in which it takes into account the opinion of republic and local bodies of government and administration, estimates the value of the enterprise being transformed, and prepares and organizes the conduct of denationalization or privatization.

Article 10. Preparation of an Enterprise for Denationalization or Privatization

1. Preparation of an enterprise for denationalization or privatization includes determination of the makeup of the property complex to be denationalized or privatized, the taking of an inventory of its production and nonproduction assets, assessment of assets and liabilities, explanatory work in the work collective, and the settlement of other questions, including provision for the requirements of antitrust legislation.

2. On the proposal of the commission for denationalization or privatization, the entity authorized to manage state property makes the decision on the procedure and conditions for use of facilities belonging to the production infrastructure or social infrastructure which are on the balance sheet of the enterprise, with a view to the following alternatives:

- sale of those facilities to the members of the work collective or to other natural and juridical persons acquiring the property of the enterprise;

- preservation of the existing procedure and conditions for use of the facilities of the production infrastructure and social infrastructure, which remain the property of the state;
- their nonreimbursable transfer to the ownership of members of the work collective and other natural and juridical persons acquiring the property of the enterprise;
- transfer of these facilities to the balance sheet of local authorities.

Article 11. Forms of Denationalization and Privatization

1. Denationalization and privatization may take the following forms:

- transformation of a state enterprise into a joint stock company, other business company or partnership;
- purchase of the property of a state enterprise being leased, by a leased enterprise, or by another lessee, who may be a juridical or natural person;
- purchase of the property of a state enterprise by the members of the work collective;
- sale of state enterprises through competitive bidding or at auction to juridical and natural persons.

Denationalization and privatization may take other forms which are not contrary to legislation.

2. Payment for the value of enterprises being transformed may be made in a lump sum or in installments.

In an installment sale, the amount of the down payment, the term of the installment sale, the conditions and procedure for the making of payments, and also accountability for the completeness and promptness of payments are set down by the entities authorized to manage state property. Moreover, the amount of the annual payments must take into account the change of the original value of the property as a function of the rise of prices.

The amount of the down payment in an installment sale of a union-level enterprise may not be less than 20 percent of its value, and the term of the installment sale may not exceed 10 years.

3. The decision on the form of denationalization or privatization and on the method of payment is made concerning union-level enterprises by the State Property Fund of the Union of SSR or by a body it has so authorized, taking into account the opinion of the work collective and the recommendation of the commission for denationalization or privatization of the enterprise. The decision on these matters concerning enterprises which are republic and municipal property is made in accordance with legislation of the republics.

Article 12. Transformation of State Enterprises Into Joint Stock Companies, Other Business Companies and Partnerships

1. The procedure for transformation of a state enterprise into a joint stock company, other business company or partnership is defined by the relevant legislation of the Union of SSR and the republics. When an enterprise that has come under union-level ownership is being transformed, the State Property Fund of the Union of SSR or body it authorizes figures as a founder of the joint stock company, other business company or partnership.

2. The entity for management of state property defines the procedure and conditions for the sale of stock (shares). The following may be stockholders (shareholders):

- members of the work collective, other Soviet and foreign citizens;
- juridical persons;
- the State Property Fund of the Union of SSR, corresponding republic and local bodies, and other entities authorized to manage state property.

When a state enterprise is being transformed into a joint stock company, other business company or partnership, the size of its charter capital is determined on the basis of the assessed value of the property of the enterprise being transformed.

Article 13. Purchase of the Property of a State Enterprise Being Leased

1. The procedure for the purchase of the property of a state enterprise being leased is determined by the respective legislation of the Union of SSR and the republics.

2. The purchase of this property is made out of the "own" resources of the leased enterprise, including income realized from performance of economic activity under the lease, proceeds from the sale of property belonging to the lessee, and also credits, resources received from enterprises, organizations, and individuals in compliance with current legislation, and other "own" and borrowed resources.

Depreciation on the property being leased, resources realized by virtue of proceeds from the sale of the property being leased, and appropriations from the state budget and from other centralized sources may not be used to purchase the property being leased.

Article 14. Transformation of a State Enterprise Into a Collective Enterprise

1. A state enterprise is transformed into a collective enterprise on the basis of the transfer of the entire property of the enterprise to the ownership of members of the work collective through purchase, which may be either in a lump sum or on installment, and also through acquisition of the property in other manners envisaged by legislation, and it is regulated by the relevant legislation of the Union of SSR and the republics.

2. The bylaws of the collective enterprise, approved independently by the work collective, envisage distribution of the property into the contributions of the workers, the procedure governing that distribution, and also the procedure for management and other matters involved in the operation of the collective enterprise.

Article 15. Sale of a State Enterprise Through Competitive Bidding and at Auction

1. The procedure for sale of state enterprises through competitive bidding and at auction is conducted on the basis of the relevant legislation of the Union of SSR and the republics or other normative enactments regulating the procedure for conducting competitive bidding and auctions.

2. In competitive bidding and auctions concerning acquisition of state enterprises which have been brought into conformity with these Bases, members of the work collective, other Soviet and foreign citizens and juridical persons may participate as purchasers.

3. An auction is organized by the entity authorized to manage state property, but it is actually conducted by an auctioneer it appoints.

4. For an enterprise being sold at auction or through competitive bidding, its assessed value is the price originally set.

5. Personnel of the State Property Fund of the Union of SSR may not participate as purchasers in competitive bidding or auctions for the sale of union-level enterprises. This provision also extends to these persons during the first two years after they cease to perform the duties of their position.

Article 16. The Conditions for Denationalization and Privatization and the Formal Procedure of the Transactions

1. In denationalization or privatization, an agreement between the entity authorized to manage state property and the new owner may envisage mutual obligations. They may include the following:

- retaining for a certain period the enterprise's configuration and volume of production;
- retention or change of the number of jobs;
- delivery of products to certain consumers;
- performance of measures to improve working conditions, ecological safety, and environmental protection;
- the financing of facilities for social and everyday services and retention of the conditions for their operation;
- a special regime for the enterprise's material and technical supply;
- particular features of the social and everyday services to be provided to the workers;
- other obligations.

2. In a transfer of the property of an enterprise to the new owner, the entity authorized to manage state property issues it a document to that effect certifying the right of ownership.

3. When a state enterprise is being transformed into an enterprise based on other forms of ownership, it becomes its legal successor, including the right to use land and natural and other resources.

4. When state enterprises are being bought on installment, the document certifying the right of ownership is issued after the first purchase payment is made. Until the full value of the enterprise is paid, the entity authorized to manage state property may impose restrictions on the right of disposition of property, including prohibition of the sale or nonreimbursable transfer of that property without consent of the entity authorized to manage state property.

5. When state enterprises at the republic and municipal level are undergoing denationalization or privatization, the procedure for transfer of rights and duties to the new owner and the relevant documentation are determined by legislation of the republics.

Section III. Financial Relations in the Process of Denationalization and Privatization

Article 17. Assessment of the Value of a State Enterprise

1. The commission for denationalization or privatization assesses the value of the state enterprise being transformed on the basis of the normative documents adopted by the State Property Fund of the Union of SSR concerning union-level property and in accordance with legislation of the republics concerning republic and municipal property.

2. The value of a state enterprise being transformed is assessed on the basis of the presence and actual condition of property as established in the inventory, prices actually occurring, and also other factors influencing the assessed value.

The property being assessed includes the following: fixed capital; physical working capital; financial assets; and work in process.

The following are taken into account in determining the assessed value of the property: the enterprise's financial and economic condition, the demand for the product produced (services rendered), the profitability of production, prospects for development and for the change of economic indicators, and other factors.

Article 18. Sources of Funds To Purchase a State Enterprise

1. A state enterprise may be acquired with any funds which natural and juridical persons lawfully possess, either their own or borrowed (with the exception of enterprises based on state ownership).

2. Members of the work collective of a state enterprise undergoing denationalization or privatization may make the purchase from the following sources:

a) a portion of the net profit transferred to ownership of the members of the work collective;

b) depreciation and proceeds from the sale of property used at a state enterprise and owned by the members of the work collective;

c) funds attracted by issuing securities;

d) bank credits and other borrowed resources;

e) funds obtained as nonreimbursable contributions of enterprises, organizations, and individuals;

f) personal resources of members of the work collective;

g) other resources which are not the property of the state.

3. Depreciation and proceeds from the sale of fixed capital which is state property, centralized capital investments, and subsidies may not be used as sources of funds for acquiring state property to become the property of members of the work collective, other individuals, or juridical persons based on the state form of ownership.

4. When state property is purchased by another state enterprise with funds which are the property of the state, the property acquired is the property of the state.

Article 19. Use of the Funds Realized From Denationalization and Privatization

1. The funds realized from denationalization and privatization of state enterprises are the property of the state.

2. The funds realized from denationalization and privatization are committed first of all to covering the debts of that enterprise if in the assessment of its value that value was not reduced by the size of the enterprise's outstanding debt.

3. The procedure and purposes for the use of funds from denationalization and privatization of union-level property are annually determined by legislation of the Union of SSR, and the funds from denationalization and privatization of republic and municipal property—in accordance with legislation of the republics.

Moreover, use of the funds from denationalization and privatization is linked to the need to settle the state debt, stabilize the economy, and solve the most important social problems.

Section IV. Social Aspects of Denationalization and Privatization

Article 20. Benefits Extended in Connection With Denationalization and Privatization

1. In the denationalization and privatization of state enterprises, the following benefits may be extended to members of the work collective:

- transfer of elements of the production infrastructure and social infrastructure which are on the balance sheet of the enterprise for their use without compensation;
- sale of stock and other property on installment;
- sale of stock and other property at preferential prices;
- unreimbursed transfer of certain types of production assets at least 70-percent depreciated.

2. The aggregate amount of benefits extended to members of the work collective in connection with purchase of property may not exceed 30 percent of its original assessed value.

3. The entities making the decision on denationalization and privatization possess the right to extend benefits.

4. In a purchase of a state enterprise, members of the work collective and business companies and partnerships they have created have priority over other individuals and juridical persons, and individuals and nonstate enterprises have preference over other purchasers.

5. Enterprises transformed as a result of denationalization or privatization may be extended tax benefits approved annually by the USSR Cabinet of Ministers upon recommendation of the State Property Fund of the Union of SSR within the limits of the amount of tax payable into the union budget. The granting of tax benefits to enterprises concerning payments into the republic and local budgets is established in accordance with legislation of the republics.

Article 21. Guarantees for Workers of Enterprises Being Denationalized and Privatized

1. During the period when denationalization and privatization are being carried out, the management of the enterprise is required to observe all the provisions of the collective agreement concluded previously.

A new collective agreement is concluded within six months from the transfer of the property to the new owner between him and the trade union organizations at the enterprise.

2. For six months from the transfer of property to the new owner, workers discharged on the initiative of the owner are paid a severance benefit of at least three times the average monthly wage over the calendar year preceding the discharge.

3. The workers laid off are placed in jobs in accordance with employment legislation of the Union of SSR and the republics.

Article 22. Glasnost and Monitoring During Denationalization and Privatization

The process of denationalization and privatization of an enterprise must be conducted under conditions of broad glasnost. Moreover, the entities carrying out the denationalization and privatization, together with other bodies of the state government and administration, provide state and public monitoring of the processes of denationalization and privatization, including monitoring the source of the money resources used in privatization.

Abalkin Commentary

914A0564B Moscow EKONOMIKA I ZHIZN in Russian No 7, Feb 91 p 20

[Interview with L. Abalkin, member of the academy and chairman of the Commission of the USSR Council of Ministers for the Economic Reform, and G. Melikyan, director of the working group for preparation of the draft, by M. Panova: "Ownership: On the Road Toward Diversity"]

[Text] The problem of the evolution of diverse forms of ownership is probably one of the key problems in the transition to a market economy. Executives in the economy are well aware that it is no simple matter to resolve it today in practice. What is the cost of just the trying experiences in making the transition to leasing, in creation of small enterprises, in opening a cooperative, or again in attempting to transform a ministry into a concern or association? But it finally seems that these trying experiences can be diminished if the draft of the "Bases of Legislation of the Union of SSR and the Republics on Denationalization of Property and Privatization of Enterprises," published in this issue of EKONOMIKA I ZHIZN for broad discussion, is put into effect. At the request of the editors, L. Abalkin, member of the academy and chairman of the Commission of the USSR Council of Ministers for the Economic Reform, and G. Melikyan, who headed the working group which prepared the draft, comment on the draft.

[Abalkin] A consistent transition is now being made to a market economy, and the key problem in that transition is denationalization of property. Yes, this process has begun, but it is occurring haphazardly. It is in order to steer it into its normal channel that the draft has been prepared of the "Bases of Legislation of the Union of SSR and the Republics on Denationalization of Property and Privatization of Enterprises." It has now been sent to the Cabinet of Ministers, and then it will be presented to the next session of the USSR Supreme Soviet, where it is among the primary pieces of legislation on the list of laws scheduled for adoption. Broad and thorough discussion of this fundamental draft is, of course, necessary. It would seem that sociological research, an analysis of the attitude toward the processes of denationalization and privatization in the various strata of society, are also necessary. There is to be a scientific discussion of these problems in the Economics Institute of the USSR Academy of Sciences in the very near future.

[Melikyan] Many terms pertaining to denationalization are now being used in the press and in economics literature: demonopolization, destatization, privatization. Everyone imparts to them his own understanding of them. That is why in the first section of the draft of the Bases we give definitions of denationalization of property and privatization of enterprises, so that it is clear from the outset what we are talking about.

There are in general three processes related to denationalization which had to be covered and somehow indicated. They are removal of state enterprises from direct control of state administrative agencies, the granting of freedom to enterprises, and reduction of the functions of the state in their direct management. The second process is the transformation of state enterprises into enterprises based on other forms of ownership. And the third is the transfer of property into the hands of individual physical persons, citizens, work collectives. The draft of the Bases is in fact devoted to the problems of transforming state property into other forms of property.

We can identify three basic approaches to solving this problem that exist in the social consciousness. For instance, it is simply proposed that state enterprises be transferred to the ownership of work collectives. There is also the proposal that state property or at least some of it be divided up among the members of society. In both cases, the reference is mainly to uncompensated transfer of property into the hands of citizens and work collectives. And finally, the third approach is the sale of state property.

Each of these approaches has its pluses and minuses. For instance, if enterprises were passing over to the ownership of work collectives, the process of denationalization and privatization would go rather quickly. State property would go to the hands of those who work.

But the minuses in that approach have to do with social justice. There are enterprises, after all, whose capital-labor ratio is only 200 rubles [R] per person, and there are those where it is R200,000. Social inequality occurs when enterprises differing by that degree are transferred to the ownership of work collectives. And what is to happen to those who no longer work anywhere? And persons employed in the nonproduction sphere: teachers and physicians? There are also military personnel, the personnel of those state enterprises which by definition are not subject to denationalization. What about them?

The second approach would seem to remove those elements of injustice when the question arises of dividing up property among everyone. But even here there are quite a few drawbacks. In short, it is difficult and perhaps even impossible in the framework of our country to find criteria for "sharing out" property that suit everyone: length of service, qualifications, wage level, and so on.

There is another thing to mention in this connection. Today, there is a vigorous proposal for a mechanism of "sharing" through privatization funds, certificates attesting to everyone's share. But such certificates, in spite of any restrictions that might be placed on them, will unfailingly be sold and exchanged, and inflationary processes and inflationary pressure on the consumer market will intensify thereby. And at this point everything that might intensify inflation must be resolutely

rejected. After all, the number one problem for our economy is to stabilize the circulation of money and the financial system.

It is, of course, possible to open special accounts for each person and eliminate cash circulation. But problems of another kind arise. People will after all perceive ownership as being real only when a tangible economic form has been found for its realization. That is, dividends have to be paid. But these payments once again increase personal money income by several billion rubles, and no growth of the supply of commodities is involved in receiving them. Inflation is intensified once again.

These shortcomings would seem to be eliminated in the sale of state property. Some of the money spent to acquire the property is withdrawn from the circulation of money. And indeed the attitude toward the property acquired with one's own resources, you will agree, will be different than toward property obtained gratis. What about the minuses? They lie in the fact that denationalization through purchases cannot be carried out quickly. The social base of this process is also narrower because not everyone has uncommitted resources.

That is why we attempted in the draft to take the third approach as the basis, supplementing it with elements of the first and second approaches. For instance, benefits to work collectives, acquisition of property through installment sales, or uncompensated transfer are envisaged. What is more, the republics and local bodies of government can also make their own decisions, taking particular circumstances into account, concerning the portion of property that belongs to them.

The draft of the Bases envisages specific procedures for denationalization and privatization of property. They pertain to those forms of transformations which have already taken shape in practice. For example, the creation of the joint stock company, leasing with the option to buy the enterprise later. If the procedures covered in the Law are in place, decisions on transformations and particular benefits will no longer depend on the mood of some bureaucrat and subjective views. Although, of course, reality is more complicated than any document.

I would like to emphasize that the draft of the Bases was prepared simultaneously with the drafts of the laws on the general principles of business enterprise in the country and on demonopolization. These three basic laws can in our view create that critical mass capable of carrying us over to a market economy.

It is also clear that these three directions in our effort must be closely related to the measures being taken to stabilize the circulation of money and the consumer market.

[Abalkin] Of course, adoption of the Bases does not mean that state ownership completely disappears. At first, in the transitional period, it retains great importance. But even then union-level state ownership will apparently represent 20-30 percent of the value of fixed capital. As indicated by world experience, this form of ownership is effective in the production infrastructure and social infrastructure. We are referring, for instance, to rail transportation, communications, space systems, many facilities in the defense complex, and health care, educational, and cultural institutions.

In short, we have to find those spheres, those economic niches, where the particular forms of ownership are most beneficial. State ownership must exist wherever its operation is more effective than use of other forms of ownership.

I emphasize the need for internal renewal of state ownership, the need for its democratization and in some cases commercialization. For example, in France there is state ownership of two types—public ownership (transportation and the fuel and power industry) and commercial ownership. For instance, "Renault" is a commercial automobile firm that is on full cost accounting [khozraschet], if we are to use our own terminology. This is a state enterprise operating on a commercial basis within the market structure.

[Melikyan] It was foreseen that lists must be drawn up of enterprises not subject to denationalization at the union level and in the republics.

And this is a question that is frequently put: Is it possible for foreign capital to take part in denationalization? The draft of the Bases envisages that possibility. Certain limitations may, of course, be established for foreign capital.

[Abalkin] Adoption of the Bases of Legislation on Denationalization and Privatization will help to strengthen motivational mechanisms, to increase the interest in effective work. It is important to motivate workers and work collectives not only on the basis of current income, the sharing of profit, but also on the basis of accumulation, the updating of technology, new construction, and improvement of the enterprise's financial condition. This is the main road toward restoring the economic situation to health. The country's economy cannot be healthy without enterprises that operate efficiently.

Views on Economic Sabotage Ukase Presented

MVD Official

914A0575A Moscow LITERATURNAYA GAZETA in Russian No 12, 27 Mar 91 p 6

[Article by V. Runyshkov, chief of the Combating the Embezzlement of Socialist Property and Speculation Main Administration of the USSR Ministry of Internal Affairs, published under the rubric "The World of Man: Economics" and the general heading "Going All Out in the Fight Against Sabotage?": "Our Actions Are Legitimate..."—first paragraph is LITERATURNAYA GAZETA introduction]

[Text] **The president's ukase is a blow to the "shadow economy," affirms the USSR MVD [Ministry of Internal Affairs]. It is a considerable new nuisance, say entrepreneurs. It is a move in a political struggle, believes a Russian people's deputy.**

It must be recognized that the ukase of the USSR president entitled "On Measures to Provide for the Fight Against Economic Sabotage and other Crimes in the Sphere of Economics" has given rise to different reactions in society. Why? I believe it would be a mistake to evade a direct and honest conversation on this subject.

The economic crisis, the "war of laws," rumors of a military coup being prepared, talk of creeping dictatorship, the feeling of fear and uncertainty that has seized many people—all of this aggravates the situation in the country and sometimes leads to the misinterpretation of measures of the Union leadership directed at stabilizing the sociopolitical situation. This is the case with the 26 January 1991 ukase.

In what fashion do the president and the law enforcement organs "incriminate" themselves? If you ignore all the verbal trumpery, the objections can be whittled down to two points. First: the ukase has an antimarket tendency and strikes a blow at entrepreneurs—the cooperatives, leaseholders, and workers at joint enterprises. Second, the ukase grants employees of the MVD and the USSR KGB powers that in fact exceed the bounds of the law and open the doors to arbitrary action.

I categorically disagree with such assertions. I believe that the reason for the appearance of such opinions on the presidential ukase is emotion and lack of information on the part of citizens.

Now let us examine the arguments of our opponents. Prior to the adoption of the Law On the Militia, our activities were regulated by the Statute on the Soviet Militia which was ratified by the USSR Council of Ministers decree No. 385 dated 8 June 1973 and by the Council of Ministers decree No. 705 dated 21 June 1981 "On the Introduction of Amendments to the Statute on the Soviet Militia." Permit me to quote an extended excerpt from decree No. 705. It gives the organs of the internal affairs the right "to visit enterprises, organizations, and institutions and to conduct with the participation of the administration an examination of production, storage, and other official premises... In the presence of reliable information indicating signs of a crime, to require from official persons the presentation of the necessary documents, information, and explanations... in the necessary instances to seal up the cashier's office and the place where documents are stored... to confiscate from enterprises, organizations, and institutions samples of raw materials, semi-finished products, and goods..."

It turns out that the presidential ukase did not grant the militia any "new" and "illegal" powers. For almost 10 years the employees of the organs of internal affairs have enjoyed such rights in regard to state enterprises. The ukase only extended them to the new enterprises (cooperatives and joint enterprises) that have arisen in recent years. After all, if we speak of the equality of different forms of property ownership, do we not also presuppose their equality before the law? Where is there any "anti-cooperative" tendency here? Where is there an arbitrary action? The ukase is fully in line with existing legislation.

In recent years the country has taken a course in the direction of the development of market relations, and numerous new enterprises have appeared—cooperatives, joint enterprises, and leased collectives. But alongside the honest workers shadow economy operators, speculators, and criminals have become involved in free enterprise. From the official statements of citizens and the reports of the mass media, employees of the law enforcement organs have learned about illegal activities and abuses in some cooperatives and joint enterprises. But here is a paradox: The OBKhSS [Department for Combating the Embezzlement of Socialist Property and Speculation] was practically deprived of the possibility of conducting examinations of these instances.

The press has already related how in December 1990 employees of the Directorate of the BKhSS [Combating the Embezzlement of Socialist Property and Speculation] of the Directorate of Internal Affairs of the Donetsk Oblispolkom [oblast soviet executive committee] received information of abuses by officials of the joint Soviet-Australian-Italian-Brazilian enterprise Rida. However the director of Rida, citing the absence of legal grounds for employees of the BKhSS to examine the joint enterprises, refused to present them the necessary financial documents and give explanations concerning the issues that had been raised. Only after the adoption of the ukase was the necessary examination concluded, and criminal action has been taken and an investigation launched.

I wish to focus special attention on the question of the essence of economic sabotage. In November of last year the USSR Supreme Soviet adopted the decree "On the Situation in the Country," which acknowledges that things in the USSR had worsened and were approaching a critical stage. The decree notes the increased negative influence of the shadow economy on the situation in the national economy. Shadow economy operators, guided by selfish ends, oppose the measures of the executive power to normalize the situation on the consumer market. The parliament of the country views this as economic sabotage and has entrusted the law enforcement organs with fighting this phenomenon. **In essence, it is a question not of an individual criminal category but of the usual range of official crimes, one of the motives for the commission of which is disregard for or opposition to the legal rulings of the government. In addition, opposition may take the form not only of certain actions but also of inaction. The public danger of such a phenomenon is apparent.**

The latent (hidden) nature of economic crime and the great number of such violations result in a need to enlist

the organs of state security in the fight against these phenomena. USSR people's deputies have twice called for the participation of the KGB in the fight against economic sabotage—in November of last year in the USSR Supreme Soviet and in December at the USSR Congress of People's Deputies. In this fashion, the presidential ukase fulfills the wish of the legislators.

Now I wish to say a few words about legal guarantees for entrepreneurs. If the member of a cooperative or a leaseholder believes that he has incurred damage, he has the right to appeal to a superior organ of the MVD, to the procuracy, or to a court. Employees of the organs of the BKhSS who have abused their official positions or exceeded their powers are accountable in accordance with existing legislation. In February of this year the USSR MVD jointly with the USSR KGB published an order that stipulates a certain mechanism which halts illegal interference by organs of the internal affairs in the economic activities of enterprises, institutes, organizations, and citizens as well as the publication of commercial secrets belonging to them. Thus, I believe that there are no grounds for speaking of the vulnerability of entrepreneurs to "arbitrary action."

And I would like to mention one last thing. Of course, we are presently inferior to the West not only in terms of economic development but also in terms of legal culture. Nonetheless, I cite the experience of several countries with a developed market economy. The police of Austria have the right to examine the activities of any companies, including private companies, as well as accounts in banks (except for anonymous accounts). The Austrian police themselves carry out inspections of financial activities, for which there are special services. The Italian "Financial Guard" possesses rights similar to those in the presidential ukase.

I will not dispute that relations between law enforcement organs and entrepreneurs must be regulated by special laws. In this sense the presidential ukase should be viewed as a provisional measure. But I stress that it does not pursue the goal of infringing on the interests of honest entrepreneurs; it is directed first and foremost at halting the parasitic activities of operators of the shadow economy who, making use of loopholes in our economic policy as well as our negligence, try to become rich and receive income that does not correspond to their real labor contribution. It is precisely these forces that are artificially inflaming passion around the 26 January 1991 ukase and are vitally interested in discrediting it.

Entrepreneur

914A0575B Moscow LITERATURNAYA GAZETA in Russian No 12, 27 Mar 91 p 6

[Article by E. Lerner, president of the All-Union Confederation of Trade Unions of Workers of Cooperative Labor and Other Forms of Free Enterprise, published under the rubric "The World of Man: Economics" and the general heading "Going All Out in the Fight Against Sabotage?": "It Is a Dishonest Move"]

[Text] I will not be mistaken if I say that the 26 January 1991 ukase of the president of the USSR entitled "On Measures to Provide for the Fight Against Economic Sabotage..." has not excited enthusiasm among entrepreneurs. There are many reasons for this.

We are trying to remain outside of politics. However, we cannot view the ukase of the president in an isolated manner and with no connection to the real situation in the country. What kind of a position are those whom we call entrepreneurs presently in?

At the highest echelons of government: there is open hostility toward free enterprises. The ministries and departments consider entrepreneurs to be dangerous competitors, not without grounds, and try everything possible to hinder them. It is no accident that the government has been putting especially strong pressure on cooperatives since the end of 1989, when nonstate enterprises began to turn into a real economic force.

In the mass media controlled by the government: There are constant attempts to discredit cooperatives, joint enterprises, and leaseholders; a desire to put the blame on them for the country's difficult economic position; a wish to convince people that in principle there is no difference between the concepts of "entrepreneur" and "swindler."

At the local level: complete dependence on the authorities. Endless extortion. At the confederation we have information to prove that presently in the country there is almost no place one can register founding documents, be granted lodgings, and purchase raw materials and goods without having to give bribes.

The fact that the procuracy is presently receiving relatively few statements about extortion does not at all testify to the low number of such occurrences but only to people's distrust in the court system and the law enforcement organs. Two months have passed since the ukase was adopted. We are already getting reports from the local level of illegal examinations, but for now there are few official written statements: From Artem Tarasov of the Association Istok, from Yakutia and the Union of Cooperatives there, and from the Kharkov firm Impuls. People are simply afraid to protest openly. The authorities have too many opportunities to avenge themselves on obstinate people. That is the reality.

Even under these conditions one more means of pressuring entrepreneurs appears—an ukase giving law enforcement organs the opportunity to conduct examinations, search lodgings, and confiscate documents and valuables at enterprises of the nonstate sector.

The 26 January 1991 ukase raises a whole series of issues. First and foremost, it seems to me, the word "sabotage" should not be applied to nonstate enterprises. What kind of entrepreneur is going to carry out

business poorly?—after all, he works for himself. As for the disposal of output and prices, everything is decided by the property owner in this case as well—how to sell the goods, at what price, and which partners to choose. Talk of sabotage, most likely, can only refer to the state's distribution structures, where every kind of "independent initiative"—hiding goods away, selling them through unofficial channels, etc.—is illegal and a punishable activity.

With the appearance in 1988 of the first cooperatives, the transition was begun from an economy which is ruled by the state sector to a multilayered economy. Why do the president and his team act as though only state enterprises still exist in our country? Perhaps this is a type of inertia in thinking. Or is it a deliberate disregard for the objective process of the formation of a nonstate sector? If we are talking about a store or a factory that is owned by the state then, acting as the owner, the state undoubtedly has the right at any time to send its representatives there (employees of the militia and the service of the BKhSS) to conduct examinations. But at enterprises which are not property of the state, such a "simplified" system is unacceptable. Honest entrepreneurs do not fear any examinations, but we insist on the observation of a certain procedure which would protect us, entrepreneurs, from arbitrary actions on the part of the organs of internal affairs and state security or their individual employees. Inspections, the confiscation of documents and material valuables, and examinations should only be conducted with the sanction of the procurator.

Furthermore, the ukase does not fully address the issue of responsibility of state organs for damage caused to a commercial enterprise. Illegal examinations and inspections can halt the normal operations of a firm, keep transactions from being completed, and cause the owner material loss. And in many instances it is not only a question of direct losses but also of so-called lost profits. What happens if the losses are calculated at hundreds of thousands of rubles? Who will compensate them?

And, finally, the subject of confidential business information. How will employees of law enforcement organs dispose of it? Recently newspapers have more than once reported on the discovery of employees of the militia and the service of the BKhSS who are connected with criminal elements. I am afraid that the ukase will create favorable conditions for new abuses.

Unfortunately, we have a "bad precedent." The 26 January 1991 ukase reminds us of the end of the twenties and the beginning of the thirties when the Soviet party bureaucracy smothered the nonstate sector of the economy and repression developed under slogans of fighting sabotage, affecting thousands of people. A return to administrative methods of directing the economy is taking place today under cover of pretty phrases about protecting the people and fighting sabotage. This is a very dangerous path.

RSFSR People's Deputy

914A0575C Moscow LITERATURNAYA GAZETA in Russian No 12, 27 Mar 91 p 6

[Article by S. Shakhray, RSFSR people's deputy and chairman of the RSFSR Supreme Soviet Committee on Legislation, published under the rubric "The World of Man: Economics" and the general heading "Going All Out in the Fight Against Sabotage?": "Arbitrary Action in the Toga of the Law"; followed by commentary by M. Loginov: "My Own Opinion"]

[Text] I admit that I await each new presidential ukase with some apprehension. We have lived too long in a society where disrespect for the law is the norm. And we are repudiating legal nihilism too slowly. This refers to both common citizens and those who are presently in power and for whom protection of the law is a civic and an official duty.

I unfold the newspaper and I read "Ukase of the President of the USSR 'On Measures to Provide for the Fight Against Economic Sabotage...'" And immediately there is a problem. My first question is, what is economic sabotage? These days this concept does not figure either in Union or republic legislation. The president declares economic sabotage to be a criminal activity and entrusts the fight against it to the law enforcement organs. But the fight against a "crime" for which there is no direct reference in criminal law is illegal in and of itself. And that is only the title...

I read the preamble. Here there is a reference to Article 127(5) of the USSR Constitution and Article 1 of the USSR Law "On Additional Measures to Stabilize the Economic and Sociopolitical Life of the Country." I expect that the majority of readers will not linger over the preamble, and who will remember what is written in these articles and laws? But it is nonetheless of significance. The important point is that ukases of the president by their legal nature are acts of the executive power which do not have a legislative character. And at this point we must return to events that occurred several months ago, in autumn of last year. At that time the USSR Supreme Soviet gave the president the right to publish ukases of a legislative nature. In doing this, the USSR Supreme Soviet exceeded its powers inasmuch as it in fact violated the balance of power in favor of the executive power and, in essence, changed the constitutional structure of the USSR (amendment of the Union Constitution is the prerogative of the USSR Congress of People's Deputies). Consequently, the aforementioned USSR Law "On Additional Measures..." of 24 September 1990 contradicts Article 127(5) of the USSR Constitution and thus is unconstitutional. Naturally all legislative acts based on it, including the Law of the Fight Against Sabotage, cannot be in accordance with the Constitution.

And even if we "forget" about the unconstitutionality of the 24 September 1990 law for a time, we cannot avoid contradictions even then. Article 1 of the law gives the

president the right to publish ukases within the framework of the USSR Constitution. But in accordance with Articles 73 and 76 of the Union Constitution, Article 72 of the RSFSR Constitution, and similar articles of the constitutions of other Union republics, the protection of state order and of the rights and freedoms of citizens has been relegated to the Union republics. By publishing the 26 January 1991 ukase, the president has gone outside the framework of the mandate temporarily granted him by the USSR Supreme Soviet and violated the sovereignty of the Union republics. So, as they say, you lose either way.

Reading further, in Paragraph 1 we are referred to Article 29 of the Principles of Criminal Judicial Proceedings. At the very least this seems strange if one takes into consideration that fact that the ukase directly contradicts Part III of that article of the Principles, because it permits, under the appearance of "investigative measures," the application of measures of procedural coercion **with the aim of observing signs of crime, without instituting criminal proceedings and without observing the procedural rules established by law.** This is a direct violation of people's rights and legal interests, which are protected by the Constitution and the Principles of Criminal Judicial Proceedings of the USSR and of the Union republics. It is also arbitrary action.

I will note in passing that all proofs—materials of investigations, confiscated documents, written explanations, and other information which may be received as a result of measures stipulated by the ukase will, from the legal point of view, be void. They will be proofs collected in violation of the procedure established by law, and in consequence any court must throw them out.

Finally, the enlistment of organs of state security in the fight against "sabotage" is reason for special concern. The KGB can act as an investigative organ only in those instances where it is a question of the disclosure of military secrets and several other state crimes. The unwarranted broadening of the circle of the investigative organs also contradicts the Principle of Criminal Judicial Proceedings and the Code of Criminal Procedure of the RSFSR and other republics.

This is the unfavorable result of our analysis of the 26 January 1991 ukase of the president of the USSR. At first they palm off on us a certain legal fiction—economic sabotage—and then they propose to fight it using unconstitutional methods.

Thus, the ukase of the president seems quite doubtful from the legal point of view. One would not be able to resolve any serious economic problems with its help—we are quite familiar with the degree of efficacy of administrative methods of directing the economy. It is possible, for example, to subsume the concealment of goods in state trade under "economic sabotage." But at the same time you must recognize that with regard to this crime you cannot change anything by force no matter how many plainclothes men and secret agents you send into stores and warehouses.

Then what is this ukase on sabotage? I suppose that it is only a move in a political struggle. The ukase pursues at least two goals: The first is to put the members of the cooperatives and the leaseholders of the entrepreneurial sector "in their place"; the second is to then earn some political capital by playing on certain moods of the man in the street. With the help of antimafia rhetoric and slogans about the fight with the "shadow economy" (recall the exchange of bank notes!), the president and the Union government are trying to set their affairs right—after all, their opinion ratings have fallen to catastrophically low levels over recent months. This is what I see behind the presidential act, the ukase "On Measures to Provide for the Fight Against Economic Sabotage..."

My Own Opinion (Commentary by M. Loginov):

I cannot resolve this economic and legal dispute. But I do not like something in the story of the ukase on sabotage either.

In the first place, hardly anyone will deny that the year 1991 has very little in common with the year 1981. Dramatic changes have occurred in the country before our very eyes. So why does the USSR MVD feel the need to resurrect a 10-year-old decree—a decree that was adopted at a time when no one could even think of legal free enterprise in the USSR—and why is it trying with the help of this document to regulate the activity of the new economic structures?

In the second place, today everyone talks about the need to establish equality for enterprises that have different forms of ownership. Hardly anyone will dispute such a need. The question is how to achieve this. We can **expand** the rights of state enterprises and establish equality with nonstate structures for them in this fashion. Or we can **limit** the rights of cooperatives and joint enterprises and squeeze them into that same strict framework that state enterprises are forced to operate within. The government clearly prefers the second route. I am convinced that enterprises that have different forms of ownership must have equality of rights and not equality through deprivation of rights.

Development, Operation of Commodity Exchanges Studied

914A0531A Moscow KOMMERSANT in Russian No 5, 28 Jan 91-4 Feb 91 pp 19-20

[Article by Pavel Astakhov under the rubric: "First in KOMMERSANT: Exchange Trading: A Shortage of Sellers and Buyers"]

[Text] In the opinion of most analysts, for the foreseeable future horizontal links and barter exchange promise

to be very effective for both state and alternative economic structures because they provide a possibility of acquiring essential equipment and raw and processed materials. In recent times the existing wholesale fairs and auctions, whose purpose is to support contact between buyer and seller, have been joined by commodity exchanges.

Although for now they account for an insignificant share of the buy-sell transactions being made, it is already possible through these exchanges to get a realistic idea not only of possible sources for acquiring goods but also, and this is especially important, about the exchange rate for them.

Beginning this month we are going to publish monthly surveys of the activity of the exchanges in each 32-page issue.

Commodity Exchanges Are No Longer a Dream

The bulk of the deals to set up direct trade and conclusion of delivery contracts today is done directly by marketing agents. This is typical for both enterprises in the state sector and the alternative economy. The principal sites where these contracts are concluded are all-Union and regional wholesale fairs. Their volume last year was more than 170 billion rubles [R].

But many enterprises still have not solved the problem of operational buying and selling of small batches of goods which do not require signing a long-term contract. Although the Gossnab [State Committee for Material and Technical Supply] system of small wholesale stores had grown to 4,000 enterprises by the beginning of this year, the products they offer are not very scarce. Last year the only possibility for enterprises to buy scarce products freely was by participating in auctions. At the same time, auction sessions were handled in a generally unsystematic way in 1990, and their total volume was just R95 million, that is, less than 0.1 percent of the total volume of nonceiling sales of production-technical output.

The switch of a majority of enterprises and regions to free economic activity objectively demanded the creation of such important elements of the market as stock and commodity exchanges. The extreme underdevelopment of securities circulation today makes it impossible to establish a full-fledged stock exchange. On the other hand, the development of barter relations between producers and regions led to a need to set up commodity exchanges.

According to information from the KOMMERSANT survey, in January of this year eight commodity-raw material exchanges had already begun regular trading sessions.

The leader in organizing exchanges and the center of exchange trade in recent times has been Moscow. Three exchanges (MTB, RTSB, and Alisa) have actually completed their formative periods and work is underway to set up one more commodity-raw material exchange on the VDNKh [Exhibition of the Achievements of the National Economy of the USSR] grounds.

At the same time, exchange trade is also becoming more active in other regions of the country. The January KOMMERSANT survey gives information on three major exchanges which have begun regular sessions.

[survey] *The Moscow Commodity Exchange (MTB) was registered at Mosgorispolkom on 19 May 1990. Its charter capital was R20 million, divided into 200 share certificates (R100,000 apiece). Fifteen percent of the charter capital (R3 million) belongs to the founders. In January the number of participants in the exchange reached 67.*

MTB is the first exchange in the USSR to begin work in the contemporary period. Upon conclusion of the organizational phase, which lasted until September 1990, the exchange began individual sessions, and then from 15 January also regular sessions, which are conducted on Tuesdays and Thursdays. Telephones for information: 187-86-14 and 188-92-47.

The charter conference of RTSB [Russian Commodity-Raw Material Exchange Joint Stock Company] was held on 16-17 October 1990 and it was registered on 12 December. The exchange has about 200 founders. The charter capital was R50.3 million (500 shares of R100,000 apiece). Taking part in the exchange's work are 370 shareholders, while 112 broker places have been sold and 276 brokerage offices have been registered and pay a one-time amount of R150,000 for the right to participate in trading sessions. The share of foreign firms is 60,000 dollars.

In January RTSB held eight trading sessions. For comparison we note that there were 10 in December and 4 in November. Telephone for information: 924-75-30.

[survey] *The All-Union APK [Agoindustrial Complex] Commodity Exchange (Ryazan APK Exchange) was formed on 24 July 1990 and registered in the city of Ryazan on 6 August. By 1 November 1990, 57 organizations had already become members of the exchange. Its real functioning began on 23 October with a "week of sessions." Since 1 November the exchange has operated daily. And agreement has been reached on cooperation and collaboration with the largest American exchanges.*

The initiative in setting up the Ryazan Exchange belongs to the Main Supply Administration of the former Agroprom. In the first trading session, 651 representatives from 14 republics took part. About 400 organizations now participate in the work of the exchange. Telephones for business information: 72-24-46, 72-17-90, and 75-47-29.

'Broker' Is a Foreign Word, But a Useful One

Because the tradition of setting up exchanges disappeared long ago in the Soviet Union, each of the newly formed exchanges selected its plan of activities at its own risk, often referring to Western models.

RTSB chose a purely Soviet, but for the USSR most effective method of formation. The RTSB joint stock company is a union of brokers who make use of the connections they have made and information on the availability of goods with a particular owner or producer and act as representatives of the owners of these goods.

It is this fact which accounts for the large number of stockholders and brokerage offices. Of the 276 registered brokerage offices, 100-120 have already begun work. Moreover, of the stockholders who have the right to carry on brokerage activity, about 120 of the exchange's founders have set up new legal entities (brokerage offices) specializing in intermediary activity. As the experience of RTSB's first months in operation show, the focus the joint stock company has put on brokers has borne fruit. Up to 500 sellers and buyers participate in the regular trading sessions (three times a week).

A distinguishing feature of the Moscow Commodity Exchange (MTB) is strict determination of the regulations and rights of the exchange participants, as well as its very successful solution to the problem of organizing the exchange itself—the place where trading sessions are held. Trading sessions are now held in Pavillion No. 4 of VDNKh.

In recent times MTB, just like RTSB, has begun to increase the number of brokers. In order to organize brokerage (intermediary) firms, the exchange offered the possibility for those wishing to to become participants in the exchange by buying half a share (R50,000).

The main method of trade at the Ryazan Exchange, according to its by-laws, is deals in futures, (that is, the sale not of the good itself, but of a contract for its delivery). But for now there is no talk of futures in Ryazan, since not even trade in real commodities but rather barter exchange predominates. This barter exchange is carried out on the principle of mutual sales, where the parties in the exchange conclude a deal to buy the goods they are interested in according to the following principle: 220 tons of meat (beef) is sold to a particular organization which is prepared in exchange to sell (deliver) a UAZ vehicle (or a VAZ-Niva or a five-ton truck crane). As a rule, the ruble is nothing but a counting unit in barter deals.

And, it is important to note that in the practice which has become established at the Ryazan APK Exchange, most deals are made at state prices.

Because of the thick commodity "cushion" which the former Gosagroprom placed under the exchange activity in the city, the Ryazan Exchange is now the most active exchange organization. On the average, during the days of the fair-type exchange trading sessions, when sellers and buyers come to Ryazan, 8-10 deals are made an hour (4-6 deals a day between fair-type trading sessions).

Several methods of trade are used at the Ryazan Exchange to organize such massive exchange trade. The main one is trade through brokers. There are 47 of them at the exchange. They are all broken down by groups of commodities, five-six brokers a group. The technology of broker trade is like this: the broker relays requests for sale and purchase of goods in advance and he searches for potential counteragents within the limits of one or several broker groups.

Company trade, where participants in trading sessions make deals without enlisting brokers has also become a distinguishing feature of the Ryazan Exchange. The all-Union association Soyuzmashsnabzapchast [Union Vehicle Spare Parts] has already held these trading sessions in Ryazan and concluded deals worth R5.8 million.

Moreover, brokerage offices operate at the exchange which differ slightly from the brokerage offices which exist at other exchanges.

It Is Still Too Early for Specialization

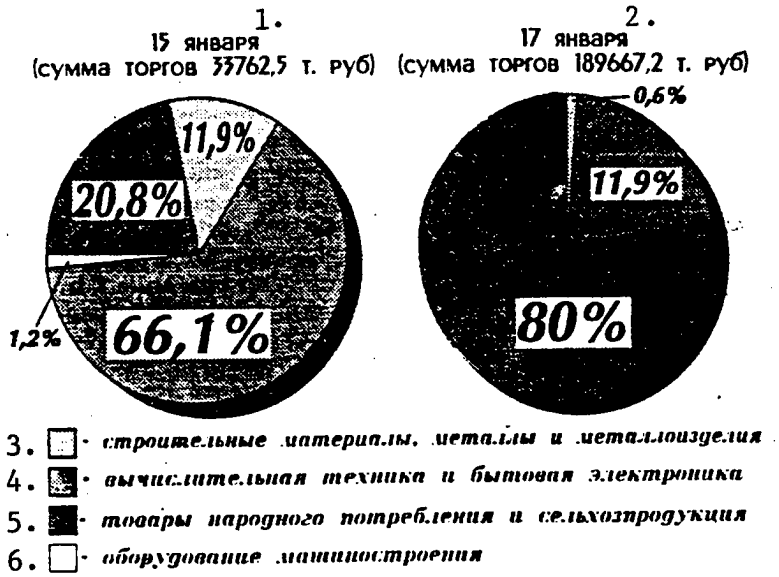
As yet not one of the exchanges operating regularly is specialized. Thus, the list of goods offered for sale at MTB by late January reached more than 100 items. They are grouped in the following commodity groups: construction materials and metals and metal items; computer equipment and household appliances; industrial and consumer goods; agricultural output; petroleum and petroleum products; and machine building equipment. In the future there is to be stricter specialization of the exchange: trade in grain and agricultural products as well as hard currency and securities.

At RTSB there is trade in 12 commodity groups from petroleum and petroleum products to consumer goods. However, in the opinion of the chief executive of the RTSB joint stock company, Konstantin Borovyy, at least six commodity groups may receive the status of specialized trade groups of RTSB, that is, singled out as regularly operating directions for the shift to futures: agricultural products; grain; construction materials and construction contracts; metals and metal products; nonferrous metals; and chemical products.

As the first step on the way to differentiating trade activity of RTSB, which began to experience difficulties in early January because the assortment offered for commodity deals was too broad (more than 300 items), the exchange created 12 so-called commodity "bins." There is a main broker in each "bin" who makes and handles deals by particular groups of commodities.

Unlike the Ryazan Exchange, barter deals are prohibited at RTSB. That has resulted in higher prices for the goods offered. But for many items they remain lower than black market prices.

At the Ryazan Exchange 12 commodity groups are also represented. One brokerage office operated at the first trading session in Ryazan, and it was involved in export-import deals, mostly for hard currency. Among other things, grain, dried fruits, hides, furs, and the like were offered for hard currency. There was a great demand for



Supply of Goods at Trading Sessions of the Moscow Commodity Exchange in January 1991 (in percentages)
Key:
1. 15 January (sum of trading sessions R33,762,500)
2. 17 January (sum of trading sessions R189,667,200)
3. Construction Materials, Metals, and Metallic Items
4. Computer Equipment and Household Appliances
5. Consumer Goods and Agricultural Products
6. Machine-Building Equipment

foreign equipment for the processing industry, vehicles, excavators, and others. At the second and third trading sessions the number of brokerage offices had already been raised to three, and in addition former brokerage officers are now being transformed into brokerage firms with expanded services offered to clients.

January Trading Sessions: Goods Can Be Bought at the Exchange More Cheaply Too

Thanks to the energetic work of brokers, the list of goods offered for sale at the RTSB trading sessions in January was fairly broad. Compared with December, it had increased substantially both in terms of assortment and in terms of volume of batches offered.

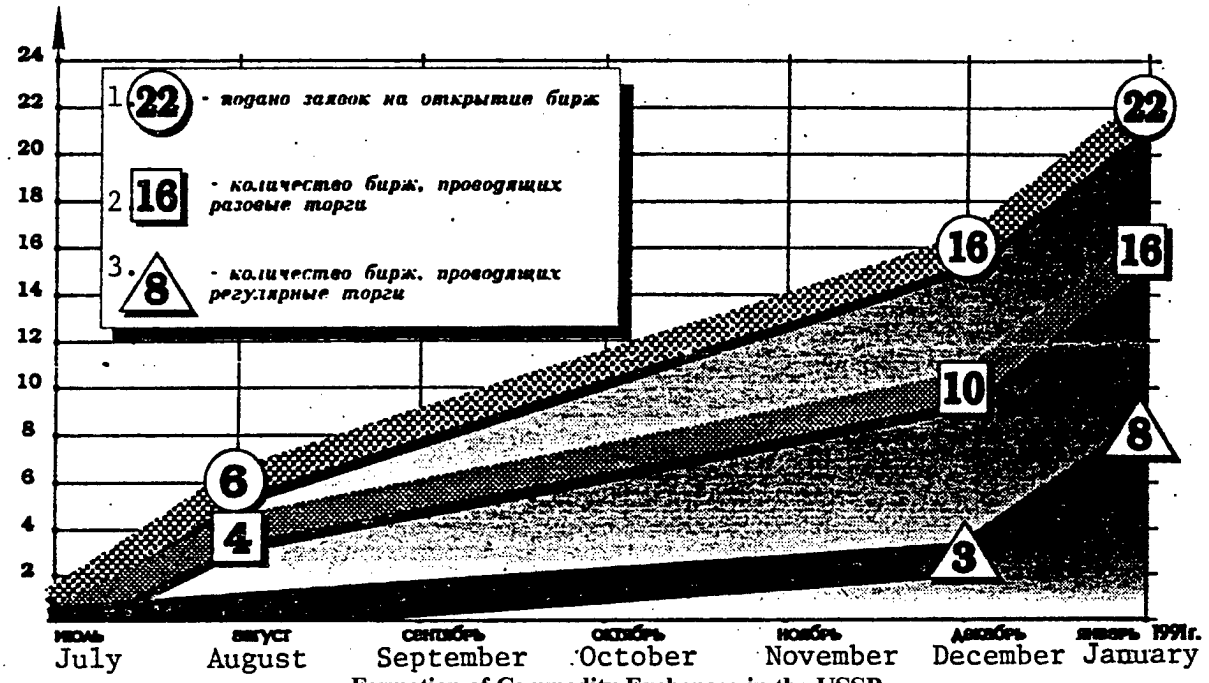
[survey] *Thus, for the "raw materials" commodity group alone, on 23 January offerings included aluminum forged pieces, steel forged pieces, tungsten, cast bronze, primary magnesium, offset paper No. 1, book paper, newsprint, rubber, lignin, square-edged board, pine joists, and others. Moreover, 15 types of construction materials, 11 types of agricultural products, 20 types of chemical, medical, and perfume products, 68 types of light industry products, 111 types of electronics and computers, 27 types of machine tools and equipment, 29 types of transport means, and the like were exhibited at the trading session.*

And, prices of goods offered at the exchange are frequently lower than when a contract is concluded directly with the manufacturing enterprise. To illustrate, offset paper (120 tons) was offered on 23 January at a price of R7,500 per ton (this price reaches R8,000-R10,000 on the black market and when the paper is purchased directly from paper-making enterprises); prices for cotton sheets are R3 lower than the contract prices at which they are sold in state stores.

The broad representation of commodity groups makes the intensity of deals concluded at RTSB constantly rise. Thus, on 16 January 1991, 19 deals worth from R300 to R39 million were concluded during one trading day. But the exchange's average level of turnover per trading day in January was R3 million.

A wave of demand by potential clients of the exchange for broker places has emerged in a chain reaction to RTSB's successful activity. Today the value of an RTSB founding share has risen from R100,000 to R250,000 per share.

The Ryazan APK Exchange in both the first (23-29 October) and second (9-14 December) trading sessions managed to preserve its departmental orientation. In the trading hall most were representatives of republic, oblast, or rayon agricultural supply offices, kolkhozes or sovkhozes as well as industrial enterprises, and their number increased sharply at the second and third fair-type trading sessions.



Formation of Commodity Exchanges in the USSR

Key:
1. Applications submitted to open exchanges
2. Number of exchanges conducting one-time trading sessions
3. Number of exchanges conducting regular trading sessions

Gorispolkoms [city soviet executive committee] seeking consumer goods and meat and meat products were very active at the exchange, especially after the second and third fair-type trading sessions. For this commodity group there was greatest demand for footwear, women's sports shoes, and bed linen.

Despite the barter nature of the trading sessions being held in Ryazan, deals involving selling goods for money were already more active at the second fair day—for the most part because of the large supply of computer equipment as well as a number of consumer goods (audio cassettes, video cassettes, meat, and others) and passenger cars (mostly imported).

Supply and demand here fluctuate vigorously depending on the regional affiliation of the sellers and buyers. For example, judging from exchange trading sessions, for Kuban farms timber has the status of the most scarce commodity; for the Balts—grain; and for virtually all participants in the exchange—gasoline, diesel fuel, and steel sheet. Specifically, for steel sheet, which one of the industrial enterprises invited to the exchange was selling, women's coats, refrigerators, and televisions were requested.

On the whole during the two trading sessions, brokers made more than 170 deals, and that included 109 deals worth roughly R6 million at the first trading session. The largest number of deals were made for the construction materials and assembly component groups (29 deals in the first trading session), food industry output (24 deals), and agricultural machinery (14 deals). Moreover, the brokers are concluding contracts to continue searching for counteragents to make deals on the basis of requests submitted. On the average for each trading session 30-35 proposals for these contracts come from the fair-type trading sessions to the daily ones.

At the third trading session many state organizations actively conducted auction trade. In January grain was added to the imported vehicles being sold at auction earlier. The passenger cars GAZ-24, KamAZ's, and UAZ's were offered at the initial prices of 800, 1,000, and 600 tons of grain, respectively. Through auction trade the state was trying to eliminate the shortage of its own commodity stores of grain, which was figured at five-seven percent of the amount which should have been turned over for procurement by the kolkhozes and sovkhozes. In the opinion of exchange associates, it would certainly have been successful, but the action of the new prime minister on exchanging 50- and 100-ruble notes disrupted it. Already on the second day, of the 300 participants who were at the third fair-type trading session, 30-40 remained and the rest had left to head for the savings banks.

It Is Possible To Trade Alongside the Exchange Too

For now the number of offers to sell goods substantially exceeds the number of deals actually made. In the

opinion of MTB president Gennadiy Polishchuk, this happens because of the lack of standardized goods which are presently supplanted at trading sessions by a universal set of output offered which could turn the exchange into a department store. Not only were construction materials, computers, and timber offered for sale, but also, to illustrate, the book: "Secrets of Home Cooking." With such "scattered" supply, it is difficult to expect stepped-up trade activity by MTB's potential sellers and buyers.

In the opinion of the general director of the the Russian Brokerage House S.A. and Co, Viktor Tokarenko, with the clear predominance of supply over demand, a large part of the deals are simply not registered at the exchange. But the brokerage firm headed by Tokarenko is the most active MTB trade organization at the present time thanks to recording all of its deals at the exchange.

According to the estimates of the chief broker of the Ryazan Exchange, Aleksandr Yevstropov, on a trading session day approximately 10-12 deals are made an hour within the framework of non-exchange activity. That was how it was at the first fair-type trading session, when the volume of non-exchange trade reached a sum of R6-8 million. And it continues these days, when a person who has offered a commodity for sale either unexpectedly removes his offer or, as has happened more than once, "suddenly" disappears from the trading sessions.

In order to prevent trade falling back to barter exchange and buying up of goods for later sale by one person and to limit nonexchange turnover, the RTSB leadership began to revise many of its to-that-point liberal rules of exchange trade at RTSB. Among other things, orders and requests cannot be withdrawn before the start of the trading session.

Only Information Can Converge Regional Prices

At all exchanges the largest supply is recorded for consumer goods and the electronics and computer equipment group. Deals on these goods still provide the exchange's main turnover and are calculated in the tens of millions of rubles. To illustrate, not only are obsolete models of computers which a particular organization is trying to market sold, but also, as happens at RTSB, the latest models like the PC/AT-486 (price—R200,000).

Common to all the exchanges is the significant predominance of demand over supply for the following groups of goods: construction materials, metal and metal products, agricultural products, and grain.

As yet there is no sufficiently strong information link among exchanges; that results in the well-known fluctuations in prices for the very same article. Among others, the price for rough logs of approximately the same quality and standard at one exchange is sometimes twice that at another. And, the lower price, no matter how strange it may seem, does not guarantee sale. Thus, to illustrate, at MTB, timber being sold on the black market at a price of R400 per cubic meter (six meters, 18-25 millimeters) was sold for R250. However, at RTSB and at MTB itself two days later this same article was not sold although the price was better.

With relative stability of supply, market conditions at the exchange change sharply contingent upon the political situation. Among other things, the exchange of money planned by the government not only disrupted the last trading sessions at all exchanges but also resulted in higher prices for certain goods. Thus, to illustrate, Fiat-tipo cars which initially were sold at RTSB for R250,000 each (December), in January were already being offered for R300,000 at MTB.

In the opinion of the chief executive officer at RTSB, Konstantin Borovyy, there is competition among the exchanges and it has a positive effect on their activity. Today, for example, at the RTSB charter profits received by the joint stock company upon its creation are by all parameters best defined as super profits.

However, the RTSB leadership has to invest the money received into creating an information infrastructure without which exchange trade cannot be effective. In particular, negotiations are underway to buy two satellites and in February the exchange is expected to move to the Main Post Office building and be supplied with the necessary computer equipment for instant display of the exchange rate for goods being sold at the exchange.

Obviously, with such efficient information support, the very possibility will disappear of playing with prices, which differ so greatly in the USSR today, especially by region.

INVESTMENT, PRICES, BUDGET, FINANCE

Senchagov Explains Need for Price Reform

914A0539A Moscow RABOCHAYA TRIBUNA in Russian 19 Mar 91 pp 2, 3

[Interview with Vyacheslav Konstantinovich Senchagov, chairman of USSR State Committee for Prices, by Aleksandr Nadzharov: "We Will Open Our Wallets and Tighten Our Belts; Raising Prices While Compensating for the Increase"]

[Text]

[Nadzharov] So, Vyacheslav Konstantinovich, today price reform is a reality. The first phase—the payment of monetary compensation to the population for additional expenses—will start on 20 March. We will talk about this later, but now please explain why this was not done earlier.

[Senchagov] Because the country's leadership was developing a new decisionmaking mechanism. Not the issuance of orders, as in the past, but a democratic process of agreement. Of course, all of this will take a little more time and will not guarantee the necessary secrecy in

some cases, but everything will be done honestly and fairly. In this case as well, the decision on retail price reform and the social protection of the population was signed by the leaders of the USSR and the republics after lengthy consultations.

[Nadzharov] Do you mean that even B. Yeltsin signed it?

[Senchagov] No, he was the only leader who agreed completely with the need to raise retail prices but "yielded" the right to sign the document to his deputy. But this was some kind of political maneuver. In essence, absolutely all of the Russian parliament's suggestions were taken into account.

[Nadzharov] As we know, virtually everything for the reform was ready back in 1988. There were plans to institute the new prices and the corresponding compensation in 1989.

[Senchagov] Yes, you are right, but public opinion was not in favor of the reform then. Besides this, there was not enough political will to carry it out. In addition, there was the belief that the reform could wait and that we still had tremendous potential for the reduction of expenditures, especially in agriculture. As soon as this potential could be put to use, the issue of prices would be resolved. This line of reasoning was reiterated in different versions by many economists and journalists. They paid no attention whatsoever to the fact that the reduction of expenditures in, for example, agriculture, and this would be the cost of agricultural production as a whole rather than the expenditures of individual farmers or collectives, would only be made possible by retooling, the incorporation of advanced technology and, of course, the reorganization of production relations in rural areas. All of these are extremely lengthy processes, and the reduction of expenditures would not necessarily mean the lowering of the prices of agricultural products. The additional profits would be used for stepped-up retooling and the social reorganization of rural communities.

[Nadzharov] Does this mean that union and republic leaders actually had to choose between the further postponement of long-awaited (and long- overdue) measures, causing the conditions of their institution in the future to deteriorate, or the institution of these measures in spite of the unavoidable problems and difficulties in the hope that this would improve the situation?

[Senchagov] This was precisely the choice they had to make. All of them agreed that further delays would be impossible. The situation was changing, and on 6 February the leaders of the Moscow and Leningrad city soviets officially requested the leaders of the union and the RSFSR to institute the new prices without delay. In their letter they made the absolutely accurate comment that the postponement of the retail price reform would create more difficulties in the future because of the accumulation of losses incurred in consumer goods sales.

[Nadzharov] Can you summarize the decision in a few words?

[Senchagov] The purpose of the reform is to bring retail prices closer in line with the actual expenditures on the production and sale of products, with consideration for the relationship between supply and demand for different groups of commodities. Ceilings will be set on the state prices of the main goods determining the public standard of living. Regulated and contract prices will be used on a much broader scale.

[Nadzharov] All of this is economically sound, of course, but who will benefit from this? After all, the price reform will hurt everyone's budget. Was there no less painful alternative?

[Senchagov] Without going into all of the details of the economic and financial substantiation, I can say quite definitely that there was not. Furthermore, all of the republic and union parliaments had resolved to make the transition to the market, and price reform is an extremely important and necessary element of this process. We know that enterprises have recently been granted much broader rights and much greater autonomy and responsibility. A unified system has been instituted for the collection of taxes from enterprises and organizations of all types, active steps have been taken to develop a network of commercial banks and small businesses, economic units are emerging more and more from the administrative control of ministries and departments and are joining voluntary associations or are being converted into joint-stock companies, etc.

When we talk about the market, we are talking about the need to free the initiative and interest of people in the results of their work, and primarily by arranging for enterprises to have reciprocal and direct contact with each other, with the trade network, and with the final consumer—the public.

[Nadzharov] Yes, but all of this is working so badly today.

[Senchagov] Because there are no realistic appraisals of goods and services. After all, prices, whether they are wholesale, purchase, or retail prices, should be an instrument to measure the effectiveness, quantity, and quality of labor, its productivity, and the use of resources. Only these prices can allow us to move from natural exchange to market relations and actually, rather than verbally, increase the output of our production and scientific potential.

[Nadzharov] You are using economic terms, but consider the situation of oil and gas workers, miners, workers in metallurgy and the chemical industry, and railroad workers. I could name a hundred occupations in which the assessed value of labor has been outrageously low.

[Senchagov] Because the prices that have existed up to now simply have not reflected the real value of this labor. Judge for yourself: The Soviet ruble is indirectly convertible in oil production and the lumber industry, but

existing prices make all of this plus the shipment of freight and the production of construction materials unprofitable.

[Nadzharov] Exactly what did the old prices fail to take into account?

[Senchagov] A great deal. The cost of natural resources, for example, and northerners know what this did to the ancient taiga and tundra.

[Nadzharov] And what about social insurance deductions? Their meager size probably determined the standard of living of our older generation.

[Senchagov] Of course it did. The size of the deductions made it impossible to increase the pensions and benefits of labor and war veterans and the disabled. It is no secret that one of the demands of labor collectives was to bring wholesale prices and fees in line with actual expenditures on the production of goods and their value to the consumer.

[Nadzharov] Well, the demand was satisfied in the main, but this only aggravated the situation in the production of consumer goods and services. Furthermore, when wholesale prices rose, total state subsidies for these purposes, which were already close to one and a half times as high as the country's defense expenditures, almost doubled and were expected to exceed 200 billion rubles this year.

[Senchagov] The whole thing rested on the ideologically consistent but economically absurd stability of retail prices. This meant that virtually all foods, especially meat, dairy products, and fish, the products of light industry made of natural raw materials and some artificial fibers, children's wear, and most goods for cultural and household use were produced at a loss. The subsidy for each kilogram of beef, for example, was around 8 rubles, the subsidy for a kilogram of butter was 16-17 rubles, and the subsidy for a liter of milk was 58 kopecks. The production costs of television sets, washing machines, furniture, construction materials, and other such goods were from 40 to 80 percent higher than their retail prices. What kind of market could we have when the production of most consumer goods was totally subsidized!

[Nadzharov] This probably made the autonomy of labor collectives extremely dubious. After all, a stern man from Gosplan could refuse the request for a subsidy at any time.

[Senchagov] He could. I know of many cases of subsidy blackmail that benefited the pillars of the authoritarian system. Even without this blackmail, mere indifference can cause production collectives to lose all interest in increasing the output of the very goods the population needs.

Whether we like it or not, retail prices reflect the state of the market. Under the conditions of changes in the relationship between supply and demand, the stability of prices is an illusion. Sooner or later, the spontaneous "price dance" begins. The increase in monetary income in our country exceeded 200 billion rubles just between 1988 and 1990. The figure was 77 billion rubles for the previous five-year plan. The average wages of workers and employees rose 67 rubles a month in the last three years, or approximately the same amount as during the 15 years preceding the start of perestroyka.

[Nadzharov] You are speaking of the causes of inflation—the devaluation of money. It is time to clear up the matter because different sources cite different estimates of the declining value of our ruble and the corresponding rise in prices.

[Senchagov] I will be glad to do so. Prices rose 14 percent in December 1990 (in the past they rose two-three percent a year). Obviously, the people who suffered most from this were those whose wages had not changed for years and who had no other sources of income—in short, people living on a fixed income. The wages of the rest, and there are tens of millions of them, rose and exerted even stronger pressure on the consumer market. The general instability of our economy, which had been shaken up by numerous experiments, led to an absolutely disastrous imbalance in the consumer market.

In most parts of the country the population's demand for goods took on frenzied forms, and virtually everything was in short supply. Under these conditions, the hunt for goods takes precedence over everything else, and the individual is in a constant state of stress. Filling the market under these conditions, given the freeze on prices and the nature of public demand, would have taken several times as many goods as in a normal situation. This kind of demand is virtually impossible to satisfy with any realistic rate of production growth. Do you doubt it? Consider this: In the past year the output of washing machines increased by 18 percent, the output of color television sets, sewing machines, and vacuum cleaners increased by 13 percent, and the output of tape recorders increased by nine percent, but which of us noticed this growth? The increase was just a drop in the bucket. Given the rise of seven percent in the sale of canned fish, 12 percent in the sale of vegetable oil, and 15 percent in the sale of tea in 1990, the shortage of these products only grew more acute.

[Nadzharov] Are you saying that all of these problems will disappear when prices are raised?

[Senchagov] Regrettably, no. Merely changing the prices will not solve the problems. In the final analysis, the main thing will be the retooling and restructuring of production. First, however, we must get rid of the budget deficit, or at least reduce it to an acceptable minimum and curtail the printing of money radically. Expenditures on capital investment, defense, and administration have already been reduced dramatically for this purpose, and measures have been taken to pursue a stricter interest policy in cash and non-cash settlements. The result has

been an unprecedented increase in personal savings, and in January no new money was issued for the first time in many years.

This is an indisputably positive result, but it is still extremely tenuous. The huge subsidies are keeping us from balancing the budget and strengthening monetary circulation. For this reason, we arrive once again at the need for retail price reform combined with measures for the social protection of the population.

[Nadzharov] Vyacheslav Konstantinovich, there are many different kinds of reform. I personally view the present reform as some kind of shock therapy. The rise in prices is too abrupt. Were other alternatives considered?

[Senchagov] They certainly were. Here they are. Two fundamentally different ways of reforming the system of retail prices have been used in the world: either an immediate move from state (or fixed) prices to free prices on the majority of items, with no limits on the rate of increase and with the subsequent adjustment of public income, or the centralized modification of the prices of the main goods determining the public standard of living, with a limit on the increase and on the corresponding compensation and with an immediate and considerable expansion of the sphere of market pricing. The immediate move to free pricing under the conditions of our unique system of producer monopolies and the actual shortages of goods would result in the compound growth of prices without any effective social protection for the population. Besides this, there would also be an abrupt reduction in production volume and a significant decline in the standard of living, especially for low- and middle-income strata. Furthermore, the spontaneous development of the new prices would not strengthen inter-republic and interregional economic ties, but would cause their further disintegration, and the implications of this would not be limited to economic consequences. For this reason, all of the republics preferred the alternative of the coordinated changes in retail prices under the supervision of the central government and a simultaneous expansion of the zone of contract prices. This alternative was chosen as a less painful option in the social sense.

[Nadzharov] What are the limits on the price increases?

[Senchagov] The same limits on increases in the state retail prices of the main consumer goods will apply throughout the country, including a limit of 2.5 times for groceries, of 135 percent for linens, the most commonly used fabrics, clothing, and footwear, and a limit of almost three times for children's wear.

[Nadzharov] What about beef for seven rubles a kilo? Just a few days ago it was being sold at the contract price of nine rubles in some stores in the capital.

[Senchagov] The fact is that the new prices of many products (vegetable oil, eggs, groats, some meats, and others) will be lower than the contract prices at which many goods are now being sold to the population in the state trade network, not to mention kolkhoz market prices. Under the new conditions, there should be no inflated contract prices in the state trade network. The actual increase in state prices, therefore, will be lower than the figures I mentioned in many cases.

There will be no change in the retail prices of medicines and items for medical use, coffee, the products of light industry made of synthetic materials, gasoline, kerosene, electricity, gas, coal, the kindling and firewood allocated for the population, and vodka. Raising the price of vodka would, on the one hand, have an adverse effect on the budgets of many families and, on the other, promote the growth of illegal distilling.

[Nadzharov] I wonder why the prices of children's wear will rise so high—to almost four times the present level.

[Senchagov] Up to now the state has used special subsidies to support relatively low prices for children's goods. The subsidy is now almost twice as high as the retail cost of the goods. Although this price system might seem appealing to the public on the surface, it has serious drawbacks. Above all, it does not give an enterprise any incentive to produce goods. Besides this, because these goods were so cheap, they were frequently purchased by adults with a small frame. On the other hand, the parents of children who were early-bloomers, who are becoming more common, received no support from the state because they had to buy clothing and footwear at unsubsidized prices. This is why the decision was made to stop subsidizing children's wear and to turn the whole price increase over to families with children in the form of compensation for each child.

[Nadzharov] What will be done with the increase in food prices?

[Senchagov] Part of it will be used to cover wage increases, but the new level of meat and dairy product prices will be determined largely by payments to agriculture, which will represent around 90 percent of total expenditures on a kilogram of beef.

Even with the new prices, sales of meat, milk, dairy products, and fish will be subsidized. If there were no subsidies at all, a kilogram of beef would cost more than 10 rubles, a kilogram of butter would cost from 17 to 20 rubles, and a liter carton of milk would cost 1 ruble, and most of the population would not be able to afford them.

Incidentally, the changes in price levels will change the correlation of different types of goods with a view to their real value to the consumer, demand, and supply. Now, for example, chicken is 1.7 times as expensive as beef, but the new price of chicken will be 20 percent lower than the price of beef. The same applies to fish: Frozen mackerel costs 17 percent more than cod today, but cod will cost 2.4 times as much as mackerel when the new prices are instituted.

[Nadzharov] But is there any guarantee that this will be the last rise in prices?

[Senchagov] I already said that the price reform is only part of the program for the stabilization and subsequent growth of the economy. Furthermore, and I want to stress this, the Government of the USSR will make every effort to maintain the new level of fixed prices in the future and will only "set them free" as the market stabilizes.

The retail price reform certainly does not consist only in an administrative increase in prices. There will be a change in the pricing system. A much more important role will be played by republics, which approved the new prices of such important groups of commodities as sausages, confectionery items, many dairy products, etc.

The prices set on the union level will be the maximum, and republics can set lower prices on certain goods. In Uzbekistan, for example, where starches are the basis of the diet, the rise in these prices could be lower.

[Nadzharov] Can you say a few words about the goods that will be sold at regulated and free prices?

[Senchagov] For these goods, pricing agencies will set only the pricing procedure or limits on price changes. They will include lumber and construction materials, passenger cars, consumer electronics and radios, some products of light industry, wine, beer, and the common cognacs.

The assortment of goods sold at contracted free prices will be expanded: certain types of fabrics, clothing, footwear, cultural and household items, and luxury foods.

This is important. Whereas the centrally set prices of these goods frequently did not reflect the changing conditions of production and sale and did not give enterprises an incentive to renew the assortment and improve the quality of products, free retail prices will reflect these changes and should encourage enterprises to develop production and master the production of new items.

Around 45 percent of all consumer goods will be sold at regulated and free prices.

When the limits on price increases were set, all expenditures were taken into account, from the procurement of raw materials to processing costs, and the necessary profit was guaranteed. Now, for the first time, the branches producing consumer goods will have their own financial base for the modernization and retooling of production and the social development of labor collectives.

[Nadzharov] The arbitrary methods used in some republics and regions to set prices and fees have evoked justifiable complaints from the laboring public. These biased actions are increasing social friction and creating opportunities for mass abuses of power.

[Senchagov] All of the republics agree that central and local government agencies should be guided strictly by a single price policy, the pursuit of which is delegated to the sphere of the collective jurisdiction of the USSR and the republics in the draft union treaty, that the observance of the established pricing procedure should be overseen more carefully, that prices set in violation of existing laws should be changed quickly, and that economic penalties should be inescapable for the enterprises and organizations violating state price regulations. In fact, the USSR Cabinet of Ministers is creating a special agency—a state price inspection board—for the purpose of reinforcing price policy.

[Nadzharov] Thank you for the interview, and allow me to express the hope that this price increase will be the last one in the next few years and that the decline in the public standard of living will not last long. The main question, however, is this: Will this put goods on store shelves?

[Senchagov] I think it will. After all, the warehouses of footwear factories, for example, are literally packed with finished goods. Experts have estimated that many families are hoarding a three-month supply of groceries. The present situation is one in which it does not pay industry to release goods to the trade network, and it does not pay the trade network to accept them. I think the price reform will break the dam. Furthermore, the population will be in no hurry to buy goods in the first three or four months after the new prices are in effect. Mechanisms stimulating production should begin working during that time. So let us hope for the best.

Goskomtsen Official on Reasoning Behind Price Reform

914A0595A Moscow RABOCHAYA TRIBUNA in Russian 2 Apr 91 p 1, 2

[Report on interview with I. Gorbachev, deputy chairman of the State Committee on Prices, by Olga Berezhnaya: "Will We Have Calico and Brocade?"]

[Text] **The price reform has started but many people still doubt its wisdom. In their letters to the editor our readers express their opinion that all price increases could be avoided if rationing cards and vouchers were introduced. As you know, many radical economists have spoken against the reform in its present structure and they still continue to speak against it as they refuse to consider it as a step toward the market economy. However, the government preferred to choose the centralized price revision over all other versions. Why?**

This question started our conversation with one of the price reform authors, I. Gorbachev, deputy chairman of the Goskomtsen [State Committee on Prices].

[Gorbachev] While designing the reform we considered several options for consumer protection. Should we introduce rationing? But that system does not strengthen the ruble or the market; on the contrary, it exacerbates

the destabilization of economic relations and entails profiteering and abuse of the system. But the main thing is that artificially lowered prices fail to stimulate producers to increase their production.

Should we free all prices? Supporters of this measure claim that the excess money owned by the population will disappear as we start removing the government from economy. That would make the people's buying power decrease and it would simply remove any possibility of raising prices. But if the people have less money, the producers will not be stimulated to increase the production that brings them losses!

Total lack of control over prices under the conditions of a monopolistic economy can lead to chaos in both production and consumption and also to sharp price hikes. In the long run it would result in enormous inflation which would deal a painful blow to the people.

Some people ask why we need reform at all. Since the fifties, only the government purchasing prices have been revised eight times and increased seven times; but the government has put every effort into maintaining retail prices for consumer goods at a constant level. The resulting lack of balance prevents us from increasing production at present and, on top of that, it renders impossible our transfer to the market economy. What do we have to do? We need to balance out the necessary expenditures and prices, create uniform starting points for all industries of our national economy, including agriculture. But at the same time we have to maintain the people's living standard, supporting it through compensations.

[Berezhnaya] The minimum compensation was set at 60 rubles [R]. Is it possible for such a modest sum of money to compensate for all additional expenses after such a sharp price increase?

[Gorbachev] In determining the amount of compensation, we took into account the increase in the cost of all goods and that included commodities sold at regulated and free prices. We also accounted for the raise in the cost of railway, sea, and aviation transportation. As has been announced, 85 percent of all the money received from the price hike will be given back to the people.

Compensation for price increases on goods for children is considerably higher than the total of the higher prices; so families with many children will only profit from it. But the working people should have been paid somewhat more. But we had to use some of the money to increase the salaries of doctors, teachers, and culture workers and to increase various payments to children. There is not a kopek to spare in our budget. We are doing it because we are well aware of the following fact: after the wholesale price reform many enterprises now have enough money to pay more to their employees. Also, as you know the profit tax has been lowered by 10 percent.

[Berezhnaya] Can a considerable wage increase lead, in its turn, to another rise in inflation?

[Gorbachev] In my view, we should go back to what we rashly gave up: make wage increases depend on increases in production volume as expressed in physical indicators. The absolute majority of countries that have market economies use such a mechanism in one way or another, but we decided it was unacceptable for us. And what is the result? Today the textile workers of Ivanovskiy Kray demand that we give them minimum pay of up to R500-R600. Our miners want their wages doubled, though the output of coal is declining. But take Poland, for instance. Even as the Solidarity leaders came to power—the ones nominated by the working class—they stated decisively: unless we stabilize the zloty, we will not be able to raise your salaries. The same issue was solved in a similar way in Vietnam and China.

[Berezhnaya] Our people were ready for this sharp jump in food prices. But none of us expected such a big increase in the prices of manufactured goods. It seems that we will see calico and brocade on our store shelves again, but we will not be able to buy them.

[Gorbachev] At first we were planning to preserve state subsidies, at least partially. But for that we needed the republics, which buy the end product, to hand over part of their turnover tax to those who produce raw materials. We failed to reach such an agreement. Because of that, we agreed to set prices which would realistically reflect the cost of the goods.

[Berezhnaya] But can the cost of goods be that high? Until very recently the turnover tax received from sales of various consumer goods made a considerable contribution to our budget.

[Gorbachev] The situation is entirely different now. With the exception of liquor, jewelry, and some other items, we have to sell almost 70 percent of all consumer goods at wholesale prices to which a retail markup of up to 20 percent is added. Things are so bad that we are going to sell such cars as Oka and Tavriya practically without any profit for the government. This is explained by the fact that the wholesale price for them has grown from 3,500 or 4,000 to 8,000 or 12,000 respectively. The reason is that the parts and units for these cars come from many countries, including Eastern Europe, and we now make payments to these countries in hard currency. Expenditures for ecology have also grown.

[Berezhnaya] We have witnessed the process of cheaper items being washed away from retail. Can it happen again this time that all the goods sold at fixed prices will disappear from the stores and be replaced by more expensive items?

[Gorbachev] As we were determining fixed prices we tried to base them on a level of profitability which would make industries interested in producing them. As for free prices, not to mention regulated ones, we have provided for certain limitations there. For instance, the norms on maximum profitability render price hikes meaningless

because, according to the ascending scale, illegal profits will be transferred to the budget and the violator will also have to pay a fine.

We had to wage a serious battle with the trade officials who insisted that they be given the right to purchase and sell goods at any price. With our absence of any industrial or commercial competition, it would be easy to foresee the result had we made this concession. For that reason, we stipulated that retail markup should not exceed 20 percent, or 30 percent in the extreme north areas.

[Berezhnaya] The managers of many enterprises as, for instance, in the textile or sewing industry, feel apprehensive that people will stop buying their products and use their old stocks if prices increase considerably.

[Gorbachev] That means that they have to improve the quality and diversity of their items. They do not have the equipment, or parts, or notions? It is possible to set up small businesses, to work together with foreign partners. They do not have the money? They can get loans, including hard currency loans, they can go for help to the republic leaders because now our consumer industry is under the jurisdiction of republics. Without enterprise we will not have either the market or goods. Unfortunately, we do not have to worry about any surplus products. Production in the country dropped by almost five percent in the two months of this year. For that reason we have to take measures to increase production.

Unfortunately, many zealous industry and trade officials, as well as ispolkoms [executive committees] of local soviets of people's deputies, have already introduced or are trying to introduce, under various pretexts, contract prices for consumer or industrial products which should be sold at fixed or regulated prices. In this way they are trying to get additional profits. Therefore, with full responsibility, I want to warn these characters: according to the guidelines of the agreement between the USSR and the republics on the pricing policy and of USSR President M.S. Gorbachev's telegram on the issue, the USSR Goskomtsen and its local offices will take every measure to install certain order in all of this and to protect the shoppers' interests.

Growth, Activities of Commercial Bank

914A0529A Moscow KOMSOMOLSKAYA PRAVDA, in Russian 15 Mar 91 p 3

[Interview with Aleksandr Vladimirovich Shcherbakov, chairman of the board of the Youth Commercial Bank, by Ye. Maksimova]

[Text] To tell the truth, it has been two years since the Youth Commercial Bank first announced itself and its truly Napoleonic plans at the top of its voice from the pages of our newspaper. It was difficult to believe that this undertaking would not burst like a soap bubble: How could the Komsomol vie with business sharks? However, a year had not passed before advertising boards were lit up in the most diverse regions of the country and advertising rollers flashed on televisions announcing that the Finist Bank (as it is now called) is not only alive and healthy but is flourishing.

[Maksimova] Aleksandr Vladimirovich (we were addressing Shcherbakov, this powerful concern's board chairman) one can congratulate you. You have arrived at such success by your second anniversary....

[Shcherbakov] Really, there is something to talk about here. Our assets (1.7 billion rubles) and turnover (2.4 billion rubles) have grown twofold during this time and our profit has grown sixfold! Our resources increased by 70 percent and are now almost 1.5 billion rubles.

The MKB [Youth Commercial Bank] today has 25 branches on the territory of six republics. During last year alone, the bank accepted more than 1,600 clients for combined services.

[Maksimova] And all this under the conditions of the catastrophic slump in the economy and the new legislation being compiled. How did you manage it?

[Shcherbakov] I think that it is due to the fact that we are exerting very energetic efforts to establish a market infrastructure for our clients and partners.

The bank was one of the founders of the Moscow Central Stock Exchange and obtained for itself a permanent seat with the right to open a brokerage house. Thanks to this, we have the opportunity to offer a broad spectrum of services to our clients in the privatization of enterprises. Moreover, we were cofounders of a number of commodity exchanges and the founders of joint-stock insurance companies in Moscow, Tatary and Lipetsk.

[Maksimova] Your bank, although a commercial one, is a youth one. Perhaps, youth is the most unprotected social group under the conditions of forming market relations.

[Shcherbakov] You are correct. Today, one must immediately solve the problems of job placement for VUZ [higher educational institution], SSUZ and school graduates; their wages; and their social protection. We are also concerned about all this. The MKV [International Co-Cooperative Bank] has participated in establishing a youth "labor exchange."

In addition, the Finist Bank's central staff alone granted 187 million rubles of credit in 1990 to increase the production of consumer goods (including those for youth) and to improve the population's service area; 240 million rubles—for the scientific and technical creativity of youth; 8.5 million rubles—for the production and processing of agricultural products; and 12.3 million rubles for the development of art, culture and tourism.

[Maksimova] It is very important to have dependable partners under the conditions of an unstable economy. How is the bank solving this task?

[Shcherbakov] Through membership in various unions and associations where it represents not only its own interests but also the interests of its clients—youth enterprises.

For example, we have concluded an agreement to establish a Russian-American University (RAU) that will have the status of an international nongovernmental organization. The university has developed 24 programs for five of its centers—international security, development and cooperation, cultural and spiritual, medical and health, and information and journalist.

We are participating in the activities of a number of foreign economic and ecological associations and we are also a member of the All-Union Association of Commercial Banks and the Moscow Banking Union.

[Maksimova] As I understand, you deal more with large structures. However, you see, it is known that small business is the basis of the market economy in prosperous Western countries.

[Shcherbakov] According to the estimates of specialists, it is indeed necessary to establish approximately three million small enterprises during the next two-three years in order for the Soviet economy to become a market one and acquire the flexibility and drive required by it. Thirty of these enterprises were established in 1990 in various regions of the country with our help. The bank became one of the founders of the Soviet Fund for the Development and Support of Small Enterprises and the Federation for Aiding the Development of and Supporting Small Business Undertakings in order to support small business.

[Maksimova] Two years ago, you said in the interview with KOMSOMOLSKAYA PRAVDA that you were beginning your work having thought hard about where it was best to invest money and that the main thing for you was not only to receive profit but also to help young enterprises work efficiently. How much have your hopes been justified?

[Shcherbakov] MKB's investment activity has taken shape rather successfully. Let us take the bank's participation in the establishment of the northwest regional commercial association called Kontinent. The association specializes in the production and sale of goods and services for youth. We have invested two million rubles in its regulation fund and MKB has already received 280,000 rubles in income based on the results of its first year of operations.

Last year, we began joint work with the KamAZ [Kama Motor Vehicle Works] Production Association, Tatelektromash Scientific Production Association and Kamgasenergostroy Production Association to organize the production of single use syringes and needles. The design capacity is 120 million syringes and 180 million needles a year.

We are also using such forms of activity as the acquiring of "know-how." For example, the bank acquired scientific and technical documentation and has arranged for the joint production of watches for the blind with the ShTDOM Arsenal branch.

The work of our Novosibirsk branch is progressing very successfully. There, we have supported two concerns: "Kristall, which was jointly established with the Kiselevsk City Soviet (Kuzbass zone)—15 enterprises; and Smena, which was jointly established with the Novosibirsk City Soviet—10 enterprises. These concerns have been called upon to solve social problems. The question of reorganizing the concerns into a joint-stock company is now arising.

Quite a few other interesting ideas are contained in the package of proposals connected with investments.

[Maksimova] I know that you maintain international ties with various banks, firms, public funds, and organizations. How are matters progressing in this direction?

[Shcherbakov] The MKB is the founder of a number of joint enterprises and organizations. Among them are the Soviet-American Miks, the Soviet-Italian Amigo and the international Czechoslovak-Soviet Association Ekofin. You have correctly pointed out that we are devoting a great deal of attention to setting up ties with foreign partners. You see, the radical shift to a market economy can considerably accelerate the attraction of foreign capital and investment into our country.

[Maksimova] Tell me, what is the average age of workers in the Youth Commercial Bank and who are they?

[Shcherbakov] The average age of our employees is 35. Young specialists eagerly come to us because their enterprise, initiative and independence are rewarded in every way possible here. We pay a great deal of attention to improving the workers' qualifications—this includes study abroad in accelerated courses on foreign languages and the computerization of banking operations. Almost all bank employees have a higher economic education and there are candidates of sciences.

Therefore, if you wish your business to be efficient, apply to the following address: Moscow, 119048, Khamovnicheskiy Avenue, 34, Youth Commercial Bank. Telephone: 242-02-82, Fax: 242-01-26.

The first youth commercial bank in the country—Finist Bank—is waiting for new clients!

POLICY, ORGANIZATION

RSFSR Decree on Enterprise Change From Union to Russian Jurisdiction

914A0538B Moscow KOMMERSANT in Russian No 4, 21-28 Jan 91 p 5

[Article by Mikhail Grigoryev: "Union Enterprises May Become Russian. Well, if They Like"]

[Text] **On 21 January, RSFSR Council of Ministers Resolution No. 35 approved the statute: "On the RSFSR State Committee on Administration of State Property" (GKI).**

The committee's tasks include the regulation of denationalization and privatization of state property, as well as regulation of the transition by enterprises currently under union jurisdiction to Russian jurisdiction.

On 22 January, RSFSR Council of Ministers Resolution No. 37 approved the statute on the order of changeover of union enterprises to republic jurisdiction.

Basic Principles of RSFSR Council of Ministers Resolutions on the State Committee for Administration of Property (GKI) and on the Order of Changeover of Enterprises Currently Under Union Jurisdiction to RSFSR Jurisdiction:

- The committee is in fact subordinate to the republic Council of Ministers.
- The committee will resolve questions related to the changeover of union enterprises to RSFSR jurisdiction, as well as questions associated with the transition of Russian enterprises to collective or stockholding ownership or leasing.
- The committee does not have the right to interfere in the economic management activity of the enterprises.
- In the changeover of union enterprises to republic jurisdiction, the property of these enterprises is handed over for ownership by the RSFSR without compensation.
- Upon refusal of the ministry or department to hand over an enterprise to the republic, the final decision will be made by the RSFSR GKI.
- Property disputes between the enterprises and the ministries will be resolved by the Russian State Board of Arbitration.

Among the problems which the newly created committee will have to solve, experts cite two primary ones. First of all, this is the changeover of union enterprises—at their own volition—to republic ownership. This problem is one of the most important ones in ensuring real economic sovereignty.

At the present time, the basis of Russia's industrial potential—approximately 80 percent—is comprised of enterprises under union jurisdiction.

One other principle direction of the GKI's activity is the transformation of federally owned enterprises to stockholding, leasing, and private enterprises.

Moreover, the committee will hire managers for enterprises which will remain under federal ownership but will be included in the system of RSFSR ministries, and will also appoint official representatives to the administrative agencies of the stockholding societies—in cases where the state holds part of the stock.

By its 22 January resolution, the Russian Council of Ministers defined the order of transition for enterprises of union jurisdiction which want to change over to Russian jurisdiction.

For this, the enterprise must present the following to the GKI or to the organization authorized by this committee: the decision of the general meeting (conference) of the enterprise labor collective regarding changeover to the jurisdiction of RSFSR state administrative agencies; information on the enterprise, the status of its financial-economic management activity, material-technical supply, as well as a bookkeeping report for the last reporting period; information on the timetable for changeover by the enterprise; a promise to fulfill product deliveries in accordance with the state order and the established economic relations.

The above-listed documents are signed by the enterprise manager, the chairman of the labor collective, and the chairman of the trade union committee.

The packet of documents, aside from the GKI, must also be sent to the ministry or concern of which the enterprise is a part, as well as to the local Soviet.

Upon refusal of the ministry, association or concern to hand over the enterprise to RSFSR administration, the final resolution of this question is made by the Russian GKI.

The property of enterprises being transferred to Russian jurisdiction is handed over to republic ownership without compensation.

All property disputes arising between the enterprises and ministries, concerns and associations are resolved by the Russian State Board of Arbitration.

Experts note that a rather important circumstance is the fact that the final resolution of the question of transfer of the enterprises to Russian jurisdiction, as well as the resolution of property disputes, remains with the Russian agencies—specifically with the GKI and the State Board of Arbitration. This provides a certain guarantee that Russian priorities will be observed in various conflict situations which will inevitably arise in the near future.

Moreover, as observers note, we do not know how the union leadership will react to the process of changeover

of the enterprises. In this connection, we may get the impression that Russia is knowingly moving toward such possible conflict.

At the same time, certain independent economists note that according to the resolution on the GKI, the administration of state property will be implemented not directly by the legislative agency—the parliament, but in a mediated fashion, through the executive agency—the Council of Ministers. The GKI chairman has the right to issue directives within the limits of his sphere of competency, i.e., in fact be in charge of all Russian property. In this case, he is answerable only to the prime minister, whose deputy he is according to his position.

The same scheme is proposed for creating committees for administration of state property in the RSFSR republics, autonomous oblasts, okrugs, krays and oblasts. Thus, the committees in the lower state formations will not be directly subordinate to the Russian GKI, but rather through the structures of executive power in which they will be created. In the opinion of experts, such a scheme leads to dual subordination of committees, which will significantly hinder the fulfillment of decisions and, quite probably, will lead to the emergence of dispute situations.

The approved statute also rejects the principle of collectivity of decision making which was proposed, specifically, in the draft developed by economist Grigoriy Yavlinskiy's group. His draft provided for creating a GKI administrative council by analogy with the board of directors of large companies.

In the opinion of experts, the approved structure and powers of the GKI practically hand over the resolution of extremely urgent questions to one man—the GKI chairman. This, in turn, may complicate optimal decision-making.

Ukrainian Law on Business Undertakings Issued

Text of Law

914A0549A Kiev PRAVDA UKRAINY in Russian 5 Mar 91 p 3

[Law of the Ukrainian SSR enacted by the UkSSR Supreme Soviet in Kiev on 7 February 1991 and signed by L. Kravchuk, president of the UkSSR Supreme Soviet: "Law of the Ukrainian Soviet Socialist Republic on Business Enterprise"]

[Text] This law defines the general legal, economic, and social principles governing the performance of entrepreneurial activity (business enterprise) by individuals and juridical persons on the territory of Ukrainian SSR and establishes the guarantees of the freedom of business enterprise and of its support by the state.

Section I. General Provisions

Article 1. Business Enterprise in Ukrainian SSR

Business enterprise means independent initiative, systematic activity at the person's own risk in production of products, performance of jobs, rendering of services, and the carrying on of trade in order to realize profit.

Article 2. Principals in Entrepreneurial Activity

Principals in entrepreneurial activity (entrepreneurs) may be the following:

- individuals who are citizens of Ukrainian SSR and other states whose capacity to conduct legal transactions and competence have not been limited by law;
- juridical persons under all forms of ownership as established by the UkSSR Law on Property.

With respect to juridical persons and individuals for whom entrepreneurial activity is not their principal activity, this law applies to that portion of their activity which is entrepreneurial in its nature.

The following categories of individuals may not engage in entrepreneurial activity: military personnel, officials of the procurator's office, the courts, the state security service, the internal affairs department, state arbitration, the system of state notary's offices, nor officials of the bodies of government and administration responsible for monitoring the activity of enterprises.

Persons who have been prohibited by a court from engaging in a particular activity may not be registered as entrepreneurs with the right to carry on that particular type of activity before expiration of the period fixed in the verdict of the court.

Persons who have an unexpunged court record for theft, bribery, or other crimes for gain may not be registered as entrepreneurs, may not figure as cofounders of an entrepreneurial organization, nor may they hold supervisory positions and positions involving material liability in companies and associations of companies.

Article 3. Freedom of Entrepreneurial Activity

Entrepreneurs have the right without restriction to make decisions and carry on any independent activity that is not against current legislation.

The particular aspects of regulating particular types of business enterprise are set forth in legislation of Ukrainian SSR.

The list of types of activity subject to licensing and also the list of types of activity in which business enterprise is not allowed because of the higher standards as to the safety of operations and the need to centralize administrative functions are to be approved by the UkSSR Supreme Soviet upon submittal by the UkSSR Council of Ministers.

Article 4. Restrictions on the Performance of Entrepreneurial Activity

The activity of manufacturing and selling narcotics, weapons, and explosives and also that of manufacturing securities and bank notes may be performed only by state enterprises, but operations with secured loans may also be conducted in companies with expanded responsibility.

The following may not be engaged in without a specific permit (license) issued by the UkSSR Council of Ministers or body it authorizes:

- exploration (prospecting) and exploitation of mineral deposits;
- repair of sharpshooting, hunting, or other firearms;
- the manufacturing and sale of medicines and chemicals;
- the manufacturing of beer and wine;
- the manufacturing of spirits, liqueurs, and brandy products;
- the manufacturing of tobacco products;
- medical practice;
- veterinary practice;
- legal practice;
- the creation and maintenance of gambling establishments, the organization of games of chance;
- trade in alcoholic beverages.

The permit (license) to engage in entrepreneurial activity is issued by the UkSSR Council of Ministers or entity it authorizes within a period not to exceed 30 days from the date when the application is received.

Rejection of an application for a permit (license) is issued within the same period of time and is a written document.

Disputes concerning rejection of an application for a permit (license) are taken up by a court or arbitration commission.

The duties of an enterprise include the performance of natural conservation measures, including recultivation of land and reestablishment of forests after their use, helping to reduce the adverse consequences for the environment caused by production. The enterprise finances these measures from its own resources. The enterprise is responsible for optimum use of all natural resources and reimburses costs of restoration and conservation of natural resources.

Article 5. Principles Governing Entrepreneurial Activity

Business enterprise is conducted on the basis of the following principles:

- free choice of types of activity;
- attraction on a voluntary basis of the property and resources of juridical persons and individuals to join in carrying on entrepreneurial activity;
- independent drafting of a program of activity and selection of suppliers and consumers of the product produced and the setting of prices pursuant to legislation;
- the free hiring of workers;
- recruitment and use of material-and-technical, financial, labor, natural, and other types of resources whose use is not prohibited or not limited by legislation;
- free disposition of the profit remaining once payments established by legislation have been made;
- independent performance by an entrepreneur who is a juridical person of foreign economic activity, and use by any entrepreneur of the share of foreign exchange proceeds to which he is entitled at his own discretion.

Article 6. Organizational Forms of Business Enterprise

Business enterprise in Ukrainian SSR is conducted in any organizational form, at the choice of the entrepreneur.

The procedure governing the creation, activity, reorganization, and liquidation of the various organizational forms of business enterprise is defined in the respective legislative enactments of Ukrainian SSR.

If this procedure has not been set forth in the specific legislation, the entrepreneur is to be guided by this Law and his own bylaws.

Article 7. Legislation on Entrepreneurial Activity

Relations concerning performance of entrepreneurial activity are regulated by this Law and other legislative enactments of Ukrainian SSR.

Section II. Conditions Under Which Entrepreneurial Activity Is Conducted

Article 8. State Registration of Business Enterprise

State registration of business enterprise is performed in the executive committee of the rayon, city, or city-rayon soviet of people's deputies for the place of activity or the place of residence unless legislative enactments of Ukrainian SSR provide otherwise.

The following documents are submitted to the executive committee of the respective soviet of people's deputies for state registration of business enterprise:

- the entrepreneur's application;
- the decision of the founder and the bylaws, if this is required for the organizational form of business enterprise being created;
- other documents (in the cases envisaged by legislation in effect for the particular organizational forms of business enterprise).

The certificate of registration is issued by the body that does the registration within one month. At the same time, that body submits to the relevant tax inspectorate and state statistical component information on the participant in business enterprise that has been registered.

The state statistical service establishes codes for the participant in entrepreneurial activity.

State registration of a participant in business enterprise may be refused only on grounds of a breach of procedure for its creation as set forth in legislation of Ukrainian SSR. It is not permitted for state registration of a participant in business enterprise to be refused on grounds of pointlessness.

Refusal of state registration may be appealed in the courts.

A charge is paid for state registration in the amount fixed by the UkSSR Council of Ministers depending on the identity of the participant in business enterprise, the organizational form that has been chosen, and the type of entrepreneurial activity. The local soviet of people's deputies has the right to establish a preferential charge for state registration.

The funds collected are credited to the local budget for the place where the entrepreneur is registered.

Legislative enactments of Ukrainian SSR may set forth other rules governing state registration of particular organizational forms of business enterprise.

Article 9. The Right To Hire Workers and Social Welfare Guarantees Related to the Use of Their Work

In order to perform entrepreneurial activity, the entrepreneur has a right to conclude with individuals contracts concerning use of their labor. In connection with conclusion of an employment agreement (contract), the entrepreneur is required to provide working conditions, workplace health and safety, and remuneration at least equal to the minimum level established in the republic, along with other social welfare guarantees, including social and medical insurance and social security pursuant to legislation in effect.

In case of disability, the entrepreneur reimburses the victim for costs in the cases and according to the procedure envisaged by current legislation.

Article 10. Accountability of Participants in Entrepreneurial Activity

The entrepreneur has an obligation not to cause damage to the environment and not to violate the rights and interests of individuals, enterprises, institutions, organizations, and the state which are protected by law.

The entrepreneur bears property liability and other accountability as established by law for the damage and losses he has caused.

On the basis of a creditor's claim or demand of the procurator's office or other bodies envisaged by legislation, the participant in business enterprise may be declared bankrupt by a court or arbitration commission if the property belonging to him is not sufficient to cover his debts and there is no possibility of the enterprise's financial recovery.

Article 11. Termination of Entrepreneurial Activity

The entrepreneur's activity is terminated as follows:

- on the entrepreneur's own initiative;
- on the basis of the decision of a court or arbitration commission;
- when the validity of the license expires;
- in cases of bankruptcy;
- and on other grounds envisaged by legislative enactments of Ukrainian SSR.

Section III. The Entrepreneur and the State

Article 12. General Guarantees of the Rights of Entrepreneurs

The state guarantees all entrepreneurs equal rights regardless of the organizational forms of entrepreneurial activity they have chosen and creates equal opportunities for access to material-and-technical, financial, labor, information, natural, and other resources.

Material and technical and other resources centrally distributed by the state are furnished only under the provision that the entrepreneur is performing jobs and making deliveries for the needs of the state.

In the cases envisaged by law, the entrepreneur or individual hired to work for the entrepreneur may be recruited to perform state duties during working hours. The body that makes that decision reimburses the enterprise for the relevant losses.

Disputes about reimbursement of losses are decided by a court or arbitration commission, whichever has jurisdiction.

Article 13. Guarantees of the Property Rights of the Entrepreneur

The state guarantees the inviolability of the entrepreneur's property and provides protection of his right of ownership.

It is not permitted for the state to confiscate from the entrepreneur his fixed and working capital and other property he is using except in cases envisaged by legislative enactments of Ukrainian SSR.

Losses incurred by the entrepreneur because individuals, juridical persons, and state entities have violated his property rights protected by law are reimbursed to the entrepreneur pursuant to current legislation.

Article 14. State Support of Business Enterprise

For the purpose of creating favorable organizational and economic conditions for development of business enterprise, the state:

- under the conditions and according to the procedure envisaged by current legislation, furnishes plots of land and transfers state property to the entrepreneur

(production space and nonresidential space, mothballed projects and installations and those whose construction has not been completed, and unused equipment) necessary for performance of entrepreneurial activity;
- pursuant to Article 12 of this Law, assists the organization of material and technical supply and information services of entrepreneurs and the training and retraining of personnel;
- does the original development of undeveloped areas, providing the facilities of the production infrastructure and social infrastructure, including their sale or transfer to the entrepreneurs on credit;
- by means of economic instruments (earmarked subsidies, tax benefits, etc.), stimulates modernization of technology, innovative activity, and the assimilation of new products and services;
- extends special-purpose credits to entrepreneurs;
- and provides other types of assistance to entrepreneurs.

Article 15. State Regulation of Business Enterprise

In its legislation, the state guarantees the freedom of competition among entrepreneurs and protects consumers against manifestations of unfair competition and monopolism in all spheres of entrepreneurial activity.

State administrative agencies structure their relations with entrepreneurs using the following:

- tax policy and financial policy, including the establishment of tax rates and interest rates on state credit; tax benefits; prices and pricing regulations; earmarked subsidies; the exchange rate; and the amounts of economic penalties;
- state property and the system of reserves, licenses, concessions, leasing, and social welfare, environmental, and other standards and quotas;
- scientific-technical, economic, and social welfare programs at the level of the republic and region;
- contracts for performance of jobs and deliveries to meet the needs of the state.

Intervention of state agencies in the business activity of entrepreneurs is not permitted unless that activity affects the rights, as envisaged by legislation of Ukrainian SSR, to monitor the activity of entrepreneurs.

State agencies and officials may issue instructions to entrepreneurs only in keeping with their jurisdiction as established by legislation. If documents are issued by a state agency or other entity that are not in line with their jurisdiction or the requirements of legislation, the entrepreneur is entitled to petition a court or arbitration commission to declare such document invalid.

The loss suffered by an entrepreneur because he has carried out the instructions of state or other agencies or their officials, which have violated the rights of the entrepreneur, and also as a consequence of the improper performance by such agencies or their officials of duties toward the entrepreneur envisaged by legislation, are subject to reimbursement by those entities. Disputes on reimbursement of loss are decided by a court or state arbitration commission.

Article 16. Activity of Foreign Entrepreneurs

Foreign nationals and stateless persons carrying on entrepreneurial activity on the territory of Ukrainian SSR, on its continental shelf, and in the exclusive (maritime) economic zone enjoy the same rights and bear the same responsibilities as citizens of Ukrainian SSR, unless otherwise provided by the Ukrainian SSR Constitution, the present Law, and other legislative enactments of Ukrainian SSR.

The particular aspects of conducting entrepreneurial activity on the territory of Ukrainian SSR, on its continental shelf, and in the exclusive (maritime) economic zone by foreign juridical persons are defined by legislative enactments of Ukrainian SSR.

Article 17. International Treaties

If an international treaty of Ukrainian SSR establishes other rules than those envisaged by legislation of Ukrainian SSR on business enterprise, the rules of the international treaty apply.

Decree on Law's Implementation

914A0549B Kiev PRAVDA UKRAINY in Russian 5 Mar 91 p 3

[Decree of the UkSSR Supreme Soviet issued in Kiev on 26 February 1991 and signed by L. Kravchuk, president of the UkSSR Supreme Soviet: "Decree on Procedure for Implementing the UkSSR Law on Business Enterprise"]

[Text] The Supreme Soviet of the Ukrainian Soviet Socialist Republic decrees as follows:

1. The UkSSR Law on Business Enterprise takes effect on 1 March 1991.

2. The USSR Law on Enterprises in the USSR, the USSR Law on Self-Employment, and the USSR Law on the Cooperative in the USSR are valid on the territory of the republic insofar as they do not contradict the UkSSR Law on Business Enterprise.

3. The UkSSR Council of Ministers is instructed as follows:

- by 1 July 1991, to submit to the UkSSR Supreme Soviet proposals for bringing legislative enactments of Ukrainian SSR into conformity with the UkSSR Law on Business Enterprise, to bring decisions of the republic's government into conformity with the present Law, and also to see that ministries and departments of Ukrainian SSR revise and rescind their normative acts that contradict this Law;
- by 15 April 1991, to define the procedure for licensing particular types of entrepreneurial activity of enterprises, organizations, and individuals.

Tajik Law on State Registration of Enterprises, Registration Fees

Text of Law

914A0562A Dushanbe KOMMUNIST TADZHIKISTANA in Russian 28 Feb 91 p 2

["Law of the Tadzhik Soviet Socialist Republic on State Registration of Enterprises in the Tadzhik SSR and Collection of Registration Fees Therefrom"]

[Text]

Article 1. State registration of enterprises in the Tadzhik SSR

1. State enterprises (complexes, associations, concerns, and others), leased and small enterprises, as well as enterprises of public organizations are considered to be viable and acquire the right of a legal entity from the day of registration.

State registration of enterprises, irrespective of the form of ownership and their departmental subordination, is implemented by the executive committee of district, municipal, and municipal district Council of People's Deputies, depending on the location of the enterprise, unless otherwise provided for by legislative acts of the Tadzhik SSR.

Data obtained on an enterprise by the state registration are transmitted within a ten-day period to the Ministry of Finance of the Tadzhik SSR for inclusion into a consolidated state register.

2. In order to complete state registration of an enterprise, the appropriate executive committee of the Council of People's Deputies is given the documentation about the enterprise's establishment, its charter, and other documents, pursuant to a list compiled by the Government of the Tadzhik SSR.

State registration of enterprises should take place no later than thirty days from the time the application, with attached required documents, is submitted to the appropriate executive committee of the Council of People's Deputies.

Denial of state registration to an enterprise may occur on grounds of violation of legislative acts of the USSR and the Tadzhik SSR regarding the establishment of the enterprise or incompatibility of the constituent acts (documents) with legislative requirements. An enterprise may not be denied state registration on grounds of unsuitability as to its establishment.

If state registration of an enterprise does not take place within the designated period of time or is denied for reasons that the founder of the enterprise deems unsubstantiated, he may appeal to the court.

Article 2. Amounts of fees for state registration

For state registration, the fees are levied in accordance with the following schedule:

- state enterprises and complexes with up to 2,000 personnel—2,000 rubles;
- state enterprises and complexes, associations, concerns, trusts, and other associations based on industrial branch, territorial, or other principle, having 2,000 personnel or over—5,000 rubles;
- subsidiaries, as well as affiliated organizations, representative enterprises, departmental, and other separate subordinate organizations—1,500 rubles;
- leased enterprises (associations), and enterprises established through separation from established enterprises, and organizations having one orseveral defined subordinate organizations—1,500 rubles;
- enterprises established as a defined entity of an association—1,000 rubles;
- joint stock companies and commercial organizations and firms—1,000 rubles;
- small enterprises (regardless of the form of ownership)—500 rubles;
- kolkhozes—2,000 rubles;
- production and agricultural cooperatives established in the facilities of liquidated enterprises—1,000 rubles;
- production and agricultural cooperatives established independently or incorporated into enterprises, organizations, or institutions, as well as affiliates and representatives of cooperatives, unions (associations)—500 rubles;
- consumers' cooperatives (except, consumers' organizations and their associations)—500 rubles;
- consumers' organizations and their associations—2,000 rubles;
- enterprises of public organizations—1,000 rubles.

In the event of reorganization or name changes of enterprises, cooperatives, and enterprises of social organizations, or changes in the Charter or physical location—250 rubles.

Article 3. Exemptions from payment for state registration

1. The following enterprises, cooperatives, and enterprises of public organizations are exempt from paying for state registration:

- those which employ 50 percent or more disabled persons;
- those which provide services for child care or provide care for the disabled or sick;
- those which produce special goods for the disabled or elderly, or provide charitable services;
- student enterprises or student cooperatives.

Article 4. Accountability of funds

Funds for state registration are included in the budgets of districts, cities, and municipal districts, based on place of registration.

[Signed] K. Makhkamov, President, Tadzhik SSR, Dushanbe, 21 February 1991.

Decree on Law's Implementation

914A0562B Dushanbe KOMMUNIST TADZHIKISTANA in Russian 28 Feb 91 p 2

["Decree of the Supreme Soviet of the Tadzhik SSR on: 'Implementing the Law of the Tadzhik SSR on State Registration of Enterprises in the Tadzhik SSR and Collection of Registration Fees Therefrom'"]

[Text]

On Implementing the Law of the Tadzhik SSR on: "State Registration of Enterprises in the Tadzhik SSR and Collection of Registration Fees Therefrom."

The Supreme Soviet of the Tadzhik Soviet Socialist Republic **decrees:**

1. that the Law of the Tadzhik SSR on "Implementing State Registration of Enterprises in the Tadzhik SSR and Collection of Registration Fees Therefrom" will be effective as of March 1, 1991.

2. that state registration is mandatory for enterprises, complexes, associations, concerns (affiliates, divisions, and other special subordinate organizations), as well as enterprises of public organizations irrespective of when they were established.

3. Enterprises, complexes, associations, concerns, kolkhozes and cooperatives (affiliates, divisions, and other special subordinate organizations), and enterprises of public organizations, established and operating prior to the implementation of this Law, are obliged to register with the appropriate organs, depending on their physical location, prior to July 1, 1991.

4. that the Cabinet of Ministers of the Tadzhik SSR, prior to May 1, 1991, is charged with approving the list of documents to be presented for state registration to the executive committees of the appropriate Councils of People's Deputies.

[Signed] K. Aslonov, Chairman, Supreme Soviet of the Tadzhik SSR, Dushanbe, 21 February 1991.

Uzbek Draft Law on Business Undertakings

914A0501A Tashkent PRAVDA VOSTOKA in Russian 9 Jan 91 p 2

[Draft law of Uzbek SSR on Commercial Enterprise in Uzbek SSR]

[Text] This law will define the legal conditions of the organization, operation, and development of commercial enterprise in the Uzbek SSR.

The law will guarantee the economic and legal autonomy of entrepreneurs, define their rights and responsibilities, and regulate their relations with other enterprises and organizations and with state administrative bodies.

The law is intended to accelerate the establishment and development of market relations based on the thorough exercise of citizens' commercial abilities, the intensification of their commercial activity, and the establishment of legal guarantees of the development of commercial enterprise.

The law will aid in establishing the necessary conditions for the free choice of forms of property ownership and management, the equality of their operations, their cooperation, and their free competition.

Section I. General Provisions

Article 1. Commercial enterprise

1. Commercial enterprise is enterprising economic activity, within the framework of existing laws, conducted by the owners of property at their own risk and with their own property for the purpose of deriving a profit.

2. Commercial enterprise in the Uzbek SSR will be carried out in the following ways:

—on the basis of the entrepreneur's own property;

—on the basis of the entrepreneur's use of various methods of attracting the property of other citizens and legal entities;

—on the basis of the entrepreneur's use of state property and the property of public organizations;

—on the basis of combinations of the forms listed above.

3. Commercial enterprise in any form can be based on the personal and direct participation by the property owner in the production process or on the use of the hired labor of other citizens.

4. The property of the entrepreneur will come into being as a result of the acquisition of state property or the property of public organizations by an individual or a group or the transfer of this property to the ownership of an individual or group, the payment of the final installment on leased property, or its acquisition by other legal methods entailing the entrepreneur's use of personal savings and bank credit, or a combination of the forms listed above.

Article 2. Legislation on commercial enterprise

The relations connected with commercial enterprise, regardless of the form of ownership, type of operations, or sectorial specialization, will be regulated by this law and by other legal instruments of the Uzbek SSR.

Foreign economic activity will be regulated by special laws.

In the case of state organizations, self-managed organizations, and public and religious organizations whose

main functions are not related to commercial enterprise, this law will apply only to the portion of their activity that is commercial in nature.

Article 3. General principles of commercial enterprise

The general principles of the development of commercial enterprise in the Uzbek SSR are the following:

—the entrepreneur's freedom to use his property to conduct any kind of business activity not prohibited by law;

—the entrepreneur's autonomy in routine economic activity (the choice of suppliers and clients, the pricing of products, projects, and services, etc.) and the distribution of its results;

—the equality of all types of economic-production operations by entrepreneurs before the law, regardless of forms of ownership;

—the voluntary organization of commercial enterprise and the hiring of personnel;

—the declarative form of reports on income to financial agencies, regardless of sources and methods of attainment, and financial liability to the state for the concealment (or understatement) of enterprise income by entrepreneurs and their personnel.

Article 4. Subjects of commercial enterprise

The subjects of commercial enterprise can be the following:

—any citizen of the Uzbek SSR and USSR whose choice of livelihood is not limited in the manner prescribed by law;

—a group of citizens (or partners), including the labor collective of a state, cooperative, or other enterprise—the collective entrepreneur;

—any citizen of another state, within the confines of the powers granted by existing laws.

Business activity cannot be conducted by the officials of state executive and administrative bodies and other individuals prohibited from engaging in this activity by the laws of the Uzbek SSR.

Article 5. Forms of commercial enterprise

The forms of commercial enterprise are the following:

Private commercial enterprise, undertaken by the individual citizen at his own risk and responsibility;

Collective enterprise, undertaken by a group of citizens (or partners). Collective commercial enterprise can be conducted by an association (or partnership) with limited liability, a joint-stock company, a leased collective, or the labor collective of a state enterprise.

Section II. The Bases of Commercial Activity

Article 6. Commercial organization (or firm)

To conduct commercial activity, the entrepreneur will establish (or found) commercial organizations (or firms) registered in accordance with Article 11 of this law.

Article 7. Rights of entrepreneur

1. Each citizen (or group of citizens or partners) will have rights equal to all other subjects of economic activity to do the following:

—initiate and conduct commercial activity by establishing, founding, acquiring, or converting enterprises and organizations, with the observance of all conditions stipulated in existing laws;

—solicit the property and money of other legal entities and citizens on a voluntary basis for the performance of this activity;

—draw up a production program autonomously, choose suppliers and clients, and set the prices of products and services on the basis of concluded agreements;

—attract and use all types of resources, including material, financial, intellectual, and natural, unless the laws of the Uzbek SSR stipulate otherwise;

—have branches, subsidiaries, and representative agencies in the Uzbek SSR, the USSR, and abroad;

—issue stock and other securities in accordance with the existing laws of the Uzbek SSR;

—hire and fire personnel autonomously in accordance with the existing laws of the Uzbek SSR;

—set the rules of internal operations in the commercial organization;

—freely dispose of the profits of the commercial organization, announced (or declared) publicly for taxation and remaining after the payment of taxes and the fulfillment of other obligations;

—earn unlimited amounts of personal income, taxable in accordance with the laws of the Uzbek SSR;

—be eligible for the social security and social insurance benefits of entrepreneurs in accordance with the laws of the Uzbek SSR.

2. When the entrepreneur concludes agreements with partners and suppliers, he has the right to request documents on their financial status, certified by an independent auditing organization, or other types of guarantees.

3. The entrepreneur or his authorized representatives will have the right to question the actions of other economic administrators and the claims and sanctions imposed against him in the established manner, with the exception of those imposed unconditionally in accordance with existing legislation.

Article 8. Obligations of entrepreneur

The entrepreneur is obligated to do the following:

—fulfill all commitments stemming from existing laws and the agreements he concludes;

—conclude labor agreements (or contracts) with hired personnel in accordance with existing laws;

—pay full wages to all personnel hired in accordance with concluded agreements, regardless of the financial status of the enterprise;

—arrange for the social insurance of hired personnel;

—take timely conservation measures to rectify the damages incurred by the environment as a result of his activity;

—fulfill all of the conditions of economic activity envisaged by law with regard to the protection of human life and health and the conditions of equipment safety, and observe sanitation requirements, fire safety regulations, and environmental protection laws;

—institute the measures envisaged in the collective agreement for the social development of the labor collective and the protection of mothers and children;

—arrange for the performance of economic activity by individuals with the necessary skills if this is required by other laws or is connected with the kind of operations that might jeopardize human health and life or the environment.

Article 9. Liability of entrepreneur

1. In accordance with existing laws, the entrepreneur will be responsible for the observance of the laws of the Uzbek SSR, tax, financial, and credit obligations, and negotiated agreements, and will be liable for violations of property rights, the sale of substandard goods to consumers, the pollution of the environment, and unfair competition.

2. The entrepreneur will have the right to establish his commercial organization with varying degrees of property liability. He will bear a corresponding responsibility to his creditors with his personal property and real estate.

The entrepreneur's property liability can be limited by a contract with the property owner.

The payment of fines and forfeits for the violation of contractual terms and reimbursement for losses will not exempt the entrepreneur from the responsibility to ship products, complete projects, or render services.

3. Property claims will extend to the entrepreneur's heirs, but will be limited to the property they inherit.

Section III. Establishment, Founding, and Conversion of Commercial Organization (or Firm)

Article 10. Establishment of commercial organization (or firm)

1. The commercial organization (or firm) can be established as a new enterprise or can be the result of a conversion (reorganization, division, or merger) of existing enterprises, regardless of the form of ownership.

When an entrepreneur establishes an enterprise (or firm) by converting an existing enterprise, he represents the legal successor to the owner of the converted enterprise, and the obligations of the owner of the converted enterprise are transferred to the owner of the new enterprise (or firm), unless otherwise stipulated in a special agreement (or contract).

2. A state enterprise or its subdivision can be converted into a commercial organization in the following ways:

—the transfer of its property to the entrepreneur for free;

—the purchase of its property by the entrepreneur;

—the rental of its property;

—the establishment of a mixed commercial organization (joint venture) by the state enterprise with full or limited property liability;

—the acquisition of the controlling stock;

—other methods consistent with the laws of the Uzbek SSR.

Article 11. State registration

1. The entrepreneur will be obligated to register his commercial organization in the executive committee of the rayon, city, or municipal rayon soviet of people's deputies in the location of the enterprise.

State registration (or the denial of the application for registration) must be completed within a month after the entrepreneur has submitted a declaration of intention to establish an enterprise, stating its name and attaching a copy of the enterprise charter.

State registration will not be refused on the grounds of the inexpediency of establishing the enterprise. The refusal of the executive committee can be appealed in a court of law.

The entrepreneur applying for the state registration of a commercial organization will be charged a fee in an amount set by the Uzbek SSR Cabinet of Ministers, which will be added to the local budget in the location of the enterprise's registration.

Executive committees of soviets of people's deputies will report the registration of commercial organizations to the Uzbek SSR Ministry of Finance within 10 days for

inclusion in the republic directory, as well as to the financial organ in the location of the enterprise's registration.

Within two months after the registration of the commercial organization, the entrepreneur must inform the executive committee of the soviet of people's deputies of the location of the commercial organization and its trademark (or service mark).

2. The commercial organization will be considered established and will acquire the rights of a legal entity at the time of state registration.

3. Activity by unregistered commercial organizations is prohibited, and their income will be confiscated by the state in accordance with the laws of the Uzbek SSR.

4. The commercial organizations of foreign entrepreneurs and stateless individuals and the commercial organizations co-owned by foreign legal entities and citizens will also be registered in the appropriate organs of the Uzbek SSR State Registration Commission.

5. Within 30 days the entrepreneur will inform the registering executive committee of the local soviet of people's deputies of changes in the actual and legal status of the commercial firm following state registration and concerning the documents submitted for registration.

Article 12. Conditions of commercial competition

1. The goods introduced into economic circulation by the entrepreneur must be labeled with the name of the firm or its logo, the location of the commercial organization, and other descriptive information.

2. The use of the names and trademarks of other firms and any other data resulting in the confusion of one producer's goods with the goods of other manufacturers will not be permitted. Disputes arising in this connection will be settled in a court on the basis of existing laws.

3. The state will guarantee free competition on a legal basis, through law enforcement and financial agencies, and will protect consumers from violations of their rights and signs of monopoly practices in any sphere of commercial activity.

In the event of actions intended to undermine a competitor's reputation and any secret agreements between entrepreneurs on production quotas, the division of supply and sales markets, and the maintenance of high or low monopoly prices for the purpose of limiting free competition, the court will order that entrepreneurs pay a fine ranging from 10,000 to 100,000 rubles, and all of the profits derived as a result of these unlawful actions will be confiscated for deposit in the local budget.

Article 13. Liquidation of commercial organization (or firm)

1. The operations of the commercial organization will be terminated in the following cases:

—by a decision of the owner of the commercial firm;

—in the manner envisaged in the charter or contract;

—in the event of the expiration of a license or permit;

—in the event of the bankruptcy of the commercial organization if the outstanding debts exceed the assets of the commercial organization (or company) and the debts are not paid within a month following the demand for payment;

—in the event of the association of entrepreneurs (or commercial organizations);

—if commercial activity has not begun within three months following registration;

—by a decision of a court or arbitration board.

2. The liquidation of a commercial organization must be officially announced in the press and to republic registration bodies a month in advance.

The individual making the decision to liquidate will appoint a liquidation commission to manage the commercial organization during the liquidation process.

3. The liquidation commission will appraise the property of the commercial organization and draw up a liquidation balance sheet.

Creditors must submit their requests for payment to the commercial organization to be liquidated within three months after the liquidation announcement has been published.

4. The debts of the commercial organization will be paid in the following sequence:

—a fee to be paid in monthly installments to the social security establishment to cover damages caused by the commercial organization;

—budget debts;

—compensation for environmental damages;

—payments to creditors presenting their bills on time;

—payments to other creditors.

5. If the property of the commercial organization is not sufficient to satisfy the claims of creditors, in accordance with the established liability of the owner (entrepreneur or co-owner), the demands of creditors will be satisfied with the property of the owner (entrepreneur) or the property of the co-owners in proportion to their share of the investment in the commercial organization.

The portion of the claims of creditors exceeding the property of the commercial organization and its owner (entrepreneur or co-owner) will be paid on a proportional basis.

6. The demands of creditors (or a portion of these demands) ruled invalid by the liquidation commission

will be cancelled if the denial of the claim is not appealed in a court, official arbitration commission, or arbitration tribunal within a month following the receipt of the denial.

7. The rights of the personnel of a liquidated commercial organization will be guaranteed by the laws of the Uzbek SSR.

8. The property of the commercial organization remaining after creditors' demands have been satisfied and hired personnel have been paid will be kept by the owner or will be divided among the co-owners in proportion to their investment in the enterprise.

9. The commercial organization will be considered liquidated after it has been deleted from the republic register of the state directory.

Section IV. Regulation of Relations Between Entrepreneurs and the State

Article 14. Relations between entrepreneurs and administrative bodies

1. State administrative bodies will base their relations with the entrepreneur on the following:

—tax, financial, and credit policies, including the setting of tax rates and interest rates on state credit, tax privileges, pricing rules, standard amortization deductions, and the amounts of economic penalties;

—state property and reserve funds, licenses, concessions, leases, and social, ecological, and other standards and regulations;

—foreign trade and monetary policy;

—state requisitions;

—statewide, republic, and regional programs.

2. State agencies and officials will issue orders to entrepreneurs only within the limits of their legal jurisdiction. If a state organ publishes a document exceeding its jurisdiction or violating the law, the entrepreneur will have the right to petition the court for the invalidation of this document.

3. Administrative bodies empowered by law to regulate the entrepreneur's relations with the state must guarantee entrepreneurs equal rights of access to material, financial, labor, informational, and natural resources on the basis of competition and compensation.

4. Commercial organizations voluntarily accepting state requisitions will be provided by the requisitioning body with material and technical resources in the amount needed for the completion of the order unless the contract stipulates otherwise.

5. The state will support free economic activity and commercial enterprise by financing the establishment of the necessary infrastructure, including informational, consulting, and academic centers.

Article 15. Taxation of commercial enterprise

1. The commercial organization will pay a profit tax in the amount stipulated by the laws of the Uzbek SSR. Small and private enterprises (or associations) will be eligible for tax privileges during their first two years of operation.

If the activities of a small or private enterprise are terminated prior to the third year of operations, it will pay taxes in the full amount for the entire period of operation.

2. Tax privileges will be extended to commercial organizations in accordance with the law of the Uzbek SSR "On the Taxation of Enterprises, Associations, and Organizations."

3. Local soviets of people's deputies will have the right to exempt commercial organizations operating in social priority fields and in high technology branches from taxation or lower their tax rates.

4. The personal income of the entrepreneur will be taxable as the income of a citizen.

Article 16. Financial and credit relations

1. The main sources of the commercial organization's financial resources will be the personal savings of the entrepreneur, profits, amortization deductions, receipts from the sale of securities, funds borrowed from state enterprises and public organizations, and other income consistent with the laws of the Uzbek SSR.

2. The entrepreneur will have the right to open commercial accounts and other accounts in the territorial branch of the bank for the safekeeping of money and the conduct of all types of payment, credit, and collection operations and make withdrawals of unrestricted amounts and forms.

Article 17. Foreign economic aspects of commercial activity

1. As an economic entity, the entrepreneur will have the right to engage in foreign economic activities autonomously in accordance with the laws of the USSR and the Uzbek SSR.

2. The income the entrepreneur receives in foreign currency will be distributed in accordance with the laws of the Uzbek SSR.

3. The republic and local tax rates on export and import operations will be stipulated by Uzbek SSR legislation.

4. Each entrepreneur, as an economic entity, may acquire any kind of foreign currency at special auctions or from the state bank at the current market rate of exchange in accordance with the terms stipulated by law.

The confiscation of the economic entity's foreign currency receipts will not be permitted.

Article 18. Records and Reports

1. Commercial organizations will keep statistical and bookkeeping records in the manner prescribed by the Uzbek SSR Ministry of Finance and State Committee for Statistics.

The entrepreneur will submit quarterly declarations to financial agencies on the income of the enterprise in the form stipulated by the Uzbek SSR Ministry of Finance.

2. The entrepreneur will be fully responsible for the accuracy of report data on income in accordance with the laws of the Uzbek SSR.

Article 19. Oversight of operations of commercial organizations

1. The complete oversight of the activity of commercial organizations will be the right of their owners, and financial oversight will be the right of Uzbek SSR financial agencies.

2. The entrepreneur will not be obligated to divulge the affairs of the commercial organization to outside individuals and organizations or to give any supervisory body any information not connected with the object of supervision unless legislation stipulates otherwise.

Article 20. Guarantees of entrepreneurs' rights and interests

1. The Uzbek SSR will guarantee the stability of the property relations of entrepreneurs stipulated in the law of the Uzbek SSR "On Property Ownership in the Uzbek SSR" and in this law, as well as legal instruments of the Uzbek SSR. The confiscation of the owner's property will not be permitted in cases other than those envisaged in legal instruments of the Uzbek SSR.

2. If state executive and administrative organs of the Uzbek SSR should pass laws terminating the rights of the owner, the losses the owner incurs as a result of the passage of these laws will be covered in full by a court decision from the funds at the disposal of the executive or administrative body in question.

3. The confiscation of the property of a commercial organization from the owner by the state will be permitted only when property claims are made in the cases and the manner prescribed by legal instruments of the Uzbek SSR.

* * *

Please send comments and suggestions with regard to the draft law to the following address before 1 February 1991: Committee for Economic Reform and Local Self-Government of the Uzbek SSR Supreme Soviet, Government House, Tashkent, 700008, telephone 39-84-76, 39-85-79.

Uzbek Law on 1991 State Budget

914A0591A Tashkent PRAVDA VOSTOKA in Russian 22 Feb 91 p 2

[Uzbek Soviet Socialist Republic Law on the 1991 Uzbek SSR State Budget, signed by I. Karimov, president of the Uzbek Soviet Socialist Republic, Tashkent, 14 February 1991]

[Text] The fulfillment of the 1991 Uzbek SSR State Budget is intended to ensure the realization of social and economic programs and is aimed at stabilizing the republic's economy, introducing market relations into it, and creating the necessary resources for protecting the population in connection with the envisaged retail price reform.

Article 1. To approve the 1991 Uzbek SSR State Budget in the amount of 23,667,159,000 rubles for revenues and in the amount of 25,582,325,000 rubles for expenditures with an excess of expenditures over revenues (with a deficit) in the amount of 1,915,166,000 rubles, or at the rate of 7.48 percent.

To approve the 1991 Uzbek SSR Republican Budget in the amount of 21,244,477,000 rubles for revenues and in the amount of 22,601,338,000 rubles for expenditures; with due regard for the funds transferred to Kara-Kalpak ASSR budgets and local budgets of oblasts and the city of Tashkent, in the amount of 4,483,114,000 rubles.

To establish the maximum level of the 1991 republican budget deficit in the amount of 1,356,861,000 rubles, or at the rate of 7.48 percent.

To establish that budget expenditures are financed within the limits of actually obtained revenues.

Article 2. To establish that the republic's 1991 budget revenues are formed from:

—deductions from the turnover tax;

—deductions from taxes on the profit of enterprises, associations, and organizations at the rate of 23 percent and of enterprises, associations, and organizations of the local economy at the rate of up to 45 percent of the taxable profit. The Cabinet of Ministers under the Uzbek SSR Presidium, with due regard for the developed mechanism of social protection for the population in connection with the envisaged retail price reform, if needed, must make changes in the amounts of deductions of the profit tax into the budget;

—deductions from taxes on the income (profit) of cooperative, including kolkhozes, and public organizations;

—deductions from state taxes on the population;

—deductions from the sale of the internal state lottery loan issued in 1982;

—revenues from reevaluation in connection with the price increase;

—the tax on owners of transport facilities;

—the sales tax at the rate of 5 percent of the volume of sales of output, goods, and services;

—depreciation deductions at the rate of 20 percent provided for renovation;

—the water charge collected from industrial enterprises;

—the rent of enterprises leasing state property with the exception of depreciation deductions;

—local taxes and dues and other nontax revenues from the activity of enterprises, assocations, and organizations located in the Uzbek SSR;

—deductions of 11 percent from the wage funds of enterprises;

—the land tax;

—receipts from lotteries with money and goods as prizes;

—refunds to the republic of part of the net income formed outside it from raw material resources.

Article 3. To establish that normatives of deductions (in percent) into the Kara-Kalpak ASSR budget and into local budgets of oblasts and the city of Tashkent are determined by the Uzbek SSR Ministry of Finance and after approval by the Cabinet of Ministers under the Uzbek SSR President are presented to the Kara-Kalpak ASSR Council of Ministers, oblast executive committees, and the Tashkent City Executive Committee.

Article 4. To establish that:

a) income tax on USSR citizens, foreign citizens, and persons without citizenship residing in the Uzbek SSR territory is paid by enterprises, associations, and organizations at the place of their location. With respect to budgets of the first territorial level (kishlak, aul, village, city [of cities of rayon subordination], and city rayon soviets of people's deputies), as well as budgets of cities with a big volume of revenues from income tax on citizens, part of the revenues can be entered in the budget of the superior local soviet of people's deputies according to the normatives determined by superior local soviets.

b) Normatives of deductions from the land tax into the budgets of corresponding local soviets are established by superior soviets during the approval of budgets for the forthcoming year.

Article 5. To establish that receipts at Union enterprises, organizations, and institutions of the amounts of debts, for which the limitation period has expired, and of other dues and various nontax revenues are entered in the full amount in republic budget revenues.

Dues collected by motor vehicle inspectorates, dues for the issue of passports to USSR citizens, and receipts from the sale of house registers are entered in corresponding local budgets.

Article 6. To establish the revenues of the 1991 Uzbek SSR Republican Budget from sources in the following amounts:

	(thousand rubles)
Turnover tax	3,880,000
Profit tax	1,141,625
Deductions from the sale of the 1982 internal state lottery loan	205,000
Receipts from lotteries with money and goods as prizes	16,848
Various dues and other nontax revenues	58,313
Revenues from reevaluation in connection with the price increase	800,000
Sales tax	1,600,000
Deductions of 11 percent from the wage funds of enterprises	1,707,000
Deductions of 20 percent from the amounts of depreciation intended for renovation	362,691
Land tax	800,000
Refunds to the republic of part of the net income formed outside it from raw material resources	10,673,000
TOTAL	21,244,477

Article 7. To approve in the Uzbek SSR Republican Budget allocations for financing for the following directions and measures:

	(in thousand rubles)
a) for financing of the national economy	11,827,764
including:	
for financing of centralized capital investments	2,274,080
b) for financing of social and cultural measures and science	3,714,537
including:	
—for public education and vocational training of personnel	1,628,111
—for public health and physical culture	667,029
—for culture	177,449
—for science	99,492
—for social security and state benefits	1,142,456
c) for expenditures on the maintenance of bodies of state power and management, including law enforcement bodies	327,051
d) for the formation of a reserve fund	167,200
e) for compensation for budget organizations in connection with the introduction of the sales tax	370,000
f) funds for mutual settlements	1,600,000
g) funds transferred to budgets of local soviets	4,483,114
h) for other measures and expenditures	111,672
TOTAL:	22,601,338

Article 8. To establish that as of 1 January 1991 the construction, repair, and maintenance of motor roads are financed from deductions:

—from kolkhozes, sovkhozes, industrial, transport, construction, and other enterprises, and economic organizations at the rate of one percent of the annual volume of output (work or services) on the basis of report data on their fulfillment of production assignments in value terms for the year preceding the planned year;

—from procurement, trade, including public dining (as well as wholesale organizations of the Uzbek SSR Ministry of Trade), and supply and sales organizations at the rate of 0.1 percent of the annual turnover.

Article 9. To quadruple as of January 1 1991 the rates of the tax on owners of transport facilities and other self-propelled machines and mechanisms.

To establish that the tax on owners of transport facilities and other self-propelled machines and mechanisms is entered in local budget revenues and is assigned for the development and coverage of losses of city passenger transport enterprises.

To exempt public motor transport enterprises from paying the tax on passenger transport facilities.

Article 10. To establish that Kara-Kalpak ASSR budgets and local budgets of oblasts and the city of Tashkent are included as independent parts in the Uzbek SSR budget system.

Beginning in 1991 the indicated budgets are formed on the basis of the envisaged volumes of revenues, taxes, and other receipts in a corresponding territory with due regard for the part of deductions from general state taxes according to corresponding normatives into these budgets.

Article 11. To include in the 1991 Uzbek SSR State Budget the Kara-Kalpak ASSR budget and local budgets of oblasts and the city of Tashkent in the total amount of 6,905,706,000 rubles for revenues and in the total amount of 7,464,101,000 rubles for expenditures with a deficit (excess of expenditures over revenues) in the amount of 558,305,000 rubles [as published], or at the rate of 7.48 percent, including:

		(in thousand rubles)		
	Revenues	Expenditures	Deficit	Percent of the volume of expenditures
Kara-Kalpak Autonomous Soviet Socialist Republic	577,662	624,362	46,700	7.48
Andizhan Oblast	618,380	668,375	49,995	7.48
Bukhara Oblast	552,428	597,088	44,660	7.48
Dzhizak Oblast	312,572	337,842	25,270	7.48
Kashka-Darya Oblast	492,287	532,087	39,800	7.48
Namangan Oblast	464,354	501,894	37,540	7.48
Samarkand Oblast	648,333	700,748	52,415	7.48
Surkhan-Darya Oblast	405,963	438,783	32,820	7.48
Syr-Darya Oblast	243,443	263,123	19,680	7.48
Tashkent Oblast	638,747	690,387	51,640	7.48
Fergana Oblast	617,468	667,388	49,920	7.48
Khorezm Oblast	370,159	400,084	29,925	7.48
City of Tashkent	964,000	1,041,940	77,940	7.48

Article 12. To establish in the Uzbek SSR Republican Budget the cash balance in circulation for 1991 in the amount of 150 million rubles.

To recommend that the Kara-Kalpak ASSR Council of Ministers, oblast executive committees, and the Tashkent City Executive Committee determine the amount of the cash balance in circulation for 1991 in the Kara-Kalpak ASSR budget and in local budgets of oblasts and the city of Tashkent in an amount ensuring the cash fulfillment of these budgets.

Article 13. Taking into consideration that under conditions of the extreme strain on the republic's finances the 1991 Uzbek SSR State Budget is aimed at an improvement in the economy, solution of urgent social problems, and social protection for the population during the transition to market relations, its fulfillment requires that bodies of management on all levels and all enterprises, associations, and organizations ensure in practice the strictest policy of economy and thrift and the maximum increase in work efficiency.

Article 14. In connection with the adoption of this law to abolish the operation of the decree No 392 dated 27 December 1990 of the Cabinet of Ministers under the Uzbek SSR President "On Budget Financing of the Republic's Economic and Social Development in the First Quarter of 1991." *[Signed] I. Karimov, president, Uzbek SSR, Tashkent, 14 February 1991.*

Uzbek Decree on Principles of Price Regulation, 1991 State Budget

914A0591B Tashkent PRAVDA VOSTOKA in Russian 22 Feb 91 p 2

[Uzbek SSR Supreme Soviet Decree on Principles of Price Regulation and the 1991 Uzbek SSR State Budget, signed by M. Ibragimov, chairman of the Uzbek SSR Supreme Soviet, Tashkent, 14 February 1991]

[Text] Having heard and discussed the matter concerning price regulation and the 1991 Uzbek SSR State Budget, the Supreme Soviet of the Uzbek Soviet Socialist Republic **decrees:**

1. To take into consideration the report on the discussed matter by Comrade Sh. R. Mirsaidov, vice-president of the Uzbek SSR.

2. To approve the basic parameters of the 1991 Uzbek SSR State Budget in the amount of 23.7 billion rubles for revenues and in the amount of 25.6 billion rubles for expenditures. To establish the maximum budget deficit in the amount of 1.9 billion rubles.

3. The Uzbek SSR Ministry of Finance jointly with ministries, departments, the Kara-Kalpak ASSR Council of Ministers, and soviets of people's deputies of oblasts and the city of Tashkent, must additionally examine the possibilities of reducing the local budget deficit.

4. To accept the proposal by the Uzbek SSR Government on a rise in prices of foodstuffs and other necessities only if an effective mechanism of compensation for the expenditures of the population, primarily its badly-off strata—pensioners, disabled persons, students, pupils, families with many children, and others—is developed and put into effect and problems concerning unemployment benefits are solved.

5. In the practical activity concerning the regulation of retail prices the Uzbek SSR Government must pay principal attention to bringing the population's real income closer to their level and to stabilizing the population's living wage.

6. Oblast and Tashkent city soviets of people's deputies, the Uzbek SSR Ministry of Finance, the Uzbek State Bank, and joint-stock commercial banks jointly with the republic's ministries and departments must search for resources for compensation for the expenditures of unprofitable enterprises, organizations, kolkhozes, and sovkhozes on maintaining the workers' standard of living and increasing their income.

7. The republic's local soviets of people's deputies must head the work on the implementation of measures in the area of price regulation, paying special attention to the performance of explanatory work among the population and to the practical solution of problems connected with the search for funds for covering the rise in prices of consumer goods at every enterprise, organization, and facility, and must take steps ensuring a correct distribution of food products and necessities, which rule out the possibility of violations and abuses.

[Signed] M. Ibragimov, chairman, Uzbek SSR Supreme Soviet, Tashkent, 14 February 1991.

Kazakh Ukase on 1991 Extrabudgetary Fund for Economic Stabilization

914A0591C Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 7 Feb 91 p 1

[Ukase on the Establishment in 1991 of a General Republican Extrabudgetary Fund for Economic Stabilization, signed by N. Nazarbayev, president of the Kazakh Soviet Socialist Republic, Alma-Ata, 5 February 1991]

[Text] For the purpose of ensuring a normal functioning of the republic's economy, financing urgent measures in the interests of all regions, and allocating subventions to individual oblasts and cities, as well as for support for enterprises experiencing difficulties during the period of transition to market relations for reasons not depending on them, and in order to execute the ukase dated 29 December 1990 of the USSR President "On the Establishment in 1991 of Extrabudgetary Funds for Economic Stabilization," **I decree:**

1. To form in 1991 the general republican extrabudgetary fund for economic stabilization.

2. To assign in 1991 to the general republican extrabudgetary fund for economic stabilization:

—deductions in the amount of the difference between the norm of contributions for social insurance established by the decree of the USSR Supreme Soviet "On the Procedure of Putting Into Effect the USSR Law on Pension Security for Citizens in the USSR" and the norm approved for 1991 by the ukase dated 4 October 1990 of the USSR President "On Top-Priority Measures For the Transition to Market Relations;"

—20 percent of the amount of depreciation deductions for a full replacement of the fixed capital of enterprises and organizations of all property forms, except for enterprises and organizations of the agro-industrial complex;

—the profit of enterprises and organizations received as a result of the rise in contractual prices of output (work and services) in excess of the established maximum profitability levels;

—the funds from the buyout of the property of state enterprises and organizations by labor collectives. To assign 50 percent of the remainders of economic

incentive funds as of 1 January 1991 for this purpose (without damage to the payment of bonuses based on annual work results).

Furthermore, to enter in the general republican fund for economic stabilization 20 percent of the funds received from the buyout (sale) of the property of state enterprises and organizations of Union, republican, and local subordination at the expense of other sources. The remaining 80 percent of the indicated funds are used for the liquidation of the internal state debt.

The indicated funds are fully entered in the general republican fund for economic stabilization.

3. The Kazakh SSR Cabinet of Ministers must determine the direction and procedure of utilization of the general republican extrabudgetary fund for economic stabilization.

[Signed] N. Nazarbayev, president, Kazakh SSR, Alma-Ata, 5 February 1991.

Armenian Land Code Issued

Text of Code

914A0524A Yerevan GOLOS ARMENII in Russian 12 Feb 91 pp 1-3

[Document: "Land Code of the Republic of Armenia"]

[Text] The present Code regulates land relationships in the Republic of Armenia and has as its purposes ensuring scientifically sound, rational use and protection of lands, protection and enhancement of the environment, creation of conditions for equal development of all forms of economic activity on the basis of a diversity of forms of ownership, protection of the rights of citizens, enterprises, and organizations, and enhancement of legality in the areas of land relationships.

Section 1. General Principles

Chapter 1. Basic Principles

Article 1. Land Law of the Republic of Armenia

Land relationships in the Republic of Armenia are regulated by the present Code and other legislative enactments of the Republic of Armenia issued on its basis.

Relationships involving the use and protection of the earth's interior, forests, waters, and airspace as well as the plant and animal worlds are regulated by special laws of the Republic of Armenia.

Article 2. The Right to Ownership of Land

The land is the national wealth of the Republic of Armenia and belongs to the people who live in the republic.

Each citizen of the Republic of Armenia has the right to ownership of land. The conditions and procedures for granting land with right of ownership are determined by the present Code and other legislative enactments of the Republic of Armenia issued on its basis.

Article 3. Land Resources

The land resources of the Republic of Armenia are broken down, according to designated use, into the following:

1) agricultural land;

2) the land of populated points (cities, urban-type communities, and villages);

3) land designated for industry, transportation, communications, defense, and other uses;

4) land designated for nature protection, health, recreation, sports, and historical-cultural uses;

5) forest resource land;

6) water resource land;

7) reserve fund land.

Land is assigned to these categories and changed from one category to another by the Council of Ministers of the Republic of Armenia.

Article 4. Forms of Ownership of Land

Ownership of land in the Republic of Armenia occurs in these forms:

- ownership by citizens of the Republic of Armenia;
- collective ownership;
- state ownership.

Article 5. Granting Land for Ownership

1. Land is granted to citizens of the Republic of Armenia for:

a) operating peasant and collective-peasant farms;

b) private plots and construction and operation of a residential building.

2. Collective ownership of land may arise through the voluntary combining of the plots of land of individual owners or by land being granted for collective ownership.

3. State-owned lands are land areas over which no citizens or collectives have the right of ownership.

The Supreme Soviet of the Republic of Armenia can also provide for other cases where land is granted for ownership.

Article 6. Granting State-Owned Land for Permanent Use

Land use is considered permanent where no time limits are set on it.

State-owned land is granted for permanent use:

a) to citizens of the Republic of Armenia;

b) to subjects with the right of collective ownership;

c) to state enterprises and institutions and public and religious organizations;

d) for defense needs, to the organizations indicated in Article 48 of the present Code.

State-owned lands are granted for permanent use for the entire active period of the corresponding subjects.

The law of the Republic of Armenia may also envision cases where land is granted for permanent use.

Article 7. Granting Land for Temporary Use

State-owned lands are granted for temporary use, by the established procedures, to citizens of the Republic of Armenia, enterprises, institutions, and organizations for a short term, up to three years, and a long term, from three-10 years. These terms may be extended by the legally established procedures based on production necessity.

State-owned lands are granted to other states, legal entities, and citizens and to international organizations and associations and joint enterprises only for temporary use, by the legally established procedure.

The terms for which land owned by citizens and collectives is granted for temporary use are determined by mutual agreement of the parties and fixed by contract.

Article 8. Land Rental

Land is granted for use under rental conditions to citizens, legal entities, and other economic organizations of the Republic of Armenia and other states and to international organizations and associations.

The rental of state-owned land is carried on by the Council of Ministers of the Republic of Armenia and by the corresponding soviets of people's deputies within their jurisdictions. The rental of land owned by citizens and collectives is carried on by the owners of the land.

The conditions of rental are determined by mutual agreement of the parties and fixed by contract. Subleasing of land is permitted if it is envisioned in the rental contract.

Land rental relationships are regulated by the present Code and by other legislative enactments of the Republic of Armenia.

Article 9. The Principle of Payment for Ownership and Use of Land

In the course of the land reform land from the state fund is granted in ownership:

a) for operation of peasant and collective-peasant farms with partial compensation, under the procedures and conditions established by the Republic of Armenia Law on Peasant and Collective-Peasant Farms;

b) for private plots, with payment of the value according to the land register assessment made at the time that the plot is granted, with the exception of citizens who for valid reasons were not able during the land reform to realize their right to ownership of land or were not members of a peasant or collective-peasant farm. These citizens are granted private plots in ownership outright;

c) for gardening (dachas), under the procedures and at the prices established by the Council of Ministers of the Republic of Armenia;

d) for construction and operation of a residential building in a city or urban-type community, with payment of the ceiling price determined by the Council of Ministers of the Republic of Armenia or with sale by auction.

The right to sell the plots of land granted in ownership arises after their cost is fully paid.

The right to sell the plots of land of peasant and collective-peasant farms arises three years after purchase of the right of ownership of the land during the land reform.

After completion of the land reform process state-owned land will be granted in ownership and plots of land that are the property of citizens and collectives will be sold at freely formed prices.

Private subsidiary plots and plots of land which citizens of the Republic of Armenia have for gardening (dachas) and construction and operation of residential buildings remain in their ownership without payment of compensation. In case of their alienation the citizen is charged the value of the plot of land in the register assessment made at the time of granting.

Chapter 2. Questions of the Authority of the Supreme Soviet of the Republic of Armenia and the Jurisdiction of the Council of Ministers of the Republic of Armenia and the Local Soviets of People's Deputies in the Area of Regulating Land Relationships

Article 10. Questions of the Authority of the Supreme Soviet of the Republic of Armenia

The Supreme Soviet of the Republic of Armenia:

1) regulates land relationships throughout the republic;

2) establishes procedures, conditions, and privileges of partial compensation and payment for land granted in ownership and also procedures and conditions of paying for land granted to use;

3) ratifies the dimensions of the territories of rayons, cities, urban-type communities, and rural populated points with grants of land to be managed by the appropriate soviets;

4) ratifies the republic land balance each year;

5) determines the procedures and conditions for transferring land resources of the Republic of Armenia to other states for use;

6) exercises other powers established by law.

Article 11. The Jurisdiction of the Council of Ministers of the Republic of Armenia

The Council of Ministers of the Republic of Armenia:

1) determines the composition of the categories of republic resources; 2) specifies the dimensions of the territories of rural populated points and submits them to the Supreme Soviet of the Republic of Armenia for ratification;

3) develops and organizes procedures for protection of lands and monitors the use and protection of lands;

4) maintains the land register and organizes land use regulations throughout the republic;

5) establishes procedures for charging taxes on land granted for ownership and use;

6) composes the republic land balance each year;

7) reviews proposals to resolve interregional land disputes and submits them to the Supreme Soviet of the Republic of Armenia;

8) exercises other powers established by law.

Article 12. The Jurisdiction of Local Soviets of People's Deputies

Local soviets of people's deputies, within the limits of their jurisdiction:

1) by established procedures secure lands granted to citizens in ownership;

2) by established procedures dispose of land assigned to them, including granting it to enterprises, organizations, and individuals for use and rental without changing the land category;

3) organize land use regulation;

4) by established procedures withdraw lands they have granted for ownership and use;

5) organize collection of land tax and rent payments;

6) monitor the use and protection of lands;

7) ratify the land balances in their own territory;

8) resolve land disputes.

Chapter 3. Procedures for Land Allocation and Confiscation

Article 13. Procedures for Allocating Land

The granting of land for ownership and use is done by allocation [otvod].

Land allocation is carried out on the basis of a decree by the Council of Ministers of the Republic of Armenia and decisions of rayon, city, community, and village soviets of people's deputies, within the limits of the jurisdiction of the latter.

Plots of land are granted in ownership for the purpose of operating peasant and collective-peasant farms by the procedures established by the Republic of Armenia Law on Peasant and Collective-Peasant Farms.

Decisions on allocation of plots of land indicate the conditions of allocation of the plots and the use of the land.

A plot of land is granted in ownership or use to a different owner or land user after lawful termination of the owner or land user's right to the particular plot of land.

Lands suitable for agricultural needs are allocated first of all for agricultural activity.

The suitability of land for the needs of agriculture is determined on the basis of the land register.

Article 14. Organs That Have the Right To Grant Plots of Land to Citizens in Ownership and Use

The rural soviets of people's deputies grant plots of land which are under their authority for ownership and use.

The city (community) soviets of people's deputies grant plots of land which are under their authority for ownership and use.

The rayon soviets of people's deputies grant plots of land which are under their authority as well as reserve fund lands transferred to their jurisdiction for ownership and use.

During the period of the land reform and privatization the right to ownership of plots of land in order to form peasant and collective-peasant farms is granted by local soviets of people's deputies on submission by the appropriate commissions on land reform and privatization.

Changes in category for land resources in connection with the granting of plots of land are made by the Council of Ministers of the Republic of Armenia.

Article 15. Withdrawal of Plots of Land Granted for Ownership and Use

Plots of land granted to citizens in ownership and use can be withdrawn only by the appropriate soviet of people's deputies on the grounds envisioned by Article 21 of the present Code.

Plots of land granted in use can be withdrawn by the appropriate soviet of people's deputies on the grounds envisioned in Article 22 of the present Code.

The withdrawal for nondesignated uses of valuable and productive lands, lands occupied by protected natural or historical-cultural sites, and preserve lands is prohibited. The list of such lands is established by the Supreme Soviet of the Republic of Armenia on submission by the republic Council of Ministers. In cases of exceptional need, such lands may be withdrawn by decision of the Supreme Soviet of the Republic of Armenia.

The land of experimental fields at scientific research institutions and schools as well as land allocated for sports activities can be withdrawn by the procedures established by the Council of Ministers of the Republic of Armenia.

Article 16. Granting Land for Nonagricultural Needs

Lands which are not suitable for agriculture or agricultural lands of the poorest quality which do not exceed the average rayon level according to the register assessment are granted to enterprises and organizations for nonagricultural needs.

For construction of power and communications lines, roads, trunk pipelines, and other linear structures it is also permitted to grant other lands in conformity with the norms of land allocation established for these purposes and with technical plans.

Withdrawal of agricultural lands with a register assessment above the average rayon level, suitable lands, and forest-covered green zones and their allocation for nonagricultural uses can be allowed only in exceptional cases, following a decree of the Council of Ministers of the Republic of Armenia.

Article 17. Procedures for Initiating and Reviewing Petitions To Allocate Plots of Land

The procedures for initiating and reviewing petitions to allocate plots of land are established by the Council of Ministers of the Republic of Armenia.

Article 18. Documents That Certify the Right To Ownership and Permanent Use of Land

The right to ownership and permanent use of land is certified by an appropriate state deed, which is issued by the executive committee of the appropriate local soviet of people's deputies.

The state deed giving the right to ownership of land indicates the owner, the purpose and conditions of the grant and use of the land, the name, location, dimensions, and boundaries of the plot of land, its register assessment, and other information.

The state deed giving the right to permament use of land indicates the land user, the dimensions and boundaries of the plot of land, its register assessment, and the conditions of use of the plot in conformity with the designated purpose for which it was granted.

The forms of the state deeds and procedures for granting and registering them are determined by the Council of Ministers of the Republic of Armenia.

Article 19. Documents That Certify the Right To Rental of Land and Other Temporary Use of Land

The right to rental and other temporary use of land is established by contract. The form of the contract and procedures for registering it are determined by the Council of Ministers of the Republic of Armenia.

A map of the lands being rented or given for other temporary use is appended to the contract.

Article 20. Exercise of the Right To Land Ownership and To Rent and Use Land

Subjects of the right to land ownership or land rental and use begin using the plot of land granted by decision of the appropriate soviet of people's deputies after the boundaries of the plot are determined exactly by land use organs at the site and after receipt of the documents that certify the right to ownership and use of the land.

Chapter 4. Termination of the Right To Land Ownership and To Rent and Use Land

Article 21. Grounds for Termination of the Right To Land Ownership

The right to full or partial ownership of land is terminated in the following cases:

1) voluntary abandonment of the plot of land or its alienation by the land owner;

2) withdrawal of the plot of land for state or public needs;

3) confiscation of the plot of land on the grounds and in the manner established by law;

4) death of the landowner and absence of an heir;

5) use of the land for other than its designated purpose;

6) use of the plot of land in ways that lead to reduction of soil fertility, chemical or radioactive contamination of the soil, or violation of the requirements of ecological safety;

7) systematic failure to pay the land tax on time;

8) discovery of historical-cultural monuments on the plot of land.

Article 22. Grounds for Termination of the Right To Rent and Use Land

The right to rent and use land is terminated in the following cases:

1) voluntary abandonment of the plot of land by the land user or renter; 2) cessation of the land user or renter's activity;

3) use of the plot of land for other than its designated purpose;

4) irrational use of the plot of land (for agriculturally-designated land this is expressed in yield which is regularly lower than the norm according to the register assessment);

5) use of the plot of land in ways that lead to reduction of soil fertility, chemical or radioactive contamination of the land, or violation of the requirements of ecological safety;

6) systematic failure to pay taxes or rent on time;

7) failure to use for one year a plot of land granted for agricultural production, or failure to use for two years a plot of land granted for nonagricultural purposes;

8) withdrawal of the plot of land for state or public needs;

9) expiration of the period of use granted for the plot of land;

10) discovery of historical-cultural monuments on the plot of land.

Article 23. Procedures for Terminating the Right to Land Ownership and To Rent and Use Land

In all cases envisioned by articles 21 and 22 of the present Code the decision to terminate the right to land ownership or the right to rent and use land is made by the Supreme Soviet of the Republic of Armenia, the Council of Ministers of the Republic of Armenia, and appropriate local soviets of people's deputies, with the exception of the case envisioned by Article 47 of the present Code where the right to use the plot of land granted is terminated by decision of the administration of the enterprise or institution that granted the land allotment.

The right to land ownership or to rent and use land is terminated by decision of the appropriate soviet of people's deputies from the day the decision is made.

In the cases envisioned by points 3, 4, 5, 6, and 7 of Article 22 of the present Code, the decision to terminate the right to rent and use land is made on the basis of documents that show that, after receipt of an appropriate written warning, the land user or renter did not take steps to eliminate the violations within the established time. In cases of termination of the right to land ownership and the right to rent and use land the appropriate soviet of people's deputies adopts a decision on charging for damage caused to the land.

Chapter 5. The Rights and Duties of Land Owners, Users, and Renters, and Defense and Guarantees of Their Rights

Article 24. The Rights of the Land Owner

The owner of land enjoys all the powers of an owner (sale, mortgage, exchange, gift, and inheritance) and has the right:

1) to carry out economic activity independently on the land;

2) to ownership of agricultural output produced and income from its sale; 3) to use common minerals, peat, timber, and waters available on the plot of land for economic needs in the established manner, and to exploit other useful features of the land;

4) to erect residential, production, cultural-domestic, and other buildings and structures under the procedures and conditions established by law;

5) to transfer the plot of land or part of it to rental or other temporary use;

6) to receive full compensation in case of withdrawal of the plot of land for state or public needs;

7) to perform other actions that do not violate the law.

Article 25. Duties of the Land Owner

The land owner is obligated:

1) to use the land efficiently in accordance with its designated purpose, not to reduce its fertility, to employ nature-protective production technologies, and not to permit degradation of the ecological situation as the result of economic activity;

2) to carry out the program of land protection measures envisioned by articles 60 and 61 of the present Code;

3) to pay land taxes on time;

4) not to violate the rights of other land owners and users.

Article 26. The Rights of Permanent Land Users

Permanent land users have the right:

1) to use the land in accordance with the conditions of its grant;

2) to use common minerals, peat, timber, and waters available on the plot of land in the established manner and also to exploit other useful features of the land;

3) to erect production and other objects under the procedures and conditions established by law;

4) to receive compensation for the value of land improvements made at personal expense upon termination of the right of land use;

5) to ownership of agricultural crops, perennial plantings, and output and other property produced;

6) to transfer all or part of the plot of land to temporary use.

Article 27. Duties of Permanent Land Users

Permanent land users are obligated:

1) to ensure use of the land in accordance with its designated purpose and the conditions of its grant;

2) to use the land efficiently, employ nature-protective production technologies, and not to permit degradation of the ecological situation as the result of economic activity;

3)to carry out the program of land protection measures envisioned by articles 60 and 61 of the present Code;

4) to pay land taxes on time;

5) not to violate the rights of land owners and other land users.

Article 28. The Rights of Renters and Other Temporary Land Users

Renters and other temporary land users have the right:

1) to use land in conformity with the conditions of its grant;

2) to ownership of agricultural crops that are planted and output produced;

3) to receive compensation for the value of land improvements made at personal expense upon termination of the right to land use.

Article 29. Duties of Renters and Other Temporary Land Users

Renters and other temporary land users are obligated:

1) to ensure use of the land in conformity with its designated purpose and conditions of its grant;

2) to use the land efficiently, to employ nature-protective production technologies, not to reduce fertility, and not to allow degradation of the ecological situations as the result of economic activity;

3) to carry out the program of land-protection measures envisioned by articles 60 and 61 of the present Code;

4) to pay the land tax and rent payment on time;

5) not to violate the rights of land owners and other land users.

Article 30. Defense of the Rights of Land Owners, Users, and Renters

Interference by state, economic, and other organs and organizations in the economic activity of land owners, users, and renters is prohibited, with the exception of cases of violation of existing law or contract provisions. Violated rights are subject to reinstatement under the procedures established by law.

Losses caused by violation of the rights of land owners, users, and renters and lost profit are subject to full compensation.

Article 31. Guarantees of the Rights of Land Owners and Users

Plots of land that are the property of citizens can be withdrawn for state or public needs in case of extreme necessity on the condition that the land owner is paid full compensation or an equivalent plot of land is allocated to him. Plots of land granted to citizens for use can be withdrawn for state or public needs only on the condition that an equivalent plot is allocated. The enterprises, institutions, and organizations to whom the plots of land are granted build residential, production, and other structures in the new place if there were such on the plot and compensate the land owners and users fully for all other losses.

Section 2. Agricultural and Other Lands

Chapter 6. Agricultural Lands

Article 32. Agricultural Lands

Plowlands, perennial plantings, hayfields, pastures, and other lands designated for agricultural purposes are considered agricultural lands.

Article 33. The Granting of Agricultural Lands

Agricultural lands are granted:

1) to citizens to operate peasant and collective-peasant farms and for gardening (dachas);

2) to agricultural enterprises and organizations and to kolkhozes for carrying on agricultural activities;

3) to scientific research, educational, and other agricultural enterprises, institutions, and rural production-technical and general-education schools for research and educational purposes, introduction of progressive know-how, and to carry on agricultural activities;

4) to nonagricultural enterprises, institutions, and organizations to carry on subsidiary farming operations.

In the cases envisioned by the laws of the Republic of Armenia agricultural lands are also granted to other organizations and persons to carry on agricultural activities.

Article 34. Granting Private Plots of Land to Citizens

Private plots of land are granted to citizens with the right of ownership by local soviets of people's deputies who, in accordance with Article 14 of the present Code, have the right to grant plots of land within the limits of the dimensions envisioned by Article 39 of the present Code.

Article 35. Granting Plots of Land to Citizens for Gardening (Dachas)

Plots of land are granted to citizens and collectives for gardening (dachas) with the right of ownership by the soviets of people's deputies who, according to Article 14 of the present Code, have the right to grant plots of land from the land transferred to their authority in conformity with land use plans.

The Council of Ministers of the Republic of Armenia establishes standards for construction of residential buildings and other structures on plots of land granted to citizens for gardening (dachas).

Plots of land can be granted to citizens for temporary use in raising vegetables and berries.

Article 36. Granting Land for Use to Agricultural Enterprises and Organizations and Kolkhozes

Lands are granted for use to agricultural enterprises and organizations by the appropriate soviets of people's deputies who have, according to Article 14 of the present Code, the right to grant plots of land.

Kolkhozes carry on land use on rental principles.

Agricultural enterprises and organizations can themselves rent plots of land and offer them for rent.

Article 37. Granting Land for Use to Scientific Research, Educational, and Other Agricultural Enterprises, Institutions, and Rural Production-Technical and General-Educational Schools

Plots of land with the right to use them are granted to scientific research, educational, and other agricultural enterprises, institutions, and rural production-technical and general-educational schools by the soviets of people's deputies who, according to Article 14 of the present Code, have the right to grant plots of land.

Article 38. Granting Land for Use to Nonagricultural Enterprises, Institutions, and Organizations

Plots of land with the right to use them are granted to nonagricultural enterprises, institutions, and organizations for the purpose of operating subsidiary farms by the soviets of people's deputies who, according to Article 14 of the present Code, have the right to grant plots of land.

Article 39. The Dimensions of Plots of Land Granted to Citizens

Private subsidiary plots and plots of land for gardening (dachas) are granted in these sizes:

1) private subsidiary plots for citizens living in the rural areas, up to 0.25 hectare. On irrigated lands the size of the plots granted for these purposes is cut in half.

For mountainous and border regions the Supreme Soviet of the Republic of Armenia can establish other sizes of private subsidiary plots;

2) for gardening (dachas), up to 0.07 hectare.

The appropriate soviets of people's deputies can grant to citizens living in rural areas small plots of land above the established sizes where these plots have been formed by improvements in land use and it is not possible to use them for the production needs of peasant and collective-peasant farms, enterprises, and organizations or transfer them to other citizens.

Article 40. The Land Use of Peasant and Collective-Peasant Farms

Questions of the land use of peasant and collective-peasant farms are regulated by the Republic of Armenia Law on Peasant and Collective-Peasant Farms.

Article 41. The Land Use of State Agricultural Enterprises

Plots of lands with the right to use them are granted to state agricultural enterprises for the purposes of economic activity.

The principles of Republic of Armenia legislation concerning procedures for formation and activities of state enterprises apply to state agricultural enterprises.

Chapter 7. The Lands of Populated Points

Article 42. All lands within the boundaries of cities and urban-type communities are under the authority of the city and community soviets of people's deputies.

The limits of cities and urban-type communities are the outer boundary of the city (community) which separates the land of the city (community) from lands of other categories.

Inclusion of plots of land within the limits of the city or community does not lead to termination of the right to land ownership and use.

All lands of cities and urban-type communities are used in conformity with the master plans of the cities and communities, plans for the layout and development of their territory, and economic-land use plans.

Lands within a city that are not suitable for agriculture and are adjacent to their places of permanent residence can be granted for use by decision of the executive committee of the city soviet of people's deputies to citizens for gardening or truck farming. Any construction on these plots of land is prohibited. Plots of land which have special ecological value (areas covered with wild vegetation, natural monuments, and the like) cannot be granted for these purposes.

Article 43. The Lands of Rural Populated Points

All lands located within the boundaries established for rural populated points and distinguished on the terrain on a land use planning basis are classified as the lands of rural populated points.

The lands of rural populated points are under the authority of rural soviets of people's deputies.

Article 44. Granting Plots of Land to Citizens for Residential Construction

Citizens of the Republic of Armenia have the right to receive ownership of plots of land in cities and urban-type communities for building and operating residences.

In cities and urban-type communities lots of up to 0.04 hectare are granted to citizens for housing construction.

Article 45. Granting Plots of Land for Individual and Collective Nonresidential Construction and and for Engaging in Individual Labor Activity

Plots of land for individual and collective nonresidential construction and for engaging in individual labor activity are granted for use to citizens by the soviets of people's deputies who, according to Article 14 of the present Code, have the right to grant plots of land.

Chapter 8. Lands for Industry, Transportation, Communications, Defense, and Other Purposes

Article 46. Lands for Industry, Transportation, Communications, and Other Purposes

Lands granted for use to enterprises, institutions, and organizations in industry, transportation, communications, and other purposes in order to carry out their assigned functions are considered lands for industry, transportation, communications, and other purposes.

The size of the plots of land granted for these purposes is determined in conformity with properly ratified norms and technical plans on the condition of optimally efficient use of the land. Allocation of plots of land to enterprises, institutions, and organizations to exploit mineral deposits is done on the condition that the mining allocation is properly formulated and that land areas granted for use in the past have been restored.

Article 47. Procedures for Granting and Using Job-Related Land Allotments

Enterprises, institutions, and organizations in transportation, forestry, lumber industry, communications, water management, fishing, hunting, and other sectors of the economy may, by decision of the administration, grant from the land transferred to their use job-related land allotments to their employees who do not own land.

Job-related land allotments are granted for the period of work at the given enterprise, institution, or organization. Upon discharge from the job the right to use the land allotment terminates. In the case where agricultural crops have been planted on the job-related land allotment, the right of the discharged employee to use the allotment terminates after the harvest is gathered.

Where a family has several employees working in the same institution who have the right to job-related land allotments, one allotment is assigned.

Hayfields and pastures are granted only to employees who own livestock.

Construction is prohibited on job-related land allotments.

Job-related land allotments are preserved:

- for persons who have terminated labor relationships in connection with going on old-age or invalid pension and who worked at least 10 years at the enterprise, institution, or organization before going on pension;
- for the families of employees who have been transferred to work in an elected position, were drafted for active military duty, or entered school, for the entire period that they serve in the elected position or the military or stay in school;
- for the families of employees who died while in performance of their service duties, for life in the case of a disabled spouse or aged parents, and for children, until they reach adulthood and transfer to permanent work in another area.

The size of the job-related land allotment is determined by the administration of the particular enterprise, institution, or organization on the basis of the land area at its disposal for this purpose and the number of employees.

Article 48. Land for Defense Needs

Lands granted for the housing and regular activites of military units, defense institutions, military schools, armed forces enterprises and organizations, and border, internal, and railroad troops are considered lands for defense needs.

The procedures for allocating and using lands for defense needs are established by the Supreme Soviet of the Republic of Armenia.

Article 49. Occupation of Lands by Enterprises, Institutions, and Organizations for the Purpose of Conducting Exploratory Work on Them

Enterprises, institutions, and organizations that carry on geodetic, geological survey, and other studies and exploration can carry out their work on all lands regardless of their designated purpose.

When exploratory work is being done the land is not withdrawn from its owner, user, or renter.

The Council of Ministers of the Republic of Armenia gives authorization to perform this work for periods of not more than 1 year. The starting times and place of this work, the amount of payment for use of the land, duty to compensate for losses, duty to put the land in condition suitable for use for its designated purpose, and other conditions are determined by the contract concluded with the land owner or user.

The enterprises, institutions, and organizations that carry on exploratory work are obliged at their own expense to clean up disturbances of the land, restore land to be used for its designated purpose, and to transfer it by document to the land owner or user.

If the enterprises, institutions, and organizations carry out exploratory work which, by the nature of its technology, demands occupation of all or part of the plot of land by temporary structures and this partially or completely limits use of the land, they make the corresponding payments and fully compensate for all losses caused to the land owners or users.

Chapter 9. Lands for Nature-Protection, Health, Recreation, Sports, and Historical-Cultural Uses

Article 50. Nature-Protrection Lands

The lands of preserves, national and dendrology parks, botanical gardens, refuges (except those for hunting), and natural monuments are classified as nature-protection lands.

To support the desired conditions in preserves, national and dendrology parks, botanical gardens, refuges (except those for hunting), and natural monuments, protected zones are established in which any activity that has a harmful impact on maintenance of these conditions is prohibited. The boundaries of these zones are marked on the terrain with special informational signs.

The procedures for using nature-protection lands and for establishing and using nature-protection zones with special land-use conditions are determined by Republic of Armenia law. Plots of land with nature-protection zones are not withdrawn from their owners and users.

Any activity that conflicts with their designated purpose is prohibited on nature-protection lands.

Article 51. Land for Health Use

Land areas that have natural therapeutic features and are beneficial for organizing prevention and treatment are classified as health lands.

Health lands are subject to special protection. Sanitary protection zones are established around all resorts in order to protect their natural therapeutic features. The plots of land on which these zones are established are not withdrawn from their owners and users. Appropriate procedures are established for using them. Within these zones it is prohibited to grant plots of land for ownership and use to citizens, enterprises, institutions, and organizations whose activities are incompatible with ensuring the natural therapeutic features and beneficial conditions for public resort use. The enterprises, institutions, and organizations in whose interests the zones with special land use conditions are established are obliged to set out special informational signs on the boundaries of the zones.

Article 52. Lands for Recreation and Sports Use

Lands envisioned and used to organize mass public recreation, sports, and tourism are classified as lands for recreation and sports use. They include plots of land occupied by vacation lodges, boarding houses, sanitariums, tourism bases, permanent and tent-type tourist-health camps, fishing and hunting cabins, children's tourism centers, green plant zones around cities and other populated points, educational-tourism trails, marked roads, sports structures, bases, and camps not located on lands specifically for health use.

Lands occupied by forests, forested parks, and other green plantings which are outside cities and other populated points, perform protective and sanitary-hygienic functions, and are recognized as places for public recreation are included in the green zone.

Any activity that obstructs the designated use of lands for sports and recreation purposes is prohibited.

The boundaries and procedures for using recreation and sports lands are determined by the laws of the Republic of Armenia.

Article 53. Lands for Historical-Cultural Use

Historical-cultural preserves and refuges, memorial parks and complexes, burial sites, archeological and architectural monuments, and architectural-landscape complexes are classified as lands for historical-cultural use.

Withdrawal of these lands for needs unrelated to the designated purpose and performing on them any activity that conflicts with their designated purpose is prohibited.

The procedure for using these lands is determined by the laws of the Republic of Armenia.

Chapter 10. Forest Resource Lands

Article 54. Forest Resource Lands

Lands covered by forest and lands not covered by forest but granted for the needs of forestry are considered forest resource lands.

Agricultural and other farming lands which are temporarily not being used for the needs of forestry and the forest industry can be granted to forest management enterprises to use for agricultural purposes, if this does not conflict with the designated purpose of the particular lands.

The procedure for using forest resource lands is determined by the laws of the Republic of Armenia.

Chapter 11. Water Resource Lands

Article 55. Water Resource Lands

Lands occupied by bodies of water, glaciers, swamps, and hydro-engineering and other water management structures and lands allocated for withdrawal strips according to the banks of bodies of water, interfarm canals, and collector systems are considered water resource lands.

The procedures for using water resource lands are determined by the law of the Republic of Armenia.

Chapter 12. Reserve Fund Lands

Article 56. Reserve Fund Lands

All state-owned lands not granted for ownership and use are considered reserve fund lands. Also included among these lands are lands where the right of ownership and use has been terminated in conformity with articles 21 and 22 of the present code.

Reserve fund lands are under the authority of the corresponding soviets of people's deputies and are designated for granting in ownership and use.

Section 3. Compensation of Losses to Land Owners and Users and Losses of Agricultural and Forest Production

Article 57. Compensation of Losses Due to Withdrawal or Temporary Occupation of Plots of Land or to Restriction of the Rights of Land Owners and Users

The losses caused by withdrawal or temporary occupation of plots of land or to restriction of the rights of land owners and users or degradation of the quality of the land as the result of the activity of enterprises, institutions, organizations, and citizens is subject to full compensation (including lost profit) to the land owners and users who suffered these losses.

Compensation of losses is made by the enterprises, institutions, and organizations to whom the plots of land being withdrawn are allocated and by enterprises, institutions, and organizations whose activities led to restrictions on the rights of land owners and users or degradation of the lands, by the procedures established in laws of the Republic of Armenia.

In cases where plots of land are withdrawn for state or public needs the former owner has the right to receive full compensation.

Disputes connected with compensation of losses and determination of the amounts of compensation are decided by the judicial system.

Where historical-cultural treasures are discovered on a plot of land, if the land owner or user immediately notified the appropriate organs of this and it is found necessary to withdraw or temporarily occupy the particular land area or part of it, the land owner or user is paid additional compensation beyond full compensation of losses, in the manner established by law.

Article 58. Compensation for Losses of Agricultural and Forestry Production

Losses of agricultural and forestry production connected to withdrawal of agricultural lands and forested forestry lands and their use for purposes not linked with agriculture and forestry, restriction of the rights of land owners and users, and degradation of land quality as the result of the activity of enterprises, institutions, and organizations is subject to compensation by the appropriate soviet of people's deputies. Compensation is paid for these losses in addition to compensation of the losses envisioned by Article 57 of the present Code.

These losses are compensated by the enterprises, institutions, and organizations to whom the agricultural and forestry lands are allocated for needs unrelated to agriculture and forestry and by the enterprises, institutions, and organizations around whose facilities protective, sanitary, and defensive zones are set up, which takes agricultural or forestry land out of use or degrades it.

Enterprises, institutions, and organizations as well as citizens compensate for losses of agricultural and forestry production if their activities resulted in degradation of the quality of the land of other land owners and users.

The procedures for determining the amount of losses subject to compensation and the list of enterprises, organizations, and institutions freed from compensating them is established by the laws of the Republic of Armenia.

The money received as compensation for losses is designated to incorporate new lands and improve soil fertility and the productivity of forest resource lands.

Section 4. Protection of Lands

Article 59. The Purposes and Objectives of Land Protection

Land protection includes a system of economic, organizational, legal, and other measures aimed at purposeful and rational use of the land, prevention of unfounded withdrawal from agricultural use, and protection from the harmful effects of human activity and at restoration and enhancement of soil fertility.

Article 60. Meaning and Procedures of Land Protection

Land owners and users carry on:

- rational organization of the plot of land;
- restoration and enhancement of soil fertility and other useful features of the land, and efficient use of them;
- protection of lands against water and wind erosion, washouts, subsoil flooding, marsh formation, secondary salinization, dessication, compaction, and contamination with production waste, chemical and radioactive substances, and other influences that worsen the condition of the land;
- protection of agricultural lands against overgrowth by brush and other influences that worsen the economic condition of the land;
- restoration of disturbed lands, enhancement of fertility, and restoration of the useful features of the land and its timely involvement in economic use;
- removal, preservation, and use of the fertile layers of the soil when doing work that disturbs the land.

State organs take necessary measures to protect lands within the framework of republic programs.

Work on protection of land done in line with republic and territorial programs is done at the expense of the republic budget.

Technical and other work to improve the plots of land of land owners and users and involving increasing soil fertility is done at their expense.

The procedures for protecting lands are established by the laws of the Republic of Armenia.

Article 61. Ecological Requirements for the Siting, Planning, Construction, and Launching of Projects and Structures That Affect the Condition of the Land

Measures to protect the land must be envisioned when siting, planning, building, and launching new and reconstructed projects and structures and when introducing new technologies that have a negative impact on the condition of the land.

It is prohibited to launch facilities and employ technologies that are not provided with measures to protect the land against degradation or disturbance.

The siting of projects that affect the condition of the land is coordinated with the land use planning service, nature protection and other republic organs in the manner established by the laws of the Republic of Armenia.

Article 62. Economic Incentive for Rational Use and Protection of Land

Economic incentive for rational use and protection of land aims at increasing the interest of land owners and users in preserving soil fertility and protecting land against the negative consequences of production activity.

Economic incentive to protect land includes:

- appropriation of capital from the republic or local budget to restore land disturbed without the fault of the land owner or user;
- release from payment for plots of land which are in the stage of agricultural incorporation or improvement of their condition during the period envisioned by the plan of work;
- partial compensation from budget capital for the reduction in income resulting from temporary freezing of plots of land that were disturbed without the fault of the land owner or user;
- encouragement of citizens operating peasant or collective-peasant farms for improving land quality, raising soil fertility, and producing ecologically clean output.

The procedures for taking steps toward economic incentive for rational use and protection of land are established by the laws of the Republic of Armenia.

Section 5. State Control of Land Use and Protection

Article 63. The Objective of State Control of Land Use and Protection

The objectives of state control of land use and protection are to ensure that all citizens, enterprises, institutions, and organizations observe the requirements of land law for the purposes of efficient, purposeful use and protection of the land.

Article 64. Organs Which Carry on State Control of Land Use and Protection

State control of land use and protection is done by the appropriate soviets of people's deputies and the republic land use planning and nature-protection services. The procedures for carrying on state control of land use and protection are established by the Council of Ministers of the Republic of Armenia.

Article 65. Systematic Observation (Monitoring) of the Condition of the Land

Land monitoring is a system of observing the state of land resources in order to promptly identify changes in this state, evaluate them, and prevent or clean up the consequences of negative phenomena.

The structure, content, and procedures of monitoring are established by the Council of Ministers of the Republic of Armenia.

Section 6. The State Land Register

Article 66. The State Land Register

The State Land Register is designated to provide soviets of people's deputies and interested enterprises, institutions, organizations and citizens with information on the land in order to organize its rational use and protection, regulate land relationships, carry on land use planning, substantiate the amounts of payments for land, evaluate economic activity, and carry out other measures related to use of the land.

Article 67. The Content and Procedures for Maintenance of the State Land Register

The State Land Register constains a system of essential information and documents about the legal status of lands, their distribution by owners, land users, and categories, and their qualitative characteristics and economic value.

Keeping the State Land Register involves conducting topographical-geodetic, land use planning, soil, agrochemical, geobotanical, and other studies and explorations, registration of land owners and users, and records and assessment of lands.

The State Land Register is kept by state land use planning organs using a uniform system and at the expense of the state budget.

The procedures for keeping the State Land Register are established by the Council of Ministers of the Republic of Armenia.

Section 7. Land Use Planning

Article 68. The Purpose and Content of Land Use Planning

Land use planning is a system of state measures directed to implementing land law and the decisions of the soviets of people's deputies or organizing the use and protection of lands, creating a favorable ecological environment, and improving natural landscapes.

Land use planning envisions:

1) development of republic and territorial programs, plans for use and protection of land resources, and land use plans;

2) establishment of the boundaries of territorial administrative formations on the terrain;

3) compilation of plans for the formation of new land uses and ordering of existing ones with elimination of inconveniences in the location of lands, allocation of plots of land on the terrain, and preparation of documents that certify the right to land ownership and use;

4) development of plans for interfarm and internal-farm land use and other plans related to rational use and protection of land;

5) preparation of working plans for protecting lands against erosion, contamination, and salinization, upgrading agricultural lands, restoring disturbed lands, and incorporating new lands;

6) substantiation of the location and establishment of the boundaries of territories with special nature-protection, recreation, and refuge conditions;

7) specification and establishment of the limits of cities, communities, and rural populated points;

8) organization of topographic-geodetic, cartographic, soil, agrochemical, geobotanical, and other studies and explorations.

Article 69. The Organization of Land Use Planning

Land use planning is carried on by state land use planning organs at state budget expense.

The development of land use plans to lay out territories and plans to radically improve plots of land and protect them from cave-ins and weeds is done at the initiative and expense of the land owners and users.

Section 8. Resolution of Land Disputes

Article 70. Organs That Have the Right To Resolve Land Disputes

Land disputes are resolved by local soviets of people's deputies, courts, or the state arbitration system.

The land disputes of enterprises, institutions, organizations, and citizens are resolved by the soviets of people's deputies under whose authority the plot of land is.

In cases of disagreement with the decision of the soviet of people's deputies, land disputes are heard in the judicial system.

Property disputes involving land relationships are heard by the court or state arbitration system according to their jurisdiction.

Land disputes related to allocation of plots of land, their withdrawal, or termination of the right to land ownership and use are resolved by the court or state arbitration system.

Article 71. Resolution of disputes between the Republic of Armenia and Other States Related to Allocation and Use of Lands

Disputes that arise between the Republic of Armenia and other states on questions of the allocation and use of lands are reviewed by an arbitration hearing or by other legally established procedures.

Article 72. Resolution of Land Disputes of the Republic of Armenia, Legal Entities, and Citizens over Ownership of Land and Land Use in Another State

Disputes of the Republic of Armenia, legal entities, and citizens over ownership of land and land use in another state are reviewed by commissions formed on parity principles from representatives of the interested states on the basis of the laws of the appropriate state and interstate agreements.

If the commission does not reach an agreed-upon resolution, disputes are heard by arbitration.

Article 73. The Competence of Local Soviets of People's Deputies To Resolve Land Disputes

Resolution of the land disputes of citizens, enterprises, institutions, and organizations whose lands are under the authority of a local soviet of people's deputies is within the competence of the corresponding soviet.

Article 74. Procedure for Hearing Land Disputes by Local Soviets of People's Deputies

Land disputes are reviewed by local soviets of people's deputies on the basis of an application by one of the parties, within 1 month from receipt of the application.

The materials on resolution of land disputes are prepared by deputy commissions of the corresponding soviets of people's deputies jointly with land use planning organs.

The soviet of people's deputies in a land dispute hearing adopts a decision which may envision the manner of

execution of the decision and steps to restore the violated rights of the land owner or user.

Article 75. The Rights and Duties of the Parties to a Land Dispute

The parties to a land dispute have the following rights: to familiarize themselves with the materials for resolving the dispute, make copies from them, take part in the session of the local soviet of people's deputies when it hears the land dispute, submit documents and other evidence, offer petitions, give oral and written explanations, object to the petitions, arguments, and considerations of the other party, receive a copy of the decision of the local soviet of people's deputies on the land dispute, and within 10 days of receiving a copy of the decision on the land dispute to appeal the decision of the city, community, or rural soviet of people's deputies to the rayon soviet of people's deputies and the decision of a rayon or (republic-subordinate) city soviet of people's deputies to the Council of Ministers of the Republic of Armenia.

Article 76. Execution of Decisions in Land Disputes

Decisions in land disputes are carried out by land use planning organs if no other organ is indicated in the decision.

An appeal of the decision of a soviet of people's deputies in a land dispute suspends its execution.

Section 9. Accountability for Violation of Land Law

Article 77. Accountability for Violation of Land Law

Persons guilty of occupying plots of land without authorization; spoiling agricultural or other lands; contaminating lands with chemical or radioactive substances, production waste, or runoff water; failing to meet nature-protection requirements in using land; failing to perform duties to return temporarily occupied lands or put them in a condition suitable for use according to designation; destroying markers at land use boundaries; garbling state land register, records, or assessment data; siting, planning, building, or launching projects which have a negative impact on the state of the land; and other violations bear civil, administrative, or criminal accountability in the manner established by the laws of the Republic of Armenia.

Enterprises, institutions, organizations, and citizens are obliged to compensate for damage caused by them as the result of violations of land law.

Plots of land occupied without authorization are returned according to their ownership without compensation of expenditures incurred during their illegal use.

Plots of land are put in a condition suitable for use, including removal of structures, by the citizens, enterprises, institutions, and organizations which occupied the plot of land without authorization, or at their expense.

Section 10. International Agreements

Article 78. International Agreements

If an international agreement of the Republic of Armenia establishes rules other than those contained in the present Code, the rules of the international agreement are applied.

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

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

29 January 1991, Yerevan

Decree on Code's Implementation

914A0524B Yerevan GOLOS ARMENII in Russian 12 Feb 91 p 1

[Document: "Decree of the Supreme Soviet of the Republic of Armenia on Implementation of the Land Code of the Republic of Armenia"]

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

1. The Land Code of the Republic of Armenia will go into effect on 15 March 1991.

2. Until the laws of the Republic of Armenia are brought into correspondence with the Land Code of the Republic of Armenia, effective enactments of the Republic of Armenia are to be applied only to the extent they do not conflict with the Code.

3. The Land Code of the Republic of Armenia applies to legal relationships arising after the Code goes into effect, that is, from 15 March 1991.

4. For legal relationships relating to land that arose before 15 March 1991, the Land Code of the Republic of Armenia applies to those rights and duties which arise after the Code goes into effect.

5. It is established that decisions on granting plots of land made by appropriate organs within the bounds of their jurisdiction before 15 March 1991 but not carried out before the Land Code of the Republic of Armenia goes into effect are to be carried out in accord with the requirements of the Code.

6. The Council of Ministers of the Republic of Armenia, before 15 March 1991, must:

- present to the Supreme Soviet of the Republic of Armenia proposals on making amendments and additions arising from the Land Code of the Republic of Armenia to the existing laws of the Republic of Armenia;
- bring decrees of the Council of Ministers of the Republic of Armenia into line with the Land Code of the Republic of Armenia;

- ensure a review and repeal by the ministries, state committees, and departments of the Republic of Armenia of normative enactments that conflict with the Land Code of the Republic of Armenia;
- carry out a set of steps aimed at realization of the Land Code of the Republic of Armenia, including establishing the principles of payment for land, confirming the basic principles of land use planning and procedures for the land register and land monitoring, and forming new state organs that will support land monitoring, the land register, land use planning, and state control over land use and protection.

7. The Land Code of the Armenian SSR, ratified by the 18 December 1970 Law of the Armenian SSR, with all its amendments and additions is to lose force as of 15 March 1991.

8. The agrarian standing commission and the standing commissions on questions of rural development, protection of nature and natural resources, and legal matters of the Supreme Soviet of the Republic of Armenia are to monitor the course of implementation of the measures envisioned by the present decree and, if necessary, submit appropriate proposals to the Supreme Soviet of the Republic of Armenia.

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

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

4 February 1991, Yerevan

Ukrainian Prime Minister on Economic Sovereignty, Interrepublic Ties

914A0581A Kiev KOMSOMOLSKOYE ZNAMYA in Russian 16 Mar 91 pp 4-5

[Interview with Ukrainian Council of Ministers Chairman V.P. Fokin by L. Shevkina, editor of the newspaper NA TRUDOVIY VAKHTI at the Kiev Radiozavod Production Association: " 'Each Republic Must Be an Independent State'"]

[Text]

[Shevkina] Vitold Pavlovich, how do you see the economic independence of our republic based on the Declaration on the State Sovereignty of the Ukraine?

[Fokin] The declaration stated that on the territory of the republic the land, the bowels of the earth, water, and other natural resources are its own. I think that to develop the national economy under earlier conditions, when a maximum of one-fourth of the total number of enterprises and of output was under the jurisdiction of the republic is, of course, impossible. The all-Union ship has become too cumbersome and too complicated to steer, and therefore the republic has been forced to look for opportunities to realize the principle of unity out of diversity. We are now developing horizontal links and establishing control over their implementation. These should be the normal, civilized, as it is customary to say now, relations between sovereign republics.

[Shevkina] Could you cite some specific examples of the embodiment of this idea?

[Fokin] Of course. As of 1 November we had only about 40 percent of the contracts needed for deliveries between enterprises and production facilities. The fact is that the central organs, first and foremost the Union State Committee for Material and Technical Supply [Gossnab], had remained aloof from this work. After analyzing the state of affairs we concluded that we could entirely do without the services of that committee by establishing economic links with the Union republics. It is very important that these links be immediate in nature. For example, Turkmenia and Uzbekistan have officially raised the cost of a ton of cotton from R2,500 to R6,000, that is, by a factor of 2.5, but are demanding R12,000 a ton for cotton under contract prices—six times more. We are trying to reach agreement with them, and we emphasize that we can also raise the prices for certain kinds of products, for example, sugar and vegetable oil. No matter how complicated it may be for us to cooperate, it is already reminiscent of the relations between partners. We have been brothers for so many decades, as they say, but now for the first time we have felt the need to become partners.

There is an urgent need to create an organ that would coordinate the activity of the supply-and-everyday organizations and monitor mutual deliveries between the republics. I think that it should include not only Russia, Belorussia, Kazakhstan, and the Ukraine, but also all republics that so desire.

[Shevkina] Is this not some kind of parallel government or parallel center that are you offering?

[Fokin] I would like once again to emphasize that it is quite impermissible to impart some kind of hidden separatist meaning to this agreement. I think that the readers will be interested in knowing that the organ that we have set up is also essential for compensating for the absence of any system like the Gossnab in the Russian Soviet Federated Socialist Republic [RSFSR]. They have simply eliminated it there, and now we essentially have no state managerial structure that could monitor compliance with all clauses in a contract. Incidentally, in Russia they are also interested in setting up such a committee.

[Shevkina] At this time the center has already lost any real...

[Fokin] It is losing it.

[Shevkina] Well, yes... is losing real strength and real power. Nevertheless, Vitold Pavlovich, you are in favor of the Union. What is this, an infantile disorder of independence or ideological excessiveness?

[Fokin] Neither. It is something else! It is a realistic perception of the situation. We do not stand for the discredited unitary Union but for quite new republic relations within the framework of the Union. We believe that the center should represent the sovereignty of the republics, and that the republics should assign to the center some of their own powers since today there are a number of functions that the republics cannot themselves exercise. These are matters pertaining to defense, space communications, the resolution of major ecological problems...

[Shevkina] Obviously there are other issues that now unite the republics. Can we hope that in the not too distant future they will be sovereign states?

[Fokin] Today this is the main issue: Will the new Union be a subject under international law, and will the new sovereign republics also be subjects? I suggest that this question should be formulated in a different way: there is no doubt that each republic should have an opportunity to be a subject under international law, that is, be an independent state. And at the same time it is absolutely essential to preserve the Union. As I have already said, there are a number of functions that the republics will be unable to exercise independently.

[Shevkina] Now, or in the future?

[Fokin] At least in the near term.

[Shevkina] Does the government of the Ukraine have its own program for extricating the economy from crisis?

[Fokin] Yes, there is such a program. It has been considered by the Ukrainian SSR Supreme Soviet. It sets forth consistently all the measures to stabilize the situation in the republic and extricate us from crisis. We are now adding the final touches to it. I believe that the document will be ready in its final form in a week or two. The dates have been clarified and everything is written in according to a time table. The main efforts will be directed toward maintaining the volume of output that has been attained, and then attention will be turned to building it up. For this we must realize the main provisions of our program, stabilize the situation, stave off a collapse of the market, devise a mechanism to denationalize and privatize property, solve the problems associated with forms of ownership, and answer the main question: How and at what stage to switch to market relations. Work is now being done to devise this mechanism, and scholars, experts, and deputies are all involved...

[Shevkina] Are real time periods being set or will everything again be set for the long term?

[Fokin] This will depend largely on from what point they are read. If, for example, we start denationalization and privatization directly in May, then I believe that in a year the situation will start to stabilize.

[Shevkina] How will ownership standards be established—state, cooperative, and private?

[Fokin] It is being proposed that we devise the kind of mechanism for denationalization that would ensure that all members of society start off initially under equal conditions. Unfortunately, the proposals From Bunich, Shatalin, Shmelev, and Abalkin have the same common flaw. They are proposing that some of the main production capital of enterprises should be sold to the workers, while other capital should be given to them. This is unfair and unjustified in my opinion. For the property of the republic is the property of the state. It was created by the labor of many generations. It is difficult to agree with those who say that if a man has retired on pension but worked previously, say, at the Kiev Radio Plant, he has forfeited the right to any part of the fixed capital.

We believe that there are several conceptual approaches. Let me talk about my own vision of this problem. I believe that it is impossible to transfer fixed capital gratis. So what should be sold? Assume that an enterprise has production capital of R100 million. This sum could be distributed among the workers, but it could be partially redeemed. For example, give the right to buy 10,000 certificates for values of R3,000 to R5,000. In this way some part of fixed capital would be purchased and initially there would be mixed ownership: 20 percent owned by the collective and 80 percent by the state. Shares could be issued for this amount. Then, depending on the results of operations at the enterprise, some people might be dissatisfied with the low profit percentage. In this case, they can sell their shares. Perhaps the collective will want to redeem a larger proportion of the shares from the state. Perhaps investments could be accepted from foreign investors, but with maximum cautiousness and safeguards. There are many scenarios.

[Shevkina] The opinion is current among workers that the enterprise is their property. So why should they buy it?

[Fokin] That is logical. From the standpoint of political economy they are right. The enterprise belongs to the state conditionally. It was created by the labor of the collective and is the property of the collective. It is virtually impossible to determine who the real owner is. For example, how would it be with a physician who does not work right there at the enterprise but whose labor is also indirectly included in the value of the fixed production capital. How would it be with you and me? For we are also taxpayers... The government centralizes the taxes that we pay, and builds enterprises at its own discretion, reconstructs them and so forth, that is, it invests funds. This means that to some degree the enterprises belong to us! Hence the conclusion that it is impossible to demand 100 percent redemption. Thus, the very concept of mixed ownership is confirmed. There is the collective, which is the subject of ownership, and there is the state, which operates on instructions from you and me.

In this situation very interesting possibilities open up. For example, during the course of the year the exclusive right to redeem shares belongs only to a person who is

working at a given enterprise. The next year, as a result of economic-and-financial activity, a situation may arise in which shareholders may deem that it is unprofitable for them to hold some of the shares.

The shares of an enterprise are put onto the stock market. After a year or two anyone has the right to buy them—workers in the services sphere, teachers, physicians, servicemen.

[Shevkina] I am convinced that this is a myth. Under the conditions of our state system, given to us 73 years ago, this is impossible even in the next 10 years. You will pardon me, but I do not believe this.

[Fokin] Tell me briefly, why not?

[Shevkina] I think that everything will remain as it has been. And the proposed program is a transitory phenomenon.

[Fokin] And then everything will turn on itself, in a circle?

[Shevkina] Precisely! The diktat from the center will not leave us. Since we have been dependent on these structures, they will remain. And the workers say this, too.

[Fokin] I would very much like, if not to convince you otherwise, then at least to shake your conviction. And I have arguments enough for that. One of the Union ministers telephoned us and asked for support in deciding the fate of his ministry. I told him candidly that in my opinion in the very near future most of the sector ministers should be eliminated. But this should not be done today, but after a definite time. A maximum of two or three years. The ministries should overcome the desire of the system for self-preservation. And so I am deeply convinced that each minister should have a program for transformation and elimination of the ministry. Then I can provide assurances for that minister and will support the preservation of his ministry for this period of time. For example, machine building. This is the most complex sector, because any given enterprise is linked through cooperation with hundreds of similar enterprises located on territory throughout the country.

I am not ecstatic about the structure for the cabinet proposed by the Union Premier Pavlov. I believe that it is even more centralized than previously. At the same time, since we regard it as an interim structure designed for a very short period—a year or two—we have not objected, and have passed it on for the consideration of the Union Supreme Soviet. I believe that at the end of this period it should be possible to transform the sector ministries into structures suitable for market relations.

[Shevkina] Let me ask you this question. Do you see yourself, Vitold Pavlovich Fokin, in the prime minister's chair in the future government of the Ukraine?

[Fokin] A complicated question. But let me answer it honestly. My character is such that I am unable to bend and adapt. I am, nevertheless, of miners' stock. I am accustomed to dealing with things professionally.

The premier must work and resolve very important economic and social problems and think about the people and the complexities of their life and existence. I do not fear difficulties or economic problems; my strength is adequate. I do fear that irresponsible forces set on destruction and not concerned with creativity may prevail in our society.

[Shevkina] I would like to clarify what you mean by these forces.

[Fokin] First of all, people who are trying to become involved in something that is not their business. All my life I have preached the principle that only a professional can make a good job of something. A person who issues orders is obligated to be able to carry out an order better than the person who is given the order. I often recall a quotation from Karel Capek, who said this: "What does it mean, to criticize? To criticize means to talk about how you would have done it if you had been able."

And now, back to our interview. It is my opinion that our parliament would operate much more effectively if there were no television camera. No, I am not against glasnost. I am against the narcissism of particular deputies.

[Shevkina] I remember your interview in the spring of last year in LITERATURNIY UKRAYINI about economic independence for the Ukraine and your vision of the republic's development under those conditions. Has anything in your views changed since then?

[Fokin] On the contrary, I believe that I have even moved in the designated direction.

[Shevkina] And you are not retreating?

[Fokin] I think that I have not yielded a single position. This is not stubbornness. It is conviction. I have an extremely critical attitude toward my own activity, and as you know, I did not immediately consent to stand as a candidate for this post. But now that I have started the business, retreat is not in my rules. I shall do everything possible to correct the situation in the republic. I want to look people directly in the eye.

[Shevkina] What is your attitude toward the forced resignation of your predecessor?

[Fokin] In my opinion, claims should have been presented and the man should have been heard and given an opportunity to defend himself, and only after that, with sufficient grounds, should particular demands have been advanced.

[Shevkina] Vitold Pavlovich, let us move on to issues connected with the social direction. Will a pension fund be formed in the Ukraine, and what will be the point of departure?

[Fokin] The answer depends on the principle employed to form the budget. If it remains a dual-channel principle, then the system of pension security will remain with the center. Two years ago we were the first in the country to propose a single-channel system for forming the budget, that is, all funds that are mobilized on the territory of a republic should form the basis of its budget.

Depending on what powers it assigns to the center, the republic should then participate in the forming of the state budget and in the creation of the fund by means of deductions. Not a dozen-and-a-half funds, as was done in the past, but a single fund. And then any measures can be financed from it. Given this condition, a pension security fund, of course, should be a republic fund.

[Shevkina] And the very important issue of taxation.

[Fokin] Taxation is one of the main regulators of economic relations. The tax system should belong to the state, that is, the republic. But it is essential to act in a confident and well-considered manner. We have achieved much this year. For essentially the president has agreed with us that turnover tax remain totally within the republic. He has also agreed that a stabilization fund be created with the agreement of the republic rather than at the bidding of the center.

[Shevkina] Vitold Pavlovich, what is the future fate of the enterprises of Union subordination, including our Kiev Radio Plant? What will their management system be in the future?

[Fokin] I have already said that the Union ministries, including yours, should remain in existence for a short time. I favor continuity without breaking with what is viable. But in a year or two instead of these ministries there should be independent economic structures that can be transformed into associations and other new forms for the organization of production. And it is desirable that they be in competition one with the other so that there is no monopoly right to produce particular output.

[Shevkina] One more very important question, especially for our collective. Using the economic method we are building some 250 to 300 apartments annually. Meanwhile the economic method does not guarantee funded construction materials. How should things be in this kind of situation?

[Fokin] These are the inevitable costs of the transitional stage to the market. For it has to start somewhere. It is common knowledge that any enterprise acts in two hypostases—as a consumer and as a producer. So that when it is a matter of production, everyone says: Give us as small a state order as possible, 40 or 50 percent, not more than 60 percent, and let the rest remain at the discretion of the enterprise. Everyone wants to sell his output at his own discretion. But when it is a matter of the functions of an enterprise as a consumer, then a different yardstick is used: they demand 100 percent of equipment under the program, all materials, raw materials, and other resources. In my opinion, one of N.I. Ryzhkov's mistakes was that he started to introduce the state order without being asked to create a theory for it, and without grasping the essential nature of this very important economic category. A very obvious truth was ignored here, namely, that the level of the state order must be about the same for everyone. For example, if it is 80 percent, it should be 80 percent for everyone. And the remaining output should be concentrated within the limits of a free market space and serve to augment stock and commodity exchanges.

We have taken the first step. They will evidently criticize me for that. But I have thought about it: for many years we have had the Exhibition of so-called National Economic Achievements. But is it necessary in our times? The things that are shown in its pavilions more often than not irritate people, who ask this: Where can we buy what is being shown in the pavilions? And so I made bold on this basis to create a prototype of the future commodity exchange.

I would like our enterprises that can to produce above-plan output, and not to maintain a staff of middlemen, fixers, and commercial people. They should make use of the services of the commodity exchange, and of marketing experts.

[Shevkina] If you have no objection, let us consider the question of municipal taxes. People say that this falls within the competence of the local authorities.

[Fokin] Yes, it is the city soviet that makes the decisions on this question, but I want you to understand that there are different categories of consumers, and it is impossible to impose the same rate for all municipal services. For example, how can we compare medical, cultural, and sports facilities, whose goals are scarcely the same as large industrial associations? I think that it is quite logical that differentiation in payments should be established by the municipal authorities.

[Shevkina] So how will the difference be made up? It turns out that our workers are being placed on unequal terms. We build houses using the economic method and our people live in them, so why are we paying enormous taxes, that is, suffering palpable losses?

[Fokin] Permit me to answer this is a graphic way. A giant and a dwarf are wading a stream. The dwarf cannot go in places where the giant can move freely. Of course the differentiation in municipal payments is not yet totally fair. But today there is no other path. I hope that you will agree to be the giant I just talked about. I hope that your plant will manage to ford any river.

[Shevkina] Could you describe your attitude toward the now fashionable process of conversion?

[Fokin] I believe that conversion is the latest economic paradox, to say the least. The idea is in general correct, but events in the Persian Gulf and the fate of Kuwait

should force many to reconsider attitudes toward the Army and its material-technical potential. We should not forget that no self-respecting state can exist without its coat of armor. I believe that history will judge us and put everything in its proper place.

[Shevkina] That is, conversion is the latest adventure? Let us speak candidly...

[Fokin] You are talking in very tough terms. But essentially you are right. Conversion requires enormous amounts of spending. It does not make sense to destroy everything and modify it without having a clear-cut program and the funds to implement it.

[Shevkina] Will there be unemployment in the Ukraine as the result of conversion?

[Fokin] It may be that by the end of the year about 1 million to 1.5 million people will be dismissed. But I hope that they will not be unemployed. In any event, the state cannot afford it: according to our calculations unemployment benefits alone would cost R2 billion to R3 billion. Incidentally, if we were to initiate the "500 Days" program, there would be five million unemployed.

[Shevkina] Does this not mean that there is need for additional humanitarian assistance under conditions of unemployment, even though, to be candid, even today attitudes toward this kind of assistance are ambivalent?

[Fokin] In most cases, so-called "humanitarian assistance" is an insult to the dignity of our people. The more so since it is customary among us to use, under the guise of humanitarian assistance, any commodities that are not selling well that are likely to go bad. I have that on reliable authority. Literally a few weeks ago we received vehicles from the FRG loaded with those kinds of goods—hundreds of thousands of rubber pants that been lying in a warehouse for 30 years. Now they are clearing out this old stock and sending it to us. We have no need of that kind of assistance. If anyone truly wants to help, let him give us interest-free loans, send us technology on favorable terms, accept our orders under conditions favorable for us. There is a whole slew of ways to help the Ukraine...

[Shevkina] You agreed to stand as a candidate in the Darnitskiy electoral district No. 6. Not an easy district, although you probably had a choice. I know that there are districts in the Ukraine where you would undoubtedly have won a deputy's seat without difficulty. Nevertheless, you chose Darnitsa.

[Fokin] I agree that there is, perhaps, no more difficult district. I believe, however, that as a rule a deputy should be elected in the place where he lives. Now I live in Kiev, and so I was put on the ballot in one of its districts. In the Darnitskiy Rayon Soviet they asked me this question: would I act like V.A. Ivashko. I answered that this possibility is totally excluded.

[Shevkina] Vitold Pavlovich, what do you expect this spring?

[Fokin] Like the majority of people, for me spring is a time of hope for renewal, of hope for a better future for our people and our Ukraine. I very much hope that despite all the difficulties, the changes initiated six years ago that brought us to the years of perestroyka will in the not too distant future bring our sovereign republic into the circle of countries in which people are guaranteed a proper standard of living. I hope that the readers will understand that none of this will come to us like manna from the heavens but will become possible thanks only to stepped-up labor.

The main place where that labor should now be applied is the countryside. The popular wisdom says that good work on one spring day will provide food for the year. As we sow, so shall we reap—a great deal depends on this. Understanding the enormous importance of improving food supplies, the republic government is doing everything possible to draw up a law giving priority to the social development of the countryside and the agro-industrial complex in the republic's national economy. We are literally using every last crumb of our slender resources today to help the peasants provide an abundance of food for the republic.

I believe that we will finally succeed in stabilizing the economic situation overall. For this, the government has a draft for an appropriate program. For this it is now absolutely essential to maintain the level of production that has been achieved, and to protect the consumer market against final collapse. In the future, having set in motion a mechanism for denationalization and privatization, and having ensured practical freedom for entrepreneurship within the framework of the law recently passed, and also pluralism of forms of ownership and competition among them, it will be possible to move on along the path of economic progress.

In order to make all this a reality we need the agreement and consolidation of all social forces. If we want to survive under these present difficult conditions, and even more make positive changes, we must learn how to resolve all conflicts in a civilized manner, at the negotiating table, without resorting to extremes. Any action that violates the normal labor process (like the miners' strike) introduces elements of instability into society that are capable only of leading us away from our set goals. I therefore very much count on spring strengthening the social peace in our land, and on reason triumphing.

I am setting my hopes on the active participation of our young people in creative labor. The republic government is doing a great deal to create favorable conditions for them. Let me remind you that grants were recently increased for students at higher educational institutions, tekhnikums, and vocational-and-technical schools, answers have been found to questions pertaining to

support for students' families, and continuous outpatient facilities have been set up for tekhnikum students. Incidentally, the proportion of national income allocated for education in the republic rose from 5.7 percent in 1986 to 7.2 percent last year. And in accordance with the plan for this year, it will amount to 9.3 percent.

Now we have really set to to shape a state youth policy. It will evidently consist of a series of legal enactments whose adoption will ensure the resolution of questions relating to education, job placement, and social security for young citizens.

The republic urgently needs youth's creative energy. As chairman of the Council of Ministers I will support all useful initiatives.

Turkmen SSR Law on 1991 Economic, Social Development Plan

Text of Law

914A0481A Ashkhabad TURKMENSKAYA ISKRA in Russian 31 Jan 91 p 2

["Law of the Turkmen Soviet Socialist Republic On the State Plan for Economic and Social Development of the Turkmen SSR for 1991" signed by Turkmen SSR President S. Niyazov, 10 January 1991]

[Text]

Article 1. To confirm the State Plan for Economic and Social Development of the Turkmen SSR developed by the TuSSR government, with consideration of the proposals of the committees and preparatory commissions of the TuSSR Supreme Soviet.

Article 2. To consider the main tasks in 1991 in the implementation of the measures for structural perestroyka and stabilization of the national economy and its transition to a market economy to be:

—the provision of sociopolitical stability in the republic, in each region and collective;

—the recovery of finances and monetary circulation, the stabilization of the consumer market;

—the implementation of a coordinated system of social guarantees, as well as the formation of an overall policy in issues of the population's employment;

—build-up of product output in all branches of the agro-industrial complex through deepening its processing capacity and moving toward a resolution of the Foodstuffs Program;

—the provision of fast-moving growth rates in the production of consumer goods and services;

—acceleration of the development of the material-technical base of the social sphere;

—maximum mobilization of the republic's export opportunities, development of imports of necessary resources;

—acceleration of scientific and technological progress, the further improvement of the structure of social production, the strengthening of social trends in the development of base branches of industry;

—an increase in production efficiency, first and foremost through general economizing and effective utilization of all natural economic resources;

—implemention of effective measures to improve the ecological and sanitary situation in the republic, especially in the ecological disaster zone in Tashauz Oblast, and Dargan-Atinskiy Rayon of Chardzhou Oblast;

—active participation in the creation of an all-union market and in elimination of barriers hampering the development of entrepreneurial activity;

—the implementation of a coordinated active antimonopoly policy;

—the creation of a production and social infrastructure of the market;

—implementation of measures to denationalize and privatize property, the sale of which is an important factor for the stabilization of the economy and consumer market;

—provision for the execution of the State Plan for Economic and Social Development of the Turkmen SSR and plans of oblasts, cities, and rayons for 1991;

—provision for the execution of the ukases of the USSR President "On Immediate Measures for the Stabilization of Economic Relations in the 4th Quarter of 1990 and in 1991," "On the Special Procedure for Utilization of Hard Currency Resources in 1991," and the ukases of the Turkmen SSR President on structural perestroyka, the stabilization of the national economy, and its transition to a market economy.

Article 3.

To ensure in 1991 the national economy's achievement of the fundamental indicators of economic and social development of the Turkmen SSR in accordance with statute No. 1, including the following:

The produced national income, in percentage of 1990 plan, 105;

the structure of the national income utilized, in percentage; the resources for current consumption and non-production construction, 86.9;

the resources for expanding reproduction and other forms of accumulation, 13.1;

the productivity of social labor, in percentage compared with the 1990 plan, 102.8;

the production of resources for production in industry (group "A") in percentage compared with 1990, 102.2;

the production of consumer objects in industry (group "B") in percentage compared with 1990, 104.5;

the real per capita income of the population, in percentages compared with the 1990 plan, 100.8.

Article 4 To approve the balance of monetary incomes and expenditures of the population of the Turkmen SSR for 1991 according to appendix No. 2.

To require the Turkmen SSR government:

to achieve a recovery of the financial situation, an improvement in the balance of the population's monetary income and expenditures during the course of the implementation of the plan;

to adopt measures to provide retail trade circulation with the necessary commodity resources in the volume of R3.950 billion.

To these ends, to ensure in 1991 the production of consumer goods and the supply of paid consumer service in the following volumes: Consumer goods in retail prices, in toto: R2.0545 billion, 106.6 percent of 1990 plan;

including: foodstuff items (except alcoholic beverages), 881.7 million, 107 percent of the 1990 plan;

wine and spirit products, and beer, 356.3 million, 103.8 percent of 1990 plan;

non-foodstuffs goods, R816.5 million, 107.4 percent of 1990 plan;

paid consumer services, R517.5 million, 105.5 percent of 1990 plan.

To recommend to the Turkmen SSR government, TuSSR ministries, departments, state republic associations that they seek additional material resources in order to increase output of consumer goods and the volume of consumer services, sources of encouraging and increasing the interest of labor collectives.

Article 5 To establish delivery volumes for state (for all-union consumers) and republic funds of foodstuffs, agricultural raw materials, non-foodstuff consumer goods and light industry goods, and interrepublic deliveries of such goods in accordance with appendix No. 3.

To direct the special attention of the Turkmen SSR government, TuSSR ministries, department, state republic associations, and executive committees of local soviets of people's deputies toward the necessity of unconditional fulfillment of the delivery volumes established in the state plan for 1991 and arising from the economic agreements of the Union of SSR's and union republics on the issues of deliveries to all-union and republic funds of foodstuffs and agricultural raw materials in 1991.

The Turkmen SSR government is to establish control over the fulfillment of industrial deliveries for the branches of the agro-industrial complex.

To approve the proposal of the Turkmen SSR Supreme Soviet Committee for the economy and oblast, rayon ispolkoms on establishing a state order for the delivery of stock and poultry for industrial processing with mandatory consideration for the reproduction of the herd, providing an steady growth in the numbers of stock and poultry, with the establishment of a state order for purchases of milk and eggs, and to consider provision of farms with feed, including concentrated feed.

Article 6. For the purposes of the realization of social programs, to direct from the state budget and other sources in 1991 for the implementation of measures for the social support of the population in a centralized procedure a sum of R609.89 million, including:

R11.5 million to increase the length of prenatal and maternity leave for employed women from 56 to 70 calendar days;

R26.6 million to increase the length of partially paid leave for child care for children until 18 months of age;

R3.7 million to raise the normative expenditures for nutrition in preschool institutions;

R31.2 million to increase to the minimum wage level of no less than R90 the size of the stipend for caring for children under 18 months of age;

R54.6 million to introduce the payment of stipends for caring for children under 18 months of age for employed women without labor tenure, and for non-employed women of 50 percent of the minimum wage, but not less than R90;

R2.6 million to increase the size of the stipend for a child under guardianship (trusteeship) to the level of the minimum wage;

R1.3 million to increase to the level of the minimum wage the size of the stipend for care for a child until he reaches 18 months of age (per child in the event of the birth of two or more children);

R0.7 million to issue sick leave for temporary incapacitation to one parent (guardian or trustee) raising a handicapped child until the age of 16 years, for the entire period of sanatorium treatment of a handicapped child;

R.03 million to issue a stipend to employed women under 18 years of age for caring for a child under 18 months of age, regardless of her labor tenure;

R1.8 million to improve the material provisions for children and adolescents with physical or mental handicaps who are enrolled in special educational and training institutions;

R0.1 million to increase to the level of the minimum wage the size of the stipend paid to train and maintain the children of single mothers (widows and widowers) who were wards of children's homes (boarding schools);

R200 million to issue a monthly stipend of 50 percent of the minimum wage for each child from 18 months up to 6 years of age who are dependents in a family with an aggregate income not exceeding twice the size of the minimum wage;

R19.8 million to issue one-time stipends for the birth of a child in the amount of R300 each;

R2.4 million to increase up to 50 percent of the minimum wage the size of the monthly stipend to single mothers for each child until he reaches 16 years of age (for students who are not receiving a stipend, up to 18 years of age);

R117.6 million to implement the measures stipulated by the new pension legislation;

R0.3 million to grant supplemental privileges to invalids and participants of the Great Patriotic War, established with the 45th anniversary of the victory;

R39.3 million to increase the expenditure norms of medications and other needs in health maintenance facilities;

R0.02 million to implement additional measure to improve medical services and social insurance for persons who participated in the cleanup of the Chernobyl AES accident;

R1.4 million to increase the size of the stipend for temporary work incapacity for certain categories of workers and employees;

R10.3 million to introduce stipend provisions for all competent students of higher and trainees of secondary specialized educational institutions studying while on a break from production, and to increase the amount of the stipends in the indicated educational institutions;

R2.2 million to introduce regional coefficients to stipends for graduate students, students of higher educational institutions and trainees of specialized and professional-technical educational institutions (for which such coefficients have not presently been established) studying in regions and localities in which they are applied to the wages of workers and employees of the non-production branches of the national economy;

R40 million to introduce new conditions for payment for labor for workers in culture, health care, social insurance, and public education;

R5.5 million to establish new rates of tariff, pay, and other conditions for payment for labor for workers of those branches of the non-production sphere for whom they have not yet been introduced;

R10.37 million to increase the salaries of workers of the organs of state arbitrage and the internal affairs organs;

R22.9 million—growth in the population's income from the changes in and reduction of the income tax upon citizens in connection with the increase in the non-taxable minimum income wages to R100 and the reduction of the tax rates on wages up to R150 monthly;

R3.4 million—growth of the population's income from the phased change in taxes on citizens who are bachelors, single, or have small families.

Article 7. To further strengthen the material base of the social-cultural sphere, to ensure, through all sources of financing, the introduction in 1991 of the use of:

—residential buildings with a total area of 2.019 million square meters;

—pre-school facilities with 14,200 spaces;

—general education schools with 40,200 spaces;

—clubs and houses of culture with 6,520 spaces;

—hospitals with 1,640 beds;

—ambulatory clinical facilities for 1,690 visits per shift;

—children's homes and boarding schools for children without parental care with 150 spaces.

Article 8. To approve the summary balance of capital investments for 1991, envisaging their total volume from all sources of financing to be in the amount of R3.624 billion, including R2.075 billion in the production sphere and R1.549 billion in the non-production sphere.

To confirm the limits of overall state centralized capital investments in the national economy in the volume of R342 million in the production sphere and R498 million in the non-production sphere, financed from the republic non-budgetary fund for the stabilization of the economy.

The Turkmen SSR government is to ensure the effective utilization of the centralized resources allocated for capital construction, and to ensure that these are directed only toward construction and sites whose execution is caused by the need for reliable vital provision for the national economy and the population of the republic. For the purposes of accelerating the activation of production capacities, first and foremost at state order facilities, to take measures to reduce the construction front, the concentration of capital investments, material-technical and financial resources and capacities of construction organizations to the completion of the construction of facilities subject to introduction into active use in 1991.

To establish the state order for the delivery of construction materials for all-union requirements and on these, interrepublic deliveries in accordance with appendix No. 4.

For the purposes of preserving the volumes of state centralized capital investments directed toward land reclamation and construction of storage and processing facilities for agricultural products at the level of the 1990 limits, the Turkmen SSR government is to resolve the issue of an additional allocation for 1991 to TuSSR Gosagroprom of R160 million from the resources of the republic non-budgetary fund for the stabilization of the economy.

Article 9. The Turkmen SSR government is to ensure in 1991 the implementation of immediate measures for improving the ecological and public health situation in Tashauz Oblast and Dargan-Atinskiy Rayon of Chardzhou Oblast, and in regions and cities with elevated levels of environmental pollution.

To establish a state order for bringing on line the most important state environmental facilities in accordance with appendix No. 5.

Article 10. During the course of the execution of the plan, the Turkmen SSR government is to take measures for the restructuring of foreign economic relations and improving the structure and increasing deliveries for export, primarily of the products of the processing branches, increasing their competitiveness in the global market, and improving the structure of imports.

Article 11. The Turkmen SSR Supreme Soviet directs attention to the need to strengthen contractual, labor, and production discipline, and the decisive combat against losses and mismanagement in all sectors of production and the level of management obligating ministers, leaders of republic state associations, representatives of committees and ispolkoms of local soviets of people's deputies to universally develop for these purposes organizational work, activating the work of conducting a contract campaign, implementing personal control over the distribution of product delivery volumes for the state at subdepartmental enterprises and in territories, and the overall pace of concluding economic contracts.

Article 12. The Turkmen SSR government, guided by this Law on the State Plan for Economic and Social Development of the Turkmen SSR, is to confirm for 1991 the indexes of economic and social development in the branches of oblasts, cities, and rayons of republic subordination and bring them to ministries, departments, and ispolkoms of soviets of people's deputies within two weeks.

Article 13. The Turkmen SSR government is to:

—take timely measures during the course of fulfilling the plan for 1991 ensuring more stable functioning of the of the national economy, implementing on this basis the social support and employment of the population, the stabilization of the consumer market;

—develop in one month and take measures of an economic nature ensuring the reduction in 1991 of uncompleted construction in the republic.

The Turkmen SSR government, ministries, departments, and ispolkoms of soviets of people's deputies are entrusted to review the concrete comments and proposals of the committees of the TuSSR Supreme Soviet and the TuSSR Soviet of People's Deputies expressed by them during the discussion of the draft State Plan for Economic and Social Development of the Turkmen SSR for 1991, and to make the appropriate decisions on them.

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

Decree on Law's Implementation

914A0481B Ashkhabad TURKMENSKAYA ISKRA in Russian 31 Jan 91 p 3

[Decree of Turkmen SSR President S. Niyazov dated 28 Jan 1991: "On the Measures for the Realization of the State Plan for Economic and Social Development of the Turkmen SSR for 1991"]

[Text] Under the conditions of a growth in the tendencies toward instability in the operation of the national economy in the country, 1991 is a particularly dangerous year; it is called upon to break through the existing processes and become the initial phase of the realization of measures for the stabilization of the national economy and the transition to a market economy in the union of sovereign republics.

The Turkmen SSR Supreme Soviet adopted the 10 January 1991 "Law On the State Plan for Economic and Social Development of the Turkmen SSR for 1991."

The Turkmen SSR Supreme Soviet considers the chief problems in implementing the measures for the structural perestroyka and the stabilization of the national economy and its transition to a market economy in 1991 to be:

—the provision of sociopolitical stability in the republic, in each region and collective;

—the recovery of finances and money circulation, the stabilization of the consumer market;

—the implementation of a coordinated system of social guarantees, as well as the formation of a common policy in issues of the population's employment;

—the build-up of production output in all branches of the agro-industrial complex with a deepening of its processing and movement toward a resolution of the foodstuffs problem;

—the provisions of surpassing growth rates for the production of consumer goods and services;

—the acceleration of the development of the material-technical base of the social sphere;

—the maximal mobilization of the republic's export opportunities, the development of imports of necessary resources;

—the acceleration of scientific and technological progress, the further improvement of the structure of public production, the intensification of social trends in the development of base branches of industry;

—the increase in production efficiency, first and foremost by economizing everywhere and using all national economic resources effectively;

—the implementation of effective measures to improve the ecological and public health situation in the republic, particularly in the ecological disaster zone in Tashauz Oblast and the Dargan-Atinskiy Rayon of Chardzhou Oblast;

—active participation in the creation of an all-union market and the elimination of barriers that hamper the development of entrepreneurial activity;

—the implementation of a coordinated active anti-monopoly policy;

—the creation of production and social infrastructure of the market;

—the implementation of measures for the de-nationalization and privatization of property, the sale of which is an important factor in the stabilization of the economy and the consumer market;

—provision of the fulfillment of the state plan for the economic and social development of the Turkmen SSR and the plans of oblasts, cities, and rayons for 1991;

—provision of the execution of ukases of the USSR President "On Immediate Measures for the Stabilization of Economic Relations in the 4th Quarter of 1990 and in 1991," and the ukases of the Turkmen SSR president on structural perestroyka, the stabilization of the national economy and its transition to a market economy.

Proceeding from this, and also for the purpose of stabilizing the economy during the period of the transition to market relations and the provision of social support to the population, I resolve:

1. To adopt for execution the State Plan for Economic and Social Development of the Turkmen SSR for 1991 confirmed by the Turkmen SSR Supreme Soviet.

To determine fundamental prognosticatory indexes of the economic and social development of the TuSSR for 1991 in accordance with appendixes 1 and 2.

To confirm the volumes of deliveries of products (execution of work, services) for the state (for all-union consumers), in interrepublic and republic funds, the limits and quotas in accordance with appendixes 3 and 4.

2. In accordance with the 10 January 1991 decree of the TuSSR Supreme Soviet, to ensure allocations from the state budget and other sources in 1991 for the implementation of measures for the social support of the population in a centralized procedure for a sum of R609.89 million, including:

R11.5 million to increase the length of prenatal and maternity leave for employed women from 56 to 70 calendar days;

R26.6 million to increase the length of partially paid leave for child care for children until they reach 18 months of age;

R3.7 million to raise the normative expenditures for nutrition in preschool institutions;

R31.2 million to increase to the minimum wage level of no less than R90 the size of the stipend for caring for children under 18 months of age;

R54.6 million to introduce the payment of stipends for caring for children under 18 months of age for employed women without labor tenure, and for non-employed women of 50 percent of the minimum wage, but not less than R90;

R2.6 million to increase the size of the stipend for a child under guardianship (trusteeship) to the level of the minimum wage;

R1.3 million to increase to the level of the minimum wage the size of the stipend for care for a child until he reaches 18 months of age (per child in the event of the birth of two or more children);

R0.7 million to issue sick leave for temporary incapacitation to one parent (guardian or trustee) raising a handicapped child until the age of 16 years, for the entire period of sanatorium treatment of a handicapped child;

R.03 million to issue a stipend to employed women under 18 years of age for caring for a child under 18 months of age, regardless of her labor tenure;

R1.8 million to improve the material provisions for children and adolescents with physical or mental handicaps who are enrolled in special educational and training institutions;

R0.1 million to increase to the level of the minimum wage the size of the stipend paid to train and maintain the children of single mothers (widows and widowers) who were wards of children's homes (boarding schools);

R200 million to issue a monthly stipend of 50 percent of the minimum wage for each child from 18 months up to

6 years of age who are dependents in a family with an aggregate income not exceeding twice the size of the minimum wage;

R19.8 million to issue one-time stipends for the birth of a child in the amount of R300 each;

R2.4 million to increase up to 50 percent of the minimum wage the size of the monthly stipend to single mothers for each child until he reaches 16 years of age (for students who are not receiving a stipend, up to 18 years of age);

R117.6 million to implement the measures stipulated by the new pension legislation;

R0.3 million to grant supplemental privileges to invalids and participants of the Great Patriotic War, established with the 45th anniversary of the victory;

R39.3 million to increase the expenditure norms of medications and other needs in health maintenance facilities;

R0.02 million to implement additional measure to improve medical services and social insurance for persons who participated in the cleanup of the Chernobyl AES accident;

R1.4 million to increase the size of the stipend for temporary work incapacity for certain categories of workers and employees;

R10.3 million to introduce stipend provisions for all competent students of higher and trainees of secondary specialized educational institutions studying while on a break from production, and to increase the amount of the stipends in the indicated educational institutions;

R2.2 million to introduce regional coefficients to stipends for graduate students, students of higher educational institutions and trainees of specialized and professional-technical educational institutions (for which such coefficients have not presently been established) studying in regions and localities in which they are applied to the wages of workers and employees of the non-production branches of the national economy;

R40 million to introduce new conditions for payment for labor for workers in culture, health care, social insurance, and public education;

R5.5 million to establish new rates of tariff, pay, and other conditions for payment for labor for workers of those branches of the non-production sphere for whom they have not yet been introduced;

R10.37 million to increase the salaries of workers of the organs of state arbitrage and the internal affairs organs;

R22.9 million—growth in the population's income from the changes in and reduction of the income tax upon citizens in connection with the increase in the non-taxable minimum income wages to R100 and the reduction of the tax rates on wages up to R150 monthly;

R3.4 million—growth of the population's income from the phased change in taxes on bachelors, single and small-family citizens.

3. To establish that until the adoption of the USSR Law "On Budgetary and Non-commercial Organizations" the regulation of means to pay for the labor of budgetary institutions and organizations is realized in accordance with the limits confirmed for the fund for payment of labor.

TuSSR Gosplan and the TuSSR Ministry of Finance are to set for the TuSSR ministries, state and republic associations, oblispolkoms and ispolkoms of the soviets of people's deputies of city and rayon republic subordination the limit for the fund for payment of labor for institutions and organizations maintained at the expense of the resources of the TuSSR state budget within one week.

4. Based upon the volumes of consumer goods deliveries to the state, TuSSR Gosplan, together with the TuSSR ministries and departments, and state republic associations are to determine the volumes of deliveries of goods to the market, to non-market consumers, and for export.

5. To permit enterprises and associations of republic and local subordination to leave at the disposal of labor collectives for utilization within the framework of the rights granted them non-foodstuff goods produced above the volumes established by the plan. Of these, 50 percent is directed to satisfy the needs of the regions within whose territory the enterprises and associations are situated.

6. In order to ensure balance in monetary income and expenditures of the population, oblispolkoms and ispolkoms of city and rayon soviets of people's deputies of republic subordination, TuSSR ministries, departments, and state republic associations are to stipulate the usage of new (non-commodity) channels of attracting the population's resources, including by means of expanding the sale of housing, small and medium enterprises, and stock in major enterprises to citizens as property.

7. For the purpose of fully meeting the population's 1991 requirements for lumber and construction materials for the needs of individual dwelling construction, the development of gardening associations and housing amenities, TuSSR Gossnab, TuSSR Gosstroy, TuSSR Gosagroprom, TuSSR Goskomvodselstroy, TuSSR Ministry of Trade, the Turkmen Consumers Alliance, oblispolkoms and ispolkoms of city and rayon soviets of people's deputies of republic subordination are to take measures ensuring the satisfaction of applications of trading organization for lumber and construction materials in volumes not lower than the level for 1990.

8. To obligate the oblispolkoms and ispolkoms of rayon and city soviets of people's deputies of republic subordination and TuSSR Gosagroprom:

—to implement a system of measures for the creation of equal economic and legal conditions for all rural producers of goods regardless of the form of property and management;

—to fully promote an effective combination of the public production of kolkhozes and sovkhozes with peasant goods farms, the population's personal plots, and various types of agricultural cooperatives;

—to support the establishment and development of small processing enterprises outfitted with modern equipment directly at the points of production of agricultural produce, the creation of wholesale-intermediary firms and services, purchasing and selling association and other new formations for wholesale and retail trade.

9. The TuSSR ministries, chairmen of state committees, directors of departments and state republic organizations are to activate the work of conducting the contracted campaign, of exercising personal control over the placement of product delivery volumes for the state at sub-departmental enterprises, and over the overall pace of concluding economic contracts.

10. TuSSR Gossnab, TuSSR Goskomnefteprodukt, and TuSSR Gosagroprom are to orient the activity of all wholesale-intermediary firms and territorial organs of material-technical supply toward the development and preservation of the existing horizontal relations among enterprises and organizations, toward steady provision of the requirements for material resources of enterprises, organizations, and economically unprotected consumers of the non-production sphere who previously obtained produce through the wholesale trade procedure via TuSSR Gossnab, and toward the organization of interregional deliveries of produce and enterprise's activity under the conditions of the formation of a single all-union market with consideration for the needs of enterprises with all types of property that are involved in social production.

TuSSR Gossnab, TuSSR Goskomnefteprodukt, and TuSSR Gosagroprom are to take measures to involve in economic circulation and sale to the population output of production-technical designations.

11. The State Committee for Foreign Economic Relations, TuSSR ministries and departments, state republic associations, enterprises, associations, and organizations are to develop and implement measures for the restructuring of foreign economic relations, the improvement of structure, and the increase of deliveries for export, above all of the products of the processing branches, increasing their competitiveness in the world market and improving the structure of import.

12. For the purposes of maintaining the volumes of state centralized capital investments earmarked for land reclamation and construction of storage and processing facilities for agricultural products at the level of the 1990 limits, TuSSR is to be allocated for 1991 an additional allotment in the amount of R160 million from the republic non-budgetary fund to stabilize the economy.

To entrust TuSSR Gosplan, the TuSSR Ministry of Finance, and TuSSR Gosagroprom to make the appropriate amendments in the 1991 plan for capital construction during its correction process, with consideration for the results of the 1990 work.

13. TuSSR Gosplan, the TuSSR Ministry of Finance and the banks, in conjunction with TuSSR ministries and departments and ispolkoms of local soviets of people's deputies are to develop and initiate the fulfillment of a plan of concrete measures for 1991 which will ensure a reduction of uncompleted construction in 1991.

14. TuSSR Gosplan is to report within one week the TuSSR ministries, departments, state republic associations, oblispolkoms and ispolkoms of soviets of people's deputies of city and rayon republic subordination the indexes of the State Plan for the economic and social development of the Turkmen SSR for 1991 confirmed by this decree.

15. The TuSSR ministries, departments, state republic associations, oblispolkoms and ispolkoms of soviets of people's deputies of city and rayon republic subordination are, within one week of the receipt from TuSSR Gosplan of the indicated indexes, to inform enterprises and associations of the clarifications arising from the confirmed State Plan for the economic and social development of the Turkmen SSR for 1991.

16. TuSSR ministries and departments, and state republic associations are to:

—report, within one month of their receipt, the indexes of the State Plan for the economic and social development of the Turkmen SSR for 1991 to the oblispolkoms and ispolkoms of soviets of people's deputies of city and rayon republic subordination of the basic indexes of the plans from 1991 for the departmental enterprises (associations) and organizations located within the corresponding territories;

—to ensure presentation by departmental enterprises (associations) and organizations of the indexes for the plans for 1991 (enumerated), established ispolkoms of soviets of people's deputies of oblasts, cities and rayons of republic subordination in the corresponding plan commissions.

17. In connection with the work presently being conducted for the improvement of the organizational structure of the management of the national economy, the denationalization of property and change in the administrative-territorial make-up and structure of a number of TuSSR ministries and departments, TuSSR Gosplan is to clarify the indexes of the State Plan for the economic and social development of the Turkmen SSR for 1991 according to specific sections for the presentation of information by the TuSSR ministries and departments, republic state associations, oblispolkoms and

ispolkoms of soviets of people's deputies of city and rayon republic subordination.

[Signed] S. Niyazov, president, Turkmen SSR, 28 January 1991

Yavlinskiy on Kazakhstan Economic Reform Work

914A0547A Moscow IZVESTIYA in Russian 18 Mar 91 Union Edition p 3

[Interview with Grigoriy Yavlinskiy by I. Demchenko: "The Time for Programs Has Passed"]

[Text] **In public consciousness not only the "500-day" program, but the entire package of political and economic ideas and concepts, which make it possible to talk about the formation of new thinking in internal politics, is connected with the name of Grigoriy Yavlinskiy. He is young: soon he will be 39 years old. He is candidate of economic sciences. He easily makes contact with different audiences. He considers interethnic relations and the economy the pivotal directions in internal policy today and honesty and professionalism, the main qualities of the politician.**

[Demchenko] Grigoriy Alekseyevich, after you had resigned from the post of deputy chairman of the RSFSR Council of Ministers, you had many flattering offers. You chose the status of "adviser without pay" to Russian Prime Minister I. Silayev. A month ago you consented to participate in Kazakhstan's highest economic council. Does this mean that you are disappointed with the policy conducted by the Russian leadership?

[Yavlinskiy] I believe that work with any republic in the area of preparation for economic reform is work with Russia. A united market space, a unity of principles in approaches, and a unity of adopted laws—these are not merely words, these are the truly necessary prerequisites for reform. Probably, no one would be taken aback if I worked not only with Oktyabrskiy Rayon, but also with Krasnopresnenskiy Rayon in Moscow. It is the same here, only the scale is different.

Generally speaking, the formulation of the question itself stems from the hypertrophied idea of the sovereignties of republics. A year ago cooperation with Kazakhstan would have been considered the most normal matter. But now it is perceived by some people as though it concerns the affairs of another state. I have said the following in a recent television broadcast: The interests of republics and their residents should be protected not according to a geographical map for the fifth grade. Not to mention that the interests of Kazakhstan's population are no less dear to me than those of residents of the RSFSR or of any other republic.

[Demchenko] So, are you ready to participate in work on the preparation for reform in any republic, or you have a special attitude toward Kazakhstan?

[Yavlinskiy] If I am invited—and negotiations on this subject are going on with many republics—I will gladly take part in work in any republic and in any convenient form. And I am confident that every economist will do so now. All of us must work.

Only physical abilities can be the obstacle here. But I am not alone—we are a whole team. In Kazakhstan I also work not merely "as Yavlinskiy," but as the leader of the Center for Economic and Political Research, which, incidentally, is an interrepublic center. For the preparation for reform we need contacts with most republics and better yet with all of them.

Another limitation is caused by my personal ideas of the morality and ethics of the policy being conducted. If I do not share or understand a policy, I cannot participate in it.

With regard to special interest in Kazakhstan, indeed, I have it. This is a vast and very significant republic and, moreover, it has a high share of the extractive industry. It has its own specific nature of transition to a market, which is very interesting and important, because we have many such regions in the country. Therefore, we must orient ourselves as to the nature of problems and see how local people understand and solve them. It is impossible to work only according to impressions from newspapers.

Furthermore, I was attracted by the possibility of working directly with the president of Kazakhstan. Nazarbayev enjoys great prestige and respect in the republic. He is a well-known political leader in the country, who has undertaken the functions of leader of economic reform and tries to implement it systematically. It is not accidental that, along with members of his government, he invited Dr Chan Ian Beng from the United States and the well known economist G. Lisichkin to the supreme economic council. With such a makeup the discussion of problem per se was substantive and constructive.

The fact that practical work on the package of draft laws on privatization of state property, which we drew up with colleagues at the end of last and the beginning of this year, began in Kazakhstan was the direct reason for my arrival here.

[Demchenko] Was it drafted for Russia?

[Yavlinskiy] Yes. However, it has also been handed over to Russia and is being discussed in committees and commissions of the RSFSR Supreme Soviet. Kazakhstan's parliament at its winter session has already adopted a decree on privatization and denationalization, which not only does not differ from the logic of the draft law, but is connected with it in many respects. The draft law is submitted to the spring session.

In general, it can be said that in Kazakhstan a great deal is being done to create the prerequisites for the implementation of economic reform. The restructuring of executive power, whose leaders are now directly connected with the republic's president, is one of such

elements. They are directly subordinate to him and this is much more effective than when they were subordinate only to local soviets.

[Demchenko] In practice, however, this is a return to the Stalinist centralized structure of power, whose "effectiveness" is sadly and well known...

[Yavlinskiy] The drama of the present moment lies precisely in this. It can be said that 6 years of economic policy conducted by central bodies of power did not bring us substantially closer to the market. Under normal economic conditions it is possible, for example, by affecting the level of interest rates on credit, to control the republic's entire economic life from Alma-Ata. However, market levers do not operate and neither Nazarbayev nor Yeltsin are able to set them in motion. This is not within their powers, even if they would be pleased to manage by purely economic methods.

Nor do the old levers operate. From the time when the plan ceased to be a law the command economy died. Now the party does not participate in economic affairs and there is no fear, on which a great deal also was based. How can the head of executive power bear responsibility if he is unable to transfer several tons of grain from one oblast in the republic to another, because money does not work? Suffice it to recall how the attempts to solve these problems in a democratic way in Moscow and Leningrad ended and to look at what is happening in Russia—and right away it will be clear what Kazakhstan tries to avoid.

If we continue to sit with arms folded, instead of implementing genuine reform, we can sit until we return to the old system and everyone will be thankful that he has gotten out of this mess. True, then again we will have to begin reform and again go through all of this, because the old system can maneuver, but it is incapable of development, self-improvement, or an efficient expansion of output. However, precisely these things are needed.

[Demchenko] Would you also advise other republics to return to a centralized structure of executive power?

[Yavlinskiy] I would advise that they accept the reform program.

[Demchenko] However, this does not depend on them.

[Yavlinskiy]In the economic sense this does not depend on them, but in the political sense, it does. It is simply necessary to stop fighting for railroad cars, for mythical sums from the mythical Union budget, or for influence on the KGB and to begin to demand the implementation of economic reform proper. This is within the powers of republics and the entire society.

[Demchenko] However, if the center is so important, why did you yourself not agree to work in Union bodies when you were offered this?

[Yavlinskiy] I was invited to work after the "500-day" program had been rejected, "Basic Directions" had been adopted, decisions in the area of rise in all types of prices had been made, and so forth. I proposed that we go in one direction. This was not accepted and I was invited to the other side. I don't need to go there. I believe that there is a dead end there. All of us are also well familiar with the company which they suggested I keep.

[Demchenko] So, you consider it impossible to cooperate with the government?

[Yavlinskiy] We cannot endlessly console ourselves with illusions that it is again possible to persuade someone to conduct economic reform on the scale that we need.

At one time there was hope that Ryzhkov could be receptive to the proposed program. Nikolay Ivanovich was an outstanding political leader and before that, an economic manager. He became prime minister five years ago under totally different conditions. The situation simply slipped out of his hands for a number of reasons, including political. Therefore, experts and advisers could offer him the program.

Pavlov represents a totally different matter. He is a financier from beginning to end, that is, a specialist in the sphere where we have almost the biggest collapse. Moreover, Pavlov has accepted the situation in the form in which it is now and, if some small improvisations are not taken into account, nothing has happened since then. He himself must know what he should do, since he has agreed to become prime minister.

I believe that society not only has the right, but is obligated, to demand from central bodies of power a report on the nature of the economic policy being conducted. Otherwise, without prospects we will be deadlocked endlessly. Would so many problems with the referendum had arisen if the question of the preservation of the Union as a renewed federation were accompanied by stabilization measures implemented in a practical manner?

[Demchenko] One of the reports on your stay in Kazakhstan in IZVESTIYA was entitled "Yavlinskiy Offers a Program to Kazakhstan." We have received a letter from Kazakh SSR people's deputies, in which they write that such a simplified report places in an ambiguous position both you and other participants in the serious work that is being done in the republic now.

[Yavlinskiy] Correct. The program, even if it existed, would not be a personal gift, but the collective labor of many scientists and specialists. I have already had occasion to say: In my opinion, the time of writing programs has passed. It is not accidental that something like an allergy to this word has also appeared in society. In essence, there are not so many fundamentally different ways of implementing economic reform and, recently, almost all of them have been, so to speak, within earshot. We have already "tried" so many times certain methods of stabilizing money circulation or of reorganizing the bank structure. It seems to me that it is necessary to uphold principles that are already known and not to

invent something "new," which, as is well known, is fraught with consequences. Therefore, in particular, I did not take part in the drafting of the new Russian program, which is now being discussed so much, and, of course, have offered nothing of the kind to Kazakhstan.

It is obvious that the continuing economic policy has led to a total shortage and inflation, which, in my opinion, will turn into hyperinflation in the very near future. All republics without exception and the entire country suffer from this policy. Under our conditions there can be no separate, special program for Russia, Kazakhstan, or the Ukraine. As these deputies write correctly, without appropriate actions on the part of the center there will be no reform in Kazakhstan either.

[Demchenko] So, in your opinion, the grievances against the center and, in particular, against the USSR President are justified?

[Yavlinskiy] Reasonable grievances are justified, not the hysterical cries: "Down with it! We are sick and tired of everything!"

Did the republics fight against the senseless actions of the center? They did. But how? Instead of striving systematically and by political methods for the establishment of a coalition government, intensification of the role of the Federation Council, establishment of an interrepublic economic committee, and so forth, they came out with appeals. There was a great deal of hustle and bustle and many complaints about the information blockade, but very little genuine, real policy.

We must realize that now we are not merely in a very difficult or crisis situation—we are in a cataclysm unique in its stress. The most important stages, through which mankind has passed in the last 300 years of new and modern history, for a number of reasons have converged in our country today. They include the fight for a civil society, the national liberation movement, overcoming of bureaucratism, upsurge in religious trends, and the peasant question.

The world has spent decades on this, but we are going through this almost instantaneously. Therefore, I would suggest that less effort be spent on the search for those guilty and more, on the search for the way out of the crisis.

Kyrgyz President Charts New Political, Economic Course

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[Report by the President of the Republic of Kyrgystan A. Akayev at the Third Session of the KiSSR Supreme Soviet: "On the Economic Policy and Political Situation of the Republic"]

[Text] Before discussing the economic program of the Cabinet of Ministers, I should like to focus upon one very important aspect of it.

Virtually all the basic decisions of a legal nature that have been made over the past two months, either by me or at the initiative of the republic Supreme Soviet, have been designed largely to upgrade the activities of state government agencies and to extend the rights and responsibilities of local self-government bodies. The further strengthening of state power, together with the pertinent laws and decrees adopted by the Supreme Soviet, have formed the legal foundation for the passage of powerful economic programs and for implementing a social policy directed to these ends. I want to take note of one fact. Without the presence of a powerful state, any decisions with regard to economic or social affairs would have hung suspended in air; for they would have lacked the legal sanctions and mechanisms to carry them out. Only after the passage of appropriate legislation has it become possible to draft the fundamental guidelines for the Cabinet of Ministers in the areas of economics, social policy, science, and cultural affairs.

We have all witnessed the tense situation that has developed in the republic economy. There has been a total reduction in the rate of economic growth with the increased instability of the national economy; a disruption of the money flow; a lower volume of production of agricultural products; and an overall reduction in productivity. The republic substantially lags behind in terms of Union indicators for the per capita consumption of meat, milk, eggs, and potatoes. There are disproportions in capital construction that are yet to be overcome. The value of unfinished construction during the period since 1985 has risen from R850 million to R1.3 billion. During the preceding Five-Year Plan there was a decline of R346 million in the republic economy—this is four times the planned amount. During the same period, the level of nonproductive expenditures and losses amounted to R1.2 billion, 80 percent is attributable to the results of economic activity. Meanwhile, the subsistence minimum increased in just the past year by more than five percent, while the purchasing power of the ruble for consumers fell more than six percent. This loss of purchasing power had a substantial impact upon people with total incomes of less than R75 per month, who form a third of the total population in the republic.

Matters pertaining to the development of the social infrastructure remain largely unresolved. The index of infant mortality remains high; it exceeds by a factor of 1.4 the Union average. At present the number of unemployed in the republic economy is 140,000, a figure that has remained stable for the past five years. As you can see, the situation is indeed fraught with tension, and if we take into consideration qualitative characteristics, it is becoming critical. This crisis manifests itself in the following ways:

- a chronic lag in economic growth rates behind those of demographic growth, which has the effect of

increasing the shortage of resources available for the purposes of development, while aggravating the state of financial dependence upon the center, reducing social services, and lowering the standard of living;
- a republic economic structure that is obsolescent, representing essentially a pattern of backwardness, a pattern of dependence—and pattern of inequality;
- a substantial weakening of national, inter-republic economic ties.

We must take into consideration the powerful potential for precipitating a crisis inherent in the state of social separation and alienation that exists between urban and rural areas. At the present time they differ primarily in terms of their forms and standards of living, their predominant values and economic incentives, and the extent of their willingness to undergo the transformation to market conditions.

It is scarcely legitimate simply to label all negative economic and social factors. It is necessary to reveal and to analyze the causal factors giving rise to this situation, some of which are of external origin. I should like to focus upon just two of these factors.

First, there are peculiarities of our psychology. Unfortunately, the vast majority of us have lost that vitally important trait of knowing how to work. An absence of personal enterprise, irresponsibility, and a lack of commitment, coupled with a parasitical sense of social dependence, is becoming increasingly characteristic of us.

Second, there is an absence of economic strategy which we have worked out for ourselves. In effect, the republic has emulated what has been going on elsewhere in the Union, adopting economic practices for negative reasons, without working out or adopting any economic policy of its own. The mistakes of the Union government have thus been reproduced in the republic, and every new economic reform has been implemented without regard for national or regional peculiarities.

A consequence of all this has been the political and economic apathy of the population and a low level of trust in political and economic institutions.

In view of the above-mentioned circumstances and causal factors, we must become fully aware of the complex and contradictory character of the prospective changes, and we must determine not only the path of future development but the very mechanism of economic and social renewal.

It has already be noted that a weakness of previous economic decisions lay in inadequately evaluating the distinctive features of our economic and social development. Actually, the economic patterns that have been formed in the republic as a result of industrialization are paradoxical. Large-scale enterprises of processing industries, for example, were constructed in centers of industrial development. They operated basically with imported raw materials, completing semifinished goods, and they attracted specialists and a skilled work force from beyond the boundaries of the republic. Essentially, these enterprises amounted to islands of industry, virtually excluded from the local production process. On the other hand, agricultural raw materials were as a rule almost totally exported out of the republic for processing. All this had important economic and social consequences. Urban and rural areas became not only economically separated; they became socially alienated one from another.

A key aspect of our development is the existing discrepancy in the rates of economic growth and demographic growth. Whereas the former, economic growth, has been determined by the underlying dynamics of production, which is concentrated in the cities, democratic population growth originates primarily in local areas where the major part of the republic population is situated. This complex problem can only be resolved by a combination of things, including a well—conceived agrarian policy, the development of small-scale industries in rural areas, the use of new technology, and engaging the interests and incentives of people in the production process.

Another aspect of our situation is the so-called "hunger for investment." A lack of investment capital is already assuming critical proportions, and as experience as demonstrated, it is an inherent part of an economic pattern characterized by a high consumption of resources that are in short supply.

The inability to compete in industrial production, making it impossible to export to world markets, became the crucial characteristic of our attempts at scientific, technical, and technological progress. This absence of a developmental base and isolation from world markets serves as the underlying cause of a low degree of social, economic, and technological integration of our society.

In connection with the transition to market relations, I should like to dwell on certain matters which, although economic and social in nature, nevertheless are also of vital political significance.

First, there is the problem of attracting investment. In view of the existing level of backwardness and and the acuteness of social problems, it is quite impossible to plan on making any major achievements without investments. In a closed economy that is burdened with domestic problems, the market mechanism as a rule is of little effectiveness and tends to wind down. The lack of resources provides no opportunity to develop technologically up-to-date enterprises capable of competing, and economic activity is further constrained by small-scale cottage industries and by commercial middlemen.

A second problem arises in a mixed economy from the persistence of forms of economic activity based wholly or in part upon the principle of barter exchange.

Such forms of economic activity have as a rule an agrarian base, characterized by little market activity and rather low productivity. It is clear that we must devise a

system of state support for these small-scale agrarian patterns; for a significant section of the rural population is engaged in them. Such people are still not prepared to employ modern methods of production since no other opportunities for the use of their labor exist owing to the shortage of accumulated capital resources. In this situation, the persistence of farming on auxiliary private plots, mostly for barter exchange or personal subsistence, plays the role of a social shock-absorber, inasmuch as it preserves a means of self-sufficiency for hundreds of thousands of people living in rural areas. Obviously, these forms of farming activity must be strengthened and broadened.

A third problem arises in connection with the migration of youth to the cities. The underlying reason for this exodus is a lack of public service construction at the village level and the absence of employment opportunity. Those who leave the villages are unable to find permanent employment in the cities because of the practice of required registration as well as because of a shortage of housing. It is this lack of opportunity that is creating a ring of tension around our major cities. And it is from the ranks of displaced youth that the basis of the populist movements is recruited. These factors in their entirety exert a destabilizing influence upon the political scene and tend to grow into a chronic social malaise.

In my judgment it will be an unforgivable mistake on our part if in the economic program of the government we do not establish a mechanism for resolving these economic, social, and political problems.

I will now take up the basic directions of the economic program of the Cabinet of Ministers.

First. In regard to rural areas, it is necessary to institute a policy of preferential economic treatment in order to achieve as soon as possible the following goals:

- resolution of the problem of providing for the public food supply;
- establishment of the social infrastructure in rural localities;
- development of small-scale industrial enterprise in rural areas;
- stabilization of the economic situation among segments of the rural population least adaptable to market conditions. Here, in rural areas, of course, there are many more such people than in the cities.

The means of achieving these goals are primarily economic in character (credit at favorable terms, tax privileges, formation of the infrastructure of economic support services, etc.).

To achieve these goals in the foreseeable future, a program should be worked out for the accelerated development of small and mid-sized cities as centers of attraction for the excess rural population and as structural counterweights to the major cities.

The proposed policy of giving maximum preferential treatment to rural areas will, from the standpoint of the cities, probably result in a certain outflow of resources to rural areas. The reverse side of this process, however, will be a letup in rural migration and a strengthening of economic ties between cities and villages. This undoubtedly will be contributory factor in the growth of market processes in urban as well as in rural areas.

Village enterprise, the development of which is an essential element of the government program, should include the creation of a large number of small enterprises and the encouragement of small-scale private enterprise in the villages (in services, the building industry, the processing of agricultural products, and other industries).

A key integral part of this policy should be the establishment in rural areas of "zones of industrial development" as the sites of industrial construction by the state on a priority basis, in which preferential treatment will be given to local enterprise in terms of taxation, credit, equipment, the allocation of land parcels, etc.

All the measures enumerated above will be directed at achieving the important goal of providing full employment for the population. Of course, full employment of everyone capable of working is a task that is not only economic but political. In touching upon the employment problem I should like to point out an entirely new function to be performed by the State Committee on Labor and Social Protection in the transition to market conditions. This is working out the social policy and the means of providing social support; identifying those segments of the population that are most in need of this support; and, ultimately, solving the problem of resource allocation for the many social programs.

It should be noted that it will be possible to carry out the agrarian policy only in the event that a new system of government is instituted in the agrarian sector. Economic support will yield insignificant economic results if it is rendered through the Ministry of Agriculture, as it exists at present, with its immense administrative apparatus and extremely inefficient system of economic management.

Second. Two or three branches are to be singled out for preferential economic treatment so that they may serve as a base for the development of fundamental structural changes in the future. Among them may be designated agriculture, light industry, electronics, handicrafts, and innovative forms of tourism.

To attract foreign investments, loans, credits, and the latest technology, it is incumbent upon us to review our legislative acts and other regulatory statutes and to create the proper economic, organizational, and legal conditions under which to attract foreign capital.

Third. To achieve competitive forms of property ownership, together with a partial saturation of the market in terms of goods and services, privatization is envisioned for small-scale or small-size enterprises in the fields of

commerce, food services, domestic services, local industry, the building industries, and motor vehicle transport.

Four. An entirely new kind of political, economic, and human relations with developed countries of the East and West are needed. In this connection the Cabinet of Ministers must devise an integrated conceptual scheme for foreign economic and political affairs. Experience shows that self-isolation with respect to political ideas leads to isolation in terms of information, technology, and economics. We cannot permit this to happen.

Five. A review of all cadre policy up to the present is necessary. We face the task not only of replenishing the pool of key personnel but of reviewing the existing system of training specialists from secondary to higher schools. On a practical plane we must address the task of forming a stratum of nationally minded industrialists—that is, a social segment, well versed in the distinctive aspects of our national culture, who know the incentive system, who are familiar with our national and cultural traditions, and who can alleviate to some extent the tensions inherent in forming a system of market relations.

Six. We must develop financial lending institutions oriented to the sale of securities and to the formation of a market infrastructure, consisting of a network of commercial banks, commodity and stock exchanges, and accounting firms.

In summarizing the program as a whole, I should like to recognize one important distinguishing feature of the government's economic course. It is one designed to create a heterogeneous, multifaceted economy—that is, one in which will coexist not only various kinds of property ownership, and various forms of management, but built-in social safeguards for the weak and defenseless. The state will protect only the weak. It is the task of the strong to seek out the ways and means to economic growth.

Comrade deputies!

The republic government's economic program that I have set forth must be established on a firm legal foundation.

At the present session, as well as at subsequent sessions, of the KiSSR Supreme Soviet, it is incumbent upon this body to enact a number of important laws. Among them is the Law on Peasant Agriculture; the Law on Enterprises; the Law on Entrepreneurial Activities; The Law on Investments and Investing Activities; the Law on Banks and Banking Activities; the Law on Agricultural Cooperatives; the Law on Consumer Cooperatives; the Law on the Taxation of Enterprises and Organizations; the Law on the Taxation of Citizens; and the Law on Foreign Economic Activities. It is also necessary to pass a new Code of Land Laws and revised versions of the Civil Code and the Code of Labor Laws.

In short, we are faced with a legislative task that is immense in its magnitude and formidable in its content.

It is my conviction that we must think through a strategy for carrying out this legislative activity now. We must determine its organizational forms and required complement of specialists. We must establish considerably more clear-cut and closer relations at the operational level between the staffs of the president and of the Supreme Soviet.

In addition to the legislation pending at its Spring 1991 session, the KiSSR Supreme Soviet should undertake a review of such legal matters as land reform, agreements between the Republic of Kyrgyzstan and other Union republics, and agreements between the Republic of Kyrgyzstan and foreign countries.

The ukases issued by the president are also called upon to play a key role in the system of providing legal protection for the economic program of the government.

As you know, two ukases were issued on 21 January. They are: "On the Indexation of Income and Social Assistance for Citizens of Insufficient Means"; and: "On Provisional Measures to Protect the Interests of Republic Consumers."

The first of these ukases was occasioned by the price rise in consumer goods and services, and, related to it, the necessity of increasing the legal protection of earned income and the savings of citizens. Among the contributing factors for the second ukase was a deterioration of conditions in the republic consumer market; an increase in the number of law violations in connection with the distribution of goods, including many in short supply; and a number of other negative tendencies pertaining to interference with consumer interests.

The overall purpose of these ukases is to soften the impact of market conditions on citizens, especially those who are in need of special assistance. I have in mind particularly citizens of insufficient means.

As is evident from the content of the ukases, they envision a number of legal safeguards, constraints, and prohibitions—that is, a broad range of legal resources to afford social protection.

I wish to inform the Supreme Soviet that in the very near future I intend to issue ukazes enlarging upon this aspect of state activity, expressing both the thought and content of the national legal policy of our republic in this regard.

Comrade deputies!

Economic reform—as has been emphasized more than once—is inseparably linked to political reform. To carry out in a successful and single-minded way political reform, the essentials of which are defined in a declaration of policy delivered at the 28th Party Congress as a transition from an authoritarian bureaucratic order to a democratic order, it is important to realize precisely what should be reformed and what should be repudiated.

First of all, what should be repudiated in the political life of the republic? Unlimited party power in the form of administrative monopoly.

In this matter I should like to be correctly understood. As a communist I am a staunch advocate of those democratic and humanistic values that the party is currently proclaiming. I believe that only a profound and thoroughgoing democratization of every phase of party life is capable of converting the party into a force that can make a worthy contribution to the process of bringing about wanted social change.

At the the same time, I submit, the process is likewise socially necessary by which the party will turn over the functions of state public business which it has been administering (generally, by fiat) to state bodies and agencies of local self-government.

In this connection the importance of the draft Law on Local Self-Government, which has been submitted for your attention, comrade deputies, is difficult to overestimate.

With respect to the tenets and basic provisions of this law, I have already addressed this topic in a message to the Supreme Soviet. Let me take this opportunity to convey my sincere gratitude to the commissions of the Supreme Soviet for the fact that, in dealing with the work of the soviets and with matters of law and legality, they found it possible to take into consideration the key points of this message in preparing the final draft of the proposed legislation.

Without repeating what I stated in this message, I should like to express certain thoughts in presenting for your review the draft Law on Local Self-Government.

The Supreme Soviet of the Republic of Kyrgyzstan is the first republic of the Union to establish on the legislative level a genuine division between state administration and local self-government. It is extremely important to emphasize that what we have in mind is not the opposition of state and local government, but, on the contrary, the creation of conditions necessary to make maximum use of the opportunities afforded by both types of government. We have in mind a rational combining of state principles of administration with social practices of self-government, and of democratic principles of society with state practices of administration. We have in mind strengthening both the processes of centralization and decentralization, and thereby extending the dimensions of both representative and direct democracy.

It is only natural that this reform represents a rather long process made up of many constituent elements.

Obviously, we would be well advised to think through the preparation and passage of legislation regulating the various levels of self-government, together with the jurisdiction and role of the various component parts within the system of soviets of people's deputies. It is necessary, it seems to me, to finish work on both the mechanism for performing these functions and at the same time the mechanism of responsibility by the local soviets and their executive authority in dealing with the people.

It is clear that local self-government can only turn into a genuine form of social power and a real social force when it has its own material and financial base to rely on, including communal property, local business and financial resources, and natural resources.

The economic base of local self-government is communal property and income-producing, locally owned businesses, consisting of enterprises capable of conversion into organizations and institutions performing paid services. The transfer of such facilities under the ministries and departments to the local soviets is a task that must be carried out swiftly and efficiently.

To expedite this process of transferring these enterprises to the care of the local soviets, lists of these enterprises should be compiled by the soviets and submitted for the consideration of the proper permanent commissions of the Supreme Soviet. In this regard we would do well to avail ourselves of the experience of the other republics, where associations of city and rayon soviets have been formed to uphold territorial interests in forming communally owned property and in transferring industrial enterprises, building organizations, and so on, over to these associations.

In my view more detailed consideration should be given to the budgets of the local soviets and to the accumulation and expenditure of funds outside the budget.

In recent years, against the background of the marked politicalization of mass consciousness, a reexamination has been going on of conventional political opinion and of public stereotypes. In our republic as well as others the formation of a new political culture is in process. This process is long, difficult, and complex. On the whole the political awareness of the people in the republic continues to be insufficiently prepared to accept new and original political decisions. In this connection the difficulties in store for us when we attempt to interpret the provisions of the Law on Local Self-Government in terms of everyday practice cannot be overestimated. It is clearly incumbent on the Cabinet of Ministers to give special consideration to teaching those who work in the state administrative apparatus and on the professional staffs of local self-government in connection with the passage of this legislation. Thought should be given to the question of how best to propagandize this law among the population. It is clear that qualified teachers of higher schools, scientific associates of Academy of Sciences, and experienced professionals should become involved in this task.

Comrade deputies!

In the context of my address on the economic program of the government, I consider it necessary to take up a problem which, at first glance, is unrelated to its theme. Actually, it is a problem that although in the realm of

ideology is directly related in terms of both its economic and political implications. I am referring to the naming of the republic.

Recently, certain circles have been whipping up the contention that after having proclaimed the Republic of Kyrgyzstan, eliminating the words "Soviet Socialist," we have virtually defected from socialism, contrary to the interests of the the republic. Misgivings have arisen placing in doubt the legal sanction and authority of the Declaration of State Sovereignty made by the Supreme Soviet, particularly as it relates to the name of the republic. A chorus of voices is calling for a national referendum.

The new impulse to all of this comes from a resolution adopted by the most recent USSR Congress of People's Deputies "On the Name of the Soviet State." It is common knowledge that the congress endorsed a proposal to retain the name of the Soviet state—the Union of Soviet Socialist Republics.

The situation that has arisen obliges me as president of the republic to declare my own position on this issue and to express my own political credo in this regard.

First of all, with regard to the name of the Union. In the first place, I do not think it is possible to redesignate automatically the names of constituent republics. In the second place, the name of the Union should be determined once and for all by the republics themselves when concluding the Treaty of the Union.

Furthermore, as we all well know, it is the practice of the world community in the overwhelming number of cases to designate states in accordance with two considerations: one characterizing the country in terms of geography, the other in terms of its form of government (as a republic or a monarchy, say).

We ourselves have employed a similar approach. Kyrgyzstan is our country, and the word "Republic" designates its form of government. The latter designation is extremely important to emphasize, since it connotes an elective office for the head of the state, democratic public and state institutions, and specifically developed forms of parliamentary activity and local self-government.

Generally, the word "republic," as derived from the Latin, refers to "public affairs" or to the "business of the populace." It is an apt word, at once comprehensive and precise.

Why did we reject the word "Soviet" in naming the republic?

Soviet power, as was justly emphasized at the Fourth USSR Conference of People's Deputies, is our historical property. But we should treat it with due regard for the values of civilization. One of these values is drawing a strict distinction between state government and local self-government. The soviets, as they exist today, are mainly and more than anything else organs of local self-government. The have power, but it is municipal rather than state power.

Thus in the Union, and in each of its republics, a unity of two types of power has evolved: state power and soviet power—that is, the social power of local self-government. What I am saying applies in particular to conditions in the Republic of Kyrgyzstan as a republic with a president.

Here, the question arises whether it is correct in the juridical as well as political sense to designate a term that is used to describe the state, and that does not correspond to either legal and political usage or to the reality of actual conditions. In my view, the answer is clearly no (notwithstanding my respect for the word "soviet" which we are so in the habit of using.)

I shall take the liberty of dwelling on the phrase "socialist republic" in more detail.

I believe that people are absolutely right in saying that we must refrain from making an absolute of the term "socialist." It is a recognized fact that this beautiful, shining word has been emblazoned on the banners of not a few of the most repressive and repugnant regimes.

It is a source of profound regret that this term has been discredited in our political experience as well. In attempting to save it we are compelled to keep refining the concept of "socialism" by adding such epithets as "developed," "democratic," "humane," and so on, and so on. Many political figures, scholars, and publicists have boiled down the substance of socialism—yes, and they continue to boil it down—to the point where it reflects a society in which, year after year, people live better and better, where with each passing year there are more clothes, more shoes, more food and housing, more culture and happiness, more freedom and democracy.

As a result, not a single stone has been left standing of these ideological constructions. Moreover, under cover of such semantic formulas a totalitarian regime was formed that had nothing in common with the ideals of socialism. Efforts to transform society which were based on principles taken out of context ended, I deeply regret to say, in utter failure.

What ideas have survived in our society that are of distinctively soviet socialist construction?

First of all, there is the institutionalization by the state of social change with the universal introduction of hired labor; there is the creation of equality by reducing the incentive to work, and of social justice as the equality of the poor.

The result a low standard of living, extreme forms of acute ecological crisis, and deep social conflicts.

And this is called socialism? That shining future of mankind?

I think you will agree with me that the formula "soviet socialist" has become a ritualistic incantation devoid of substance.

A future worthy of us lies elsewhere—in freedom, democracy, and a civilized society.

What are its basic characteristics? What goals lie ahead of us?

First, overcoming the alienation of private property. It is for us to institute collective property ownership in agriculture, in industry, and in other sectors of the economy, through which the laborer, in cooperation with other members of a collective, is in real possession of the means of production and enjoys the fruits of his labor.

In our view, at the present level of industrial development, private property ownership may occupy no more than a rather small segment of the republic economy.

Second, assuring individual freedom—economic, political, and personal freedom.

Third, the establishment of social justice, which we interpret to mean equality [of opportunity] in contributing to social production and in receiving its social benefits.

Fourth, the development of collectivism in its various forms and the affirmation of genuine solidarity among the peoples of all classes, all social groups, and all nationalities that together make up the people of the Republic of Kyrgyzstan.

These characteristics of the society to which we aspire will, in our view, provide an impulse unprecedented in force for the emancipation of labor and for a decisive uplift in its productivity.

In the society that we are striving to build, the market should serve as a means of measuring both the quantity and quality of socially useful labor, and thus exert a constructive influence on both the producers of goods and their consumers. I want to emphasize that commodity-market relations, as modified to serve the interests of socialism, must be integrated into an overall system of social, moral, and humanitarian relations.

The full range of property ownership and the conversion to market relations should bring about a high degree of self-regulation in our society; this, in turn, should foster a tendency to extend and strengthen self-government. At the same time, there should be a gradual limitation in the sphere of state power, the ultimate task of which is to perpetuate the system of market and property ownership and to assure stability by preventing any infringement of the rights and interests of the individual.

Such is my understanding of socialism as the successor to the capitalist stage of social development, and such is my political credo. On this, as they say, I stand. And wherein can be found any defection on our part from Marxism and Leninism or any repudiation of socialist ideals for the good of mankind?

Comrade deputies!

I would not have dwelt on ideological problems in such detail except for one circumstance of considerable import. It is apparent to me that zealous defenders of so-called "ideological purity" with respect to the name of our republic, in stirring up disputes that are remote from the real interests of the people of the republic at this most difficult and crucial of times, wish to lead us astray from our chosen path and so prevent the solution of pressing economic and social problems. These people want to substitute words for actions—words with which, after so many years, we are all fed up to the teeth.

I believe, fellow comrade deputies, you will agree with me when I say that that right now we must all close ranks to face our principal challenge—extricating ourselves, as expeditiously as possible, from this economic crisis. When all is said and done, we owe a debt that can never be paid to our marvelously long-suffering people.

Kyrgyz Official Surveys 1991 Social-Economic Development

914A0532A Frunze SOVETSKAYA KIRGIZIYA in Russian 31 Jan 91 p 2

[KirTAG "Abridged version" of speech by T.K. Koychuyev, chairman of Kyrgyzstan Republic State Commission for Economic Reform and secretary of state of Kyrgyz SSR Cabinet of Ministers, at third session of republic Supreme Soviet, on projected socioeconomic development of Kyrgyz SSR in 1991]

[Text] Honored People's Deputies!

The perestroyka which has been launched in our country has reached the most crucial stage of its development. Today we are also standing on the threshold of the radical economic reforms necessitated by the establishment of market relations.

Natural tendencies in the development of reform, the need for immediate economic recovery, and the negative processes that have taken on threatening proportions necessitated the compilation of a program for the stabilization of the national economy and transition to a market economy, the ideology of which formed the basis of the forecast of the Kyrgyzstan Republic's social and economic development in 1991. Regrettably, today we are still only on the threshold of the period of transition to the market: Directive planning methods have not disappeared yet, and market methods of economic management have not begun to work yet. The inconsistency of the transition to economic methods of management, combined with the intensification of destabilizing factors, with sociopolitical instability and interethnic conflicts lying at their basis, caused a steady trend toward less efficient national production. The positive changes

observed in the first years of the current five-year plan were virtually nullified in the recent past. Furthermore, the scales of economic destabilization increased dramatically in the second half of 1990.

These tendencies in economic development are indications of the obvious inability of the bureaucratized economy to secure steady and dynamic economic development. The search for another economic model is fully warranted.

Today the market model is the only such model in world practice. The democratization of the economy, as one step in the transition to a market economy, made the denationalization and privatization of property inevitable.

The obligations and rights of all forms of ownership should be protected equally by law. Their development and prosperity should depend on efficient and effective operations. In other words, they should earn their financial security.

It was precisely from this market ideology that we proceeded in our forecast of the republic's social and economic development in 1991.

One of the key problems is the stabilization of the consumer market, which points up all of the faults of our economy and all of the difficulties of the transition to the market. The transition will be made at a time of severe economic crisis and acute shortages of everything. Because of the ineffectiveness of the mechanism of economic management, our outdated technology, the low professional level of workers, and the failures to observe the rules of labor and deliveries, our existing production potential turned out to be incapable of producing all that was needed for the normal reproductive process and the satisfaction of consumer demand.

Along with the increases in public income in the 1980s, which were incommensurate with increases in the effectiveness of labor, and along with several extra-economic factors, this led to the escalation of inflation.

A price increase will be objectively necessary for the containment of inflationary processes, whatever form it may take—an increase decreed by the government or an increase caused by the liberalization of prices and the move to free contract prices.

The artificial restriction of demand by means of price increases will, however, necessitate increases in wages, other sources of income, and social benefits, and they can only be secured by existing material potential. Because these processes will not coincide, a decline in the standard of living of the republic population can be expected in 1991.

Income adjustments will have to be instituted to neutralize the negative consequences, but the adjustment of income on the same scale as the rise in prices would compound the economic crisis.

For this reason, it will not be necessary to consider all price increases in all cases of adjustment, because the changing value of consumer goods will be the result of the improvement of the quality of goods and services as well as the rise in prices. In connection with this, experts have estimated that the population should be reimbursed for around 70-80 percent of the increase in average prices. This will require a differentiated approach to different groups of the population. The main criterion of differentiation should be the degree of economic self-sufficiency of citizens, their ability to earn an income, including the income represented by the higher profits of enterprises on the sale of their goods at higher prices.

In line with this, adjustments to cover the full amount are envisaged for all retired and disabled individuals, regardless of whether they are participating in national production or not. There will be adjustments in the family benefits for children, which will be instituted when subsidies on children's wear are cancelled. The grants of university and high school students should probably be adjusted by 70-80 percent with a view to their ability to earn money in their free time. The adjustments for all of these population groups will be covered by budget funds.

Adjustments for people employed in national production should be covered by budget funds only if they are employed by budget-carried organizations and establishments. The best way of calculating the adjustments to their wages will entail the use of a differentiated scale indicating the difference between their wages and the minimum wage:

A 100-percent adjustment for groups falling below the low-income level—i.e., with an income equivalent to two-thirds of the average monthly wage;

An adjustment of 70 percent for those between the low-income and middle- income levels.

People earning more than the average monthly wage, up to 10 times the minimum wage, will receive an adjustment of 50 percent. If we assume that the average monthly wage in the republic today is 208 rubles, the low-income level could be set at 140-145 rubles. At enterprises, establishments, and organizations operating on the basis of full economic accountability and covered by the USSR law: "On Enterprises in the USSR," the issue of compensatory payments will be settled in accordance with labor contracts (or agreements), with a view to available financial resources, or by revising fee and salary schedules.

In connection with this, we need quicker consideration of the law "On Adjustments to Public Income" with a view to the changing prices of consumer goods and services. Calculations indicate that the rise in retail prices will increase the minimum consumer budget from the present 99.06 rubles to 170.26 rubles, or by a factor of 1.8. This will require colossal sums of money, but they will be found when retail prices rise.

Comrade Deputies!

The development of market relations in the economy is certain to influence the development of the social sphere: science, education, culture, public health, and so forth. To a certain extent, this will limit the ability to support them. In spite of this, however, a total of 1.394 billion rubles is to be spent on the development of the social sphere in 1991, including 832 million for housing construction, 215 million for public education, 127 million for public health, and 202 million for other social undertakings. Plans call for the opening of new general educational schools for 37,200 students, preschool establishments for 10,000 children, hospitals with 807 beds, and out-patient clinics for 2,266 patients a day, or approximately the same number as in the plan for 1990. Cultural centers and clubs accommodating 4,000 people will be completed.

The continuation of work on the construction of academic buildings of the Kyrgyz State University and Frunze Polytechnical Institute and the completion of the construction of the first section of the academic building of the Institute of Russian Language and Literature, dormitories for students of the Frunze Polytechnical Institute, the pedagogical institute, and the music and medical academies, and family housing for students in Frunze will aid in developing and strengthening the material and technical base of higher and secondary specialized education in 1991.

A cinema duplex with 800 seats in Osh and the camera studios of the television center in Frunze are to begin operating in 1991. A group of measures will be taken to improve the living and working conditions of the artistic intelligentsia.

In the sphere of public health, a pediatric ward with 100 beds in the republic clinical hospital, a clinic for 600 patients a day in Frunze, and a pediatric ward in the hospital in Mayli-Say should be ready for operations, and the construction of the maternity home in Dzhalal-Abad and of hospital complexes in republic rayons will be continued. Two residential care facilities for the aged and disabled will also be opened.

In general, investments will be concentrated in the social sphere to prevent delays in the completion of projects.

Special deductions from the income of profitable enterprises in all branches of physical production could play a substantial part in the development of the social sphere and the reinforcement of its material and technical base. Public organizations, unions, associations, cooperatives, and individual citizens could offer their support in the form of special salary deductions or charitable donations. The republic should make a special effort to keep indicators of the development of different branches of the social sphere from falling below their present level. After all, the development of these branches will demonstrate the humane and social goals of our economy. Under market conditions, physical production should be almost completely self-funding, and this will augment budget capabilities for the development of the social sphere. The only budget-carried production units will be those that are necessary to the public and which, by their very nature, cannot be viewed only from the standpoint of profitability.

Finding jobs for the able-bodied population is an important social problem. There are around 140,000 able-bodied individuals in the republic without jobs. Around 50 small and medium-sized enterprises, branches, shops, and sections with a combined production volume of 60 million rubles will be built in 1991, but they will employ only around 9,000 people. The employment of around 60,000 people will be secured by taking these measures, filling vacancies, increasing the number of shifts, and speeding up the development of the nonproduction sphere and of cooperative and individual activity. The problem will remain, however, and additional ways of alleviating it will have to be found.

Comrade Deputies!

The food shortage is the main economic problem in the republic.

Per capita consumption in the republic is to be increased to 54 kilograms of meat, 247 kilograms of milk, 129 kilograms of vegetables and melons, and 68 kilograms of potatoes in 1991.

The urban population of the republic now consists of 1,647,500 people, and the network of hospitals, homes for the aged, boarding schools, and schools in urban and rural locations all need food. Republic agriculture covers 90 percent of the population's effective demand for food, with the public sector responsible for 80.5 percent of the total and private subsidiary farms responsible for the other 19.5 percent. Around 10 percent of all the food actually consumed is purchased in other republics. It is important to keep the proportional consumption of foods produced by our own agriculture from declining, because increased deliveries of food from other republics will compound food difficulties under market conditions and will make the resolution of these problems heavily dependent on the market outside the republic. The population engaged in agricultural labor, regardless of forms of ownership, can and must feed itself. It is our duty to encourage maximum economic activity by the population.

In view of all this and in view of the need to secure a level of minimum food consumption no lower than the level envisaged in minimum consumer totals and an average level no lower than the present actual level of consumption, agricultural production volume as a whole should be no lower than 2.093 billion rubles in purchase prices, and the volume of state deliveries should be no lower than 868 million rubles. State requisitions for agricultural products for the union-republic supply envisage a level of 50 percent. The peasant farms and new nonstate collective farms resulting from the privatization of property will have to sell a certain percentage of their products to the state at contract prices. In accordance with

the ukase of the president of the USSR, shipments of agricultural products to the union supply and the internal market should be maintained at a level no lower than the 1990 plan, which will be necessary for the stabilization of the food market.

With a view to the transition to market relations and in response to the republic's persistent requests, the union government agreed to exclude some products from the compulsory union shipments or to reduce these shipments. Deliveries of cotton fiber will be reduced to 5,000 tons, shipments of grain will be reduced to 220,000 tons, and deliveries of virgin wool will be reduced to 17,000 tons, with the return of 8,500 tons for the needs of republic light industry.

New guidelines for state requisitions were drawn up for the purpose of supplying the republic population with food and the processing industry with raw materials and securing deliveries to the union-republic supply. In accordance with these, union-republic deliveries will be made in the following amounts in 1991: 50 percent of the potatoes scheduled for purchase in 1991, 75 percent of the melons, 74 percent of the vegetables, including those slated for industrial processing, 69 percent of the fruits and berries, 82 percent of the grapes, 48 percent of the livestock and poultry, 44 percent of the milk, and 56 percent of the berries.

Slightly different guidelines were drawn up for shipments of raw materials.

Deliveries of raw cotton, cocoons, tobacco, and essential oil-bearing plants will be made in full, and 85 percent of the wool will be shipped. The reason is that all of these require processing and cannot be sold as raw materials.

Around 13 percent of the total output of grain will be appropriated. State-requisitioned food and raw materials will be shipped at firm fixed prices, and above-plan shipments will be sold at contract prices.

The food and raw material shipments remaining in the union-republic supply, the products received from the private sector, and all above- plan products will be put at the disposal of oblast and rayon soviets for the local supply and for inter-republic exchange. This will give local soviets broader powers and possibilities, but it will also heighten their responsibility for the provision of the population with food and the processing branches with raw materials. When the obligatory shipments are made to the union supply, the full volume of agricultural production will be secured by the allocation of the necessary material and technical resources.

Capital investments in agriculture in 1991 will amount to 1.225 billion rubles. While we are discussing capital investments in agriculture, I would like to say that this branch was also assigned priority in the past, but these investments did not produce the necessary return or bring about any significant advances in the resolution of the food crisis.

Perhaps the money should not be invested in production itself, because it should be self-funding under market conditions. It might be better to invest in the rural laborer, in the individual, to turn him into an educated and efficient landholder; in the social conditions of his life; and in science and technology, in order to increase the yield in farming and the productivity of livestock breeding and introduce new strains and species, which can never be superfluous in our republic. Funds should be invested (on a reimbursable basis) in the establishment and maintenance of peasant farms and nonstate collective farms specializing in different types of agriculture in order to create the necessary conditions for competition and to reinstate the real masters of the land. The further development of the social sphere in rural areas is anticipated for this purpose. Capital investments of 263 million rubles are envisaged. Plans call for the completion of housing with a total area of 843,000 square meters, including 620,000 square meters financed by the population. State funds (10 million rubles) will be used for the construction of 500 homes for shepherds. In all, 68 percent of the general educational schools, more than half of the preschool establishments, 40 percent of the hospitals, one-third of the clinics, and virtually all clubs will be built in rural areas. The electrification of agricultural facilities and the homes of livestock breeders will continue, and 15 million rubles in state capital investments will be allocated for this purpose. Sources of water will be installed in pastures covering an area of 180,000 hectares, 5,000 hectares of new irrigated lands will be put to use, and comprehensive reclamation work will be conducted on 8,000 hectares. Hothouse combines will be built on the Mayskiy and Prigorodnyy sovkhozes, etc.

Obviously, the development of agricultural production will have to be accompanied by the development of the processing industry and food industry. State capital investments in the processing branches of the agroindustrial complex will finance the completion of storage facilities for 4,500 tons of potatoes, vegetables, and fruit, refrigeration facilities for 4,500 tons of food, capacities for the production of 40 tons of meat a day, 18,800 tons of confectionery items, and 5 million cans of fruit, poultry factories for 1.6 million broilers, and egg factories for 125,000 laying hens. The construction work on the Ak-Suu Glucose and Fructose Combine, the Sokulukskiy Combination Feed and Reconstituted Milk Plant, and the Bazar-Korgonskiy Candy Factory will continue in 1991. The total output of foods in 1991 in these branches of the agroindustrial complex has been projected at 2.1 billion rubles (in retail prices, including wine and vodka).

The output of inedible consumer goods has been projected at 2.1 billion rubles in current retail prices, or 8.3 percent higher than the 1990 figure. We know that the republic is below the union average in the per capita consumption of these goods.

Republic production will satisfy 51.5 percent of the republic demand for knitwear, 53.6 percent of the

demand for sewn garments, 44.5 percent of the demand for leather footwear, 66 percent of the demand for cotton fabric, and 79.7 percent of the demand for silk fabric, but the republic will be completely dependent on the outside market for lumber and other construction materials, motorcycles, television sets, radios, refrigerators, sewing machines, passenger cars, vacuum cleaners, cosmetics, and many other goods. Under the conditions of the market, the republic will not have sufficient quantities of the kind of saleable and profitable items to guarantee balanced reciprocal shipments in its transactions with other republics.

There are two possible solutions: the first is the development of the production of items to secure balanced and equal interdependence and the shipment of these items to the union market, and the second is the search for possibilities within the republic for the production or expanded production of the consumer goods that are brought in from outside at this time. The resolution of this problem will secure the necessary stability in the republic consumer market.

To this end, plans for 1991 envisage the completion of the second section of the nonwoven materials factory in Dzhalal-Abad, the continuation of the construction of the leather plant in Tokmak, the enlargement of the silk combine, the construction of Branch No. 2 of the Knitwear Association, and so forth. In local industry, plans have been made for the completion of new facilities at the Emgek Home-Crafts Combine, the remodeling of the Dzhalal-Abad Furniture Factory, and the creation of at least 2,000 jobs in 20 populated points in the republic. The further improvement of the use of production waste and recycled products is expected to increase the output of items made of these to 19 million rubles.

The housing shortage is one of the most acute social problems requiring immediate resolution. Centralized capital investments totaling 121 million rubles will be allocated for housing construction in 1991. Of course, this cannot cover the rising demand for housing. In view of our actual material capabilities and of the fact that nonstate enterprises for the production of construction materials and construction are still weak and cannot give state enterprises the necessary support, most of the residential construction will have to be financed by the population.

To this end, and in accordance with the ukase of the president of the USSR: "On New Ways of Dealing With the Housing Shortage," a decree of the republic Council of Ministers of 16 August 1990 recommended that local soviets allocate land for individual residential construction and for the enlargement of subsidiary plots in the following amounts: up to 0.5 hectares per family in the Naryn zone, up to 0.2 hectares per family in southern Kyrgyzstan, and up to 0.3 hectares per family in other zones. Larger plots of land can be allocated wherever possible.

The combination of these measures and the efforts to augment the capacities of the construction materials industry could lead to the completion of 1.89 million square meters of new housing in 1991, or four percent more than in 1990.

The planned installation of 510 kilometers of water lines and 280 kilometers of gaslines could make a definite improvement in the living conditions of the population.

The service sphere deserves unremitting attention in the republic. The volume of all types of paid services should be increased to 699 million rubles in 1991, or 40 million more than in 1990.

Priority will be assigned to the development of services in residential repair and construction, landscaping, vehicle maintenance, and other areas. It will be important to put the emphasis on the improved quality and increased physical volume of services rather than unjustifiable increases in prices. We are far below the union average in this sphere, however, and this will require local soviets of people's deputies, enterprises, and organizations to seek new forms of services to offer the population and encourage cooperatives and individual citizens to enter this field.

Plans call for the expansion of the trade network, the reinforcement and improvement of long-term agreements with suppliers of goods in the republic and other parts of the country, the privatization of trade enterprises, and the further development of leasing and other forms of labor organization in trade. Retail commodity turnover in the republic should amount to 4.8 billion rubles in 1991.

Production volumes in the oil and gas industry, gold mining, and nonferrous metallurgy will stay at the 1990 level. They will fulfill their contractual obligations for deliveries to other republics and to the union supply. There is serious concern about the work of coal enterprises, which are operating at a loss. It is time to finally take the matter in hand and take several steps to secure the profitability of coal mining enterprises in the republic, and less through prices than through the introduction of new technology and mining and enriching methods and the expansion of spheres of use. If this is not feasible at this time, then it might be best to reduce mining to the minimum needed for the intra-republic needs which cannot be covered by other resources, and to leave just the minimum number of enterprises in operation while denationalizing and privatizing the rest, selling them to collectives and foreign firms, and perhaps even to private individuals. Further delays will only compound the impasse. The possible development of this branch must be investigated more thoroughly. At this time an increase of around 110,000 tons over the 1990 output of coal is anticipated.

The republic machine-building complex will produce items worth 1.83 million rubles, and only a negligible portion will be shipped to the outside market. Unfortunately, the republic machine-building complex is not

doing much for the technological and technical reorganization of the branches of the republic's own economy. The volume of consumer goods it manufactures for the needs of the republic population cannot be called adequate either. Without curtailing the volume of interrepublic shipments, we must decide where and when the republic's machine-building enterprises serving union needs can begin serving republic needs and the scales on which this transfer can be made.

In view of all this, machine-building enterprises are to be reorganized for the manufacture of consumer goods. Specialized shops at the Agricultural Machinery Plant imeni Frunze and the Instrument-Building Plant and additional capacities at the Mayli-Say Electric Lamp Plant will begin operating. Defense enterprises will be converted. The output of consumer goods at enterprises in the machine-building complex in 1991 could be 10 percent greater than in 1990. The series production of sets of kitchen appliances, electric irons, and small washing machines will begin, and an experimental group of video equipment will be produced.

The work of the transportation and communication networks requires considerable improvement. Public motor transport will carry 102 million tons of freight and earn 110.8 million rubles from passenger transport. Plans call for the investment of 16.6 million rubles in the construction and repair of highways to improve motor transport. Communication services will increase by 3.5 percent over the year.

As you can see from all of this, several new facilities will be completed to secure the projected output of goods and services in 1991 in all branches, and facilities will also be built to secure the output in subsequent years. Approaches to investment in general are changing radically. Beginning in 1991, the capital construction included in the plan of the republic Council of Ministers will be financed exclusively by the republic stabilization fund, the personal funds of enterprises, bank credit, and the funds of the population. New capacities will begin operating in the construction materials industry and construction. The production of scarce materials will be mastered for the first time in the republic—linoleum and porcelain toilet fixtures. The respective output of these in the coming year will be 1.5 million square meters and 100,000 items. The workload in construction organizations and the construction materials industry is high, but the construction materials industry is not satisfying the demand for these materials, and contracting organizations under republic jurisdiction can only perform construction and installation work worth 730 million rubles. For this reason, enterprises will do some of the work themselves. The state of the construction complex must be taken into account when the scales of the start-up of national economic facilities, capital investment, and construction and installation work are being decided. Its development must be given new momentum. Competing state and nonstate enterprises must be established, and property, just as in other branches, must be denationalized and privatized.

In connection with the institution of new estimated prices at the beginning of 1991, the increase in the cost of construction will exceed 700 million rubles for economic units under the jurisdiction of the republic Council of Ministers, including 530 million in state capital investments. The republic government has asked union organs to consider the possibility of compensation for the higher construction costs.

With a view to the entire volume of physical goods and services that could be achieved in the republic, derived national income in the republic could amount to 5.6 billion rubles. The profit plan for 1991 as a whole, with consideration for the new wholesale prices and tariffs, purchase prices, estimated prices, social insurance fees, and other expenditures included in overhead costs, will amount to 1.71 billion rubles.

Republic budget revenues will total 1,023,500,000 rubles, and expenditures will total 2,999,500,000 rubles. In other words, expenditures will exceed income by around 1,975,000,000 rubles. Because of the objective nature of this excess, a subvention in the amount of 1.9 billion rubles will be received from the union budget. As a result, the republic budget deficit will not exceed 75 million rubles. By today's standards, this is an extremely positive development, and it should be used to maximum advantage.

The combination of all these measures should increase national income by 3.8 percent over the 1990 figure and secure an increase of 3.4 percent in the average monthly wages of workers and employees and of 6.6 percent in the wages of kolkhoz members. Public consumption funds will be increased by 20 percent. The wage differential of animal husbandry workers in alpine zones could be raised to 1.5-1.7 times the average wage in comparison to the present differential of 1.2-1.35. Resources are being accumulated to begin the payment of pensions to this category of animal husbandry workers at the age of 50 for women and 55 for men.

Expenditures on science constitute one of the important state budget items. Without the appropriate material and financial backing, it will be difficult to enhance the effectiveness of science and its theoretical prestige in the country and the world. Important decisions on the status of the Kyrgyz SSR Academy of Sciences and on the establishment of a Kyrgyz branch of the USSR All-Union Academy of Agricultural Sciences imeni V.I. Lenin were made in 1990. These important decisions, despite the grave state of the economy, must be backed up with sufficient resources today, and we have the right to demand an impressive return on this investment from our scientists. Allocations for the needs of science in 1991 will amount to 34.5 million rubles, including 10 million of our own.

In order to secure the recoupment of expenditures on science and to enhance its effectiveness, the republic government plans to allocate a certain sum on a competitive basis for the compilation of scientific and technical

programs of importance to the republic economy in 1991. Special competitive forms of funding will be used on a broader scale in the future.

Science must make a definite contribution to the establishment of a progressive and effective production structure and the creation of high- technology branches producing a savings in fixed capital, material resources, and live labor.

The transition to market relations will necessitate the development of branches receptive to the market. One of these is tourism. The development of the tourist industry will be a serious matter of state policy. Funds for scientific investigative and design projects and expert projects in the construction of tourist complexes will already have to be allocated in 1991. We should enlist the help of prominent experts from foreign countries with a developed tourist industry (Japan, Italy, France, Bulgaria, Hungary, and others) for consultations and expert analyses. We will also have to go to these countries to study their experience. Foreign capital can and should be attracted for the creation of a tourist industry, and joint ventures should be formed on mutual beneficial terms. Tourism could become a branch generating hard currency revenues and a stable basis for the development of foreign economic ties.

Territorial development and territorial division of labor require updated approaches now that local soviets have been granted more autonomy in the resolution of local social and economic problems. The division of the republic into new economic regions will be necessary, so that administrative-territorial divisions can be brought in line with economic subregions. Today this correspondence does not exist because the last division of the republic into economic regions took place in the 1960s, and the present level of development and distribution of productive forces differ dramatically from the situation in the 1960s. The creation of new oblasts—or, more precisely, the restoration of earlier ones—will presuppose an awareness of the fact that each oblast must have a place in the future socioeconomic development of the republic and contribute to the overall economic growth of the republic and the oblasts themselves and raise the public standard of living. Market relations should also introduce the market mechanism into relations between the republic and its oblasts and between oblasts: delivery contracts, competition, reciprocal financial obligations, economic liability, and so forth.

No oblast should be a mere dependent. Each one should have to pay for everything, because this will speed up the search for means of economic growth and the accomplishment of this growth. The republic will give the oblasts support, but it will be reciprocal. The possibility of creating free economic zones warrants consideration. It would be wise to form a government commission to investigate the matter.

We cannot be satisfied with the present level of foreign economic ties, although definite advances have been made recently.

Comrade Deputies!

The draft forecast for 1991 submitted for your consideration will give you a fairly complete understanding of the tendencies and patterns that should take shape in the national economy in the presence of coordinated and purposeful work by all sectors of the republic economy and the united efforts of local soviets on all levels.

I certainly am not saying that the forecast provides answers to all of today's important questions, but I hope that the discussion of these at the session will help in finding additional answers.

RSFSR Forms Anti-Monopoly Committee

914A0538A Moscow KOMMERSANT in Russian No 6, 4-11 Feb 91 p 10

[Article by Semen Boligolovskiy: "Monopolism in Russia Will Cost a Million Rubles"]

[Text] **On 7 January, the deputies of the Russian parliament received a draft of the RSFSR law "On Limiting Monopolistic Activity and Developing Competition in Commodity Markets" for the purpose of acquainting themselves with it.**

The document specifies the tasks and powers of the republic Anti-Monopoly Committee, defines such concepts as "dominant position" and "monopolistic activity," and provides measures for ensuring equal competition among producers.

The fine for violating the anti-monopoly law may reach one million rubles.

It was decided that the project should be forwarded to the committees and commissions for discussion, and that the review of its preliminary reading would commence in two weeks.

The draft acknowledges as "monopolistic" such activity by an economic subject or administrative organ which is directed at prohibiting, limiting, or eliminating competition.

According to the draft, an Anti-Monopoly Committee and its territorial administrations will be created for the purpose of implementing a unified policy on developing competition and limiting monopoly activity. Every year the committee will define what relative share of a producer's specific goods in the overall volume gives him a dominant position in the market. Here it is stipulated that a relative share which does not exceed 35 percent cannot be considered dominant.

Moreover, in order to combat monopolism and dominant position in the market, the committee may seek forced deconsolidation of the economic subjects, it may

repeal or amend the acts of administrative organs which violate the law, and it may take to court or arbitration matters associated with monopolistic activity and violation of anti-monopoly legislation.

In the opinion of experts, the principle importance of this law is the fact that it does not permit organs of authority and administration to establish prohibitions on the sale (or trade) of goods from one region to another, or to hinder the development of production in a certain sphere of activity or give the producers instructions on first-priority delivery of goods or performance of work and services.

In order to develop competition, the committee has the right to recommend that the organs of authority and administration be given preferential credits, and that producers who enter the commodity market where competition is practically absent pay reduced taxes or be exempted from them altogether.

The representatives appointed by the committee have the right of unhindered access to the ministries, departments and other administrative organs, as well as to the enterprises, where they must be given all the necessary information and documents. In this case, information obtained by the committee which represents a trade secret may not be divulged. Otherwise, the committee will have to compensate for all the losses incurred by the enterprise in connection with the leak in commercial information.

The draft law stipulates the maximal amounts of fines imposed by the Antimonopoly Committee: for unfair competition (spreading false information about one's competitor, using someone else's trademark, misleading the consumer about the properties and quality of the goods, etc.)—up to 500,000 rubles; for failing to fulfill the stipulations of the committee (regarding cessation of violations, forced deconsolidation, etc.)—up to one million rubles; for failure to present documents or for presenting unreliable or false information—up to 50,000 rubles.

According to the information presented by its developers, the draft under review was developed with consideration for the legislative practice of a number of Western countries, including the United States, Great Britain, and France. The draft has passed expert evaluation abroad, specifically in the Federal Trade Commission and the antitrust section of the U.S. Department of Justice, and has received a favorable overall evaluation.

Armenian Firms Initiate Stock Exchange

NC2703175191 Yerevan Domestic Service in Armenian 0600 GMT 27 Mar 91

[From the review of HAYASTANI HANRAPETUTYUN]

[Text] A meeting was held at the Armenian Republic's State Committee for Material-Technical Supply. The meeting laid the foundation of the Armenian stock exchange.

An ARMENPRES report on the issue notes that the twenty founding organizations came together to form the stock exchange. They decided to study and analyze the market demands and meet these demands through the stock exchange.

Through the brokerage offices in the Soviet republics, the republican stock exchange will, on mutually advantageous basis, (?obtain) industrial goods, construction materials and foodstuffs needed by us.

The participants in the founding meeting examined and adopted the regulations governing the Armenian stock exchange. They also elected administrative organs.

INTERREGIONAL, FOREIGN TRADE

Economist Warns of Possible Foreign Control of Key RSFSR Sectors

914A0587A Moscow SOVETSKAYA ROSSIYA in Russian 28 Mar 91 First Edition p 3

[Article by economist N. Baturin: "We Could Sell Russia Without Noticing It"]

[Text] Dear Comrades Deputies!

I am compelled to appeal directly to you, to the RSFSR [Russian Soviet Federated Socialist Republic] Congress of People's Deputies, by the articles in various newspapers that report multibillion deals between the Russian Government and foreign partners. To be precise, it is not the articles themselves, but the fact that these ruinous contracts have so many defenders. Do even the leaders of the republic fully understand what they are undertaking? It appears that they do not; otherwise, they would not try to present dubious speculations as simply unorthodox decisions.

I am an economist by profession; I have worked many years in ferrous metallurgy, and I know well the value of a ruble. These articles made me once again turn to statistics—in particular, to the statistical almanac: "USSR National Economy in 1989" (Moscow, "Finansy i statistika," 1990) and make some calculations. I suggest that you give them a thought.

Calculation of Residual Value of the Industrial-Productive Assets and of the Controlling Share of Stock (as of 1 January 1990 in comparable 1973 prices; in billions of rubles [R])

By the USSR Goskomstat Data; Annual Statistical Almanac: "USSR National Economy in 1989"	Present Capital Industrial-Productive Assets by Industry Branch by the End of 1989 (in billions of rubles)	Percent of Depreciation	Percent of Residual Value	Present Industrial-Productive Assets by Residual Value (total, in billions of rubles)	Controlling 51-Percent Share (in billions of rubles)
All industry	920.5				242.0
Heavy industry					
electric power generation	124.3	39	61	75.8	38.7
fuels industry	135.5	46	54	73.2	36.6
ferrous metallurgy	67.4	52	48	32.4	16.5
nonferrous metallurgy	38.4	47	53	20.4	10.4
machine building	246.6	45	55	135.6	69.2
chemical-timber	115.3	51	49	56.5	28.8
industrial construction materials	46.8	42	58	27.1	13.6
light industry	34.1	39	61	20.8	10.6
Processing branches					
—parts of the agro-industrial complex (food, meat and dairy, fish)	58.0	40	60	34.8	17.7
—other than above: kolkhozes	156.6	50*	50*	77.8	39.8
—sovkhozes	183.7	50*	50*	91.8	46.8
TOTAL	1259.8				328.6
*—accepted conditionally					

Now let us imagine that the deal between Mr. Gibbons and Sviridov, the president of the Rebirth of the Urals Countryside Association, had been consummated, and R140 billion are sold for $7.5 billion. Considering an extremely low cost of our capital assets, in the course of denationalization of our economy it would have become possible for Gibbons—or for whoever is behind him—to acquire the controlling share of stock of electric power generation, the fuels industry, ferrous and nonferrous metallurgy, and the chemical-wood industry of the entire country.

I did not have on hand the statistical data for Russia for 1989. However, judging by the statistical annual: "RSFSR National Economy in 1988," as of the beginning of 1989, the republic had R550 billion worth of industrial-productive assets. Their value after depreciation will come to, perhaps, a little more than this amount. Thus, it follows that R140 billion will buy—if so desired—the controlling share of stock in the entire industry of Russia.

I understand, of course, that it is not only a matter of the amount, but the problem also lays in the price—clearly below the world level—of the economic potential accumulated by the efforts of generations of Soviet people, but does this make it easier for anybody? That is when a question comes up: Does the Russian (or even the Union) Government have the right to make such drastic decisions that affect fundamental interests not only of the current, but of the future generations? It is true that in this way we could, as the newspaper put it, "sell the whole Russia without even noticing it."

Kazakh, Kyrgyz Cooperation Treaty Signed

914A0533A Frunze SOVETSKAYA KIRGIZIYA in Russian 21 Feb 91 p 1

["Treaty on Friendship and Cooperation Between Kazakh Soviet Socialist Republic and Republic of Kyrgyzstan," signed by Kazakh SSR President N. Nazarbayev and Republic of Kyrgyzstan President A. Akayev]

[Text] The Kazakh Soviet Socialist Republic and the Republic of Kyrgyzstan, hereinafter referred to as the High Contracting Parties:

Proceeding from the Declaration of State Sovereignty of the Kazakh Soviet Socialist Republic and the Declaration of State Sovereignty of the Republic of Kyrgyzstan;

Seeking to consolidate and develop the historic traditions of friendship and economic and cultural relations

and to strengthen good-neighbor relations and mutually beneficial cooperation corresponding to the vital national interests of the people of Kazakhstan and Kyrgyzstan;

Intending to develop their intergovernmental relations on the basis of the principles of sovereign equality, non-intervention in internal affairs, respect for territorial integrity, the renunciation of the use of force or economic methods of pressure, and the settlement of disputes by means of agreement in accordance with generally accepted standards of international law;

Advocating the renewal of the USSR state structure on the basis of a union of sovereign states;

Affirming their adherence to the goals and principles of the United Nations Charter, the Helsinki Final Act, the Paris Charter for a New Europe, and other documents on security and cooperation in Europe and Asia;

And pledging to observe generally accepted international standards with regard to human rights, have agreed as follows:

Article 1

The High Contracting Parties recognize each other as sovereign states and pledge to refrain from actions that might jeopardize the state sovereignty of the other party.

Article 2

The High Contracting Parties guarantee their citizens, irrespective of ethnic or other distinctions, equal rights and freedoms.

The High Contracting Parties guarantee citizens of the USSR living within the territory of the Kazakh Soviet Socialist Republic and Republic of Kyrgyzstan, after the passage of laws on citizenship by the parties, the right to retain the citizenship of the party within whose territory they reside.

Questions connected with the acquisition of the citizenship of one of the parties by individuals living within the territory of the other party will be resolved by the appropriate agreement with consideration for the citizenship laws of the parties.

Article 3

Each of the High Contracting Parties will guarantee the citizens of the other contracting party and the stateless individuals living within its territory, irrespective of their national origins, religious beliefs, or other distinctions, civil, political, social, economic, and cultural rights and freedoms in accordance with generally accepted international standards with regard to human rights.

Each of the High Contracting Parties will defend the rights of its citizens living within the territory of the other contracting party and will offer them all-round assistance and support.

The mechanism to secure the protection of citizens' rights will be established by special agreements.

Article 4

The High Contracting Parties will promote the development and preservation of the ethnic, cultural, linguistic, and religious distinctions of ethnic minorities living within their territory and existing unique ethnic-cultural regions and will take these under their protection.

Article 5

The High Contracting Parties will develop equal and mutually beneficial cooperation between their peoples and states in the spheres of politics, economics, culture, health care, ecology, science, technology, trade, humanitarian undertakings, and other spheres, promote the broad exchange of information, and observe mutual commitments conscientiously and unconditionally.

The parties feel the need to conclude the appropriate agreements on cooperation.

Article 6

The High Contracting Parties acknowledge and respect the territorial integrity of the Kazakh Soviet Socialist Republic and the Republic of Kyrgyzstan within the borders existing in the USSR framework.

Article 7

The High Contracting Parties acknowledge the need for a system of collective security within the framework of the renewed USSR, including cooperation by both states in the sphere of defense and security with consideration for the parties' wishes for the further consolidation of peace.

Article 8

The High Contracting Parties acknowledge that the sphere of their collective jurisdiction, exercised on an equal basis through common coordinating institutions, will include the following:

- questions connected with the defense of human rights;
- interaction in foreign policy and foreign economic activity;
- cooperation in the creation and development of the common economic territory and the common European and Eurasian markets and in the sphere of customs policy;
- the management of power engineering, transportation, information, and communication systems, including satellite communications and telecommunications;

- cooperation in the sphere of environmental protection within their territory, participation in the creation of a comprehensive international system of ecological security, and the offer of mutual assistance in emergency situations;
- questions of migration policy;
- the struggle against crime.

Article 9

The High Contracting Parties acknowledge the irreversible effects of the tests of nuclear weapons on the Semipalatinsk test range and the ecological disaster in the Aral Sea zone and pledge to unite and coordinate their efforts to eliminate these consequences.

Article 10

The High Contracting Parties acknowledge each party's right to make autonomous decisions on types and forms of property ownership and regulate property relations within its territory.

The legal status of state property and the property of legal entities and citizens of one party located within the territory of the other party will be regulated by the appropriate agreements.

The High Contracting Parties agree that all questions connected with objects categorized as common union property will be settled by means of special agreements.

Article 11

The economic agreements of the High Contracting Parties will be regulated by agreements granting most-favored-nation status. The parties will secure the development of economic, trade, and scientific- technical relations on the following levels:

- organs of state authority and administration;
- banks and the financial system;
- organs of local self-government;
- enterprises, associations, organizations, and establishments based on any form of ownership, including joint ownership;
- individual entrepreneurs.

The High Contracting Parties agree that the specific mechanisms of inter-organizational relations, commercial exchange, all types of communications and transportation, and aspects of economic and informational cooperation will be regulated by intergovernmental legal instruments. The parties will not take unilateral economic measures jeopardizing the other party.

Article 12

The High Contracting Parties will conclude intergovernmental agreements on mutual deliveries and services, payments, prices, the circulation of commercial paper, and the dates of transition to mutual settlements based on world prices. This list of agreements is not exhaustive.

The High Contracting Parties pledge to take measures for the coordination of pricing policy.

Article 13

The High Contracting Parties will secure transit transport operations through sea, river, and air ports, the network of railroads and highways, and the main pipelines located within their territory.

The terms and procedure of transit transport operations will be defined in special agreements by the parties.

Article 14

The High Contracting Parties reserve the right to conclude treaties or agreements on cooperation in all other spheres of intergovernmental relations.

Article 15

The High Contracting Parties feel it would be expedient to exchange authorized representatives. The procedure for the exchange of representatives and the determination of their status will be regulated by special agreements.

Article 16

Disagreements over the interpretation and application of the provisions of this treaty will be settled by means of negotiation.

Article 17

This treaty will not affect the commitments of the High Contracting Parties to third states or limit their right to conclude treaties with third parties on their participation in the sphere of the parties' collective jurisdiction specified in the treaty and in the system of collective security.

This treaty is not directed against third parties.

Article 18

The High Contracting Parties will conduct regular bilateral consultations and talks on the execution of this treaty.

For the purpose of implementing this treaty, the parties also feel the need to create a permanent interparliamentary commission on cooperation and an intergovernmental coordinating body.

Article 19

Each of the High Contracting Parties reserves the right to initiate talks during the course of consultations on the expediency of the continued existence of this treaty or its individual articles. The provisions of this treaty can be supplemented or amended by mutual consent of the High Contracting Parties.

Article 20

This treaty must be ratified. The exchange of ratification documents will take place in the city of Bishkeke.

This treaty will go into force on the day the ratification documents are exchanged.

Article 21

This treaty is being concluded for a term of 10 years. It will then be renewed automatically for the next 10 years if neither party declares its wish to terminate the agreement in writing no less than six months prior to the expiration date.

This treaty was made in Alma-Ata on 18 February 1991 in two copies, each in the Kazakh, Kyrgyz, and Russian languages, and all three texts are equally authentic.

Progress, Problems of Altay Free Economic Zone Discussed

914A0588A Moscow SELSKAYA ZHIZN in Russian 28 Mar 91 p 3

[Interview with S.S. Nutropkin, general manager of the Altay Free Enterprise Zone, in Altay Kray by SELSKAYA ZHIZN correspondent A. Torichko under the heading "Agro-Industrial Complex and Foreign Market": "Is the 'Free Zone' Really Free?"]

[Text] **It is known that Altay Kray is among several other regions of the country that have been declared free enterprise zones. This decision by the kray soviet of people's deputies was approved by the RSFSR Supreme Soviet almost half a year ago.**

Our correspondent met with S.S. Nutropkin, general manager of the Altay Free Enterprise Zone, and asked him to answer a number of questions regarding the results of the kray national-economic operations in the environment of new economic relations.

[Torichko] What was there more of in the beginning: sweet goodies or hard knocks?

"The problem is," said Sergey Stepanovich, "that so far our zone is only formally free, since this was not specifically confirmed at the session of the Supreme Soviet of Russia. This not only ties up our initiative, but also puts us on a doubtful footing with our partners—especially foreign ones who under such circumstances usually show a certain reluctance in signing this or that commercial deal, contract, or agreement.

"The delay of the decision on the part of the Russian parliament is hard to understand, especially if we take into account that the concept and the legal status of the zone was worked out a long time ago, all necessary organizational matters was discussed in all republic's ministries, and the required papers were signed by Chairman of the RSFSR Council of Ministers I.S. Silayev."

[Torichko] But you are not just sitting there and waiting? You must be doing something within the boundaries of the free enterprise zone concept approved by the kray soviet?

[Nutropkin] Before I answer this question, I would like to remind you that the main goal of creating a free zone on the Altay is to ensure more favorable conditions for economic initiatives of our enterprises and organizations in the area of joint enterprise and for bringing out the constructive potential of the market economy, by attracting on this basis foreign capital that would then be included in a turnover of additional natural and economic potential and technical modernization of Altay industry and agriculture. We act today on the basis of this fundamental concept. So, what have we achieved so far?

We have established closer ties on a practical level with the majority of countries in Southeast Asia: Mongolia, China, Singapore, Japan, South Korea, and Thailand. So far, most of them are barter deals. But there are already some agreements to jointly produce consumer goods. One such agreement, for instance, has been signed with a Chinese-Japanese firm, which will be manufacturing clothing and shoes in the cities of Novoaltaysk and Zarinsk. One Chinese company located near our border proposed to organize a joint production of railroad containers which are currently in great demand. We supply the production facilities and the partner supplies the technology. The company is ready to invest $20 million in the plant construction.

We receive many offers. Of special interest to the agro-industrial complex is, in our view, an American offer to process wool. Right now the kray enterprises ship all raw wool they produce out of Altay territory; by doing so, they lose 90 percent of the potential profit. That is, the value of the final product made from this raw wool (yarn, suits, and other items made of wool) is nine to ten times higher than what we get for the wool.

[Torichko] Sergey Stepanovich! These topics must be especially interesting to the peasant. Could you provide more detail?

[Nutropkin] Lately, Altay animal husbandry enterprises have been trying, by hook and by crook, to get rid of unprofitable sheep breeding. It requires a lot of effort, production costs are high, but the state pays a miserly price for raw wool. Even the meat packing plant is reluctant to accept sheep. The people who really profit from our wool are, as I said, processing and clothes-making enterprises located in other regions. That is why we are interested in the proposal presented by American businessmen to build in Altay a high-capacity enterprise that will process raw wool and also manufacture a final product from it. We have already allocated the facilities for future processing sections of the plant; the only part that needs to be completely rebuilt is the wool-washing section. If we accomplish this task, all profit from wool production will stay in the Altay free enterprise zone.

We have reached an agreement with enterprises in Germany, which will supply us with modern bread-baking equipment, a movable meat and dairy processing plant to be installed in the Slavgorod zone of our kray.

In short, the largest number of mutually profitable commercial agreements so far have been signed in the branches of the agro-industrial complex, the products of which are now in the greatest demand among foreign companies.

[Torichko] As is known, one does not go to the market without a wallet. In this respect, what are the prospects for industrial and agricultural enterprises in the free enterprise zone? Where do you see the main sources for earning hard currency?

[Nutropkin] There are many. It is the development of tourism, hunting by license, export of young Siberian stag antlers, sea buckthorn oil and medicinal herbs, honey, fern, timber, and other traditional Altay items. We pin great hopes on the international airport, the construction of which is already under discussion with Taiwan, Indian, American, and German firms. Since Altay is practically the center of Asia and may become a major international transit point, there are some major airlines interested in the project, including Germany's Lufthansa, America's Boeing, airlines from India and the Near East.

[Torichko] What is your main problem? What stands in the way of the free enterprise zone becoming truly free in its domestic and foreign economic activities?

[Nutropkin] There are some problems. The main one is the unstable domestic political situation. This is what makes our partners hesitate and keeps them away from us. Even those contracts that were signed with ease six months ago are now actually suspended. Representatives of many companies tell me directly: Why do not you first sort things out in your country; are we supposed to come and solve your problems for you? They are also put off by the instability of our laws: "Today we invest the money in joint enterprises, and tomorrow you are going to nationalize them." We have had this situation with a number of Japanese, Taiwanese, and Chinese firms; they point out our lack of responsibility, when somebody signs contracts, but somebody else has to fulfill them.

Another problem is the uncertainty about the rights and powers of the Union and republic levels. This is what is happening: we get one permission, but custom demands a different one. Moreover, we are being banned from entering barter deals and from border trade, which was already well developed over time with neighbor states. A great obstacle is the presidential decree in regard to 40 percent of hard currency earnings and the currency adjustments we have to make in accordance with the Council of Ministers decision; as a result, enterprises end up keeping only 15 to 20 percent of their profit from foreign operations.

The main obstacle to our current activity, though, is the uncertainty of our situation because of the delay in formal approval of the Altay Free Enterprise Zone by the RSFSR Council of Ministers. Time goes by, people are waiting; they are losing their initiative and confidence in a positive outcome of this undertaking that is so unusual for our society but is so needed in the market economy.

PRICES, BUDGET, FINANCES

Ukraine's First Deputy Minister of Finance on 1991 Budget

914A0537A Kiev PRAVDA UKRAINY in Russian 27 Feb 91 p 2

[Interview with Ukraine's First Deputy Minister of Finance Viktor Petrovich Tentyuk conducted by Stanislav Ganichev: "Is Everything Within the Power of the Republic Budget?"]

[Text]

[Correspondent] The republic's government has already adopted a number of laws and programs of vital social importance, and others are being outlined. Various population groups are posing questions about increasing the labor wage and expanding the scope of social aid. Covering the expenses for all this must for the most part fall on the republic budget. But is all this within its power?

[Tentyuk] This question has always been a current one. However, it stands most acutely today, when the Ukraine, as well as the entire country, is experiencing an economic and sociopolitical crisis which, of course, cannot help but be reflected negatively on the real capacities of the budget.

The revenues from the national economy to the 1991 budget must comprise almost 84 percent of the total income. Moreover, if we judge by the results of last year and January of the current year, the effectiveness of operation of its sectors in the republic leaves something to be desired.

As a result of the 5.3 percent reduction in the level of product production already in January of this year, including a 1.2 percent reduction in consumer goods production and a 1.6 percent decline in labor productivity, the republic budget has already been shorted by almost 2 billion rubles.

The situation has worsened due to the untimely introduction of measures proposed by the government for stabilizing finances, as well as the delays in implementation of price reform.

Consider also the fact that the republic's overall budget was ratified by the Ukrainian SSR Supreme Soviet with the largest ever deficit of 7 billion rubles, which comprises 12 percent of its volume. (For comparison I will say that in 1990 the deficit comprised only 1.8 billion rubles).

But that is not all. According to preliminary computations, in connection with the shortage of payments the budget deficit in the current year may increase to 11 billion, with an overall volume of expenditures in the sum of 58 billion rubles.

Of course, the presence of a budget deficit in such amounts is largely explained by the need for implementing large-scale measures for the national-economic and social-cultural development of the republic. It is enough to say that the budget provides around five billion rubles for the fulfillment of measures outlined by the Ukrainian SSR law: "On Priority Development of the Farm and the Agroindustrial Complex in the Ukrainian National Economy" alone. Altogether for the national economy the budget expenditures will comprise almost 30 billion rubles—an increase of 10.7 billion rubles. For financing public health and educational institutions with consideration for the need to increase wages for their workers, the budget allocations have increased by over five billion rubles.

On the agenda of the Ukrainian Supreme Soviet session are the laws: "On the Status of Citizens Who Were Victims of the Chernobyl Disaster," "On the Social Protection of the Population During the Transition to Market Relations," the national AIDS prevention program, and the state program for development of the Ukrainian language, which will, of course, operate without the aid of the budget. According to the most conservative estimates, several tens of billions of rubles will be needed for all this. The sum is staggering.

[Correspondent] So what sources will be used to finance the measures which are extremely necessary for the republic's population?

[Tentyuk] The main thing today is to stabilize the economy through all efforts. We may criticize the government as much as we like and even demand the impossible from it. However, it is somelthing else that is important—to ensure the increased effectiveness of operation of all sectors of the national economy.

If the enterprises begin work stoppages as a result of a break in economic relations or a shortage of power, raw goods and materials, and things are already coming to this, then we will all be in trouble.

First of all, it is necessary to achieve a growth in production by means of increasing labor productivity and by the rational and economic application of material, labor and financial resources.

The new source of increased budget revenues—the sales tax introduced by the republic's government in accordance with the USSR President's ukaz—will help to reduce the tension to some degree.

According to government computations, on the territory of the Ukrainian SSR the sales tax revenues will be 9.1 billion rubles, and of this the republic budget will receive 70 percent, or 6.4 billion rubles. These funds are being directed primarily toward financing programs for stabilization of the economy and toward measures for social protection of the population. I will also add that such a tax will regulate the monetary turnover, and exists in many countries of the world (in various forms).

Today the UkSSR Supreme Soviet is reviewing the question of forming a stabilizing fund for economic development. It is being created to ensure the normal functioning of the economy, the financing of investment, scientific-research and other programs, as well as for supporting enterprises which are experiencing difficulties during the period of transition to market relations for reasons which are beyond their control.

The fund's resources in the republic will be directed toward financing capital investments, covering losses of the coal industry and housing- communal management, including municipal power distribution, water-sewage management, heating management, housing-operational organizations, and metros in the cities of Kiev and Kharkov.

All the enterprises are channeling into this fund a portion of their social insurance contributions, 20 percent of the sum of amortization deductions for the full restoration of fixed capital, except for the APK (agro-industrial complex), the profits obtained from increase of contract prices on production (work, services) over those determined marginal levels of profitability, and certain other payments.

On the republic's territory, the economic stabilization fund will receive around 17 billion rubles, of which 3.3 billion have already been accounted for in republic budget income. Due to the extremely complex financial situation of the republic, the budget deficit and the acute need for resources for solving problems of socioeconomic development, the Ukrainian Supreme Soviet Presidium has adopted a resolution to credit the abovementioned monies entirely to the republic fund.

[Correspondent] Under these conditions, is it within our power to resolve the question of increasing the wages of miners by 2-2.5 times with the help of the budget?

[Tentyuk] We understand, of course, that the labor of miners by its importance and expenditure of human energy, not to mention the hazards, deserves greater social recognition.

Considering this fact, the republic government, for purposes of creating the conditions necessary for increasing the effectiveness of production-economic activity of the coal industry enterprises and for implementing social programs, has established budget subsidies in the sum of 12 billion rubles throughout the UkSSR Goskomugol [State Committee for Coal Production] as a whole for 1991, and has set the price on coal production at 90 rubles 93 kopeks a ton, which is 2.4 times greater than the 1990 level. The expenditures provided for these purposes in the republic budget for 1991 equal the sum

of six billion rubles. The rest are to be financed through monies from the economic stabilization fund.

We must emphasize that of the indicated sum of subsidies, one billion 319.4 million rubles is directed for increasing the industrial- production personnel consumption fund.

As a result, the average monthly income of one worker will reach 498 rubles, which is 23.5 percent higher than last year's level. I would like to note that by their wage level, miners are in first place in the republic as compared with the workers in other sectors of industry.

The question of the possibilities of further increasing miners' wages was most thoroughly examined in the government, although it is a well known fact that this would cost the budget almost four billion rubles, which comprises no more or less than about ⅔ of the budget for the republic's public health institutions in 1991.

Recently much has been said about the need to cut expenditures, to live within our means, directing them primarily toward priority matters. Much has already been done in this direction. But just try to cut the funds provided in the budget for feeding the sick, for providing medicine for them, for housing construction, or for the satisfaction of other extremely acute needs. Yet the problem of increasing wages for miners under the existing crisis conditions can only be resolved in this way. Today the government and the republic budget have no other capacities.

[Correspondent] Viktor Petrovich! With the republic Supreme Soviet's adoption of the Declaration of Sovereignty and the Law on Ukrainian Economic Independence, the press and radio have expressed the opinion that our financial capacities are being undermined due to the transfer of almost 100 billion rubles in budget funds to the union budget.

[Tentyuk] Such a figure in no way corresponds to reality. Judge for yourselves. At the present time the budget resources, with consideration for the monies from the extra-budgetary economic stabilization fund and the sales tax formed on UkSSR territory, comprise 74.5 billion rubles in 1991. Of this, 60.6 billion rubles remain for use by the republic, and only 13.9 billion rubles, and not 100, as was stated, is handed over to the union budget for financing all-union programs. This includes five billion rubles received from income tax paid by enterprises under union and republic jurisdiction in accordance with the USSR law on: "Taxes From Enterprises," six billion rubles of revenues from foreign economic activity, and 2.7 billion rubles in sales tax. Here, however, we must not forget that the union government allocates 2.3 billion rubles to the republic for financing work on eliminating the consequences of the accident at the Chernobyl Nuclear Power Plant and 200 million rubles for measures associated with the relocation of the Crimean Tatars.

In objectively evaluating the amount of funds handed over by the Ukraine to the union budget, we also cannot overlook the fact that the republic, guided by the interests of sovereignty, has up until the present time still not signed the protocol between the USSR and the UkSSR on questions of the union budget and the republic budget and extra-budgetary economic stabilization funds in 1991, which determines to a significant degree the final volume of mutual financial relations with the Union.

Tajik Finance Minister on 1991 Budget

914A0543A Dushanbe KOMMUNIST TADZHIKISTANA in Russian 27 Feb 91 pp 1, 2

[Report by D. L. Lafizov, Tajik SSR minister of finance: "On the Tajik SSR Republic Budget for 1991"]

[Text] Dear comrade deputies!

The draft of the Tajik SSR state budget for 1991 submitted to you for consideration both in its form and content has a number of fundamental features. I had the opportunity to report to you on some of them at the past session.

Nevertheless, I must once again stress the unusual and extraordinary conditions of formation of the republic's budget, which have socioeconomic, methodological, and strategic aspects. It is not only a matter of a late formation, discussion, and approval of the budget, but also of the fact that it is designed for only 1 year and was preceded by intense work on the adoption of a special economic agreement between the center and sovereign republics—subjects of the federation that is being renewed.

In strategic terms the stability of the republic's present and subsequent budgets will largely depend on the solution of two fundamental problems. First, how will we further develop the national economy, will we manage to stabilize it at the present stage, and how will jurisdiction be distributed among the Union, republics, and local soviets in the spheres of state management? Second, how will we distribute jurisdiction among state bodies of management and economic organizations, enterprises, associations, and concerns?

From the standpoint of realization of basic directions in economic stabilization and in the transition to the market the present budget reflects a stage of the transitional period, which is brought about by the decline in production rates and by the change in the spheres of jurisdiction between the Union and republics.

The introduction, according to the ukase by the USSR President of 1 January of the current year, of a new revenue source—a five-percent tax on the sale of products for production purposes, consumer goods, performed jobs, and paid services—should be included among the fundamental innovations of the 1991 draft budget.

Revenues from the reevaluation of commodity stocks entered by enterprises, associations, concerns, and other economic organizations into the republican budget represent another new revenue source designed to solve in some measure the problems of reduction of the budget deficit.

However, despite the introduction of new types of taxes and revenues, the general tendency toward a reduction in the proportion of revenues, as compared with the approved 1990 budget, continues to persist, although the absolute amount of revenues rose by 465 million rubles, or by 21.9 percent. On the other hand, this is accompanied by a big increase in budget expenditures.

According to the USSR Law on Taxes on Enterprises, Associations, and Organizations, the republic's state budget will receive 23 percent of the taxable profit within the profitability level, as compared with 35 percent last year. As a result, the republic's budget revenues are reduced by about 120 million rubles.

At the same time, the expenditures transferred from the Union budget to the republican budget for the payment of the difference in prices of agricultural raw materials total 1,008.5 million rubles, or more than 25 percent of the planned volume of the republic's 1991 budget.

The objective—under our conditions—and significant rise in budget expenditures brought about a sharp rate of increase in the total volume of the republic's budget. Whereas during past years the annual increase in budget volumes averaged approximately nine percent, for the planned year, as compared with last year, expenditures increase almost 1.6-fold, totaling 4,057.0 million rubles, while the volume of budget revenues is only 2,585 million rubles.

As a result, the total amount of the republic's state budget deficit rose sharply. As compared with last year, its total volume increases more than fourfold, amounting to 1,972 million rubles, or 48.6 percent of the total planned budget volume.

Out of the indicated excess of expenditures over revenues, with due regard for the transferable share of the republic's participation in all-Union programs in the amount of 500 million rubles, 1,800 million rubles are to be covered from the subvention allocated from the newly created all-Union extrabudgetary fund for economic stabilization in order to equalize the level of the population's economic development and social security, while the uncovered part of the budget deficit will amount to almost 172 million rubles, or 4.2 percent of the total budget volume.

Here it is appropriate to mention that, for the purpose of overcoming the existing socioeconomic and political crisis situation in the country, ensuring a normal functioning of the country's economy, financing investment and other programs in the interest of all republics, allocating subventions to individual republics, and supporting enterprises, which during the period of transition to market relations experience difficulties for reasons not depending on them, in 1991 in accordance with the ukase of the USSR President an all-Union extrabudgetary fund for economic stabilization was formed. The same ukase recommended that Union republics create similar funds.

In our opinion, the advisability of creating a republican stabilization fund is dictated by a need, taking into consideration the limitation of budgetary resources and of extrabudgetary financing of expenditures on state capital investments, primarily in the social sphere and in the production of consumer goods, and financial support for economically weak and unprofitable enterprises.

The presented data, which characterize the planned indicators of the republic's state budget, attest to the republic's complex financial and economic situation, which requires the implementation of a set of specific and efficient measures aimed at stabilizing the economy and improving the financial situation through a gradual elimination of the budget deficit.

The attainment of a general rise in profitability and of an increase in financial resources in all the sectors of the republic's national economy is of paramount importance in the solution of this problem. For this, first of all, enterprises, associations, and organizations engaged in material production must ensure the fulfillment, as well as overfulfillment, of the production programs outlined by them and fulfill and overfulfill plans for profit (revenues) and payments into the budget. Second, steps must be taken to immediately develop small enterprises and to expand the network of production cooperatives and the population's individual labor activity. The establishment of new and diverse additional taxes in accordance with the republic's sovereign rights is of great importance for strengthening the revenue part of the budget.

Of course, in connection with the adoption of the ukase of the USSR President on the introduction of the sales tax, in our opinion, at present an additional increase in taxes on the population in the republic is unacceptable.

At the same time, there is a need for the introduction of new taxes on official passenger cars of enterprises, associations, and organizations regardless of their departmental subordination (with the exception of budget organizations) and of a tax on the resale of motor vehicles, computer equipment, personal computers, video and audio equipment, and so forth.

As before, earnings from the socialist economy, which, in addition to the sales tax, are estimated at 1,630.5 million rubles, or 63 percent of all the budget revenues, make up the bulk of the republic's budget revenues. As compared with 1990, these revenues are reduced by 248 million rubles, or 13.2 percent. The reasons for this reduction were indicated before.

Budget revenues from the basic revenue source—the turnover tax—are envisaged in the amount of 1,036

million rubles, or are reduced by 51 million rubles, or almost by five percent, as compared with the plan approved last year.

The profit from the economy subordinate to the Tajik SSR Council of Ministers is planned in the amount of more than 896 million rubles, or increases by 7.6 percent. According to established normatives, out of the total amount of profit payments into the republic's budget amount to 151.3 million rubles, which is 147.4 million rubles less than estimated for last year.

At enterprises of Union subordination payments into the republic's budget total 92.7 million rubles. This is 27.4 million rubles, or 1.4-fold more, as compared with last year's plan.

The total amount of profit left at the disposal of enterprises and organizations of Union and republican subordination will amount to more than 650 million rubles, which under conditions of market relations will be the basic source of their economic and social development. However, many enterprises do not attach proper significance to this and do not fulfill production and financial indicators, which will hamper their further economic and social development.

Last year almost every third enterprise did not fulfill the plan for financial results and, according to preliminary data, 128 enterprises operated at a loss. Meanwhile, despite repeated decisions by the republic's government, ministries and departments do not take proper steps to eliminate the unprofitableness of subordinate enterprises and organizations by restructuring them, implementing other organizational and technical measures, and leasing them out to collectives or cooperatives.

In connection with the elimination of the unprofitableness of enterprises I would like to dwell especially on city passenger transport. According to the current year's plan, losses in it total 11.2 million rubles, including in trolley bus facilities, 3.4 million rubles.

The newly introduced sales tax occupies a big proportion in the revenue part of the budget. It will amount to 607 million rubles, or 23.5 percent of the total amount of its revenues.

A new type of budget revenue—revenue from the reevaluation of commodity stocks, which is directly connected with a rise in wholesale prices of products and is envisaged in the amount of 137 million rubles—is planned for 1991.

The cooperative movement receives further development in the republic. In connection with the significant increase in the number of cooperatives and rise in the volume of production of goods and services provided by them the tax on the income of cooperatives is envisaged in the amount of 30 million rubles, which is 1.5-fold more than last year's plan.

During past years the tax on owners of transport facilities was assigned to the Union budget for the construction of highways in the nonchernozem zone. As of this year it will remain at the republic's disposal. This tax totals 12.6 million rubles.

In accordance with the USSR Law on Income Tax on USSR Citizens, Foreign Citizens, and Persons Without Citizenship taxes on the population fully enter into local budgets, instead of 50 percent according to the statute in effect last year. The total amount of these taxes, which is to be received in 1991, is 278 million rubles. This is 2.1-fold more than last year. The expenditure part of the budget envisages further filling with content the vast social program for the republic's development planned for realization.

The draft of the Tajik SSR state budget for 1991 for social and cultural development is determined with due regard for the decisions adopted by the USSR Supreme Soviet, its commissions and committees, and 1st and 2d congresses of people's deputies, as well as by decrees of the Supreme Soviet and the republic's government aimed at an accelerated solution of the most acute problems of public education, public health, and culture and at an increase in protection for the least secured strata of the population, especially families with many children, and for mother and child. With due regard for these tasks the volume of expenditures on the social sphere is estimated at more than 1,875 million rubles, or with an increase of almost 40 percent as compared with the budget approved last year.

For individual types of measures budget allocations are distributed as follows:

	(mill. rub.)		
	1990, approved by the Tajik SSR Supreme Soviet	1991, draft	percent of growth
1. Education and culture	695.2	101.6	46.1
2. Science	21.4	13.3	-37.9
3. Public health	332.5	513.8	54.5
4. Physical culture and sports	2.9	4.6	57.7
5. Social security	291.8	327.5	12.2
Total	1343.9	1875.2	39.5

The envisaged allocations will ensure the maintenance of the existing and newly introduced network of children's preschool institutions, general educational schools, higher educational institutions, tekhnikums, and cultural-educational and general health institutions.

The task is to see to it that ministries, departments, executive committees of soviets of people's deputies, and managers of organizations and of the social sphere ensure an efficient and economical use of vast funds and eliminate cases of financial violations.

The expenditure volume takes into account allocations for an increase in the wages of workers at public education institutions, personnel training, culture, and public health in the amount of 81.2 million rubles. A total of 15.5 million rubles are envisaged for an increase in the amount of grants to students at higher and specialized secondary educational institutions.

For the purpose of further improving health protection for the population, strengthening the material and technical base of public health, improving patients' nutrition, supplying them with drugs, and providing them with minor equipment, the republic's budget envisages expenditures amounting to 513.8 million rubles with a 1.5-fold increase as compared with last year.

The republic's budget also provides for expenditures totaling 158.8 million rubles for the payment of monthly allowances of 12 rubles for children under the age of 12 in families whose average combined income per family member does not exceed 50 rubles, as well as state allowances for child care and for single mothers totaling 156 million rubles. Previously, the indicated expenditures were incurred from the funds of the trade-union budget.

Expenditures on the maintenance and development of educational and cultural institutions are envisaged in the amount of 1,016 million rubles—an increase of almost 321 million rubles, or 46 percent, as compared with the approved 1990 budget.

The expenditure volume takes into account allocations for an increase in the wages of workers at public education institutions—39.3 million rubles—and of workers at cultural institutions—6.0 million rubles.

In accordance with the decisions of the Tajik SSR Council of Ministers and the ukase of the Presidium of the Tajik SSR on a reduction in the weekly load of teachers of first to fourth grades from 20 to 16 hours and of fifth to eleventh grades from 18 to 14 hours the republic's budget provides for additional allocations of more than 50 million rubles.

Provision is made for the allocation of 1,954 million rubles from the budget for the development of national economic sectors. This is almost twice as much as the expenditures for these purposes approved last year.

Allocations for the financing of the agro-industrial complex occupy a big proportion in the total expenditures on the development of the national economy. In 1991 with due regard for the payment for the difference in prices of agricultural products provision is made for the allocation of 1,482.5 million rubles for this sector. This is 2.4-fold more, as compared with last year's plan, and makes up 36.5 percent of all the budget expenditures.

Substantial funds in the republic's budget are to be allocated for the development of the infrastructure of the national economy. About 52 million rubles are assigned from the budget for the construction, repair, and maintenance of motor roads, which is 14.9 million rubles, or 40.6 percent, more than in the 1990 plan. A total of 46.3 million rubles of the funds of enterprises and organizations are to be assigned for these purposes.

Despite this the indicated allocations do not solve all the problems of road construction and operation, taking into consideration that under the conditions of our republic motor roads are the main transport arteries of life support for the republic's national economy.

In our opinion, in order to expand financial opportunities for motor road construction, it would be advisable to instruct the Rokh Concern, following the experience of many states and some of our country's regions, to work out the problem concerning the introduction in the republic of an appropriate charge for the use of main highways on the basis of their categories, rating, and degree of improvement, instead of numerous financing sources (the budget, indicated funds, two-percent deductions of motor pools, and so forth).

In 1991 a total of 66 million rubles are to be allocated from all sources for the development of transport and communication.

During the planned year more than 115 million rubles, including 62 million rubles from the budget and 53 million rubles of internal funds, are to be allocated for the financing of housing and municipal facilities.

More than 45 million rubles are to be assigned to the 1991 budget for the maintenance of bodies of state power, management, and courts, which represents a 1.6-fold increase as compared with the 1990 plan. This is connected basically with the increase in the wages of workers at these bodies at the end of 1989 and the transfer of a number of management bodies to the republic's budget.

With due regard for the change in the amounts of contributions for social insurance, as well as the increase in the wages of workers at local soviets, expenditures on these purposes will increase by almost 17 million rubles.

"Basic Directions in the Stabilization of the National Economy and Transition to a Market Economy" set the task of reducing expenditures on the maintenance of bodies of state management, which is now carried out by the republic's government.

Naturally, an increase in output and in rendered services, improvement in their quality, and increase in

production efficiency are predominant in the search for additional revenues. Nevertheless, ministries, departments, and executive committees of local soviets do not attach proper significance to these important matters.

The results of work of the republic's national economic sectors during the past year attest to this. The volume of industrial output increased by only 0.3 percent, as compared with last year, while the profit in the national economy decreased by four percent. A total of 58 industrial enterprises, or one out of four of those located on the republic's territory, underfulfilled the plans for the production of consumer goods in the amount of 82 million rubles. As a result, the possibility of an additional receipt of the turnover tax amounting to more than 17.8 million rubles in favor of the budget decreased to a significant degree.

In the republic the plan for this budget revenue source remained unfulfilled in six sectors—butter-fat and margarine, brewing, tobacco, and other sectors—out of 19 in the amount of 12.1 million rubles, or 1.8 percent.

In 1990 the plan for payments from the profit to the state budget was fulfilled 100.2 percent. A total of 11 ministries and departments in the republic did not cope with the obligation to the budget, which amounted to more than 10 million rubles (the Ministry of Housing and Municipal Facilities, the Ministry of Communication, the Ministry of Motor Roads, the Ministry of Motor Transport, and so forth).

Enterprises and organizations of Union jurisdiction did not ensure the fulfillment of the plan for payments from the profit into the budget in the amount of 8.1 million rubles.

The financial situation existing in the republic necessitates the adoption by ministries, departments, executive committees of local soviets of people's deputies, and managers and collectives of enterprises and organizations of fundamental and urgent measures for making up for the lag in output and for strictly saving material and financial resources.

The fact that the Tajik SSR Supreme Soviet will have to approve only the republican budget is the characteristic feature of formation of the republic's 1991 budget. In accordance with the USSR law: "On General Principles of Local Self-Administration and Local Economy in the USSR" financial indicators of local budgets will be approved by local soviets of people's deputies. Therefore, financial indicators of local budgets are presented in the republic's budget as a forecast.

Out of the total volume of the republic's state budget planned for 1991 in the amount of 4,057 million rubles the republican budget totals 2,551.9 million rubles with a shortage of 141.7 million rubles, while the forecast volume of local budgets with due regard for expenditures on capital investments, 1,764.1 million rubles with a deficit of 30.3 million rubles.

I would like once again to draw the deputies' attention to the creation of extrabudgetary funds for economic stabilization. They are based on the need to finance expenditures connected primarily with the realization of investment programs and with the allocation of subventions to individual regions, as well as of subsidies to enterprises experiencing difficulties for reasons not depending on them, not from state budget funds, as was done previously, but as a result of a partial use of the vast unutilized resources of enterprises, organizations, cooperatives, and enterprises with due regard for foreign legal entities.

The following should be allocated for these purposes: the profit of enterprises obtained from the increase in contractual prices of products in excess of the established maximum profitability levels—about 8 million rubles; 20 percent of the depreciation deductions for full replacement—about 28 million rubles. Furthermore, funds from the denationalization of state property at the expense of 50 percent of the remainders of economic incentive funds of enterprises are entered into the mentioned fund. According to our calculations, this will total 380 million rubles and 20 percent from other sources—more than 111 million rubles.

The amount of deductions in terms of the difference between the norm of contributions for social insurance established by the decree of the USSR Supreme Soviet and by the norm approved for 1991 by the ukase of the USSR President, that is, 11 percent (37 percent-26 percent), is envisaged in the volume of about 217 million rubles. In all, the volume of revenues of the 1991 republican extrabudgetary fund for economic stabilization is planned in the amount of more than 743 million rubles.

The expenditure part of the stabilization fund provides for the allocation of 764 million rubles for the financing of centralized capital investments, which is 317.2 million rubles, or 71 percent, more than similar expenditures envisaged in the 1990 budget.

The growth of the volume of state capital investments financed from the stabilization fund is connected basically with the construction and reconstruction of projects for the output of consumer goods and the social sphere.

On the basis of the existing sociopolitical and economic situation in the republic, in all probability, during the current year it will not be fully possible to solve the problem of eliminating unprofitableness in individual sectors directly connected with the provision of services for the public. Subsidies from the republican economic stabilization fund in the amount of 85.5 million rubles will also be allocated for these purposes, including 17 million rubles for the pharmaceutical industry, 61 million rubles for housing and municipal facilities, and for other sectors.

Subventions from the stabilization fund in the volume of about 280 million rubles are envisaged for the purpose of

equalizing the socioeconomic development of the republic's individual regions. Deductions into the all-Union economic stabilization fund are envisaged in the amount of 200 million rubles.

Taking this into consideration, a deficit of funds amounting to more than 600 million rubles is also formed with regard to the balance of the 1991 extrabudgetary stabilization fund. It is to be covered from the allocation of funds from the all-Union stabilization fund. However, even under these conditions the needs for the resources of the mentioned funds are not met fully. In particular, they are insufficient to fully cover state centralized capital investments envisaged in the plan for economic and social development.

In connection with this, in order to fully cover the needs for resources of the stabilization fund, it is necessary to speed up the solution of the problem concerning the privatization of a certain part of state property.

First of all, it is necessary to speed up the sale to citizens of state dwelling houses of local soviets, which they occupy. Of course, not all citizens, even if they wish, now have the possibility of buying out dwelling houses and apartments from the state.

In connection with this, in our opinion, the sale of dwelling houses to citizens, at their request, could be made in instalments—approximately on the terms on which credit is allocated for the construction of individual homes. But to badly-off families and pensioners this sale can be made on preferential terms.

The total value of dwelling houses on the balance of local soviets of people's deputies alone amounts to about 1.3 billion rubles. The sale of dwelling houses to the population, along with the receipt of additional revenues, will make it possible to create the prerequisites for the transfer of organizations of housing and municipal facilities of local soviets to full cost accounting and, therefore, to reduce budget expenditures on their maintenance, which annually total about 30 million rubles.

In conclusion, we would like to turn to managers of ministries, departments, and executive committees of local soviets of people's deputies with the following request: Considering the extreme strain on the examined budget for the current year, please take all the necessary steps to find additional revenue sources and to spend economically every ruble allocated from the budget and from the economic stabilization fund.

Ukrainian Council of Ministers Official on Impact of Price Reform

914A0570A Kiev RADYANSKA UKRAYINA in Ukrainian 2 Mar 91 p 2

[Interview with V.G. Kotko, deputy chairman of the Committee on Prices under the Ukrainian SSR Council of Ministers, by L. Dayen: "The Unretouched Market—Prices Have Been Set Free"]

[Text]

Prices are a most timely subject. They are discussed in mine shafts and in factory workshops, in student classrooms, and at the highest governmental levels. Readers write the editorial board of RADYANSKA UKRAYINA about them every day. The letters show alarm and agitation and ask what is in store for us.

Now, on the last day of February, the Ukrainian SSR Council of Ministers has adopted a decree concerning retail prices on individual consumer goods.

It establishes that, beginning 1 March 1991, the procedure for forming retail prices stipulated by the USSR Council of Ministers decree No. 1134, dated 12 November 1990: "On the Transition to the Implementation of Contractual Retail Prices on Individual Consumer Goods" and the USSR State Committee on Prices decree No. 880, dated 28 December 1990: "On a Procedure for the Sale of Individual Consumer Goods" is to be put into practice on the territory of the republic. This procedure does not extend to children's goods.

The editorial board asked V.G. Kotko, deputy chairman of the Committee on Prices under the Ukrainian SSR Council of Ministers, to comment.

[Dayen] Vasil Grigorovich, why do we need this decree, which carefully formulates in essence an increase in retail prices for certain goods?

[Kotko] As you know, new purchase and wholesale price have been introduced in the country. Enterprises and organizations have drawn up their plans for social and economic development in accordance with them. But in the process, a paradoxical situation has arisen. Currently wholesale prices on the overwhelming majority of consumer goods exceed existing retail prices. And this clearly violates the logic and laws of economic accountability.

[Dayen] Why are we only now introducing the procedure for the formation of contractual retail prices that was stipulated by the Union Government last year in November?

[Kotko] The government of our republic had frozen prices for a certain period of time. We adhered to them for three and a half months. But the strict demands of the market are pressing us.

[Dayen] What kinds of goods are we talking about?

[Kotko] We are talking about the introduction, starting 1 March, of free contract prices on radios and televisions of the fourth and following generations, refrigerators with three compartments, suites of furniture, high-quality china and crystal products, spare parts for automobiles, good cognac, wine, a number of imported goods, etc.

[Dayen] Vasil Grigorovich, prices are being set free. Now everything depends on market forces. How much are contract prices going to rise: by a factor of two or three?

[Kotko] Everything depends on the supply of and the demand for these goods. But according to preliminary estimates they will rise by a factor of 1.5.

[Dayen] Is that evaluation not too optimistic? Elektron televisions are already demanding 2,000. That is double the price.

[Kotko] When I mentioned a factor of 1.5 to two, I did not have in mind individual goods but rather the entire group of consumer and electrical products.

[Dayen] Will not the tone be set by the black market, which is currently setting the pace and charging prices that exceed the official rate by five and more times?

[Kotko] No. The black market thrives on shortages and reduced prices for trade. The appearance of goods on store shelves—this time at contract prices—will pull the carpet out from under the speculators. I would like to emphasize that some kinds of goods for which the wholesale prices introduced on 1 January exceeded the existing retail prices will sell for the wholesale price plus an increase of up to 20 percent. A tax on profits is not stipulated in this case.

[Dayen] Please give an example.

[Kotko] Take a common stool. Recently it cost six rubles [R]. Its new wholesale price is R9. Now it follows that it will cost R9 plus up to 20 percent, that is a maximum of another R1.8. And a number of those consumer and household goods for which the new wholesale prices did not exceed existing retail prices will be sold for the very same prices—the prices existing today.

[Dayen] Vasil Grigorovich, what kinds of goods are not affected at all by the decree?

[Kotko] In the first place, food products. In addition, goods for children. And clothing and footwear. And also those products for which compensation is stipulated in the near future for the population.

[Dayen] At the demand of the miners, the decision was just made to raise the wholesale price on coal to R91. Readers ask whether this will affect prices for everyday fuel.

[Kotko] No. As before, it will be supplied at R12-20, depending on the quality. Nor will prices change on gasoline, municipal services, or rent.

[Dayen] What about fares on urban transportation?

[Kotko] Today's cost for a passenger to ride a bus or a trolley is about 15 kopeks. There is talk of establishing the price of a ticket at 10 kopeks. But it is too soon to make predictions.

Lithuanian Decree on Compensation for Price Increases

914A0576A Vilnius EKHO LITVY in Russian 1 Mar 91 p 2

["Decree of the Lithuanian Republic Government: 'On Compensation for Additional Spending by the Public Associated With Increased Prices for Essential Goods'"]

[Text] The Lithuanian Republic Government decrees as follows:

1. To establish that this procedure regulates compensation for additional spending by the public associated with increased retail prices for essential goods by increases in wages and other standing payments and the more extensive application of social allowances.

2. That the following standards for compensation will apply:

- nonworking retirees, students in day departments receiving grants, unemployed persons receiving unemployment benefits, women on leave of absence because of pregnancy and birthing and on partially paid leave to care for children, and persons who have been dismissed from their jobs and are receiving unemployment benefits, are paid at the rate of R85 per month;
- compensation payment for persons working under the terms of a labor contract (hiring contract) is R105 per month, of which R85 are mandatory and guaranteed for each worker personally, while R20 constitute the average differential added for each worker.

Wages, pensions (for nonworking retirees), grants, unemployment benefits, and allowances for temporary inability to work because of pregnancy and birthing and caring for children, are being raised in the compensation amounts indicated.

3. To establish the following:

3.1.—that the standards for compensation (together with the differential addition) as set forth in Clause 2 of this decree apply to workers in all budget establishments and organizations, while Decree No. 74 of the government of the Lithuanian Republic dated 22 February 1991: "On Increased Wages for Workers in Budget Establishments and Organizations," applies with respect to workers in certain other establishments.

3.2.—that in connection with the increased retail prices for essential goods, wages for specific workers in economic (profit-making) and other enterprises and organizations are being increased on a mandatory basis in an amount equal to the difference between the standard for the mandatory compensation (Clause 2 of this decree) and the increased average wage per worker (bearing in mind the kinds of wages that are calculated with inclusion of annual leave) in February 1991 compared to the fourth quarter of 1990.

The size of the differential addition to compensation increasing the wages of the individual worker is set by the enterprise, establishment, or organization management organs.

3.3.—that compensation that increases the corresponding wages and other payments indicated is calculated and paid at the normal places where wages are received using the sources earmarked for these purposes. If necessary, enterprises may make use of bank loans.

A corresponding subsidy may be made from the Lithuanian state budget to pay compensation from the state social security fund.

In the event that a person is working at several jobs, his wages are increased (by the amount of compensation) at his main place of work. The wages of working retirees are raised but not their pensions.

3.4.—that from March 1991 pensions for working retirees are paid only with respect to their place of work. When payment of pension is assigned to the work place, social security institutions indicate the size of the pension without the compensation. In the event that a retiree is employed on a five-day-week basis, the work place reports this to the social security institution or other institution that sets the pension (at the retiree's place of residence). Before 15 March 1991 enterprises, establishments, and organizations will inform these institutions about retirees working at enterprises, establishments, and organizations under the terms of a labor contract (hiring contract), including retirees who are not receiving a pension from their place of work. In the event that this information is unavailable and a working retiree is receiving a pension with the addition in connection with the increased prices for essential goods, the amount of the increase (compensation) and a fine equal to thrice the amount will be paid on a mandatory basis by the enterprise, establishment, or organization to the state social security budget. This sanction is not applied in the case of compensation received for March 1991;

3.5.—that the first compensation is to be paid no later than 19 March 1991 simultaneously with wages, grants, pensions, and other payments.

For nonworking retirees, compensation associated with the increased prices for essential goods for March 1991 is to be paid starting from 26 February 1991 by the institutions of social security to the individual departments at the normal places where payments are made.

Other persons wishing for various reasons to receive compensation before the usual period in which payments are received may do this themselves starting from 26 February 1991.

3.6.—that compensation earmarked for children under the age of 16 years (or students up to the age of 18 years), and for students older than 18 years and receiving grants, is paid simultaneously with social allowances as introduced by Decree No. 303 of the Lithuanian Republic dated 3 October 1990. In order to calculate it, instead of the index for the minimum living standard, a fixed amount of R200 is used. Allowances for each such person are 40 percent of the difference between R200 and the average gross income for one family member (including students aged above 18 years attending day institutions and not receiving a grant). The right to receive social assistance is enjoyed by families who have an average gross income per family member of less than R180 per month.

Payment of this higher social assistance is to take place from February 1991. Families that for various reasons do not receive this payment promptly have the right of appeal until 1 April 1991.

Social assistance for February and March 1991 for families that have not been receiving this assistance previously is set by proceeding on the basis of average incomes for the three months preceding the month in which that family applied for assistance. In this case, social assistance is set for three months, including the month in which the request for it was made. At the end of the three-month period, after data have been received on the family income, social assistance is set for the same period again.

From 1 April 1991 all social assistance payments are set and paid out only according to the overall average income of the family received during the previous three months.

4. From 1 March 1991 to extend the application of social assistance as envisaged in Clause 3.6 of this decree, and to pay it additionally as follows:

4.1.—to children from low-income families in which an able-bodied, nonworking mother is at home raising children aged under 16 years (or students up to the age of 18 years), while the father of the children is also not working for good cause, being unemployed or sick (and being in possession of a certificate issued by a medical board);

4.2.—mothers in large, low-income families raising three or more children below the age of 16 years (or students below the age of 18 years). This allowance for these mothers is paid in the event that the family has the right to receive social assistance for the children.

Social assistance is determined and paid to a father raising children without a mother (in the case of the mother's death, being declared unfit to be a mother, or lack of opportunity to raise children for reasons of ill health, being in possession of an appropriate medical certificate, and also for other important reasons).

4.3.—nonworking mothers or fathers in low-income families who are caring for a sick family member (with the appropriate medical certificate stating that there is a need for prolonged care), Groups I and II of disabled persons, or a disabled child. This allowance is paid in a case in which one of the spouses is working, studying away from work, or is not working for the reasons as

indicated in Clause 4.1 above, and also if the person caring for a sick person is a single person.

5. To establish that free meals for children below the age of two years are to be made available to low-income families for which the average income per family member was below 0.9 of the minimum living standard during the previous calendar year.

When calculating the average family income for the previous calendar year, instead of using the mother's wage, a calculation is made of the allowance she received (or the father or guardian) to care for each child.

Additional spending associated with providing free meals for children below the age of two years is compensated through the Lithuanian Republic budget.

6. To establish that infant formulas for medically recommended feeding are sold in accordance with the retail price in force earlier. The difference between the new prices and the selling prices for these formulas for medically recommended feeding is compensated through the Lithuanian Republic budget.

The Ministry of Trade is setting up a procedure for compensating stores for price differences in infant formulas.

7. To oblige the Ministry of Trade, Ministry of Culture and Education, and Ministry of Health before 27 February 1991 to establish standards and procedure for partially paid meals in general-education schools.

8. To oblige the Ministry of Social Security jointly with the Ministry of Finance to inform the Soviet Union about the funding needed to pay compensation to workers in institutions of the USSR (USSR Ministry of Defense, USSR Committee for State Security, USSR Ministry of Internal Affairs) in Lithuania and Union personal pensions, and also to review the standards for spending on food in social institutions.

9. To oblige the Lithuanian Savings Bank, the Ministry of Social Security, and the Ministry of Finance, together with the Bank of Lithuania, to work out before 15 March 1991 procedure for safeguarding the contributions made by the public, state loans, and contributions to state insurance against devaluation in connection with the one-off price increases.

10. To propose that before 1 March 1991 the Bank of Lithuania devise measures to insure that the public has an adequate supply of bank notes and substitutable securities.

11. To assign city and rayon managements to set up commissions to handle questions of compensation for additional spending associated with increased prices for essential goods.

12. To recommend that when they set social grants the leaders of higher and secondary specialized educational establishments take into account the increased prices for essential goods.

The Ministry of Finance is to review increases made to student grants.

[Signed] G. Vagnoryus, prime minister of the Lithuanian Republic, Vilnius, 22 February 1991.

Lithuanian Decree on Recalculation of Nonfood Consumer Item Prices

914A0576B Vilnius EKHO LITVY in Russian 1 Mar 91 pp 2-3

["Decree of the Lithuanian Republic Government: 'On Recalculating State-Regulated and Contract Prices for Nonfood Goods'"]

[Text] In order to limit unjustified price and rate increases, normalize trade, and insure formation of the Lithuanian Republic state budget, the government decrees as follows:

1. To permit enterprises and organizations producing nonfood goods, including production-technical output, to sell them at interim recalculated prices and rates.

2. To establish that recalculation of prices for nonfood goods, including production-technical output, is done giving due consideration to increased prices for material and energy resources and transportation costs, the new standards for social insurance, standards for amortization deductions, and funding for wages, insuring higher average wages per worker (bearing in mind all kinds of wages paid with annual paid leave) in the amount of R105 (in February 1991 compared to the fourth quarter of 1990), but no more than R150 (including higher wages for January and February 1991), and also giving due consideration to the proportion of selling prices comprised in the 1990 duty (turnover tax) and the new trade discounts.

When recalculating prices it is essential to insure enterprise profitability at the rate of 10 percent to 20 percent of enterprise capital (using the figures for 1990 and giving due consideration to the new principles employed in the formation of state capital and profit), and at least five percent of prime costs.

3. To establish that clients are counted with subcontractors for their fulfillment of construction and assembly work in accordance with the recalculated cost of work, guided here by Clause 2 of this decree.

4. When setting prices under the procedure as envisaged in Clause 2 of this decree, the managers of enterprises and organizations should preserve the range structure of output that they produced in 1990.

5. To assign the Ministry for Economy, together with the Ministry of Finance and the Ministry of Construction

and Urbanistics, to draft the procedure for recalculating prices and rates, proceeding from the provisions set forth in Clauses 2 and 3 of this decree, provide enterprises with an explanation of the recalculation of prices and rates, and monitor compliance with this decree.

6. To take under advisement the fact that under the procedure set forth in this decree no recalculation of prices is done for firewood, output from the fuel-and-energy complex, or the rates for passenger and freight transportation, nor for rates for communications services and postal services.

7. To confirm a list of goods in the children's range to which existing prices will be applied and whose producers will be given subsidies, and a list of goods in the range earmarked for those persons in need of social security, and also maximum prices for them (see attached).

The sale of goods in the range earmarked for persons in need of social security, like the range of goods for children, are produced at existing retail prices. The difference between the existing list prices and current retail prices will be paid additionally to producing enterprises as compensation in accordance with procedure established by the Ministry of Finance through allocations envisaged in the Lithuanian state budget.

Together with the Ministry of Social Security, the Ministry of Trade will establish a procedure for acquiring these goods.

Together with the Ministry of Finance and the department for the press, the Ministry of Social Security will devise measures to supply goods for children and for persons in need of social safeguards.

8. To establish that after recalculation of prices for output and goods, and also rates for services, industrial enterprises and construction organizations will compile summary reports of the main economic indicators giving due consideration to the output volume predicted for 1991, and submit them to their founders.

The founders of enterprises check the correctness of the recalculation of prices and rates and prepare summary reports of the main economic indicators as applied to the sphere in which they regulate enterprises and organizations with respect to recalculated prices, and submit them to the Ministry of Economy. In individual cases in which the recalculated prices are not in the interests of the economy of the Lithuanian Republic or producers or consumers, the Ministry of Economy may alter the level of recalculated prices and set other prices, or demand that they be recalculated.

9. To establish that managers and chief bookkeepers at enterprises carry personal responsibility for correct recalculation of prices under the procedure established. Prices recalculated in violation of the product established by this decree are rescinded by the Ministry of Economy and economic sanctions are applied for the violation, and persons guilty of the violation are held liable under either administrative or criminal rules under established procedure.

10. To give the Ministry of Finance the following rights:

10.1.—to compile lists of goods on which duty (turnover tax) is imposed, and to determine the amount of duty (turnover tax), and also procedure for deductions and payments and the time periods involved.

10.2.—giving due consideration to representations received from the Ministry of Economy, the Ministry of Trade, the Ministry of Material Resources, and other ministries and departments, to alter the amount of duty (turnover tax) for exported goods.

11. To establish that duty (turnover tax) is paid by the following:

11.1.—enterprises whose activity is regulated by the law of the Lithuanian Republic on enterprises (including agricultural and other enterprises that have not been re-registered in accordance with that law);

11.2.—joint-venture enterprises with foreign physical and legal entities;

11.3.—enterprises employing foreign capital;

11.4.—legal entities engaged in noncommercial activity but producing and marketing goods subject to duty (turnover tax).

12. To establish that enterprises making use of bank loans to expand, modernize, and reconstruct production capacities may, with the permission of the Ministry of Finance, use 50 percent of the increase in duty (turnover tax) received from the expansion, modernization, or reconstruction of production capacities, to repay those loans.

13. To reduce calculated duty (turnover tax) on goods manufactured by enterprises at which persons with limited ability to work are employed, in amounts and under the procedure set forth in Article 9 of the Lithuanian Republic law on taxes on profit of legal entities. These advantages do not apply with respect to enterprises producing alcoholic beverages, wine, and tobacco.

14. To establish that in the event of late payment of duty (turnover tax), a penalty of 0.5 percent of the sum to be paid is imposed for each day overdue.

15. The Ministry of Trade is to refine the list of goods marketed through the commercial trade network.

16. To assign the Ministry of Economy, together with the Ministry of Finance, to devise before 15 March 1991 procedure for accounting for the public and for individual enterprises, economic societies, joint-stock companies, and limited stock companies associated with enterprises and organizations, for sold raw materials, materials, equipment, and other material values.

17. To set up a commission made up of representatives of the Ministry of Economy (V. Navickas—commission chairman), the Ministry of Finance (V. Jurna), Ministry of Industry (V. Shleynota), Ministry of Social Security (A. Misyavicius), Ministry of Trade (V. Zhilinskas), and Ministry of Construction and Urbanistics (A. Vapshis), and also make representations to the department of state control of the Lithuanian Republic (K. Joka), the Confederation of Free Trade Unions (M. Visakavicius), the Workers' Alliance (A. Balsene), the Association of Industrialists (A. Matulyavicius), and the Consumer Association (A. Kvyadaravicius) to ask their participation in this commission. The commission is to monitor the recalculation of prices and rates, resolve economic problems connected with the recalculation, and if necessary submit proposals to the government of the Lithuanian Republic.

[Signed] G. Vagnorius, prime minister of the Lithuanian Republic, Vilnius, 22 February 1991

List of Goods in the Range for Children to Which Existing Retail Prices Apply and Whose Producers Are Given Subsidies:

—clothing and underwear for new-born infants;

—clothing for children of nursery, kindergarten, and preschool age (up to size 42 inclusive);

—children's knitted goods (outer knitted wear and underwear up to size 42, including gloves);

—children's footwear;

—children's hosiery;

—school uniforms;

—children's goods made from natural fur and goods made from natural fur with fabric covering;

—school briefcases and satchels;

—baby carriages and sledges;

—exercise books;

—children's furniture

List of Goods Earmarked for Persons in Need of Social Security, and Maximum Prices for Them

overcoats and short overcoats made from wool, mixtures, and other fabrics—up to R200 (excluding the cost of collar)

—raincoats—up to R100;

—woolen suits—up to R120;

—woolen trousers—up to R30;

—jackets made from various fabrics and materials—up to R100;

—woolen dresses—up to R56;

—shirts—up to R12;

—men's knitted items made from cotton fibers—up to R10;

—pullovers—up to R40;

—boots—up to R53;

—ankle boots—up to R16;

—low shoes—up to R12;

—summer slippers—up to R13;

—knitted underwear—up to R7;

—hosiery—up to R3;

—towels—up to R5;

—sets of cotton bed linen—up to R25;

—pillows—up to R9;

Note: The list of specific items by models and articles and output volumes is drawn up by the Ministry of Industry, giving due consideration to proposals from the Ministry of Social Security and the Ministry of Trade, procedure for the granting of subsidies by the Ministry of Finance, and procedure for acquiring these items by the Ministry of Social Security and Ministry of Trade.

Approved by the government decree of 22 February 1991.

INDUSTRIAL DEVELOPMENT

Zaporozhye Plants Short of Coal; Deliveries Falling

PM0204125791 Moscow Central Television First Program Network in Russian 1800 GMT 24 Mar 91

[From the "Vremya" newscast: Report by V. Mushastikov, A. Chernobay, identified by caption, from Zaporozhye]

[Text]

[Mushastikov] Unfortunately, it has to be admitted today that Zaporozhye metal workers have become aware of their dependence on the coking and chemical plant as a result of their own experiences. The sharp decline of coke production has had an immediate impact on the work of the city's nine metallurgical plants.

[B.I. Voytenko, coking and chemical plant director, identified by caption] We are sustaining losses at present because we are not getting our full supply from Ukrainian miners and Ukrainian plants producing concentrates. To date, the shortfall totals 80,000 tons of coal, mainly from the Ukraine.

[Mushastikov] The chain reaction leading to falling production has already set in at Zaporozhye's metallurgical plants. At the "Zaporozhstal" combine, two blast

furnaces have been shut down. The combine has failed to deliver 71,000 tons of pig iron and this figure will increase by a further 6,000 tons with each passing day. In addition, 1,500 to 2,000 tons of steel and some 2,000 tons of rolled metal are lost daily. Shipments of marketable pig iron have been discontinued altogether. And this means that dozens of the country's machine building enterprises, mainly enterprises producing agricultural machinery, will be forced to halt their production lines. However, the saddest thing of all is that the metal losses are irreplaceable. Even if the coking and chemical plant started receiving its full requirement of coking coal in a few days' time, the metal workers will never be able to make up the shortfall in their production.

Krivoy Rog Metal Combine 'Approaching Crisis Point'

PM0204130391 Moscow Central Television First Program Network in Russian 1800 GMT 24 Mar 91

[From the "Vremya" newscast: Report by G. Klimov, A. Senin, identified by caption, from "Krivorozhstal" combine]

[Text]

[Klimov] Saturday and Sunday are normal working days at the combine. The production process is a continuous one, interruptions are impermissible also on the open-hearth furnace.

[K.G. Nosov, general director and USSR people's deputy, identified by caption] At the moment, three blast furnaces are not operating. This is affecting the production of pig iron, steel, and rolled metal. We have some 15,000 consumers. Naturally, we are bringing them to a standstill too. And above all we are making a number of enterprises in our own sector grind to a halt. The losses are colossal.

[Klimov] This is the lifeless face of these losses. These sidings are usually chockablock with trains shipping out the combine's output. Today they are empty. The metal workers are the first to feel the consequences of the strike. The "Krivorozhstal" combine's losses already total more than 15 million rubles. Only their neighbors in the east of the Ukraine, the Donbass miners, can help the metal workers. It is one and the same region, and the problems are the same too. After all, the metal workers' lot is not an easy one either. Blast furnaces are idle, the converter has been switched off, and the open-hearth furnace is not functioning at its normal pace. One of the biggest enterprises in this sector is approaching crisis point. When will the confrontation between the miners and the country's leadership end? The metal workers' warnings must be heeded before this blazing, continuous production process which has been running for decades comes to an inrreversible halt.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Soviet French Talks on Agroindustrial Cooperation Reported

91P50146

[Editorial Report] Moscow SELSKAYA ZHIZN in Russian for 3 April 1991 carries on pages 3 and 4 an "account" of a Soviet-French colloquium on cooperation in the agricultural and agrotechnical sphere, held in connection with a French international agricultural show in Paris. The article, entitled "Agroindustry and Franco-Soviet Cooperation," states that the idea of the meeting grew out of a "contract on the establishment of permanent partnership relations" between the French agricultural newspaper LA TERRE and SELSKAYA ZHIZN. The Soviet participants, including VASKhNIL [Academy of Agricultural Sciences imeni V.I. Lenin] vice-president V. Kryazhkov and RSFSR deputy minister for agriculture and foodstuffs K. Suslov, stressed the need for close cooperation in the areas of science and technology, economics, and trade. The French, in particular chairman of the Franco-Soviet working group on cooperation in the agroindustrial field (Jacques), expressed their concern about the economic situation in the Soviet Union and the need to establish "mutually beneficial" and reliable contacts and ventures. A note from the editorial board states that SELSKAYA ZHIZN and LA TERRE have agreed to place advertisements in each other's papers to help businessmen interested in cooperation. The article ends with an assessment of the progress of economic reform in the Soviet Union by SELSKAYA ZHIZN reporter V. Solovyev: "In the Soviet Union the argument is not between those who want economic reform and a free market and those who are against it. The problems in this discussion are completely different. The main argument is between those who want this reform quickly and those who want to implement it gradually. This leads to serious reflections."

MACHINERY, EQUIPMENT

Premier Urged Not To Divert Agricultural Sheeting Stocks

PM2003120391 Moscow IZVESTIYA in Russian 15 Mar 91 Union Edition p 2

[Correspondent A. Pushkar report: "The Premier Intends to Leave the 'Private Grower' Without Cucumbers"]

[Text] Tula—It seems only recently, last August, that we correspondents of newspapers in central Russia were meeting N. Ryzhkov, who was on a visit to progressive "beacon" farms in Ryazan and Tula Oblasts. At a meeting in the privileged "Novomoskovskoye" Agroassociation, whose director is the celebrated V. Starodubtsev, I put a question to the former premier: "This farm is one of 420 in the oblast and does not reflect the real picture in agriculture. When will leaders start visiting ordinary and 'recumbent' farms, which are in the absolute majority?"

And now Central Television has just shown us the first trip to the Russian countrysid by V. Pavlov, the new premier. But, unfortunately, not to a remote area but, once again, to a privileged agroassociation—this time the "Ramenskoye." However, today even progressive people have many problems. Responding to one of them, V. Pavlov declared his readiness to hand over market stocks of seedbed sheeting to the public sector. I believe that this intention will have made everything go dark before the eyes of many Russians.

Why? Just because people have lost faith in the potential of the cumbersome and sluggish public sector to resolve the food problem. For many Russians, both rural and urban, their plot of land, truck garden, or cold frame represent virtually their only real hope of providing themselves with reasonable sustenance. Our long-suffering private sector has endured many blows over 70 years. And now a new surprise is being prepared for the people standing in line to get sheeting. Yet it is as clear as can be that if the truck gardeners of central Russia do not have enough sheeting, there won't be any onions, radishes, cucumbers, or tomatoes either.

So, in the name of those waiting in line, I beg you, Valentin Sergeyevich, for God's sake, not to touch the already meager market stocks of sheeting.

FOOD PROCESSING, DISTRIBUTION

RSFSR Bread Rationing, Grain Shortfalls Reported

914D0174A Moscow SOVETSKAYA ROSSIYA in Russian 28 Mar 91 First Edition p 2

[Interview with Ye. Redkin, RSFSR deputy minister for grain products, by S. Skorokhodov: "A Ration of Bread"]

[Text] **Ye. Redkin, RSFSR [Russian Soviet Federated Socialist Republic] deputy minister for grain products, comments on the distressing information that we are receiving from various areas of our republic with respect to the introduction of bread rationing cards and to irregularities in bread sales.**

[Skorokhodov] At all times individual bread rationing in our country meant that there was trouble. Why is it that bread rationing has become a necessity in a bumper-crop year?

[Redkin] This problem is truly very serious today. The fact that the system of supplying bread to the people from government resources malfunctioned is not the reason for it. The problem is that that very system was basically undermined. It was undermined by what could be good but not well-thought-through intentions.

Russia has sufficient capacities to send good bread to the stores. Here are some figures as an example: since 1985 our flour milling industry has increased its production of the two top grades of flour alone by two million tons. That is almost 50 percent! Our baking industry presents a similar picture. A lot has been done to renovate baking technology. But all this potential is wasted today for our stores for one simple reason—there is no grain in the government corn bins.

What happened? For some reason we decided that food supply problems should be resolved horizontally or, in other words, handed over to the regions. The first three years proved that a regional food supply system was not viable; after the agro-industrial complex was created there came a wave of parochialism. That resulted in the disappearance of a single technological policy and in a damaging of the system of renewing capital funds through the concentration of resources.

To provide Russia with regular supplies of flour, cereals, bread, and bakery products we need some 35 million tons of food grain. But at present we have government resources of only about 30 million tons. You would ask what has happened to the grain from the not-so-bad crop of last year. It remained on kolkhozes and sovkhozes which, as a rule, do not have the equipment to preserve it. But the government corn bins are empty.

[Skorokhodov] The problem seems to lie in the fact that every producer of marketable grain, working under the new economic conditions, filled his corn bins and granaries with it?

[Redkin] Undoubtedly so. This led to the present situation in which we have no grain to supply bread to our people. That is number one. Number two: Considering that our kolkhozes and sovkhozes do not have the proper equipment, the quality of the grain often deteriorates and sometimes just rots.

[Skorokhodov] In other words, we did not sow any less, we had a rather decent harvest, but we considered it "prudent" to ruin it?

[Redkin] Incidentally, we did sow less. That was one of our recent serious mistakes. The arable land in Russia has decreased by almost 20 percent, i.e., by one fifth!

The soil is growing less fertile. Its level—I mean humus—has almost halved in the last 10 years. That is the background for our cutting down on the land under crops!

[Skorokhodov] Yevgeniy Dmitriyevich, you are saying: we allowed, we let. What does that "we" stand for?

[Redkin] "We" means me also. Everybody should be held responsible, according to the degree of his expertise.

[Skorokhodov] However, if a person is standing in a bread line in Nizhniy Novgorod or Tver and he is grasping a rationing card in his hand, as was the case during the Great Patriotic war, who should he have the right to complain about?

[Redkin] I consider it to be the mistake of those leaders who designed the faulty strategy for grain production in our country and in Russia. We spoke against the agro-industrial complexes. It would be the same as trying to tie up a dozen undergrown shoots in a sheaf. There can be only one result—they will fall, and you cannot make them stand up for anything. That is what we are witnessing now.

[Skorokhodov] But it began only this past winter that people had to line up for rationed bread.

[Redkin] Two years ago they did away with the Union organ responsible for the government grain resources for the entire country. That was the Ministry of Grain Products. We harvest grain on just five percent of the territory of our country. The other 95 percent, however, eats bread also and it has to be delivered there. We need a single strategy here.

You need an example? Here you are! We have no bread in Russia, and neighboring Kazakhstan has two years' stocks of grain. In spite of all the intergovernmental agreements we are not getting any of that grain. We need from 600,000 to 800,000 tons a month, but they are only loading about 200,000 tons. Besides, under the term

"grain" they send us what we do not need—mustard, forage millet, forage barley, etc.

Such is the result of decentralization. Unfortunately, it is a reaction to the economic independence we have acquired and it rather resembles government negligence.

Essentially, the problem can be resolved—we need to use sensibly the grain reserves of the entire country. As the government was approving the budget last year it admitted having a deficit of 30.5 million tons of grain needed to provide bread for the people. Therefore, it should have found some means to buy grain abroad. At present we are buying video and television equipment, spares for cars, and cosmetics. But we cannot find any money to buy grain.

[Skorokhodov] We did not buy any grain abroad this year?

[Redkin] We expect 16 millions tons only, out of the planned 30 million.

[Skorokhodov] Which regions of Russia have been hit especially hard?

[Redkin] The areas most serious in this respect are Nizhny Novgorod, Yaroslavl, Arkhangelsk, Vologda, and Ivanovo. Currently, we are doing the best we can: we examine the condition of grain resources in every republic, kray, and oblast so that we can reroute grain deliveries without delay and direct them to the "hottest" spots.

[Skorokhodov] What measures should be taken immediately?

[Redkin] Before doing anything else we have to resolve two urgent problems: we need to find the most efficient way to use the grain that Kazakhstan has. According to the plan approved by the USSR government, 2.8 million tons of grain should be handed by this republic over to Russia; so let them do it immediately.

Number two. We have to resolve immediately the problem of where to find the sources to purchase extra grain. We cannot allow each of the republics to go begging all by itself. Currently Uzbekistan, Tajikistan, Kirghizia, Belorussia, Estonia—all of them are sending messengers to other countries to search for grain. This may result in an amateurish approach and a waste of hard currency.

Finally, I think that we have to set up without delay a Union body which would coordinate the solutions to grain problems.

Bread is the whetstone of politics, and that is an old truth. I think it is not for nothing that every country in the world has a government monopoly on grain. We are the only ones who do not have such.

It is spring outside and the time for sowing is not far off. We know about the shortage of plant protein in the country. But we cannot even start dealing with the problem now because everyone is now the master of his own house.

[Skorokhodov] In other words, we continue to exacerbate the problem?

[Redkin] That is correct. We started this spring with insufficient sowing, with inferior quality of fall plowing. This will lead to a disorganized sowing campaign as they will be planting whatever they want, any which way, as long as they complete the sowing. Here is your expected harvest. Talk about structured grain harvest within the framework of the entire country!

[Skorokhodov] Yevgeniy Dmitriyevich, what is your forecast for the nearest future?

[Redkin] It all depends on how we resolve the abovementioned problems. We are trying to involve everyone who does or should manage these processes. We have become grain flow dispatchers, we are directing grain to those areas that are worse off than others. I would like to think that the situation is not going to worsen.

[Skorokhodov] Should Moscow residents expect bread rationing?

[Redkin] I think that rationing does not mean anything. All these rationing and ID cards and vouchers are the result of amateurish activity on the part of the authorities. We have to deal with production and not with some smart way to distribute the leftovers. That is why we are dealing with the production sphere today: we are trying to make people work in three shifts of four teams, without any days off, without any holidays even. The employees of flour milling and baking enterprises show us their understanding. Today we are producing 800,000 tons more flour than last year.

I would like your newspaper to bring the people's call to the leaders of the country and of the republics. If we fail to organize things now we will demonstrate our inability to govern the country. That is the way I see things. That is why we should not waste time, we have to take any necessary measures to find grain both in our corn bins and in other countries.

When we see our arable land diminish from 131 million hectares to 113 million, and we also see a deterioration in soil fertility and seed production levels, we have to sound the alarm. Otherwise, our people will never forgive us.

Krasnodar Kray Food Shortage, Conflicts Detailed

914D0169A Moscow PRAVDA in Russian 13 Mar 91 Second Edition p 3

[Article by K. Aksenov, Krasnodar: "A Threat Hanging Over the Kuban"]

[Text] I admit it, during the almost 10 years I have been working in the Kuban, I have always been proud that a

spirit of calm and mutual understanding has prevailed in this plentiful region of Russia. More than five million people belonging to more than 100 nationalities and ethnic minorities live side by side in peace and good neighborliness.

The first attempt to soundly "shake" the firm foundations of the unity of the nationalities of the Kuban, which are still firm, was undertaken by a team of O. Kalugin, now USSR people's deputy. All kinds of people have uttered loud, though trite, words here, planting in people's minds doubts and a lack of confidence in the future and animosity toward local soviet and party leaders. In the course of this, moreover, they have sometimes circulated—to put it mildly—untrue facts, rumors, and conjectures, or else outright lies.

But real deeds indicate better than any words who is the conservative and who is the progressive person. In the Kuban, for instance, leasing relations are developing vigorously, there are thousands of cooperative members at work, joint ventures and joint stock companies are gaining strength, about 200 private farms have been created, and privatization is taking place in various sectors.

What is more, here it seems that preparations are being made for tomorrow even today. The other day the first group of Soviet private farmers completed courses of study in the Agrarian University. The main thing is that in a time when the crisis is causing upheavals, it has been possible in the region to preserve and, I would say, save the main production shop—that of the peasant. The people of the Kuban, overcoming all adversities, sharply increased the production of grain, meat, and milk during the last FYP. A truly fabulous yield—54 quintals per hectare, was achieved last year. Approximately 1.5 billion rubles [R] of profit were realized from product sales. Dozens of kolkhozes and sovkhozes, whom those same democrats ran down and spit upon, are developing successfully, are achieving a yield of 60 quintals of wheat per hectare, competing on equal terms with the Western farms which have been praised.

Unfortunately, most of the decisions of the Russian parliamentarians, which even were adopted out of good intentions, quite often drive local soviet and economic managers into a blind alley, result in imperfect understanding and distorted interpretation, and this casts doubt on the competence of the republic's new leadership.

I will not leave it at mere words, and will give typical decisions. Remember that at the height of the harvest a peak situation developed: the crop was being lost in a number of regions of Russia. At that point, B. Yeltsin signed a decree which in some books was immediately referred to as bold and fundamental. I am referring to the payment of a portion of earnings to the peasants in checks entitling them to purchase imported goods. At that very time, the telephone in the local PRAVDA Bureau was rung off the hook by readers with questions: Why are the scarce goods being given only to rural areas? angry city dwellers asked. What is wrong with the workers producing machine tools, clothing, and footwear?

An utterly prosaic question occurred to me: From what well will Russia take all that foreign exchange to purchase the immense amount of goods abroad? Or will it have to squander timber, petroleum, and diamonds once again? The suspicions have now been fully confirmed. On the kolkhozes and sovkhozes of the Kuban today an astronomical amount of "paper foreign exchange"—approximately R425 million—has accumulated. But R53 million worth of goods have arrived. And mostly they were television sets, VCR's, radios, and other expensive goods in short supply which the holder of the "checks" can buy only by pooling those of the entire farm. People are disturbed, they are complaining, they feel that they have simply been swindled. After all, what they need most of all are inexpensive clothing, footwear, underwear, and radio systems from abroad only afterward.

"No one in the RSFSR Council of Ministers will say precisely when the imports will arrive to turn the R500 million into goods," worries V. Protsenko, deputy chairman of the krayispolkom responsible for the trade sector. "And our peasants are very alarmed...."

Practically every new ukase that "comes down" is carrying a load of contradictions, which are provoking resentment, animosity, complaints, and protests in a segment of the population. And today the Kuban is absolutely seething, like water in a mountain river. The shaky calm which people have been proud of here for the last six years has been disrupted. In local newspapers and over television and radio there are reports of rallies, letters and telegrams coming to the CPSU kraykom, the kraysovet, editorial offices, and local newspaper bureaus. The people of the Kuban sharply condemn the invalid, even instigative decision on food by the Extraordinary Commission of the Extraordinary RSFSR Congress of People's Deputies.

The fat fell in the fire immediately after the program on "Radio Russia." This time, the correspondent on that broadcasting service carried an interview with V. Yudin, RSFSR people's deputy, who undertook on the spot to comment on the decision concerning food of the session of the Extraordinary Commission that had just ended. Without explaining what it was about, the parliamentarian laid a sensational piece of news on listeners: the Russian Extraordinary Commission had unanimously condemned the position of Comrade Kondratenko, Communist and chairman of the Krasnodar Kraysovet of People's Deputies, and ordered the procurator's office to file charges under the relevant article, which carried, it later turned out, a fine of R10,000.

"Imagine," V. Yudin indignantly said, "the Kuban must deliver 12 percent of all the meat going into union-republic stocks. But the assignment went unfulfilled.

And so it turns out that one out of every 12 people in the Soviet Union, one might say, is going hungry through the fault of Comrade Kondratenko."

Without worrying about the accuracy of the calculations or how thoroughly the statements on this delicate question have been checked, Yudin continued to denounce N. Kondratenko unsparingly, emphasizing that he is a member of the CPSU. And toward the end he went so far as to try to assert that the people of the Kuban are supposedly eating more meat than in the country as a whole—67 kg per person. But the Russians are said to eat a fraction of that, not to mention the inhabitants of Leningrad, Sverdlovsk, Chelyabinsk, and the cities in Siberia.

"This is a time for sharing," V. Yudin said. "I think that the Krasnodar people support us from their reserves, which Comrade Kondratenko created specifically in order to oppose the Russian parliament."

As soon as the program was over, the telephones never stopped ringing in the newspaper bureau. PRAVDA readers could not understand: without analyzing the serious problem with deliveries, how is it possible that the inhabitants of the Kuban and those of the entire country were being set at odds to one another? It is intolerable today to act in the spirit of the stagnant period, to brandish the administrative club, to intimidate and defame local leaders, labeling them saboteurs and separatists! Especially since the statements from Yudin we have quoted, to put it mildly, are far from the truth. It seems in actuality that Kondratenko had been too independent and did not always agree by any means with the present Russian leadership.

Some of the decisions made by the kraysovet have not at times fitted into the generally accepted stereotypes. Conflicts have been arising on that basis. The situation became particularly acute on the eve of the Extraordinary RSFSR Congress of People's Deputies. A few days before it opened, the Russian Supreme Soviet sent to the kray an instruction that it urgently debate the draft of the Constitution of the Russian Federation.

The sound decision was made to work on the draft in village, settlement, rayon, and city soviets, so that both the people's deputies at all levels and the voters could decide without haste, could choose which road to take. What is more, the presidium and ispolkom of the kraysovet adopted a decision which specifically stated: "The proposed draft of the Constitution contains a thrust which is not at all constructive and stabilizing; it is openly antisocialist in nature. The proposed draft of the Constitution is aimed at radically altering the entire socioeconomic system. That document manifestly sets the course toward destruction not only of Soviet statehood, but also of the statehood of Russia."

And then an unprecedented paragraph was adopted: "The practice of haste in discussion and adoption of the most important political and legal documents affecting the fundamental interests of the peoples of Russia, which has become established in the operating style of the RSFSR Supreme Soviet and its Presidium, is hereby condemned."

To be honest, when I examined that document, I thought: Moscow is not going to overlook this kind of "apostasy." And that anxious presentiment has gradually become firmer.

Having experienced a fiasco in adoption in the parliament of the "thunderous" decision on the Baltic conflict and having heard valid criticism of the deputies for haste in carrying out a number of political actions, the chairman of the RSFSR Supreme Soviet and other republic leaders must have decided to divert the population somehow from those failures which were unpleasant for them and to switch attention to everyday problems.

And, just as in the hateful time of the stagnation, they urgently called on the "carpet" the chairman of soviets of a number of oblasts which had not carried out agreements concerning deliveries to union-republic stocks. Including N. Kondratenko.

"I had a problem proving that I was right," he said. "After all, those who were chastising me simply were not trying to get at the truth. We repeatedly asked the republic government to create a competent commission, to make a valid check of the state of affairs in the meat shop, and only then decide whether we have meat in our reserves, or we are also poor...."

This conflict, I would note, has lasted for years. At the moment, there are disputes about how much meat needs to be left for local needs and health resorts and how much released to union-republic stocks. The Kuban has been increasing sales of all products. "Fulfillment of obligations to the homeland and to our own people," reads the statement of the bureau of the CPSU kraykom concerning the report made to the Russian Extraordinary Commission by N. Kondratenko, chairman of the kraysovet, "has always been the main criterion in evaluating the performance of Communists." These are not empty words. Over the last five years, the kray has increased deliveries over the 11th FYP as follows: grain by 810,000 tons, meat by 660,000, milk by almost 1.5 million tons, and eggs by 444 million. The Kuban is selling a large amount of sugar, sunflower oil, rice, cheese, fruit, berries, vegetables, and other foodstuffs. But, unfortunately, in spite of the solid addition to sales, the shipment plan to the union-republic meat stock was underfulfilled by four percent for the FYP.

And it is because of that debt to the entire country that the Kuban communist leaders are being blamed for the shortage of meat in the capital, in Leningrad, and even in Siberian cities. Why have the Russian authorities been cranking up the administrative flywheel? Can it be that they do not understand that even at 100-percent settlement there will be no appreciable shift in the supply of the market with ham and sausage? Of course they do.

In fact, they are surely aware of the true state of affairs in the kray. Here are the official figures. With respect to per capita meat production, the kray occupies fourth place in the republic, but only fortieth with respect to consumption. With respect to consumption of milk, the pattern is simply strange: seventy-first place in the RSFSR, although in recent years the Kuban has rightly been considered one of the country's leading dairying sections. There is social injustice. But before it was simply extinguished: The leaders were called into the high offices in the capital, where they were issued orders as a fist was pounded on the table: "Deliver." When they came back, they would say with a wry grin: you have the south, plenty of fruit and vegetables, you will get by.... Now, it seems, the Russian leaders have remembered this "legacy" of the administrative-command system. Manifestly unrealistic assignments for this year were sent down for deliveries. In the distribution of meat resources, Moscow is demanding that 79.5 percent go to the union-republic stocks. From that source, the inhabitant of the Kuban receives only 15.3 kg per year, while the average for the RSFSR is 38.3 kg. Who today could consent to such unfairness?

A curious episode occurred in the session. In presenting what he had to say, G. Kulik, RSFSR minister of agriculture and food, openly led astray those present with some strange calculations. When he said the average inhabitant of the Kuban ate 67 kg of meat, N. Kondratenko lost his patience and noted with his characteristic humor:

"Your method produces some interesting results. For instance, if you and your wife go to a sanatorium for a vacation in Sochi and the entire month they bring you meat dishes, you now want to tell us that you did not eat that meat at all, but it was eaten by the population of the Kuban...."

What is going on here? It is well-known that every year between 10 and 12 million people come for vacations and treatment. The state allocates meat from the stocks for the health resort zone. It was this that Kulik "took into account" in calculating the indicator of per capita food consumption. Although, of course, N. Kondratenko rejected this kind of "method," no one wanted to listen to him.

It is no secret that the food crisis in Moscow and Leningrad since the "democrats" came to power has become greatly worse in recent years. We would like, of course, to help the drowning Mossovet and Lensovet and others as well give the inhabitants of at least those cities the sense that there is a change for the better, to instill hope, to extend their patience. Unfortunately, however, like the blind traveler, they are taking the wrong road to that goal. Last summer and fall, the Kuban's orchards and gardens were loaded down with a variety of vitamin-rich foodstuffs. The thoughtful managers of a number of enterprises, who concluded contracts with kolkhozes and sovkhozes, lessees, and cooperatives and sent out their own vehicles, had a sufficiency of fruit and vegetables and put food away for the winter. But G. Popov has not only never met his colleague N. Kondratenko, although the Kuban is far closer than Washington, he never even deemed it necessary to telephone him. The result was that the people from the Kuban were unable to deliver to trade depots for several days berries and vegetables that had already been delivered to Moscow. In the summer season, the PRAVDA Bureau received reports that refrigerated trucks were coming back with their loads.

That is the very same road that present Russian leaders are taking in solving the food crisis. It is time they figured out that neither stiff penalties against local leaders nor intimidation from the prosecutor's office and the threat of fines will get food to the market. There needs to be a flexible economic mechanism that would motivate the owners of livestock—kolkhozes, sovkhozes, lessees, and private farmers—to sell at first for state resources, and the main thing is to increase production, fattening.

In actuality, a powerful "mechanism" has been created for destroying the raising of livestock for meat as a branch, as was clearly stated in the statement concerning the incident made by the CPSU kraykom. "The absence of a well-thought-out economic policy in relations between industry and agriculture, the sharp rise in the prices of cars and mixed feed, the removal of the supplements to purchase prices for heavy livestock have resulted in a rapid drop in the profitability of meat production. Whereas in 1987 this branch in the kray yielded R78 million of profit, in 1989 there were already more than R94 million of losses. Herds were cut back, and after that meat production in 1990 dropped 9,000 tons. All of that could not but affect deliveries to the union-republic stock."

It went on to say that "the failure of the planning principle and the severing of business relations have led to large-scale underdelivery of tractors, agricultural machines, motor vehicles, metal, fuel and lubricants, equipment, and spare parts to the kray. Deliveries of timber, cement, and feed-harvesting equipment have dropped 35-40 percent. On the whole, for the five years the kray failed to receive from the state material and technical resources worth R190 million. In view of the inability of Russia's central departments to furnish the Kuban's agriculture material and technical resources, the managers of many kolkhozes and sovkhozes were forced to seek out trading partners for themselves with whom they could trade agricultural products for timber, slate, cement, pipe, and spare parts."

This is where the "secret" of the Kuban debt is to be found, not in the attempts of the Communist N. Kondratenko to oppose the parliament of the RSFSR.

Of course, many people here in the Kuban understand quite well that the clouds over his head did not thicken because so-much-and-so-much meat was not delivered there. They simply decided to restrain a recalcitrant chairman, to use him as an example to frighten other

local leaders who have openly protested the sometimes impulsive and contradictory policy of the republic authorities, which causes conflicts. We have already passed that dangerous curve where the Russian "center" tries to pass the buck to the local level for its own mistakes and failures.

And then another "sore point." In attending sessions of the Krasnodar Kraysovet and plenums and sessions of the bureau of the CPSU kraykom, in many years I never once heard that any of the leaders was waging a fight for "storing up" food for local needs at the expense of the country's interest. But recently the southerners have been caught in the nets of differing "principles." On the one hand, Russia's parliament is fighting for the market, punishing local authorities if they do not permit the free shipment of goods to other regions, and on the other they are demanding timely deliveries to the union-republic stock, fettering the kray in the chains of taxes and the state order. As a result, the enterprising private operators, cooperators, and even certain "businessmen" from the management corps of kolkhozes and sovkhozes are shipping out absolutely everything to those regions of the country and abroad where sales are profitable, and they are stealing away resources bit by bit. You cannot check them, file a request, or impose a penalty, Moscow will get mad. How, then, are local leaders going to fulfill plans? And how are we going to feed the more than five million members of the local population, the 10-12 million people who come to the Kuban's health resorts, and the thousands of refugees and settlers streaming here from the country's "hot points"?

The "democrats" offer no instructions as to this. Show, they say, independence.

N. Kondratenko spoke on local television in an attempt to break in at least some way the wave of public resentment. Explaining the essence of this old dispute, he called upon the people of the Kuban to be calm and orderly. In the newspaper SOVETSKAYA KUBAN, his interview was published under the eloquent headline: "We Are Not Separating From Russia...."

And again, as we see, the flame of conflict has to be extinguished by the local authorities. Those who started it remain aloof.

PERSONAL INCOME, SAVINGS

Lack of Compensation on Insurance Policies Decried

914D0172A Moscow IZVESTIYA in Russian 30 Mar 91 Union Edition p 2

[Article by T. Khudyakova: "There Is No Compensation on Insurance Policies. And Will There Not Be Any?"]

[Text] **Some 85 million citizens who have signed long-term personal and asset insurance policies were acutely disappointed, having failed to find as much as a reference to their deposits entrusted to the state through the Gosstrakh [Main Insurance Administration of the Ministry of Finance] in either the presidential ukase or the resolution of the USSR Cabinet of Ministers on the issue of compensatory payments in conjunction with the depreciation of currency.**

Meanwhile, assurances that the interests of policyholders would be taken into account under all circumstances have been voiced repeatedly in the most authoritative forums. What has happened all of a sudden? Perhaps, the Main Insurance Administration failed to act with due dispatch, attaching its hopes to a guarantee given by its plenipotentiary representative in the government, the USSR Ministry of Finance?

N. Galaguza, deputy chairman of the board of the Main Insurance Administration of the USSR Ministry of Finance, said: "In the middle of last year, Valentin Sergeyevich Pavlov, who at the time was minister of finance, stated in an interview on Central Television for the entire country to hear that terms were being developed for the protection of the populations' deposits in savings banks and premiums paid on long-term insurance policies. At the time, we submitted our proposals to this effect to the Ministry of Finance. After all, the volume of obligations of the Main Insurance Administration under these policies amounts to 87 billion rubles [R]. In February of this year we resubmitted a set of proposals and the ministry supported us. The outcome is known—there is not a line about compensations on insurance deposits in the documents released to the public."

This has started quite a row. Desperate letters to the Ministry of Finance, the Cabinet of Ministers, and the USSR Supreme Soviet have been fired off by the Main Insurance Administration. Outraged policyholders have called, and miners have threatened to put a pertinent item on the list of their demands. Yet, there has been no coherent answer; it has somehow gotten lost between the offices of the Ministry of Finance and the government.

I dare to suggest that this does not have to do with forgetfulness at all. It is not that difficult to find evidence; it would suffice to analyze some of the presidential ukases and government resolutions. Let us recall the ukase "On Improving Incentives for Citizens to Deposit Their Savings at Establishments of the USSR Savings Bank," dated 25 October 1990. A similar ukase concerning higher rates on insurance deposits was not issued.

This inequality was exacerbated by the ukase dated 22 March 1991 "On Compensating the Populace for Losses Caused by the Depreciation of Savings in Conjunction With a One-Time Retail Price Increase." Once again, the interests of policyholders were not taken into account.

Probably, as is their habit, the upper echelons counted on an opportunity to drain the reserve funds of the Main Insurance Administration ad infinitum, as has been done methodically for more than 70 years. The Main

Insurance Administration of the Ministry of Finance is a rich organization, they say, and it will be able to pay compensation on the deposits of the populace from its own reserves.

However, first, the government forgot that it already owes the Main Insurance Administration more than R20 billion to cover the state debt. Repaying this is out of the question due to the lack of necessary funds in the budget. Second, we are witnessing a classical situation yet again: they are killing the goose that lays the golden eggs.

The top rate of profit tax was reduced from 45 to 35 percent by the ukase "On Introducing Temporary Procedures for Collecting Taxes on Enterprises, Associations, Organizations, and Citizens." They once again "forgot" about the Main Insurance Administration; the old, maximum rate remains in effect for it. It comes to 55 percent.

In other words, try as it might, the Main Insurance Administration will not be able to free itself from a financial stranglehold. It is impossible to generate additional funds. Proceeds from investment and commercial operations can cover only 0.3 percent of the growth of the price index. The state insurance organs should invest a meager segment of the reserve payments remaining at their disposal (about R12 billion) at an interest rate of 45 percent or more in order to increase insurance amounts by 35 to 40 percent which, of course, is utopian.

According to preliminary calculations, about R15 billion will be needed to restore elementary justice and defend the interests of citizens who have trusted the state with their insurance deposits. At issue is not only compensation, but also an increase in interest rates on long-term policies, similar to the rates of savings banks.

Unless the Supreme Soviet of the country and the government take urgent measures we may witness a grandiose bankruptcy: the Main Insurance Administration of the Ministry of Finance will become an insolvent payer. In this case, we will hardly be able to draw up rosy plans concerning prospects for the development of state-run forms of insurance.

ENERGY COMPLEX ORGANIZATION

Impact of Caucasus Energy Shortages Viewed

Brief Reprieve in Georgia

914E0075A Tbilisi VESTNIK GRUZII in Russian 13 Mar 91 p 2

[Report by SAKINFORM: "Strict Schedules Once Again..."]

[Text] Power was available to the industrial enterprises, households, and municipal facilities of the republic without disruptions for several days in March. Plants and factories that had been shut down resumed operation, lights appeared in the windows of residential houses, and TV screens lit up again. Unfortunately, our joy was premature. Yet again a strict schedule of electricity rationing has been in effect for several days now.

Guram Dzhavakhadze, chief engineer of the Gruzglavenergo [Chief Administration of the Power Industry of Georgia], said: "Premature depletion of hydro resources is the reason. For example, the water level is below the minimal mark at the Inguri GES [hydroelectric power station]. We attached all our hopes to gas which is delivered from Russia through Vladikavkaz. However, the situation in this sphere has become considerably more complicated. With every passing day Georgia is receiving less gas, and this is why Unit 9 of the Tbilisi GRES [state regional electric power station] is operating at only one-half of its capacity. It is unknown what turn events are going to take. Clearly, reduced deliveries of gas may unfavorably affect the development of the economy of our republic in the future. At present, power is being made available for the most part to the facilities of the national economy such as coal mines and metallurgical, chemical, and machine-building enterprises. Bakeries, dairy plants, and food-processing enterprises are still operating without disruptions. Major consumers of electricity—the associations Chiaturmarganets, the Kutaisi Automobile Plant, the Tbilisi Aviation Production Association, and the Zestafoni Ferrous Alloys Plant—are experiencing difficulties. All of them are on 'starvation rations.'"

"How much longer will the schedule be in effect?"

"I think it will be until the beginning of April. Our hope lies with the weather. We have great hopes for the expansion of the Tbilisi GRES too."

Tbilisi Shuts Three Blocs

914E0075B Tbilisi VESTNIK GRUZII in Russian 15 Mar 91 p 2

[Article by Amiran Mitagvariya: "In the Jaws of a Blockade"]

[Text] **The collective of the Tbilisi GRES has been operating in an environment of an acute shortage of natural gas and liquid fuel. There have also been other difficulties. They have had to literally fight in order to "feed" electricity to the industry of the republic and to preserve light and heat in our homes...**

Dzhumber Sumbadze, shift supervisor of the station, looked concerned: they had been forced to shut down three power units of the station at the same time the day before due to a shortage of fuel oil. In addition, the lower-pressure heater of the fourth unit suddenly began to malfunction. A standby team of fitters was already at work, but they clearly would not have coped by the next morning...

This breakdown occurred at 2300. Gia Shervashidze, shift supervisor in the boiler and turbine shop, used all of his people. However, their efforts were clearly not enough.

The shift supervisor dictated to Gia on a conference-call circuit: "Send for the chief of the repair section."

"A van is already on its way to the house of Artur Mandzhgaladze..."

The shift on duty and the repair personnel who assisted them worked until 0300. The heater began to operate normally.

Artur and his coworkers went home tired, but with a radiant feeling of having done their duty. They worked for Georgia, which needs to be supported and given our all as never before, in order to withstand an economic blockade and every other artificial adversity awaiting her...

I found Vakhtang Talakhadze, acting director of the Tbilisi GRES, next to instruments indicating the load on power units, holding a calculator.

He explained: "It is between 750 and 800 megawatts, our total capacity currently being 1,200..."

Our conversation immediately turned to temporary difficulties and problems. From the very first sentences my interlocutor said, it became clear that this was the right man for the job, a specialist in his field.

Vakhtang moved to the chair of director in late December of last year, when former head of the station Zurab Mindeli was promoted to the position of Gruzenergo [Chief Administration of the Power Industry of Georgia] chief. Previously, Vakhtang was chief engineer of the station.

His tenure as a power industry employee began at this station, still under construction at the time, in 1969, when he was a young graduate of the Tbilisi GPI [State Polytechnical Institute]. He has gone through all key jobs, beginning with that of a power unit operator. Subsequently he worked for five years as chief engineer. Therefore he knows the station well. Unfortunately, some things do not depend on the manager at present.

For example, between 90,000 and 100,000 cubic meters of natural gas per hour are needed in order to fully use the new, ninth power unit with a capacity of 300 megawatts. Meanwhile, only 40,000 cubic meters are provided. This is why the output does not exceed 175 megawatts.

What about the situation at other power units? They run solely on fuel oil, the stock of which was depleted completely in January. In February, the number of trains arriving from Groznyy, Astrakhan, and Kuybyshev fell abruptly. At the same time, the average daily consumption of fuel amounts to 5,000. By the end of last week, 20,000 tons of fuel oil remained in reserve, and only six tank cars, or 360 tons, arrived on Friday and Saturday. This is a blockade...

For some reason, they also delayed the shipment of fuel oil allocated to the Tbilisi GRES from Azerbaijan.

At present, cadres are an equally acute issue for the station, particularly engineers and technicians. In recent years, virtually no GPI graduates have been assigned here. Of course, there are reasons for this which are due to shortcomings in the training and job placement of cadres in our colleges. However, references to the flaws of the past will hardly help now...

Vakhtang Talakhadze said: "I would be happy to hire 50 young specialists right away. Incidentally, this is precisely how many graduates they promised to refer to us from the Rustavi Polytechnical Vocational School in late March. We are waiting..."

What terms do they offer? Shift engineers make between 400 and 500 rubles, and operators between 350 and 400 rubles. There are permanent bus lines to Tbilisi, Rustavi, Gardabani, and Lemshveniera. Apartments are allocated when housing is commissioned...

Indeed, the life of those who work at the Tbilisi GRES is difficult at present. However, they know how to overcome difficulties. They do their duty with determination. They believe that worthy young people will replenish their ranks, the closed ranks of those who save us from the iron jaws of the energy blockade day in and day out.

Armenian Industry Idled

914E0075C Yerevan GOLOS ARMENII in Russian 5 Feb 91 p 1

[Report by GOLOS ARMENII Information Department: "It Was Resolved to Shut Enterprises Down"]

[Text] **It appears that the economic crisis which developed in Armenia last year has now reached its culmination. On 30 January a resolution of the republic Council of Ministers was signed concerning a shutdown of all heavy and light industry enterprises—enterprises not involved in providing consumer services to the populace—between 31 January and 6 February. G. Simonyan, chief of the Department of Light Industry and Consumer Goods of the Republic of Armenia Council of Ministers, discusses the reasons that prompted the Council of Ministers to take this crucial step.**

"A special meeting adopted this resolution for the following reasons. As is known, the republic is facing a most severe energy crisis. Only two thermal power stations are actually in operation at present—the Yerevan and Razdan stations. That is, power consumption is reduced to a minimum. However, we have reduced even this minuscule consumption because there is a shortage of gas in the republic; there is virtually no pressure in the gas pipeline along its entire length. As a result, we have to switch to using fuel oil. However, this type of fuel is also in short supply.

"All of this taken together formed a sequence which resulted in our decision to shut down enterprises. This happens to be winter, and we thought that the health of our people and heat in their homes were more important than the continuous operation of plants and factories..."

The situation is difficult indeed. We understood this not only from the Council of Ministers resolution but also when we took an interest in the state of affairs at enterprises.

The Luys Production Association has perhaps been hardest hit. After all, gas and electricity which are now in very short supply are the main components which are used here in a continuous production process.

The leading enterprise has been shut down since 1 February, incidentally, as well as the rest of the plants of the association.

General Director of the Luys Production Association B. Tumasyan said:

"On 1 February, I received a telegram from the Armglavenergo [Main Administration of the Power Industry of Armenia] regarding a complete shutdown of the plant with a view to the strictest economy of power. There is a resolution of the Council of Ministers to this effect. The plant will suffer tremendous losses, to say nothing of the fact that we will still have to use a certain amount of power in order to prevent the furnaces from cooling down altogether. In addition, we will be compelled to pay enormous fines for failing to make deliveries to our customers, as well as the wages of our workers. The main point is that the plant will not operate and manufacture products. This will cost us dearly—we manufacture products worth almost one million rubles daily! It is easy to calculate the amount of profits planned but not generated which will accumulate in the days of the shutdown.

"Actually, we did not start the year as badly as could be expected. Despite gas shortages, we turned out 70 percent of the output. And now the plant has been shut down."

Production sections of the Polivinilatsetat Production Association have screeched to a complete halt. Stoppages

are due to the absence of raw materials furnished by the NPO [Scientific Production Association] Nairit and shortages of electricity and gas. In January, the association produced only one-quarter of what had been planned.

The Masis footwear association is doing better at present. Their power supply was turned off for just two hours. Subsequently, footwear producers embarked on a normal schedule of operations. The association has not been affected by raw material shortages either. To be sure, deliveries have stopped as a result of protracted blockades and breach of contracts. However, this problem was solved by replacing outside raw materials with local ones. The collective of the association carried out in full the planned program for footwear production in the first month of this year.

The shipment of products from the Razdan Cement Mill has proceeded well. In January the enterprise failed to supply 10 percent of the planned amount of cement. A shortage of fuel oil and power in the first 10 days of January was a factor. At present, the plant has the electricity it needs, but fuel oil reserves have run out again. The enterprise uses daily about 650 tons of this fuel, and the lion's share of its products is shipped to the disaster area.

From among the industrial enterprises of Armenia, the NPO Zakavkazkabel and Kanaz attracted our attention.

However, we did not succeed in finding anything out there because information turned out to be secret. Thus Zakavkazkabel, deputy director of the NPO, stated that he could not provide any information about the operation of the enterprise without the director's knowledge. We got a similar answer from the chief engineer of the aluminum plant...

Estonian Program for Development of Energy

914E0077A Tallinn VECHERNIY TALLINN in Russian 27 Feb 91 p 3

[Article by Urmas Tooming: "The Development Program of the Estonian Power Industry"]

[Text] In January the government of the Republic of Estonia discussed a program for the development of the power industry until 1995 and expressed its agreement with its provisions in principle. Energy is the foundation of the everyday activities of both the production sector and the people. This is why all issues associated with energy concern all of us.

How much shale do they propose to produce in Estonia in the future, and how much power and heat will be generated? What alternative types of energy are promising? How is energy to be saved? The program for the development of the power industry, with which we would like to familiarize you today, attempts to answer these and other questions.

The goal of the development program is to determine tasks and create conditions for launching specific action programs in various spheres of the energy complex. Two development scenarios which differ in terms of the amount of generated electricity are presented:

—a 16 to 17 terawatt (tw) per hour level of production will be ensured, as well as a volume of exports amounting to between six and seven terawatt per hour, which calls for the energy consumption of shale in the amount of 20 to 22 million tons annually;

—the volume of production in the period in question will decline to 13 tw per hour, exports will drop to between three and four terawatt per hour, and shale consumption—to 16 million tons annually.

Opting for one of these two variants is largely a general economic and political decision which should be made in 1991.

The program for the development of the energy industry needs to be updated at least once a year in order to take changes in the situation into account.

The development program consists of eight chapters.

The Current Status of the Power Industry and a Forecast of Energy Consumption

The power industry (together with the chemical processing of shale) accounts for 17.3 percent of the total industrial output of Estonia, 32.1 percent of the production fixed assets, and 15.5 percent of those employed in industrial production.

To this day, energy-economy facilities located in Estonia are divided among many Union and republic departments. The relatively good availability of energy has caused a wasteful attitude toward electric and heat energy; it has also caused energy-intensive types of production to be located in the republic.

The approximate consumption of energy in Estonia amounted to 15.6 million tons of standard fuel in 1990, out of which local types of fuel accounted for 8.6 million tons of standard fuel, or 55.2 percent. The power industry consumed 8.4 million tons of standard fuel in primary energy carriers, industry—3.3 million tons (21 percent), agriculture—1.1 million tons (6.8 percent), transportation—1.8 million tons (11.6 percent), and all other sectors—1 million tons of standard fuel (6.5 percent).

No substantial growth of energy consumption in the period in question was envisaged in the process of compiling the forecast. It is expected that a savings program will be implemented in the immediate future.

Energy Savings

The per capita consumption of primary energy in Estonia is slightly higher than in Finland. This means that there are opportunities to economize. Actually,

capital investment in saving energy is two to three times more efficient than in producing additional energy.

It is extremely important to reduce Estonia's reliance on imported fuel because this will increase the stability of economic operations. The following are considered to be realistic premises for saving energy:

—perception of the need to use energy efficiently;

—presence of a master interested in savings (a proprietor, an enterprise, a city executive committee, and so on);

—streamlining prices and taxes on energy carriers;

—priority loans and tax relief for enterprises using resource-efficient technologies and individuals involved in this.

The program sets forth a number of specific measures aimed at saving energy.

Energy Production

As has already been mentioned, this section outlines two strategies of development. The first one (maintaining the current level of production) ensures the preservation of economic relations with adjacent states and the continuation of energy-intensive production processes if needed, and rules out social tensions associated with reductions in output. Considerations against this scenario include large capital investment and a burden placed on the natural environment of Virumaa.

The second strategic scenario should bring about an end to the squandering of energy and the implementation of energy-saving technologies.

It is necessary to keep in mind the development of small-scale energy installations (boiler plants of different sizes) and the elimination of departmental fragmentation which prevails in this sector. The small-scale energy installations consume approximately 75 percent of the imported fuel, the value of which in projected prices should come to 1.1 billion rubles. Electricity exports may offset only 25 to 45 percent of this.

Therefore, reducing the consumption of imported fuel will become one of the main tasks of the development of the small-scale energy installations, along with saving heat. To this end, local types of fuel should be used to a greater extent than has been the case to date, and the structure of imported fuel consumption should be changed: Imports of hard coal should be increased at the expense of reducing imports of fuel oil.

The local types of fuel (with the exception of shale) and renewable energy resources (wind energy, hydro and solar energy, and so on) should be considered alternative energy sources in the environment of Estonia. They will reduce Estonia's dependence on imported fuel to a certain degree, but they still will not be in a position to replace shale-based power generation.

Among other things, the plan for alternative energy sources in the development program provides for the following:

—more efficient use of wood and peat as fuels;

—restoration of old hydropower plants;

—production of solar panels (outside the state system), and so on.

The accelerated development of wind energy is deemed infeasible at present.

Reorganization of the Management System in the Power Industry

The goal is to build a system which would make it possible to manage the entire energy economy of Estonia and its development. A management system commensurate with a market economy should be created no later than 1995. This presupposes the transfer of all energy enterprises to the jurisdiction of the republic as early as 1991 (it is the main task of this year!).

Environmental Protection

In Estonia, more than 90 percent of pollutants are discharged into the air with smoke generated by the combustion of fuels. Discharges from power enterprises account for the lion's share (65 percent of SO_2 and 50 percent of NO_x).

As is known, Estonia needs to reduce the emission of SO_2 by 30 percent by 1993 and by 50 percent by 1995, compared to 1980, in order to comply with international treaties. In 1991, the emission of NO_x should be reduced to the 1987 level.

With a view to reducing the emission of SO_2 by the shale-fired power stations, it is necessary to build the necessary pollution control installations, or to reduce the production of energy; small boiler plants need to switch to gaseous fuels or introduce new technologies (of combustion).

Social issues in the energy sector are closely associated with the general political, economic, and demographic situation in Estonia, especially in Ida-Virumaa.

Improving the familiarity of the populace with the energy sphere (explaining the energy production potential, training in environmental protection, and so on) is very important. Public opinion surveys testify to us lagging behind in this particular sphere.

The Ministry of Industry and Energy will hold an information day at 1100 on 5 March (29 Lomonosov Street, fifth floor). Questions may be asked, information may be obtained, and suggestions may be made in advance at the phone number 42-14-06 (Mara Naumova).

ELECTRIC POWER GENERATION

U.S., USSR Nuclear Safety Issues Compared

914E0072A Moscow IZVESTIYA in Russian 26 Mar 91 Union Edition p 3

[Article by IZVESTIYA special correspondent A. Illesh: "All Is Quiet on the Disaster Scale?"]

[Text] Las Vegas-Milwaukee-Moscow—**In September the USSR started testing the International Scale of Incident Severity at Nuclear Power Stations (MShTSAS). In itself, this work is very important. IZVESTIYA has written on this subject before. Now, our newspaper said, all AES [nuclear electric power station] incidents are evaluated on a seven-point scale:**

1. Insignificant incidents;
2. Incidents of medium severity;
3. Serious incidents;
4. AES-confined disasters;
5. Disasters involving risk for the environment;
6. Serious disasters;
7. Global disasters (catastrophes).

Now the first six months of the scale "testing" are behind us. To begin with, here are the results from the specially created National Coordinating Committee on the experimental use of this scale. They are:

Total number of incidents: 134

Classification by level of severity: 0—95; 1—37; 2—2; 3 and higher—none.

Now a few words about two most serious incidents. First. On 18 September, three out of 12 safety valves in the main heat-dissipation system accidentally opened in Block No. 1 of the Ignalina AES. The radioactive steam that escaped was contained by the localization system, and therefore none of it escaped into the environment. On 9 October, fuel collectors in Block No. 1 of the Zaporozhye AES were damaged during nuclear fuel loading. Fortunately no radioactive contamination occurred; besides, the fuel was freshly produced and did not contain any byproducts of radioactive fission.

In answer to the question as to why an overwhelming share of incidents in AES operations turned out to be outside the MShTSAS scale (below Level One), Aleksandr Gorelov, deputy chief of the Main Administration of the State Committee for Safety in the Atomic Power Industry, pointed to several instances of incorrect evaluation of events. For instance, at some AES's, turbogenerators' failure was incorrectly evaluated as something that has no bearing on reactor safety. Also, some evaluations do not take into account the effect of the violations on deterioration of the quality of AES protective systems.

I will say, however, that—living as we are through the fifth year after the Chernobyl disaster—we will hardly be satisfied with this answer. It somehow comes out that an overwhelming majority of violations turned out to be something that does not deserve attention, something outside of the scale. However, according to the data from the State Committee for Safety in the Atomic Power Industry, even incidents that resulted in energy blocks being taken off line somehow got moved into this "nowhere." Including those that took several days to fix. Examples? Here they are. On 11 January, attendants noticed an anomalous increase in pressure in the hermetization zone of Block No. 5 on the Novo-Voronezh AES. The block was taken off line. Having fixed the problem, a water test was run, in accordance with procedures, on the entire coolant circuit system. It was then that a leak in the main connector of the reactor housing was detected. The block had to be put up for repairs. Total time out of commission—20 days. On 13 February, Block No. 4 of the Zaporozhye AES had to be stopped on an emergency basis because of excessive hydrogen pressure in the electric generator gas cushion. It took 19 days to find the source of the problem and fix it.

It is not difficult to calculate the cost of this forced idling of million-watt energy blocks. By most modest estimates, the minimum is 20 million rubles. In reality, economic losses may turn out to be much greater—there are also consumers of this energy that are idling together with the idle energy block. However, this stoppage of the block (I want to emphasize that it was an emergency) did not find its place on the scale even among "insignificant incidents"—as if we are talking about an idling diesel on the farm threshing floor.

It becomes clear that out of all the types of damage an AES accident may produce, the scale only takes into account the radioactive type. It is true that radiation release is a specific feature of atomic power generation. However, there are accidents and catastrophes at the AES that do not lead to a nuclear cataclysm. One thing is clear: it is not only the excessive curies that kill people. And it is hard to call such occurrences "insignificant incidents."

The scale, however, does not supplant the criteria accepted earlier by national and international organizations. Its purpose is to inform the population. I, for one, am confused, however, by the examples cited above: Just how objective is this new information?

Unquestionably, enormous experience of the relationship between the population and nuclear (potentially dangerous) objects has been accumulated in the country with the largest nuclear power in the world—the United States. But they do not dismiss any "trifles." To my question concerning how much money you spend on

brainwashing those who live near your station, the director of the veteran AES situated right on the lake shore in Milwaukee, Wisconsin, told me: "About a million a year. But we have good, I would even say excellent, relations with the local population. That is why this figure is so low."

Other stations have more problems; therefore, they spend more on public relations. But it is not just the numbers that matter. The essence of mutual understanding is in trust. And trust comes from having information. Which, in turn, must always be timely, precise, and correct.

"It is very hard to talk to a mob, to a rally," the Americans explained their position. That is why they try not to allow things to reach that point; they go to people's homes, send out free leaflets, sponsor outdoor family picnics, pay for fishing contests, give a local school a piece of its own forested land where kids may go on field trips and study the effects of radiation on plants and animals, organize tours of the AES itself, and, of course, answer absolutely any questions about nuclear power generation.

And God save them if they lie to the public! The press will immediately make a scandal, while the courts will wield the sword of the law.

Their government programs—which in many respects are aimed at informing the citizens both of the opportunities and the dangers presented by nuclear technologies—also include support for any reasonable public movement. Any—no matter how "green" it may look to the nuclear power industry.

To find an answer to this paradox—why would the nuclear power industry dig its own grave—I asked many officials in the Nuclear Regulatory Commission and in the Department of Energy (which only goes by the title of "energy" but in reality resembles our Ministry of Medium Machine Building, or, in more modern designation, Ministry of Atomic and Electric Power Industry, and supervises both nuclear explosions and the "peaceful atom.")

Everywhere, the answer was more or less this:

"If we do not finance our opponents, we will only bring upon ourselves serious problems and fan a new public scandal; the Three Mile Island accident is a good lesson. When we pay for alternative research we get a sensible balance in public opinion and—this is also important—the results of alternative scientific research. The 'greens' today are in a position to attract the best scientists as their consultants. Thus, we have several points of view on the same problem. Then we can select the best one."

This approach can be seen especially well from Yukki Mountain in Nevada, at the center of the famous nuclear test site. It is also a planned site for the storage of highly radioactive nuclear wastes. The project was started many years ago. So why have the Americans—who, as is known, build quickly and well—got stuck? It is simple: to this day there is a debate going on in society as to whether this undertaking is dangerous. Hundreds of millions of dollars have already been spent, and, most likely, there will be billions more, all for the purpose of not only getting an answer to this question but convincing the population that the answer is the correct and sensible one.

Even we, the Soviet delegation, were attentively listened to and questioned on purely American affairs in "gay" Las Vegas, in whose backyard this grandiose grave site is being planned. "Official" scientists participated in the debates side by side with the "public" ones, brought in to represent the "greens'" interests. All this at the government's expense.

It goes without saying that I am not proposing that we idealize the American relations between the public and nuclear power departments. Not everything is smooth there. But the principal difference between their situation and the Soviet one, as Leonid Bolshoy, a neat and impassionate director of an academic institute engaged in nuclear power safety research, pointed out to me, is that the most complex issues are resolved in debates involving scientists, and not by a "street" vote. There are many explanations for this, in this scientist's opinion. But the root of the problem lies in making the population not only understand but feel the positive pocketbook impact from the nuclear power stations. One radically bent speaker from Kazakhstan was taken aback by a simple question from local journalists in Las Vegas: Does he know, as he goes on demanding the immediate closure (as he does in his home town of Semipalatinsk) of the test site in Nevada, how much income this same test site brings into the state treasury? They answered it for him: this income is second only to the income from gambling. Therefore, it is hard to find serious opposition to this nuclear test site in the state of Nevada itself. The conclusion that may be drawn from this: both AES and nuclear explosions (we are talking about peaceful ones) are costly. Very costly. But in the final count they also bring considerable benefits.

Yes, fortunately, the people abroad have never had a Chernobyl, thanks to which we now have a special relationship with the nuclear power industry. Therefore the criteria applied to AES safety in the USSR should be most stringent. And the scale of severity of AES incidents should be not simply an international one but quite national, all-people's. And, of course, it should preclude the possibility of misinterpretation because of omissions and innuendoes.

All nuclear power specialists should clearly understand: only honest, complete, and accessible information may gradually "cure" the nuclear allergy with which our country is gravely ill.

Ukrainian Academy of Sciences Views Alternate Energy Sources

914E0073A Kiev RADYANSKA UKRAYINA in Ukrainian 2 Mar 91 p 10

[Article by A. Khidekeli under the rubric "Life and Science": "Eeny, Meeny, Miney, Moe... What Will the Ukraine's Energy Supply Be?"]

[Text] Today it is no secret to anyone that the economy of the country, including that of our republic, is undergoing a severe crisis. For the average citizen this crisis manifests itself, first and foremost, as a complete lack of industrial and food products. In the meantime, we are not as aware of its ruinous influence on such an all-important sector of the national economy as energy: The lights in our homes continue to burn and our televisions stay on. Will that continue for long?

The reply to this alarming question depends on what kind of strategy for the development of energy we form in the next couple of years. After all, after the Chernobyl tragedy the construction of nuclear energy plants in the Ukraine has practically been halted and new thermal and hydroelectric power plants are not being built. As long as no significant advances are made in the application of technology for obtaining resources and energy—and soon, in 1993-1995, the three active units of the Chernobyl nuclear power plant will be decommissioned—a fairly large deficit will arise in the production of electric energy. And that, quite clearly, will have a very negative effect on the state of the economy and, of course, on the prosperity of the people.

What must be done to avert such an unpleasant, to put it mildly, prospect?

This problem was the subject of conversation at a meeting of the presidium of the Ukrainian SSR [Soviet Socialist Republic] Academy of Sciences. Among those participating were well-known scholars—engineers, managers, and general designers of the republic's leading power machinery construction enterprises, and heads of the sector. They agreed that it is necessary to make wide use of modern high-efficiency energy facilities. The talk was primarily about steam-gas and gas turbine equipment, which ensures a substantial savings of fuel as well as a high degree of maneuverability during periods of peak load on electric power plants. The efficiency of electric power plants with such equipment reaches 50 percent, which is significantly greater than can be obtained with presently existing equipment at thermal electric power plants.

But this does not exhaust the advantages of steam-gas and gas turbine equipment. Their use presents an opportunity to reduce the metal content of energy equipment by 20-25 percent, reduce the number of operating staff by 12-14 percent, and build new thermal electric power plants more quickly. They are also successfully "inserted" into existing structures of power plants. Also very important is the fact that they need far less water and that they discharge significantly less sulfur and nitrogen oxides into the atmosphere.

As a result, considering such important criteria as savings and low ecological impact, electrical power stations with steam-gas equipment are unrivalled today.

The Ukraine has the necessary conditions to organize the production of such equipment relatively quickly and on the necessary scale: Scientific and engineering potential, fixed production, a modern and powerful manufacturing base, and the capacity to expand significantly as a result of the conversion of defense enterprises. For example, the Institute of Electrical Welding imeni E.O. Paton, the Institute for Problems of Materials Technology imeni I.M. Frantsevich, and the Institute of Technical Thermal Physics have developed efficient methods for calculating and optimizing systems to provide air cooling of gas turbines, cooled blades for a new type of turbine, methods and equipment for manufacturing and welding parts of powerful equipment, new high-temperature materials for the corresponding elements of such machines, etc.

The Institute of Electrodynamics jointly with the All-Union Scientific Research Institute and the Elektrovazhmash Association has created a high-efficiency turbogenerator, and transformer designers have created the necessary transformer.

There are grounds to expect that as we develop production of steam-gas and gas turbine equipment in the republic proper it will be possible to produce them for the foreign market as well and earn hard currency, which we presently are particularly in need of.

According to the general designers and the managers of industrial enterprises, output of high-efficiency energy equipment could begin in two to three years.

It was decided to prepare the appropriate programs of scientific, design, and manufacturing support for the broad-scale use of steam-gas and gas turbine equipment in the republic's energy system. Because the system is based predominantly on natural gas, it is considered feasible to use gas deposits in the Ukraine and conclude an intergovernmental economic agreement with Russia for the delivery of natural gas to our republic.

Reasons Behind Miners' Political Demands Analyzed

914F0177A Moscow IZVESTIYA in Russian 28 Mar 91 Union Edition p 3

[Article by IZVESTIYA correspondent V. Kostyukovskiy: "The Fire Came to the Surface—About the Political Strike in the Kuzbass"]

[Text] Kemerovo—**"Underground Fire" was the title of the article (IZVESTIYA No. 54) that discussed the disposition and interaction of social forces in the Kuzbass and the worker movement. It turned out that on the very day the article was published about two dozen mines stopped operating. A political strike was started, which was called for a day, but which has become open-ended. The status in the oblast on 26 March is that 47 out of 76 mines, 11 shaft-sinking administrations, one open-pit mine, and one coal-dressing factory have stopped working. Six mines were working without dispatching coal. Four open-pit mines and seven subsurface mines were extracting and loading coal only to meet the needs of their cities, according to a decision of strike committees.**

On that same day, more than 200 coal enterprises were on strike in the country. The underground fire broke through to the surface.

What Do They Care About Politics?

I recall the almost prayerful incantations of then CPSU Central Committee Secretary N. Slyunkov in July of '89: "The miners have no political demands!" I recall the severe reprimand that was given one of the correspondents who dared to use this "oath" in a paragraph. But, you see, political motives already existed then. I am not talking about demands for the resignation of some city party committee or city soviet, but were not the demands for radical economic reform really political in essence, when it was specifically on this question (at that time, it was still about this) that the First Congress of USSR People's Deputies split into two irreconcilable camps?

However, "politics" was hushed up. There was fear of even mentioning it. And the infamous 608th decree of the government was mainly especially economic: How much of a raise for the miners, and what kind and how many coal cars to deliver...

Now it is even laughable to mention this. Although it is mentioned. Even USSR Minister of Justice S. Lushchikov declared in IZVESTIYA: from a legal standpoint, the decree is practically fulfilled. Let it be fulfilled. And so, have the mines acquired independence? Do the miners control the products of their labor? Was their standard of living raised? True, soap has appeared in the shops, but there is no bread. So, that is the total worth of the decree.

In 1990, along with the loss of former hopes, new hopes began to appear that were associated with the Russian parliament and government. A particular impression was created by the "500 Days" program, which, in my opinion, was inappropriately named. I witnessed how the two-ruble brochures were bought up in the bookstores and at kiosks. As for the Kuzbass, it revived one more hope—for a joint enterprise zone. It was that question on which all local forces got together—from the CPSU obkom [oblast committee] to radicals (except for the few groups of "patriots" who did not want "to sell Russia"). Moreover, the idea of a zone was not attractive first and foremost even because of the prospect of earning dollars and buying video cassette recorders for them, and the like. Another possibility was more enticing: it is possible to live in the zone without prohibitions and restrictions, of which there are more and more.

The 500 Days program folded. It folded under the pressure of the guardians of ideological dogma who were panic-stricken by "capitalism" (it can be seen that they did not live so badly under that socialism). Together with this, the idea of a free zone in the Kuzbass was postponed and became an illusion. But other questions were put forth on the miners' agenda.

Recently at the Leninsk-Kuznetsk Mine imeni Kirov, I was witness to a discussion of two "grozes" (coal mine face workers).

"Well, they will not support us; people do not understand these political demands! We should have come out with economic demands, and they would support this, as was done in the Donbas and in Karaganda. Everyone understands this."

"We put forth economic demands in '89, and what did we get? A 15-percent zonal increase and 'portal-to-portal' pay? And a piece of sausage? You should understand that we have no one else to whom to submit our demands. And do not worry, they will support us, they already understand this."

They did not know yet that all mines in the city stopped operating at that hour

There is no point in pretending that this is the first time during these years that we have run into the "political strike" concept. Already there was one on 11 July of last year, but they tried carefully "not to notice it." The 28th CPSU Congress was under way, and I myself heard over the air how it was announced that apparently nothing in particular was happening—approximately 70 persons were assembling on each of the Kuzbass squares. After turning the TV off, I went out of the hotel onto Novokuznetsk Square, where, according to estimates of militia officers, about 5,000 to 10,000 city residents were rallying. The quality of administration by the state did not please the Kuzbass miners at that time.

Eight months have passed. Something new has taken first place and been added to last year's demands for the resignation of the USSR Government, the de-party-ization of the KGB, the MVD [Ministry of Internal Affairs], the Army, and spheres of education and production: the resignation of the president of the country.

What Do They Care about the President?

Almost all of those who today demand the resignation of the president, not very long ago were ready to pray to this person. Almost all of them understand: no matter how or with what the matter ends, he will always remain in our history. He is already in it. And by no means in its dark pages. As early as July of 1989, they were saying: we are striking for Gorbachev. What will happen to them? And what will happen to him? To all of us, to the country, and to perestroyka?

I have had occasion to do a lot of traveling, seeing, and talking during these March days. Both with leaders of movements and with managers of enterprises, with oblast politicians and with "grozes" who left the mine faces. What I will say below is an aggregate of opinions of a majority of these people, and not just my own personal opinion, which, however, coincides with this aggregate in many ways.

At that time, in '89, Gorbachev, more accurately than everyone from the higher echelon of authority, understood and defined the very essence of the miners' strike. He said in an interview with Central Television on 23 July: "And so the miners, the working class are unhappy with the way perestroyka is going, and how the economic reform is going." What has happened since then?

Since that time the pace of transformations in the coal industry has practically come to a standstill, and, what is more, the movement has gone backwards. Minister of the Coal Industry Shchadov, who from fear had granted paper "freedom" to enterprises, quickly reoriented himself, and he introduced his own corrections to the law on enterprises and about leasing. The unions that he "abolished" rose again—Phoenix-like—as "associations" and "concerns." And if this would occur only in the coal industry! The stunted shoots of the alternative economy will wither under the burning rays of prohibitions and restrictions and the speeches of dogmatists who do not surrender principles. Only weeds that possess a special persistence are surviving. Glasnost, which has not succeeded in evolving into freedom of speech, is fading on the airwaves and in newspaper columns, and it is contemptuously given the name triviality, pornography, and boorishness. The word "democracy" has become an abusive synonym for the word "anarchy." And "democrats" are put in quotation marks with the indispensable addition of "so-called."

The Kuznetsk, Donetsk, Karaganda, and Pechora miners did not arrive in our country as "guest workers"—these are our people and part of the country. Part of the people of our president. And one can imagine how bitter and difficult it is for him now. Especially that today he is in certain measure paying for everyone: for Shchadov, Ryzhkov, Polozkov, Kravchenko, and Alksnis. For the committees of national salvation and for all rayon and city party committees.

He is paying for yesterday's irresolute and today's resolute Union Government. For the fact that prices, even before their increase, reached the high levels that were announced for the future. For the exchange of hundred-ruble notes. For the five percent tax that hit people not so much in the pocket as much as the time spent standing in lines. But, on the other hand, this continuously fills the pockets of the dishonest. For the financial improvement measures that, together with the regulation of money circulation (which is still problematical) brought with them complete uncertainty about tomorrow: whether to spend one's "deadwood" rubles, deposit them in the bank book, make a withdrawal, put them into red notes, or not in anything?...

The president today is paying on his and other accounts. He is paying for the fact that he is in the center. Although he is in the center, he is assigned the debt. He is paying for our knowledge and lack of knowledge. For the fact that we already know what he thinks of the "so-called," but we do not know what he thinks of Polozkov. We know what he thinks of "Vzglyad," but not of Kravchenko, and we can only guess. We know what he thinks of the strikers, but not what he thinks of Shchadov. He is in the center, in between, and he is under the fire of the leftists and the rightists, and we know his attitude toward one but not toward the other. We see his perfectly understandable reaction when his resignation is demanded by Yeltsin or by those same miners—and we do not see when the activists from the "Union" group set a period of rule for him.

And this knowledge-lack of knowledge willy-nilly forces one to draw conclusions. Perhaps correct ones, and perhaps erroneous ones. But hardly the only ones in such a situation.

When his resignation was demanded by Novodvorskaya or Avaliani, and when he was criticized by the colonels and the generals, one could have said nothing about this. When 3,000 striking miners make demands, something has to be said. But one would also like to ask the miners: Why are the arrows coming down specifically on this person, the initiator of democratic reform and the new political thinking? Because these reforms are slipping? Or because there is no one else to fling arrows at, and because the president is in the public eye?

What Do They Care About Authority?

All of the rallies that are taking place in mining cities these days are colored by the opposition of the Union and Russia, Gorbachev and Yeltsin (indeed, does this not color all of our life today?). Speaking in everyday language or even the language of the local inhabitants, the Kuzbass miners are now striking "against Gorbachev and for Yeltsin." For all that, when you talk to them in detail, they give credit to the former, and they do not idolize the latter. What is more, others do not mince matters: "Well, what about Yeltsin! He is the same kind of an apparatchik!" And they explain: we support Yeltsin not because of his name or because he is about 1.87 meters tall, but because, in the first place, he fights and, in the second place, he supported good programs.

Not long ago the mood was widespread: we do not need, it was said, either one government or the other, and we do not believe either Gorbachev or Yeltsin, let them both leave. After the arrival in the Kuzbass of I. Silayev, the head of the Russian government, who set forth a new program for a transition to the market over the air (judging from everything, on the principles of the same 500 days), once again a wave of support was raised for the leaders of Russia.

A deputy from the Union of Journalists asserts: the people are sick of politics, and they are fed up with television reporting from the sessions and the congress, the people are not watching this, give them a movie or a show. But a miner from those same people speaks at the Raspadskaya mine: "We are all witnesses to what is happening in the USSR Supreme Soviet, and how they are trying there to curtail and to limit the sovereignty of Russia." Another asserts: "If there were no announcements by Yeltsin's group of deputies, then, very likely, there would also be no strikes." A resolution of a rally in the city of Berezovskiy states: "The congress of people's deputies will come under the public control of millions of Russians. We demand to hear the faction 'Communists of Russia,' which disrupted the timely adoption in the Supreme Soviet of vitally important laws and decisions." No, it turns out that the people of the Kuzbass who comprise one percent, but still a percent of the Soviet people, do not just want shows.

Two expanded presidiums of the oblast soviet were literally over in four days, with only one break. At the first of these, with the participation of the leaders of the strike movement, a real mutual exchange of abusive language went on—including shouts, insults, and leaving the hall. At the second one, an atmosphere of tolerance and attention of the sides reigned. Points of contact were found: it was decided jointly to give support to the new Russian economic program, and to ask the Congress of People's Deputies of Russia to listen to the question on the political demands of the miners. And that V. Golikov, the chairman of the strike council committee, present a report.

No consensus was reached on yet another question. A. Tuleyev, chairman of the oblast soviet of people's deputies, asked to suspend the strike until the congress, and to act there in accordance with its results. Golikov answered: The council cannot accept such a resolution. The miners intend to strike at least until the 28th. And Tuleyev asked further: Let us go to Yeltsin together, and let him ask the miners about this. Golikov answered: We cannot do this either, for that will indirectly support the lie that allegedly we are striking at his request. We began the strike ourselves, and we will stop it ourselves.

Do they understand what they are doing? Do they see what they are creating? Do they know that the stopped coking battery and blast furnace are no longer a blast furnace and a coking battery, but rubbish that no one needs? Do they realize what a terrible blow this will be to the economy of the country and to the people?

I asked them these questions many times. They know, they understand, and they are in charge. And because of this the strikes are becoming gloomier every day. But they reply stubbornly: we must do this, otherwise nothing will change. Even so we will vegetate in the backyard of civilization and in lines. They put the losses from the strike on one side of the scale, but on the other side of the scale—from all of our impersonal and badly managed system, and...

...And there is not a leg to stand on.

Fokin Holds Talks With Ukrainian Metal Workers

LD3003193891

[Editorial Report] Moscow Central Television Vostok Program and Orbita Networks in Russian at 1530 GMT on 30 March, during the "Vremya" newscast, broadcasts a two-minute video report by correspondent G. Klimov in the Ukraine. Klimov notes that metal workers there are paying for the strikes by the miners, as well as for using worn out equipment and for the acute shortage of scrap metal. He notes that the loss of rolled metal in the Ukraine is equivalent to switching off the production of an entire steel complex.

"The demands of the metal workers and of the miners are similar in many ways," Klimov says. The metal workers ask that conditions be created to allow them to earn double their present wage, he reports. The correspondent then says that "an atmosphere of patience and attention" reigned on both sides at the meetings and talks with metal workers that took place in Dneprodzerzhinsk and Dnepropetrovsk, and in which V.P. Fokin, chairman of the Council of Ministers of the Ukraine, took part.

Fokin is then interviewed, and says that the talks were "both tense and acute." He then says:"I am extremely satisfied, despite the colossal difficulties. The metal workers are behaving in a worthy manner."

In reply to a question as to how likely it is that the demands of the metal workers can be fulfilled, Fokin says that it has been found possible to satisfy or to begin solving half of them immediately, while other demands are still being examined. Three questions are not yet resolved, he says, but he thinks that two of these will be resolved.

'Neobolshevism' of United Workers' Front Decried

91UN1127A Moscow KOMSOMOLSKAYA PRAVDA in Russian 19 Mar 91 p 2

[Article by N. Kopylova: "Neobolshevism? But Very Small—"]

[Text] All my meetings with various leaders of the OFT [United Workers' Front] splendidly sooner or later came down to a common denominator. First a blunt question:

"Your political convictions?" Then a long, wary and testing look—like having someone else's hand in your pocket, trying to find out just what color party credentials you have there. I will admit that I would get upset. Who knows? You say something wrong and they will link you to the "operators in the shadow economy"; after all, we know that "whoever is not with us is against us." On account of the unfamiliarity of it, it seemed creepy, and then simply laughable. That look was quite uniformly suspicious and deliberately serious. If "Lyubov Yarovaya" [Spring Love] had been written in the genre of an operetta, that is exactly how Commissar Koshkin ought to have looked. It is hard to imagine a more banal caricature of the commissars of 1917.

Neobolshevism. That far from scientific term has become firmly established in the literary and political lexicon. By no means everyone who flaunts it has looked into the history of Bolshevism in depth and without bias. It is simply a fashionable word. It is like old village women who have not a clue that there is a country called France but nonetheless will customarily berate a bad person by calling him a "Bourbon." But to hell with it, the term. Let us try to analyze who they actually are, our present-day "Neobolsheviks."

According to the testimony of the Moscow professor Sergeyev, the most communist of all the communist organizations today is the OFT.

The USSR United Workers' Front is a public political organization that has chosen as its goal "the implementation in practice of Lenin's Declaration of the Rights of the Working and Exploited People." Its main objective is viewed as the struggle for "communist ideals of perestroyka," which is to say, "the consistent establishment of social equality; the strengthening of the friendship of peoples on the basis of the division of labor within the framework of the entire country and the reduction of inequality in the socioeconomic development of the republics; and planned economic management in the interests of and under the control of the working people."

The USSR OFT's founding congress was held in Leningrad in July 1989. Officially the organization was registered in April 1990. It has branches in 36 regions of the country. The United Front's activities are financed out of dues paid by the employees of enterprises and public organizations that support the OFT, as well as citizens' personal donations.

The Third Congress of the RSFSR OFT was held in early March. Denouncing the CPSU leadership, including the general secretary, as degenerates, and threatening, as is the custom, rapid reprisals against Academicians Shatalin and Abalkin, the delegates demanded the immediate resignation of Yeltsin and Gorbachev. At that they departed to instill revolutionary consciousness in the workers' movement.

Neither the president nor the chairman of the RSFSR Supreme Soviet have yet officially responded to the criticism.

But what sort of forces has the OFT built up during its year and a half of existence? Who has it gathered under its banner?

As strange as it might seem, it still has no organization as such. No records are kept of members, but the Front's leaders speak of hundreds of thousands.

From every indication, it has no money, either.

It has no regular periodicals (if one does not count the photocopied militant leaflet CHTO DELAT? [What Must Be Done?], which comes out occasionally). And OFT spokesmen are put out on the pages of regular periodicals only when they need to berate someone (see, for example, in SOVETSKAYA ROSSIYA for 29 January, "And Those Attached to Him," by M. Popov).

Evidently the support of the working class, whose fundamental interests the "Neobolsheviks" from the OFT are summoned to defend, has also been a constant problem so far.

Last April a workers' committee was established at the Lyublin Foundry and Machine Plant; it survived until autumn and then was transformed into the organization of a socialist trade union. A city workers' committee has been set up and is actively operating in Samara; granted, it is under the wing of the Marxist Workers' Party, which believes that the OFT is trying to lead the working class along a false path.

Work at the Moscow Automotive Plant imini I. A. Likhachev has been more successful. Vasiliy Ivanovich Shishkarev, OFT member and worker in the Second Mechanical Assembly Building: "For nearly two years I tried to establish a primary organization in our building, but our ideas were poorly received by the workers. Last August we decided to set up a workers' committte, held a meeting, and worked out an action program: to pressure the management to make financial reports to the workers, to protect the workers against firings, and to work for pay raises. At our insistence the management made a financial report to the workers. We, of course, were led astray, but we understood the main thing: our financial managers would not try to get a pay raise for us. Then we took the route of making demands, and demanded a pay raise under the threat of a strike. We believe that we should receive no less than employees of the Moscow City Soviet Executive committee—they are smart people and know how much you need to earn to live a normal life in Moscow."

That is not the sum total of the economic slogans of the OFT (as a whole). The essence of them is "back to the socialism that existed before the 1965 reform." And even further back, when vodka cost two rubles, 87, and peasants, who had no internal passports, would entertain themselves on holidays watching "The Kuban Cossacks"

to learn about their happy life. However, while seemingly speaking about the socialist mode of production, what the "Neobolsheviks" unquestionably have in mind is the socialist means of distribution. That's their hobby horse. Their common slogans are "workers' power," and "oversight over the fair distribution of material benefits." For example, "taking immediate control of the distribution of all an enterprise's income, without entrusting it to the management, the accounting office, and the department of labor and wages." And that is not even to mention strict worker oversight over the whole trade sector.

In essence, the economic ideal of a consistent OFT member is a universal, all-encompassing rationing system. Rejecting commodity-money relations under socialism, he assigns the ruble a subsidiary role as an accounting unit. He recognizes the State Planning Committee and the working people's communist social consciousness as the leading force in the economy.

And all this claims to be called Neobolshevism? History repeats itself. The second time, as we know, as farce. However, even farce is not innocent.

"The course of events, especially in recent years, has resulted in turning legislative bodies, not just in form but in essence, into bodies of a parliamentary type that are divorced from the working people and better suited to reinforcing the bourgeois tendencies that are emerging in our country than to defending the interests of the working people. Present-day 'perestroyka' reality is characterized by the fact that, under the slogan of a transition to parliamentary democracy, the rank-in-file working people are being completely forced out of political power and, under the slogan of a movement to a market economy, out of economic power. Whereas it used to be that they were not heard in bodies of power, now they are not even seen.

"The time has come for us to take the initiative and ourselves establish the primary cells of Soviet power at places of work—in plants, on kolkhozes and sovkhozes, at research institutes and higher schools, and in military units...from the very outset, workers' associations should become not just agencies of social protection but the primary units of political and economic power. Workers' councils that are parallel to present bodies of power can, 'in the event it becomes necessary,' especially in situations of problems, conflicts or crisis, either join with those bodies to address common questions, or decisively neutralize them, if they turn from bodies of the working people into bodies of shadow capital, cooperative-member speculators and the mafia" (from the resolution titled "On the Revival of Soviet Power," which was adopted in September 1990 at an expanded session of the RSFSR OFT Coordinating Council).

Under the banner of the revival of Soviet power, calls are being made to overthrow it. What may be meant is its revival in the following form: "The only way out of the chaos is through a dictatorship. But whose dictatorship? Powerful forces have now been formed. On the one side, the bourgeoisie, which is striving for power under the label of democracy. It cannot come to power except through a dictatorship. Their system is aimed at suppression. On the other side, the working class can no longer tolerate all these mafiosi, but without a dictatorship, it cannot even carry out monetary reform" (Vladimir Yakushev, member of the Coordinating Council of the RSFSR OFT).

The OFT offers a big choice. Whoever does not care for dictatorship can try anarchy. Here is Vladimir Stradymov, member of the Coordinating Council of the Moscow OFT. He believes that the law is the theoretically expressed will of the ruling class. Therefore it is necessary to call on people to liberate themselves, show initiative, and act as they deem necessary—that will be the will of the people, i.e., the law.

Councils, committees—from anarchy to dictatorship. What is this, the lack of any position? Or maybe that is a position—"whatever you please." The lack of membership, structure, or a clear-cut program—all that leads one to think the OFT is an organization "for any emergency that arises." An organization that does not exist but is rumored to exist; an organization that is prepared, on behalf of hundreds of thousands, at the necessary moment to "appeal," "present the demand," or "deliver the ultimatum" to summon the troops, as was done in Lithuania. If another "emergency" happens somewhere, who will try to figure out who is represented by the organization that speaks out on behalf of the simple working people?

As for criticism of the CPSU leadership, it is more readily nothing but a maneuver, political hypocrisy aimed at gaining the sympathy of the masses. The OFT is indisputably a part of the ruling party that is in opposition to the party itself (!). Both of them express the "fundamental interests of the working people"—would anyone guess? In any event, on the eve of the Pavlov price increase, the Front's stand on distribution is proving extremely timely.

Vladimir Yakushev: "By striking, from an economic standpoint we are acting against ourselves. But when privatization arose, we started to say: fellows, now this is not your property, so oppose it."

Among the "fellows," there will always be a stubborn one who will ask: "Yeah, you are no traitor, so just make sense: are you yourself for the Bolsheviks or for the Communists?"

RSFSR TU Chairman Interviewed on Union Matters

914F0167A Moscow TRUD in Russian 16 Mar 91 pp 1,2

[Interview with Igor Yevgenyevich Klochkov, chairman of the Russian Federation of Independent Trade Unions, by B. Leonov]

[Text]

[Leonov] Igor Yevgenyevich, the RSFSR Federation of Independent Trade Unions has existed for only a year; however, one can already talk about the first results of the new trade union center's activities. How would you evaluate them?

[Klochkov] People can judge our work from concrete results. Let us take the Northerners. An entire series of problems connected with zonal factors, arctic bonuses, pension guarantees, various benefits for housing, vacations..., have accumulated in this region for decades.

Through hard work and cooperation with the government and the Supreme Soviet (we enlisted the support of the "North" deputy group and the efforts of economists, economic managers and trade union people from the local areas), we managed to influence Russia's leadership and the compiling of the budget for 1991. As a result, two government decrees were adopted. A number of questions, which were very important for the Northerners, were solved in them. As they say, the ice has begun to break.

The Russian trade unions for workers in health care, public education, textile and light industry, and municipal economy have already gone through the stages and established strike committee coordinating councils at the all-Russian level under the Central Committee of the trade unions and organized conciliation commissions with the government and appropriate ministries. They have mastered the difficult path of negotiations and have learned to defend their positions, including the organizing of meetings and warning strikes.

[Leonov] And the result?

[Klochkov] The average wage of health care workers has risen from 226 to 316 rubles. An opportunity has emerged for a good surgeon to be paid 500 or more rubles; this opportunity did not exist previously. Incidentally, an increase was also given to other workers in this field—drivers, cooks, cleaning women, nurses, repairmen, in a word, to all those without whom the branch could not function.

The average salary in the area of public education was increased from 202 to 270 rubles. I emphasize—the average—because highly qualified people with a longer length of service and universally recognized specialists have an opportunity to receive considerably more.

For workers in the cultural field, an agreement has been reached to raise the average salary from 146 to 220 rubles—although even this is, of course, insufficient. Our goal is to bring these branches to the average salary level for the national economy.

However, the most important result is the moral and psychological one. We would like to make it clear to each one that he is a member of a different trade union—not one which reduces its work to distributing vouchers and scarce goods but a real trade union that, one can say, is the sole defender of the working individual in the complicated world, which we have now entered, where the individual must be concerned about his future and protect his position in life, that is, in a situation where a labor market is emerging along with a commodity market and where such concepts as, for example, the cost of manpower, are becoming current.

The raging of a wild market, uncontrolled price increases, low pay, total shortages, and—against this background—the complete absence of a mechanism that would insure state social guarantees for the working man have become a reality for all of us.

People do not want to resign themselves to this. It is no accident that the desire for a true professional association, the collective defense of their rights, and a resolute struggle for their social and economic interests has ripened and become stronger among workers during recent months. In fact, the time for a new type of trade union, which would not take any commands from anyone and which would not be subject to the dictates of political parties, state power structures and economic directors—in other words, independent trade unions—has arrived on this wave. I think that the process of forming the FNPR [Russian Federation of Independent Trade Unions] is a move in this direction. Incidentally, similar processes are taking place not only in the RSFSR. This testifies to their objective nature.

[Leonov] And the subjective factor?

[Klochkov] It is also operating. During our founding congress, we talked about the "slave" syndrome and the need to squeeze this feeling out of ourselves—the more quickly the better for our cause.

However, this does not come easily to everyone and some people are not capable of it. We also have branches and regions where, alas, practically nothing has changed in their trade union life. Many trade union committees in enterprises "walk" as before under the director and the party committee. Do you know why? It is not only because of the absence of legislative legal guarantees. The inertia of trade union personnel is having an effect. Even information about the actions of the FNPR Council and the first real results of our work do not, at times, reach the primary organizations. Should one be surprised that people in the local areas sometimes do not even know this abbreviation—FNPR?

[Leonov] It seems to me that the most important result of FNPR's work is the recent signing of the agreement with the government for 1991. What is your opinion?

[Klochkov] The limits of the future social contract between the government and the FNPR were determined during the fall of last year at a meeting with the government in our headquarters. Incidentally, this was also a first. The congress of trade unions subsequently approved the principles for this agreement and difficult work for both parties began on the final text.

As a result, we achieved the main thing—clear answers to the questions connected with the manpower market, standard of living and social guarantees for the individual. In particular, we agreed to the establishment of a coordinating council to assist with employment. Government and FNPR representatives will be members of it. A mechanism for counting the unemployed and a system for retraining through re-qualification centers will be defined. We and the government will go together to the RSFSR Supreme Soviet with a coordinated position regarding unemployment benefits—their amounts and payment periods. A republic law on employment was adopted on the first reading; it took practically all the amendments introduced by the FNPR into account.

We have agreed that the government will publish official data on the increase in the standard of living index each month.

We also determined an indexing procedure and agreed that it is necessary to increase the amount of the minimum wage on Russian Federation territory to 135 rubles.

An agreement was reached in the RSFSR Supreme Soviet Presidium on introducing in March—during the session of the Russian parliament—questions concerning the legislative strengthening of the minimum wage amount and the establishment of a minimum vacation of no less than 24 work days and also a guaranteed 40-hour work week. We consider these positions to be exceptionally important and they have been written into the program that our founding congress adopted.

[Leonov] Why did the coordination of positions take so long?

[Klochkov] In my view, the whole trouble was the absence of a clear delineation of authoritative powers between the center and the republics, especially between the center and Russia. The remaining constitutional and legal vagueness is holding back the Russian government and not allowing it to master the situation completely. As a result, there is delay, procrastination and discontent among ordinary people over the lack of headway on the spot.

Here is another consideration that flows from the experience of negotiating with the government. The distinctive feature of our country is such that the formation of genuine statehood for each republic and, this means, the presence in each one of them of all normal institutions—a parliament, a functioning government and strong organizations representing the interests of both the workers and the employers, is required.

Under the changing conditions, the fact that both hired workers and employees and employers in the person of directors are in the same trade union is becoming more and more paradoxical. However, whereas trade unions as an independent social institution have been called upon to defend the interests of the former, Russia's employers do not have any union like this as yet. Meanwhile, the owners of businesses are united throughout the civilized world. Their unions, which are strong and resolute in achieving their goals, are the principle partners of trade unions. The government conducts negotiations with trade unions only for those categories of workers who are civil servants; in all other cases, it plays the role of an arbitration tribunal or a guarantor of agreements that have been reached.

Some view FNPR's first steps with bewilderment. From where, they say, do all of these "populist" calls for collective actions, meetings, protest actions, and even—alas!—warning strikes come? Probably, that is why television viewers eagerly talk about the actions of Solidarity, the railroad workers' trade union of Romania and our other foreign colleagues. How the negotiations of FNPR and our branch Russian trade unions are progressing, what their demands are, what they are managing to achieve and how, what they are not managing to achieve and why—there is practically no talk about this.

I am not trying to idealize anything. I do not want to assert that FNPR is a completely "different" trade union center already. We, however, are in the process of developing and are in a difficult search for a new trade union form. Our inflow of new forces, new cadres and genuine worker leaders is still insufficient. However, there have been concrete actions and there are results that have been achieved in a civilized manner—through negotiations! I would also like to point out that the worker movement is not developing parallel with the transformation of the trade unions by accident. I think that the movement is a reaction to the position and role of the previous trade unions.

We are looking for ways to unite and for forms to cooperate with the worker movement. I was in Novokuznetsk at a conference of the worker committees of the miners. We understand each other and we have common goals. However, we are still traveling parallel and there is no great misfortune in this. We are in favor of the formation and development process of the worker movement becoming stronger and accelerating. This will only strengthen the trade unions.

[Leonov] Politics, politicizing, depoliticizing, political demands—this, it seems, has embraced everyone—and you have said more than once that the FNPR stands aside from politics....

[Klochkov] An efficient economy—this is the best politics. If an individual, who is able and wants to work, has the conditions for highly productive labor, if his personal work contribution receives a fitting reward, and if these assets can be intelligently spent for arranging his life and rational feeding—this is politics. If every individual can look at tomorrow without fear and without being afraid of illness and unemployment—this is politics.

Of course, no one—neither the individual nor a public institution—has the right to live in a society and to be

free of its laws. Can we, the FNPR Council, really be indifferent to the state of affairs in the legislative echelons of power?

Yes, political passions rage there. You see, however, laws are also adopted there and trade unions cannot look silently on this process. The plan for our legal expert work now includes more than two dozen drafts of very important state acts for Russia. There are more and more supporters of trade unions in the RSFSR parliament; the FNPR deputy bloc is becoming stronger. However, there are also people there, who do not fully realize the significance of trade unions.

[Leonov] That means that FNPR is still dependent—in particular, on parliament?

[Klochkov] We, I repeat, are dependent on the law. Laws, which guarantee our independence and which create for trade unions an opportunity to fulfill their regulation tasks in defending the interests of hired workers, are needed first of all. There is still no package of such laws—there is no genuine independence of trade unions and their structures.

As FNPR chairman, there is no pressure on me from higher party departments nor from the state management agencies of the Union or Russia. We develop our position completely on our own and independently and we do this collectively, relying on the opinion of our membership organizations and guided by their understanding of trade union tasks.

I have already said, however, that this situation still does not exist at all levels of our trade union structure. It would be naive to think that after the establishment of the Federation of Independent Trade Unions, it would immediately become such. There is inertia in thinking and there exist real bearers of this thinking who do not need any independence. You see, it is always easier to say that they forced me, they instructed me, they demanded it of me, and I implemented it. The "drive belt" position suits many.

Most of all, we are not directing trade-union leaders and our trade union aktiv today toward resolute collective actions.

Along with renewed trade unions, a Russian law on legal guarantees for trade union activities—an act that would expand the provisions of the USSR Law on Trade Unions and fill it with specifics—is needed so that this independence would be guaranteed at the primary level first of all. The chairman and members of a trade union committee should feel themselves to be independent of the director and others in a management and financial respect. This should be fixed by law.

[Leonov] And party duty? Incidentally, aren't you a member of the Russian Communist Party?

[Klochkov] Yes.

[Leonov] Does membership in the party not hinder you as the leader of the Federation of Independent Trade Unions?

[Klochkov] No, it does not hinder me. Participation in elective bodies would probably hinder me. However, I am not part of them.

[Leonov] Have there been any proposals to include you in the leading bodies of the Russian Communist Party? The party could thereby influence the FNPR position through you....

[Klochkov] Yes, there have been; however, I explained my position and they understood me.

[Leonov] Are the leaders of the Russian Communist Party or other parties trying to establish some kind of contacts with FNPR?

[Klochkov] During recent months, we have arranged several meetings with a number of party leaders, including those of the Russian Communist Party. We sensed their desire to cooperate with our trade union center. We do not reject cooperation—but only on the basis of social and economic problems, preserving our political neutrality. I repeat that we do not intend to participate in the political opposition and form a bloc with this or that party or movement for political motives.

This has evoked misunderstanding and even a kind of resentment among some, especially among my comrade communists from the party organization. However, I explained as well as I could and they most often agreed with me.

[Leonov] What are FNPR relations with other trade unions, including the so-called alternative ones?

[Klochkov] We stand resolutely against any monopoly, including in the trade union movement. We intend to strengthen its authority and the trust of trade union members through concrete actions and through real help to people.

[Leonov] You have said more than once—and practice confirms this—that the strength of trade unions is in their unity. Do you always realize this rule in actuality? In particular, why isn't FNPR a member of the USSR All-Union Confederation of Trade Unions?

[Klochkov] We have still not joined. It is not only Klochkov who decides.

[Leonov] What is the reason for this? Some kind of principled considerations or, perhaps, a reflection of the conflict between the center and Russia at the trade union level?

[Klochkov] No, I want to sweep aside such suspicions immediately. It is a misfortune that this opposition

exists between the center and Russia. It is absurd, at the very least, to duplicate this at the level of trade union mutual relations.

[Leonov] What is your attitude toward the coming referendum?

[Klochkov] I cannot imagine a future Russia outside a renewed Union. I will also vote for presidential authority in the RSFSR and, as a Muscovite, I am in favor of direct elections for the capital's mayor by all the city's inhabitants.

Now, concerning the question of joining the VKP [All-Union Confederation of Trade Unions]. It was necessary to think about this step, to discuss it with the membership organizations and—the main thing—to solve a whole series of practical questions concerning the interaction of these two trade union centers.

For many decades, the AUCCTU was the owner of quite a bit of property which the VKP inherited. FNPR was formed quite recently. We need premises; transport; technical means and equipment for accounting, planning and analysis of operations; hotels; and much more. It is also necessary to reach an understanding on the financial questions that should have been solved last year.

Didn't the members of the Russian trade unions really make a contribution during all of the past decades to everything that was created? This means, to that which the VKP has at its disposal—it is a natural component part of Russian trade union property. It is necessary to return it to its true owner.

We also want to reach an agreement on cooperation in the future so that there will be no duplication. We must arrive at an agreement between FNPR and VKP. This will be the basis and foundation for signing an agreement to join this association.

I would like to point out that we are not talking about somebody directing the Russian trade union association. We must cooperate. However, we now sense that some VKP staff workers, especially those who transferred from the AUCCTU, [All-Union Central Council of Trade Unions] are trying as before to call, send telegrams and give instructions to the Russian trade union bodies as they would to their ancestral lands. A serious rethinking of the new reality must occur and there must be a division of functions between the VKP and other trade union associations based on this.

[Leonov] Are there any contacts with trade union centers in other republics?

[Klochkov] We have already conducted discussions and an exchange of opinions with some leaders of these trade unions. Evidently, it is necessary to move on to the signing of bilateral agreements (this, incidentally, will not interfere with our participation in the VKP). The bilateral ties should help us to regulate matters connected with the migration of manpower, pension support, and a whole series of other problems.

[Leonov] I cannot fail to ask you a question about attitudes toward the present miners' performance.

[Klochkov] The entire range of problems, which brought the miners to the squares of the mining towns during the summer of 1989 and this spring require a very serious, careful and, I would say, honest examination. First of all, there are economic problems. Any delay, procrastination or lag in solving these questions, which are vitally important to each miner family, is fraught with what we are seeing today.

Meanwhile, there has been sufficient time to think over and to engage negotiation mechanisms and find compromise solutions that are really feasible under present economic conditions....

However, once the strike began (and even with the fact that some of its slogans have a political nature) I think that we had many choices besides how to support the striking collectives.

On 13 March, we sent a letter to the USSR president, in which we expressed the FNPR opinion on the need to conduct a meeting between representatives of the striking miner collectives and the country's leadership at the highest level.

We also allocated certain resources to support the families of the strikers materially and we arranged for the delivery of food and medicines.

I am convinced that an immediate search for an agreed solution is necessary because the strike's further prolongation will have a pernicious effect on other basic branches and will chop our entire precarious economy off at the root.

[Leonov] What are the next steps for FNPR?

[Klochkov] The main thing now is to implement boldly the action tactics which FNPR has collectively worked out. We are beginning with preparing the 1 May period as the days for the spring arrival of the trade unions. The situation is changing daily. We are adjusting our steps and constantly seeking advice. At the end of March, we will conduct—besides a plenum—the first All-Russian Conference of Primary Trade Union Organization Representatives; there will be more than a thousand participants from the local areas. This council with the people is necessary. Every day is important. You see, we have still not traveled a portion of the path toward renewed trade unions.

CIVIL AVIATION

Flight Safety Program Examined

914H0125A Moscow VOZDUSHNYY TRANSPORT in Russian No 12, Mar 91 pp 8-9

[Interview with First Deputy Minister of Civil Aviation Aleksey Markiyanovich Goryashko by V. Karpiy: "Do We All Want to Fly Safely? A State Program is Needed..."]

[Text] *The ICAO [International Civil Aviation Organization] Handbook for the Avoidance of Aviation Accidents emphasizes that "The successful operation of any form of transport is determined to a considerable extent by the level of convenience, speed, economy and safety of flights."*

The four constituent elements of successful operation... But are they of equal value? The problem of ensuring flight safety, as world experience shows, is attracting more and more steadfast attention both from specialists and from those who make use of the services of civil aviation.

The civil aviation of our country is no exception on this issue. The fact that one of the first sessions of the MGA [Ministry of Civil Aviation] collegiums this year was devoted to the problem of flight safety testifies to its importance. Our correspondent met with the first deputy minister of civil aviation, A. Goryashko, and interviewed him.

[Karpiy] Aleksey Markiyanovich, increased demand for the services of civil aviation is being observed around the world. How about here? And how have the crisis phenomena that have hit the country's economy so sharply affected the operations of this sector?

[Goryashko] Pretty broad questions... But I will try to be concise. Yes, the trend of a sharp increase in the demand for the services of civil aviation has not skirted us either. Here are just two figures—Aeroflot transported 71.4 million passengers in 1970, and 137.4 million last year. Almost double over twenty years... Quantitative growth is also observed in many other indicators of our operations, and these trends, as forecasts show, should be preserved.

But will they be preserved at the same rate in the future as well? Civil aviation is among the few sectors that fulfilled the state order for 1990. And that alone testifies to the fact that the country's aviation workers have stood up under the conditions of the sharply worsened economic situation. They have stood up while manifesting the best qualities of the very profession of aviator—loyalty to duty and the Motherland, a clear understanding of the importance of their work to the people and an excellent knowledge of their business. But the crisis has brushed us with its "wing" as well. And first and foremost on issues of flight safety.

[Karpiy] This topic has until recently been very carefully covered behind the seal of DSP—official use only. It is no accident that much of the data on the operations of air transport around the world have been published with the caveat, "Without the USSR and China." If that trend is preserved, our discussion...

[Goryashko] No, it is not preserved... The new leadership of the ministry adheres to the truth that is true; however bitter or sweet it may be, it should not be concealed. It has always seemed to me a very contrived stipulation that, by publishing the true data on air accidents, we would "scare away" the passenger or customer. The world does not stop flying because all the data on flight safety is published regularly in the leading air powers!

And the fact that we "kept silent" about that data for a long time, in my opinion, did us no service, first and foremost for civil aviation. The appearance of prolonged well-being drove off many of the symptoms of the incipient negative processes to some secret place, where they developed. Today we are reaping fruits that need not have ripened.

[Karpiy] Could you single out the main link in the chain of "ripened" symptoms?

[Goryashko] The scope of application of aircraft and helicopters in our country has grown so fast in recent decades that it gives me the right to say with good reason that the problem of ensuring flight safety has long crossed the bounds of the sector level and long ceased to be a "sore spot" exclusively for civil aviation. It is a social problem of state importance.

Is our public aware of this? No. And that, in my opinion, is one of the most negative results of the many years of "lulling" everyone and everything outside the sector that everything was fine with us.

[Karpiy] Aleksey Markiyanovich, don't you get the feeling that public awareness, due to the shortage of information, has come so much to believe that only occasional unpleasantries occur in the sky, not deserving of attention, that even the heroic efforts of the aviators have practically become a passing matter...

[Goryashko] Would you like me to illustrate this numerically? Certainly... There were 1,576 emergency flight situations last year, including 805 failures of engines, 319 of aircraft systems and assemblies, 387 of landing-gear systems and 65 fires or false actuations of fire signals.

Some 741 aviators in all received state decorations over the last five years for their courage, high professional skill and composure in emergency situations that made it possible to avert the loss of life and aircraft equipment. Another 1,781 received ministry incentives... But if you stopped ten or twenty people on the street, including people flying Aeroflot aircraft, and asked them to name even one of those 741... I am almost certain that not one

of them will utter a single name. And that is vexing and painful, because it testifies to the sharp decline in the prestige of the aviation professions under conditions where, it would seem, that prestige should grow by the day, if not by the hour. The person emerges the victor in encounters with the most complex of equipment, as enormous speeds and with an acute shortage of time, but...

[Karpiy] The more so as they are not always the victor.

[Goryashko] Unfortunately... Some 419 passengers have died in 14 crashes on scheduled flights over the last five years, and 786 passengers and crew members have been lost in all in 109 crashes allowing for losses in other types of operations. Add in material losses of more than 80 million rubles. Those are the statistics.

[Karpiy] But quite recently, working with relative rather than absolute values, this picture was assessed differently?

[Goryashko] It is common around the world to evaluate flight safety in relative terms. The state of flight safety improved over the 1986-89 period according to the relative indicator of the number of crashes per 100,000 hours of flight time, which was 0.03 versus 0.12 in 1986—that is, a drop of three-quarters. The losses per million air passengers transported dropped from 2.4 to 0.03, or by seven-eighths. The indicators achieved in the year before last were the best in the ICAO and among the leading airlines of the world.

But any human life is priceless. Remember: "...if the Wave carries off a shore Cliff, Europe is lessened... the death of each person diminishes me as well, since I am one with all of Mankind..."

Just the wish to preserve all and everything is unfortunately not enough.

[Karpiy] That means you were not able to hold the positions won last year? Was that unexpected for you?

[Goryashko] No, it was not... But that is poor consolation. Analyzing the level of flight safety in 1989 and the model for the prevention of accidents that is just now taking shape under the conditions of the new mechanism of economic operation, issues of financing, the break-up of the sector, the process of emergence of new structures etc. against the background of a sharp aging of the aircraft inventory and growing socio-political tensions, which inevitably leads to a drop in attention to ensuring flight safety, we were forced to acknowledge that the forecast of our science that a number of indicators would worsen was highly valid. It was unfortunately justified. There were 194 air incidents, including 27 crashes, in 1990. Some 196 people perished...

[Karpiy] The causes for all of those disasters were doubtless analyzed...

[Goryashko] Yes, of course. Some 65 percent of them involved the flight crew, six percent the air-traffic control dispatchers, six the aircraft-maintenance service and repair plants and 12, the developers and manufactures of the aircraft equipment.

[Karpiy] Can you compare those data with what happens around the world in that area?

[Goryashko] Eleven percent of aviation accidents around the world occur for technical reasons, while here it is 18. The flight crew is involved in 77 percent of such accidents around the world, and 65 percent here. Even the most superficial analysis shows that the aircraft, helicopters and those who are flying them require comprehensive and steadfast attention from the creators and operators of aircraft equipment.

[Karpiy] But it looks like the figures of 65-80 percent have become virtually magical ones in recent years. The human factor is involved in the lion's share of the disasters that occur with aircraft. You are a pilot, Aleksey Markiyanovich. What is your viewpoint on this problem?

[Goryashko] The best aviation minds are racking their brains to solve it, and, as they say, thanks for the honor.

But if I proceed from my own flight experience, from the experience accumulated in various command positions over 35 years of work in civil aviation, I think that aviation science has finally stumbled onto the main and, as it turns out, the weakest link in the air-transport system. That link is the person.

I could cite dozens of examples that have pushed people who are looking at everything in aviation into corners. Take last year. The crew of a Yak-40 in the Armenian Administration begins to descend without knowing their precise location. The traffic-control service does not react. A collision with a mountaintop at 2,382 meters, and people perish. The commission draws conclusions and determines those to blame. But I am bothered by the question of why so many people, seemingly endowed with the most precise mechanism watching over life—the sense of self-preservation—suddenly and simultaneously reject that mechanism?!

And the catastrophe with the Yak-42 in Koltsovo that was related in VOZDUSHNYY TRANSPORT, with the causes cited and the conclusions of the commission made public. All is clear, it would seem... A whole chain of events, joined together, led to sad results. But why is that chain being assembled for several hours in view of many people, and no one could break a single link? And after all, only one link needed to be broken...

I think that an intensive accumulation of quantitative material is currently underway in the realm of the human factor. And only then can we await a qualitative jump. We need precise recommendations of where, when and how to break that same chain of events that leads to the point of inevitability of an air accident, so as to avert it.

[Karpiy] We have no such recommendations yet...

[Goryashko] Why only us? Here are our data for last year: 28 percent of air accidents with heavy aircraft occurred in taxiing, 8 at takeoff, 16 in flight, 12 in the landing approach and 34 percent at landing... The major airlines, with small deviations, have these same figures. The truth is apparent—the landing is the most dangerous stage in the flight. It would seem that the point of application of effort is well known—and it is being applied: the training process, flight training and the technology of operations are all being improved, but the trends in air accidents are not changing. Especially in landing...

[Karpiy] Similar data presuppose similar ways out of the situation?

[Goryashko] There are no special differences in the directions of study of the human factor "here" and "there." Air-transport processes are identical, and the problems are too. But—and a very large "but"—we are undergoing a break-up of the sector today, and airline companies, concerns and associations are being created. Their conversion to economic accountability brings the commercial aspects of operation to the fore, and relegates the organization of flight operations to the background. New factors that affect flight safety are arising, such as the overloading of aircraft in commercial shipping and violations of the center of gravity. Helicopter pilots are violating safety rules just to suit the customers.

No science will be able to help save lives and equipment if the experience of prior generations of aviators, accumulated and codified in flight laws, the same laws under which the air-traffic controllers and engineering and ground services operate, are deliberately tossed aside in the chase after profits.

Yes, the sector is in a difficult situation that it is not to blame for falling into. Yes, social problems and wage issues have grown sharply worse... But can they be solved at the price of mortal risk?! They have long ago learned around the world that millions are spent, as a rule, in the chase after a kopeck's gain. Why don't we take advantage of the experience of others?

The ICAO Handbook for the Avoidance of Aviation Accidents states it as precisely and clearly as possible: "If, in your opinion, safety costs too much, that means you do not know what an air accident is."

[Karpiy] Aleksey Markiyanovich, we have been lulled for a long time by another conviction, that Aeroflot is the largest company in the world, and that it goes without saying that it is the best. Now we assert with passion the fact that our aircraft and helicopters are unfortunately far from the ideal...

[Goryashko] Last year 48 failures of aviation equipment were the cause of accidents in flight, and eight of those degenerated into catastrophe. Some 1,296 incidents occurred due to design and production flaws (KPN) in the aircraft, and the number of air accidents increased by 30 percent compared to 1989.

Our collectives are very alarmed by the inadequate operational reliability of the power plants and takeoff and landing equipment of Tu-154, Tu-134 and Il-86 aircraft and the Mi-2, Mi-6, Ka-26 and Mi-26 helicopters. The number of air accidents due to KPN increased by one and a half times on those models compared to 1989. We all know that the aircraft fleet has aged, and that new aircraft are arriving in very limited fashion. More than 100 trunk-carrier aircraft are grounded each day due to systematic shortages of engines and spare parts, which cause annual losses of about 60 million rubles due to depreciation deductions alone.

The aging fleet requires an ever greater amount of maintenance to keep it in flying condition. And that means that more and more new problems directly connected with ensuring flight safety are cropping up for the repair plants and aviation engineering services. A considerable portion of them were considered in an interview that Minister of Civil Aviation B.Ye. Panyukov gave in Issue 10 of VT this year, and I think there is no need for me to repeat them. I can only confirm from my viewpoint that the alarm he expressed regarding the state of the aircraft and helicopter fleet is a *cri du coeur* of the flight personnel and ground services.

I would like to return once again to the beginning of the discussion on how much our society is aware that hundreds of thousands of people are affiliated with flights. I am not exaggerating... The ICAO, in that same handbook, gives this definition of the person in aviation: "This concept should include, in the broadest sense, all aspects of the participation of the person in the activity of aviation, and especially in those stages of it as design engineering, production, maintenance, operation and management." The world has long been aware that the safety of their own flights depends on the quality of the work of all the creators of the aircraft. And we had 1,296 design and production flaws in a year! That is too many!

It is getting absurd. There is nothing for the crew to eat before a flight. The main trade administrations and warehouses, despite existing contracts, have begun to demand building materials, motor transport and industrial goods to supply food... But forgive me, a subsistence economy is simply incompatible with aviation. The country fed its pilots in war, in the most severe of conditions... And now? And most surprisingly, that same chief of the warehouse, without batting an eye, gets a ticket for the plane and is ready to fly with a hungry, stressed and tired crew. He sees no causal link between his "no" for food and the fact that that same "no" gives rise to a precondition for a flight accident.

I could put very many people in this class, who make use of civil aviation and at the same time are sawing off the branch on which they sit.

The builders break the deadline for the completion of a new house. A pilot or dispatcher, waiting for a new

apartment in some kennel where he cannot rest in normal fashion, comes to work without being refreshed... There it is. Wait for the disasters.

The political parties or groups, prosecuting their own aims, are threatening the aviators and their families... And then they sit in a plane, right behind that crew that has been derailed from normal life. Isn't that madness, to stress people and then put your own life in their hands?

I won't enumerate further, but as both a pilot and a professional I cannot but emphasize that flight, controller and engineering work on contemporary aircraft equipment requires the manifestation of physical, spiritual and professional qualities from the person that are virtually at the limits of human capabilities. And I feel that crimes are being committed against the aviators, the passengers and themselves by the people who create additional burdens on the crew and on all who are affiliated with the flight.

[Karpiy] Isn't that a little sharp?

[Goryashko] Let us learn to call a spade a spade. Minister of Civil Aviation B.Ye. Panyukov said very accurately, at a session of the collegium, that none of the processes that are underway in the country, in society, in the sector today give anyone—not an aviator, nor those who have no relation to aviation—the right to kill people. Whatever good intentions cause these processes, they should not affect the safety of flights. Safety, after all, is peoples' lives.

[Karpiy] You gave a report at the collegium. It was then discussed. Time has passed, and you have probably now been able to analyze the materials from the collegium and draw preliminary conclusions on what must be done in the near future in order to improve sector operations to increase flight safety. Could you briefly familiarize our readers with these conclusions from the materials of the collegium?

[Goryashko] I would like to emphasize first of all that the collegium session of February 28 was just a link in the chain of measures that we are carrying out in the sector to raise flight safety. The conclusions? Certainly...

One. The dedicated comprehensive programs that are currently in force to increase flight safety have substantial flaws that sharply reduce their effectiveness. The number of them calls attention to itself first and foremost. According to the data of the GosNII GA [State Scientific-Research Institute for Civil Aviation], the five principal programs contain 640 basic measures. The cost of their realization is valued at roughly two billion rubles. They are not linked by a well-defined fixed goal and consist of measures that differ in scope and importance, have no uniform methodology or scientific guidance and, most importantly, have not been given sufficient resources.

It seems essential in this regard to re-organize the council for flight safety, giving it the status of the supreme expert body of MGA and endowing it with rights as part of the body of state management for flight safety, that would affect the quality of the formation of the programs and their financing, and would provide an assessment of the effectiveness of their realization.

Two. Restructuring is proceeding too slowly in the organization and content of flight-instruction work. Flaws in flight training, imperfections in the training programs for flight personnel and violations of stipulated rules for interaction among crews have been the causes of many hundreds of incidents and accidents. It is thus essential to focus attention on the training of flight personnel under the LOFT [line-oriented flight training] and CRM [collision risk model] programs, which are generally recognized by the world aviation community (that work has already started, by the way). A planned and dynamic nature must be imparted to it. Plans exist on this score, and they must be realized under the direct supervision of the chief of the GlavULS [Flight Service Main Administration].

Three. The technology for interaction among crew members in landing approach with the pilot at the controls must be reworked. This work has begun at the Ulyanovsk Flight-Instruction Center, but it is still proceeding very slowly. I wish they were working more energetically there.

Four. The conversion to a contract system for training flight personnel at the Ulyanovsk Center starting in 1991 should improve the quality of training, since the customers will inevitably tighten their requirements toward the training institution for the large amounts of money they are paying for the training. Starting next year we must be concerned with a competitive system of training, so that the customer can have the right to choose a training institution. We are inviting the owners of the flight-instruction centers, academies and institutes to take part in that competition so as to obtain certification and, consequently, the right to retrain in certain types of aircraft.

Five. Far from all the innovations, including those that have demonstrated their viability, are being supported and developed in our collectives. I have in mind first and foremost the fulfillment of instructions on the flights of crews with pilots of differing classifications. There are just 137 such crews operating in transport aviation—who have flown 66,000 hours, by the way, without a single incident or accident—in the year and a half since that instruction came out. That is still too few.

The conclusion of the flight commanders and the crews themselves is, "The correct way to increase safety has been selected." So then why are we not continuing it?

It must be understood that the reliability of a crew is raised based on a decrease in the likelihood of incorrect decision-making, a rise in technological discipline, more complete mutual monitoring and a high level of interchangeability when it is formed from two pilots with the

equivalent training. There is, after all, not enough of all this among crews. We must therefore give them this.

Six. The flight-command personnel of the central apparatus of the ministry and the administrations here are carried away, as before, by auditing, inspection and verification measures whose results are not followed up in flight-instruction and organizational work. Principles of centralization predominate in the leadership. This must be rejected.

The organization of flight operations should be conducted more in the local areas on the basis of documents regulating that work published by the state management body, that is, the MGA, which should work systematically on improving them.

Seven. Personnel. The election period for supervisory personnel has passed. Many able and competent specialists who are continuing to enhance the honored traditions of Aeroflot have been brought into the ranks of the organizers of flight operations. But there are also unfortunately those who are inadvertently inflicting irreparable harm to flight safety by virtue of their incompetence.

The replacement of the flight-command personnel has been more than 60 percent across all categories over the last three years.

A profound analysis of the state of command personnel must be done in each flight detachment, association, administration etc., their training must be organized, they must be prepared for practical issues, each must be evaluated, concrete aims must be posed and their fulfillment must be strictly required. We must be concerned about the personnel, and not only the flight personnel, since we will be unable to handle the assurance of flight safety without the resolution of personnel issues.

Eight. We must move in the future to a contract system for staffing personnel and paying wages in order to increase mutual responsibility, which will doubtless have an effect on the end results.

Nine. Discipline. The number of violations of documents regulating flight operations has increased in 14 territorial structures. Instances of violations of pre-flight rest connected with the use of alcoholic beverages by flight and dispatcher personnel have occurred at nine of them.

What conclusion suggests itself? The system of upbringing of many years has been disrupted. All concerns about discipline today do not lie on thee shoulders of the command and supervisory personnel. And this must be pursued with all responsibility.

Ten. It is essential today, as never before, to organize the efficient operation of the "System of Voluntary Interchanges." We have one here, but it is not in operation. An analysis of its functioning is not being performed, and steps to ensure flight safety allowing for the system of voluntary interchanges are naturally not being devised. The state management body, that is, the MGA, will not be able to operate effectively without feedback.

Eleven. The propagation of flight safety, including through economic indicators of the operation of the state enterprise, is one of the measures in the collective fight for safety. It must be shown using examples of what an air accident can lead to with its material costs.

An accident, or the more so a crash, could be the cause of an enterprise's bankruptcy under today's conditions.

The mechanism for the creation of a centralized Flight Safety Allocation must be developed, and the allocation created on a voluntary basis, to serve as a source for financing all measures of a preventive nature.

Twelve. The acute necessity of maintaining a unified policy of ensuring the flight safety of civil aircraft and strengthening control arises under the conditions of the rapid formation of new structures in civil aviation (airline companies, concerns, associations and small enterprises, among others) that vary both in the composition of the tasks they are resolving and in economic capabilities.

The solution of the problem is seen as follows. First, the institution of a system of certification for aviation specialists, aviation enterprises and airline companies (that is, operators).

Any organization offering its services to the sector of civil aviation should demonstrate convincingly that it will ensure the high-quality technical operation of aircraft and air shipments and conform to established norms, rules and requirements.

A Handbook for Certification Procedures has now been prepared. It needs to be approved so as to begin the certifications as soon as this year.

Second, the resolution of this task—the later improvement of the system of inspection bodies in civil aviation. It is considered expedient to create regional inspectorates subordinate to the Chief Flight Safety Inspectorate. This is associated with the fact that the amount of work in certification and the institution of state registers of aircraft, airfields and operators is increasing considerably.

The necessity has also arisen of monitoring the technical state of aircraft before the issue of certifications of their suitability and before their registration with the State Registry. The functions of the regional inspectorates must be expanded, since aviation enterprises are arising on their territories that are not part of the MGA system, and they must be occupied with this. Adjustments in the numerical composition depending on the dimensions and structure of the region, the nature of the tasks being resolved and the number of aviation enterprises will be required under these conditions.

Thirteen. Requirements for going around and repeat approaches—if an aircraft is not balanced in course,

glide path and approach velocity upon attaining an altitude of 150 meters—must be developed and included in the documents for flight operations of aircraft. This will rule out rough landings and landings outside the touchdown zone. The world aviation community is now working on this, and we must join in quickly with this process.

Fourteen. About 200 principal airfields provide for 80 percent of aircraft takeoffs. There are more than 90,000 flights annually in the country's airspace, including 500 by the aircraft of 500 foreign airlines. There are about 6,000 aircraft in the sky at the same time during peak hours, and that is 90,000-100,000 passengers.

The traffic service has only two regional automated systems and nine air centers to control this stream of aircraft. We have just 16 integrated secondary-radar systems in all. The rest are obsolete equipment. The level of flight safety in air-traffic control in the USSR is thus currently lower than the average level for the ICAO.

[Karpiy] What is the way out of this situation?

[Goryashko] Taking the size of the country's territory and the flight conditions into account, the sole economically justified means of realizing a long-term system for organizing air traffic is the utilization of a satellite navigation, observation and communications system, as well as the automation of air-traffic control processes based on the utilization of traditional technology. Some 9.4 billion rubles will be required for this, which should be invested in the system before the year 2000 so as to achieve the full automation of air-traffic control processes across the whole country. Where can we get them? Funds obtained from the air navigation charges, including hard currency, that are charged to foreign airlines must be used for a direct purpose, *i.e.*, for the development of the system. A combination of funds of MGA and the Ministry of Defense is essential. We must also be concerned with equipping the airfields with contemporary landing systems that provide the crews with information on the position of the aircraft relative to course and glide path, as well as equipping them with inclinometers and range finders, which will make it possible to raise the rates for the air navigation charges collected from foreign airlines.

I would be glad to continue this discussion, but let us stop. I think that even this far-from-complete listing of the tasks that must be resolved in the near future gives us a clear picture of the fact that flight safety is a most important task requiring enormous effort and just as much funding. Our society will understand this and will be able to create a State System for Aviation Safety and fulfill it in clear-cut fashion, as is being done in the other air powers—we will fly safely. But much has not been done... The initiative in this should be ours.

[Karpiy] Thank you for the interview, Aleksey Markiyanovich. Although I still have a number of questions in my notebook.

[Goryashko] I'll be ready to answer them...

MOTOR VEHICLES, HIGHWAYS

Road Construction Program Problems Highlighted

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[Interview with G. Dontsov, president of the Rosavtodor [Russian Motor Roads] State Concern, by I. Nikolaichuk: "Roads Where There Are No Roads"]

[Text] *SOVETSKAYA ROSSIYA has more than once addressed a topic troubling all Russians now: When will we finally be rid of our perpetual lack of roads? The situation, however, is not improving. Hopes are not on the rise, either: the road builders of Russia have been allocated about six billion rubles for this year, just as much as before. According to the most modest calculations, the republic requires one and a half to two times more just for general-purpose roads. Our correspondent's discussion with G. Dontsov, president of the Rosavtodor [Russian Motor Roads] State Concern, started there.*

[Nikolaichuk] You can't, of course, build roads without money. But everybody needs funds today. Can the budget of Russia hold up? Today, it seems, it cannot satisfy even the most urgent requirements of, say, medicine or agriculture...

[Dontsov] But you couldn't even get an armored car full of hard currency to these same doctors, farmers or construction workers due to the lack of roads. It is difficult even to talk about the efficient utilization of capital investments in other sectors of the national economy without a developed road network. We all remember, for example, the fate of the last rich harvest. A significant portion of it did not reach the tables and shelves this time due to bad roads. Investments in the construction of auto roads in the United States are regarded first and foremost as capital investments in agriculture. And that country does not have wonderful roads because it is rich. America is rich because there are good roads there.

The rate of traffic on the roads of the European part of Russia is five or six times more than normal today. The durability of the road surfaces is poor; after all, a quarter of a century ago they were planned for vehicle axle loads of six to eight tons. Trucks with axle loads of 15 or more tons are running on them today.

The losses that lend themselves to accounting alone due to the lack of roads, transport losses and motor-transport accidents are reaching more than 10 billion rubles a year for Russia alone. And what about the grief?! About 30,000 people were killed last year on the roads of the republic—double that of the entire war in Afghanistan. Many tragedies moreover occurred due to the unsatisfactory state of the roads. It is thus clear that the amount

of construction and modernization of the main highways must be at least tripled in the coming decade in order to relieve the critical mass.

[Nikolaichuk] Capital investment must be tripled at a minimum as well. But where will the government of Russia get so many billions for you?

[Dontsov] First of all, they are in no way for us. The roads join the infrastructure of all the economic sectors and all social programs. And, second, the road builders are not hangers-on.

Investment in road construction is highly efficient. Spending on the construction of auto roads is recouped in just three or four years. It should be noted that capital investments are considered to be efficient even with a payback period of eight years.

Now, where to get the money? It should be earned by the concern based on principles of cost recovery. The sources are its property, as delegated by the government to the concern, in the form of motor roads and assets. A road, after all, operates year round, wears out and brings profits to its "consumers." But none of that is left for itself. Judge for yourself. A truck carries a ton of freight on a dirt road, expending 25 kopecks per kilometer. The expenses drop sharply, to two kopecks per kilometer, as soon as it is "embraced" by a road with an asphalt surface. Where did that saving of 23 kopecks—that is, the funds earned by the road—go? It is a paradox, but it went to the owner of the vehicle inflicting the wear on the road.

A draft law called "Sources for the Formation of Road Allocations in the RSFSR" is now being considered by the RSFSR Council of Ministers, and the distortions should be eliminated by its adoption. The new law envisages the formation of dedicated extra-budgetary road allocations at the state and regional levels.

[Nikolaichuk] What is the essence of the proposed system?

[Dontsov] The roads pay for themselves quickly and, consequently, bring in quite respectable profits quickly as well. But as I was already saying, all of these profits go first and foremost to the owners of the motor transport—from the large state combine to the private owner. Various forms of taxation of those profits are also inherent in the formation of the road allocations.

The draft law cited did not arise suddenly. Our specialists have analyzed in detail the system for accumulating road allocations formed out of the profits from the operation of transport equipment in almost thirty countries around the world.

The proposed method is seen as the most optimal one. It is the one that can neutralize the paradox that has arisen here, wherein an increase in the country's vehicle fleet has first and foremost a ruinous effect on the state of the road system.

[Nikolaichuk] What are the principal forms of taxation that will make it possible to form the road allocation?

[Dontsov] One of the principal forms in America, for example, is a tax on the sale of fuels and lubricants. Say a driver pumps fuel at a gas pump; the computer has already distributed the whole tax to its places—so much for the local budget, so much for the owner of the roads...

It is still difficult for us, of course, to speak of such an accounting. But it is well known that a sales tax on fuels and lubricants in Russia would reach almost nine billion rubles a year. And more than eight billion of that, according to the average statistical data for the majority of the Western countries, should go to the formation of road allocations.

A tax on the owners of transport equipment—based on its capacity in horsepower—and a tax on the acquisition of motor transport will occupy a significant share of the road allocations. Receipts from them for the road allocations will surpass four billion rubles in Russia.

It must be understood that if we are unable to invest the minimally necessary funds in the development of roads in the near future, twice as much—more than 30 billion rubles—will be required for the resolution of these same tasks in a year or two. It is thus essential, in the interests of all of Russia, to obtain a law on sources for the formation of road allocations and to subordinate the fate of the roads to economic logic, instead of a subjective approach.

[Nikolaichuk] Say a concern receives the financial funding due to it. Won't the scarcity of material and technical resources hinder what is planned?

[Dontsov] I have not yet touched at all on the problem of resources, for the simple reason that it is difficult to talk of the purchase of metals, cement and bitumen without financial support. But if we believe in principle in the fastest possible adoption of a law on the sources for the formation of the road allocations and, consequently, hope for support at an entirely acceptable level of financing for our growing tasks, we unfortunately cannot harbor any illusions regarding the normal provision of the necessary material and technical resources for the road builders.

The situation could be further aggravated with the transition to market relations. As we understand it, there will be no market as such where you go and buy everything you need. The more so any market in acutely scarce building materials. Most of them will still be distributed under state order. There are, of course, more than enough who want them. But I would be so bold as to note once again the importance of roads and the necessity of providing our state concern with basic materials under state order. The more so as not all that much is really needed. Our need for metals and cement, for example, is within the range of one to two percent of their production.

I am not speaking of the need for reliable material and technical supply just for effect. About ten different governmental programs for the construction of roads in the most varied regions of the country, after all, have passed to the "portfolio" of the concern by inheritance from RSFSR Minavtodor [Ministry of Roads]. They include, for example, main highways in the Far East economic regions and the Chernobyl zone, the West Siberian oil complex and the BAM. But these programs, not backed up by the essential resources, remain in the realm of good intentions. I would like to believe that the fate of the roads in the resurgent Russian towns and villages will prove to be a happier one.

[Nikolaichuk] You have mentioned the possibility of the quite broad involvement of foreign firms in road construction. Where will you get the hard currency?

[Dontsov] We understand, of course, the difficulties of Russia and are striving to get by on an optimal minimum. The concern, for example, has appealed to the government of the republic to allocate 20 million hard-currency rubles for the acquisition of modern road machinery and machining equipment in 1991-93.

Variations are possible in transactions with foreign firms for the repair and construction of roads. We will try to pay in Soviet rubles for some operations, for others we intend to get credits, and for still others we will try to earn them ourselves.

Great hopes are placed on toll roads. We do not have such roads yet. But it seems that it will be difficult to get by without them in the future. We consider their construction to be a way of reaching a new technical level for our roads.

The specialists of the concern, for example, have completed the first stage in a preliminary study of questions of creating the first toll road in the USSR from Moscow to Leningrad and on to the state border. It should run parallel to the existing right-of-way and will be able to provide for the highest traffic safety and the highest speeds at the highest level of comfort and service. The proposed cost of construction of this route, 850 kilometers long, is about three billion rubles.

We would be able to build such a highway over eight to ten years under the most favorable of circumstances. But turning its construction into a "project of the century" would be like burying money in the ground. The road should make money. And it must thus be built in two or three years, so as to start receiving profits in five or six years. But we do not have either the highly productive equipment or sufficient experience at our disposal for such a pace. We have thus decided to resort to the aid of ITALSTAT, one of the leading concerns in the world for road construction.

A protocol of intent was signed with this concern last year that envisages the development of a major program of long-term collaboration. The practical terms for the creation of a joint venture are being determined. The technical and economic substantiation for the building of the highway is being developed. The joint venture, as it is being proposed, will both build the road and operate it.

The shortage of good materials is the most troubling thing. We needed four million tons of bitumen in 1990, but USSR Gosplan [State Planning Committee] allocated us just 295,000 tons... How can we get off the ground in such a case? We are also manufacturing, aside from bitumen, the so-called binding materials using our own resources. But a roadbed made of this substitute serves only one fourth as long. We will barely get the surface laid down and it will already be broken up.

[Nikolaichuk] One listens to you and marvels at how, in just one sector, you will be able to focus a whole kaleidoscope of the most varied of paradoxes.

[Dontsov] Our chief misfortune is that we have no rights. Our mutual relations with various enterprises and agencies are regulated by all sorts of standard documents that do not have the necessary legal force.

Take the basic requirements for the safety of motor traffic. Too much is defined by rules rather than laws. The Traffic Rules, the Road Use Rules, the Road Protection Rules... All are departmental documents. We need legislative documents.

For this reason the road workers of Russia, along with interested organizations, have prepared the draft law "Auto Roads of the RSFSR." We are hoping for its rapid adoption. This legal document, along with the law on the sources for financing for the road allocations, should become the legislative beachhead for a mass offensive on the legendary roadlessness of Russia.

Plastic Component Shortage Holds Up New Car Production

PM0204125591 Moscow Central Television First Program Network in Russian 1800 GMT 24 Mar 91

[From the "Vremya" newscast: Report by F. Simakov and O. Chirkov, identified by caption]

[Text] Look and remember! This is the Izh-2126. An economy car, created by the Izhevsk plant's designers, which has passed the state roadworthiness test and was given the manufacturing go-ahead as long as six years ago. The car, as you notice immediately, has a smoother design, an aerodynamic shape, a comfortable passenger compartment equal to the Volga in its dimensions, original lighting equipment, a modified and economic engine, and a five-speed gearbox. Its passage through the pre-production stage proved difficult, to put it mildly. But, for heaven's sake, do not think that manufacture is proceeding any old how. No, they are proud of their products here. Not everything, of course, can be manufactured nowadays using the old and utterly dilapidated equipment. Part of it has already been replaced, and here we see the debugging of a brand-new complex bought

from the well-known German firm (Krupp). Now let us look at a domestically produced complex adapted to weld the car body. As you can see, at the moment it has no work to do, indeed none is needed. However, there is no time to lose. After all, the Izhevsk plant workers were planning to assemble 10,000 of the new cars this year. Press operators and welders are ready to reach that target, but from then on it all hinges on the main production line, which currently produces—don't laugh—two and sometimes even three new Izh cars every 24 hours. That is just about enough not to forget how to make them. It appears that this eye-catching new car needs these types of plastic components: fenders, seats, dashboards, and so on and so forth. The components being demonstrated here by the engineers, enough for about 200 cars, were provided, against payment of course, by foreign firms with which the car plant concluded a contract for the delivery of specialized equipment needed by Izhevsk chemical industry workers. The shipments were expected and could have arrived back in October last year but, because the firms did not receive the hard currency payments, they are naturally holding on to the equipment which is ready for shipment. The thread by which the meager output of the new Izh cars hangs—plastic components sufficient for 200 cars—is about to snap any day now. Even though guarantees that this would not happen were originally given to the Izhevsk plant at government level. The only guarantee that the car workers, finding themselves in this totally unpredictable situation, can give their customers, it seems, is that the latter will have to make do with their old Moskviches for the time being.

RAIL SYSTEMS

February Rail Performance Reported

914H0128A Moscow GUDOK in Russian 12 Mar 91 p 1

[Article from materials of the Statistics Administration of the Ministry of Railways: "The Profit Has Been Cut in Half"]

[Text] **In February the railroad workers shipped 277.3 million tons of freight—two million more than the plan. This made it possible to make up for the lagging behind in January, and according to the results of the two months, the assignment was overfulfilled by 0.7 million tons. It is characteristic that with the considerable increase in freight transport in local planning, its transport for the State was almost completely ensured.**

As a whole for the two months, 581 million tons of various freight were shipped to industry, construction projects, agriculture and the population of the country, and almost 60 percent of it was for the State. Out of the 10 descriptions of the product list, the plan was fulfilled for coke, ferrous metals, grain and scrap products. There was a considerable lagging behind in petroleum and petroleum products, hard coal, chemical and mineral fertilizers and timber.

The February plan for total freight shipping was fulfilled by 22 roads (in January—18). The railroad workers of the Central Asian, Sverdlovsk and Far Eastern roads made up for the January lagging behind and ensured above-plan transport according to the results of the two months.

The goal for the two months was fulfilled by 20 roads, which transported 6.7 million tons of freight above the plan. The greatest contribution was made by the Belorussian Road—almost a million tons—the Donetsk and the Southeastern—800,000 tons apiece, and the Moscow and Southwestern—500,000 tons apiece.

The collectives of the Alma-Ata, West Kazakhstan, North Caucasus and Transcaucasus roads did not fulfill the plan for the two months, but still achieved a certain reduction in the January debt. At the same, it was increased on the South Urals, Northern, East Siberian, Kemerovo, Azerbaijan, Kuybyshev and Tselina roads.

About 179,000 railcars a day have been unloaded on the network since the beginning of the year. Only 11 roads have coped with the plan set for unloading, although on some of them there was a considerable excess of local freight. One of the main reasons for the drop in the unloading level is the delay in transport of local freight.

The two-month plan for passenger turnover was fulfilled. Some 580 million passengers used passenger transport services—17 million less than in the same period last year. On the threshold of mass summer transport, serious attention must be paid to the technical state of the fleet of passenger cars, in which the number of faulty ones daily exceeds 4,000.

On the whole for the schedule, 93.6 percent of the passenger trains traveled with a reduction in delays. Some 86.4 percent arrived at the final destinations on schedule, which is somewhat better than in the same period last year.

No substantial improvement in the use of rolling stock has been achieved so far this year. Car turn-around, on the whole for the network, has been delayed by 2.1 hours. Only nine roads have accelerated it, including the West Siberian, West Kazakhstan, Southeastern and Baltic.

Because of the reduction in ton-kilometer work (by nine percent in the two months), the number of locomotives in the operative fleet was reduced by seven percent, and they were left as a reserve. Despite this, locomotive productivity was fulfilled at a level of 1,076,000 ton-km gross, which is 23,000 lower than the analogous period last year. On the whole for the network, the average daily locomotive run was 417.6 kilometers, which is 1.1 kilometers less than in January-February of last year.

The average train weight is 20 tons lower than last year, and 105 tons lower than the goal set. The average section speed for freight trains increased on 24 roads.

The reduction in the transport volumes had an adverse effect on the sector's economic situation: the labor

productivity of workers employed in transport dropped by 9.6 percent as against last year, and transport costs rose by four percent. On the whole for the sector, it is expected that 585 million rubles profit will be obtained, which is almost half that of last year.

Market Economy, Republic Sovereignty Impact on Rail Operations Viewed

914H0128B Moscow GUDOK in Russian 12 Mar 91 p 2

[Article by N. Isingarin, chief of the Alma-Ata Railroad, candidate in Economic Sciences, people's deputy of the Kazakh SSR: "The Road and the Republic"]

[Text] **"Is Extraterritoriality a Thing of the Past?" That was the title of the article by N. Isingarin, chief of the Alma-Ata Railroad, which was published in GUDOK on 16 September, 1990. The new material put forth by the author is a continuation of the same subject: how the railroads should operate under the conditions of a market economy and the sovereignty of the republic.**

The railroad network of Kazakhstan consists of three roads (not counting the Petropavlovsk Division of the South Urals Road), extending 14,000 kilometers. The fixed capital is 8.5 billion rubles. Transport revenues (at 1990 prices) were almost 1.7 billion rubles, which was achieved by the labor of 240,000 persons, 140,000 of whom were engaged directly in transport activity.

The figures given attest to the fact that the railroads of Kazakhstan are a very powerful component of the republic's national economy, with the normal functioning of its economy depending on the accuracy of their work. In turn, the present and future of the railroad workers and their family members and the well-being of the work collectives increasingly depend on the republic's socio-economic development.

Extraterritorial railroads and railroad workers are considered incongruous on the economic and even on the political plane, with respect to the land where they live and work, to the thousands of sovkhozes and enterprises which they serve and indeed, even to the people that they transport.

All right, the railroads are a component of the national economic complexes of the republics, but this does not mean that the country's unified transport system should be given up and that the roads should be broken up into republic lumps. The Ministry of Railways should be retained and function as a unified union organ of centralized management of railroad transport, and above all, of the transport process, on the basis of combining economic and operations-dispatch methods.

The ministry, in my opinion, should draw up normative documents establishing the conditions for delivering freight and passengers, making use of the means of railroad transport and traffic safety, should introduce efficient systems of car flow and a plan for making up trains, plan the quantitative and qualitative indicators, monthly or quarterly, of the use of rolling stock and establish regulated assignments to provide the roads with loading resources. The government, on the basis of the demand of the republic's economy, could determine, in conjunction with the roads, the quarterly plans for transport; work out proposals for improving freight transport and efficient use of rolling stock on access tracks; coordinate the activity of the roads, motor vehicle, river, air and other types of transport, and also the transport of export and import freight across the railroad run from Druzhba to Alashankou (KNR) on the basis of foreign economic agreements concluded by the republic.

The Ministry of Railways should retain long-term forecasting and the development of a master plan and policy for development of railroad transport in the country, including Kazakhstan; work out and carry out comprehensive plans for the development of main railroad lines and junctions.

The republic organs of administration could predict with great accuracy the demand and volume of freight and passenger transport within the limits of Kazakhstan. In addition, it is in the republic precisely that the plans and programs of development could be successfully intercoordinated, for the three railroads and for all other types of transport.

Our sector, as we know, requires considerable capital investments. At all times and in all countries, the State has made a contribution to railroad construction. The Union government, through the Ministry of Railways, could finance the planning and construction of the principal transport mainlines of the country, including those lying across Kazakhstan. In turn, the republic could take part in the construction of local lines, viaducts, terminals and passenger platforms, drawing in for this purpose the resources of interested enterprises and organizations.

I think that developing and introducing the newest achievements of science and technology, efficient control systems using electronic computer equipment, and technical and technological requirements and norms for rolling stock should be the prerogative of the Ministry of Railways. There is no reason for each republic to deal with this.

Now, concerning centralized supply: it has been retained for a very limited products list. The Ministry of Railways will probably take on this work and further provide for the roads. For the time being, no free market of material resources will be created, and a great deal will still depend on the republic organs of supply and on direct contacts.

The main problems for the roads today, just as for the enterprises of other sectors of the national economy, are economics and finances, taxation and interrelations with the Union and republic budgets. For the railroads of Kazakhstan, the main source of revenue remains freight

transport. Since a unified market area and a unified price policy will be formed in the Union, then in my opinion, there must also be a unified tariff policy on the part of the Ministry of Railways.

There is another important circumstance, however. Beginning this year, the tariff rates for freight transport are established with a two-way nature; within the limits of two and several roads, that is, of through service, and within the limits of one road—local service. This means that the revenues obtained from transport in local service depend on the road itself, and they are not difficult to determine. For the railroads of Kazakhstan, their share will be 20-30 percent of the total revenues for freight transport.

The revenues from transport in through service, however, are concentrated in the Ministry of Railways and are returned to the roads converted according to so-called accounting prices, which the ministry establishes by the leveling method. The system of accounting prices is, graphically speaking, a black box, which is closed to the roads. To this day they do not know how much they are actually earning.

This situation must be changed. The roads within the republic transport 70 percent of the freight. The concept of a local rate for the freight tariff should be extended to all the intra-republic roads within the limits of the three transport roads, and the concept of accounting prices should be retained only for transit transport beyond the limits of the republic or brought in from other regions. During 1991 there must be preparation for, and beginning in 1992 a transition to the formation of revenues according to the actual results of transport.

Now—taxes. The Ministry of Railways proposes that it begin to collect from the roads part of the taxes for the Union budget and transfer them, in centralized fashion, to the Ministry of Finance. There is another point of view, though: the republic's Ministry of Finance will settle with the Union budget for all the enterprises located on its territory, including the roads.

In addition, the railroads deduct part of the profit for the republic budget. There are two points here. In the first place, the republic government must decide: who will deduct these funds for whom. Our opinion is that the divisions should deduct for the budget of the oblasts, and the rest—the road administration for the republic budget. In the second place, the road has a tremendous social sphere—kindergartens and schools, polyclinics and hospitals, trade, the housing fund and many other things. If they do not have tax benefits, everything will collapse.

The famous concept, "a state within a State" in the provinces turns into a refusal to solve the social problems of the railroad workers on an equal footing with the rest of the population. The time has probably come to carry out a policy of social protection, at all levels of management and authority, for the workers of our sectors, members of their families, veterans and pensioners of railroad transport, and students at railroad educational institutions.

Specialists Review High-Speed Rail Line Project

914H0129A Moscow GUDOK in Russian 21 Mar 91 p 2

[Article by N. Davydov: "United By Optimism... Ministry of Railways Collegium Notes on High-Speed Travel"]

[Text] We have still not come to a market economy but we have already heard a lot about its cruel pressure. Economic ties have been disrupted in many branches but some people are continuing to hope for an opportunity to accelerate the transition to a market economy. Such foolishness—colored by a pseudo-market euphoria—is observed at each step. In particular, it is sufficient to compare some statements from the presentations of participants in a recent collegium on high-speed travel and the almost opposite sense that rang out a year ago when this same question was examined.

Last year's report justified the need to construct a high-speed mainline on the Leningrad-Moscow section as follows: "... since passenger turnover on all types of transport doubled during the last two decades and it is expected that it will increase at a minimum by 30 percent on long-distance routes by the year 2005, it is now necessary to adopt extreme measures."

Here is what V. Tsyganov, deputy chairman of the USSR Supreme Soviet Transportation, Communication and Information Technology Commission, who now participated in the work of the Collegium, said:

"One must have an accurate picture of where the state finds itself today in a financial respect and not forget that the position of the man in the street still does not favor this project...."

A thought unwittingly crept in: How realistic are the High-Speed and Ecologically Clean Transport State Scientific Technical Program, which the USSR Council of Ministers approved two years ago, and the high-speed mainline scientific design, which was carried out in accordance with that program? The entire discussion was painfully remote from the actual situation in the branch—yes, and in the state.

Nevertheless, optimism predominated. Even in spite of the fact that there was no clarity regarding the most important question—the financing of the research and development work. The 40 million rubles, which the RSFSR Council of Ministers allocated this year for building high-speed equipment models and designing the Leningrad-Moscow line, are extremely little even to realize the primary tasks. You see, building a high-speed mainline requires the solving of a number of large technical problems. The insufficient financing and the difficulties in attracting development engineers are

restraining research and the building of a construction base and new production capacities for tomorrow's super-express trains.

In the opinion of the ministry's leaders, it is necessary to raise the financing question more persistently before the USSR Cabinet of Ministers and convince it by concrete examples. In particular, the national economy annually lost about 12.5 billion rubles during the 12th Five Year Plan due to the fact that the demand for transport was not satisfied. During this same period, more than three billion rubles a year were spent on maintaining track facilities—at a time when 2.5-3 billion rubles were required to build a high-speed mainline on the Leningrad-Moscow section.

It is quite clear that one cannot begin energetic actions in any task without sufficient assets. However, it is also senseless to sit with arms folded waiting for government decisions. Not only Ministry of Railways and transport science representatives but also the majority of their comrades-in-arms from those ministries and departments, which are participating in this project's realization, talked about this at the collegium.

Judging from the presentations of A. Zaytsev, October Railroad chief; L. Danilchik, Lengiprotrans director; and Yu. Yarov, Leningrad Oblast Council chairman, especially favorable conditions are taking shape for beginning the construction of the high-speed mainline in the region adjacent to Leningrad. Not only the Leningrad Soviet and Leningrad Oblast Soviet but also the Novgorod and Tver soviets of people's deputies support the plan to build this line. A preliminary agreement with a number of large Leningrad associations and enterprises concerning their participation in building the required technical equipment for the high-speed mainline exists. The directors of the Cherepovetskiy Metallurgical Combine have promised to supply metal to the local railroad workers for the construction project.

A. Zaytsev stated: "With such support from the authorities and cooperation from industry, we are in a position to solve many problems—if not all. The soil has been prepared in Leningrad for the beginning of the work...."

Just as a year ago, A. Gurtovoy, scientific director of the Experimental Design Bureau imeni Yakovlev, and V. Nalivayko, USSR deputy minister of heavy machine building, were clear allies. They introduced extremely concrete proposals. The presentation of the former basically concerned the construction of passenger cars and the aerodynamic qualities of a locomotive and an entire consist; I think that it is necessary to dwell in more detail on the latter's presentation.

Any large matter must always have competent support—even if only because it is impossible to contradict the grave-diggers of the new without it. As a rule, there are enough grave diggers. In this case, the situation itself in the country does not contribute to a broad consolidation of public opinion in favor of this project. That is why the position of one of the directors of the country's machine building complex is especially important.

V. Nalivayko began his presentation emotionally: "Even underdeveloped countries do not permit themselves to treat transport development programs in a devil-may-care manner. We still do not have a clear government position on the construction of the high-speed mainline and that is why the Ministry of Railways has been forced to go in circles with its hat outstretched and collect 'five-kopeck coins.' I have no doubt that this program should be a national one. At the same time, the market is pushing for the establishment of a joint-stock company which should involve both the Germans and the French who have rich experience in building high-speed mainlines. Concerning the designing of a consist's undercarriage, it is necessary to purchase a license from the French and acquire nothing more...."

In general, this position was greeted with approval. Concerning the license for the undercarriage, however, opinions were divided. Some talked about saving time; others—about the fact that this would require many more assets and the state is very short of them now without this. Therefore, it is evidently not out of place to listen to the opinion of A. Lisitsyn, the director of the leading transport scientific research institute (VNIIZhT) [All-Union Railroad Transport Scientific Research Institute]:

"I do not think that the only way out is to direct our attention toward foreign experience. Our scientists and designers are completely capable of developing rolling stock, power supply systems and track designs. Incidentally, the French practically copied the traction engines for their high-speed locomotives from us... The power pick-off system, which we use, is in no way inferior to the world level. If we are lagging behind in anything, it is in matters pertaining to automation and safety."

Probably those speakers, who placed great hopes on conversion, were correct. One can only build a powerful creative potential by involving defense complex enterprises in the work on a broad basis.

I am deliberately not dwelling on what has already been done: this was not the main subject of the discussion. Everyone perfectly understood that, despite the widespread moral support of the soviets, the State Committee for Science and Technology and a number of ministries and departments, a specially financed program for building the high-speed mainline approved by the union government is needed in order to intensify the scientific and technical work. However, the Ministry of Railways still does not have even the results of the commission of experts regarding the scientific design. The state commission of experts recommended that the feasibility study of the mainline be fully completed and that the designing of a testing and experimental 150-kilometer section from Leningrad to Novgorod be begun.

The design authors have also received a preliminary conclusion from French experts. In particular, it points

out that the region, which has been selected for the high-speed mainline's construction, can be regarded as completely acceptable for the formation of a transport services market, that is, the operation of high-speed express trains will provide a commercial benefit.

The German specialists, who signed a letter of intent with us after last year's conference in Leningrad on high-speed travel and who also studied the prospects for building a high-speed mainline, also evidently arrived at a similar conclusion. In their estimation, German firms could assume approximately 10 percent of the estimated construction costs.

In summing up the discussion that had been held, G. Fadeyev, first deputy minister, called the project presented a project of the 21st century. Thanks to its realization hopes will appear for a breakthrough to new technical and technological frontiers. The fact that we do not have our own high-speed passenger locomotive (they have been purchased in Czechoslovakia) and compartment railcars (the GDR supplied them), Bulgaria supplied portable radio sets and storage batteries are basically foreign ones results from the cooperation that was advanced for many years with the former socialist countries. Only the proposed priority program will be able to create our own technical base and deliver us from bondage over time. To do this, it is time to move from discussions to concrete deeds; otherwise, the chance to overtake the Western locomotive will be lost and we will lag hopelessly behind in the development of railroad mainlines.

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