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# **Soviet Union**

***Economic Affairs***

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# Soviet Union Economic Affairs

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### **Economist Discusses Pseudo-Marketization**

924A0366A Moscow DELOVOY MIR in Russian  
10 Dec 91 p 2

[Article by Irina Shubkina, doctor of Economic Sciences:  
"The Pseudo-Market and State Entrepreneurship"]

[Text] **The efficiency of entrepreneurship based on private property obviously needs no special clarification as a general principle. The efficiency of entrepreneurship based on State property is by no means so obvious.**

**Each of these two principles engenders such a well-developed mechanism of enterprise functioning that the experience of some can in no way be adequately used by others unless a change takes place in the principle itself.**

**Moreover, it is a question of the former countries of "true socialism", particularly of our country, and the actual change in principles cannot be made overnight. Therefore, for example, Article 9 "Agreement on Economic Cooperation", is bewildering, in that "private property, free enterprise and competition form the basis of a rise in the economy" (DM, 25 October 1991). Neither the first, nor the second nor the third can be created in these periods on a scale adequate to serve as a "basis for an upsurge in the economy". Here are the notes of an economist-scholar on this subject.**

#### **The Names Are New, but the Essence....**

We are doomed to live in a different "dimension" for an entire historic period, namely with the supremacy of State property, with all its absurdities in production and the consumer sector. It can be a question only, in the first place, of gradual (decades are needed!) denationalization and, in the second place, of the fact that this process (and not just a one-time act) is controlled, and directed not only toward privatization, but also toward alleviating, to a certain extent even by centralized funds, the basic defects in State ownership. For the time being, all forces are directed toward the former. Leasing and joint-stockholding firms, private entrepreneurship, unrestricted (so far "contractual") prices, commercial banks, commodity exchanges, profit as a stimulus to labor activity, even competitions and decisive censure of almost any form of monopoly, are being created. The experience of countries with a normal market economy indicates that this is precisely the path to an efficient economy. Our own experience for the time being, however, not only fails to confirm this, but attests to something different, namely—movement toward a breakdown.

One of the reasons, of course, is apparent: very little experience. There is no stock of extremely necessary civil and economic laws, banking activity as a form of entrepreneurship is in embryo, the tax system is imperfect,

and there is not even a hint of a securities exchange, but there is barter, there is unprofessional auditor activity, etc., etc.

Another reason for lack of success is clearly showing now. It is not the weakness and paucity of the market mechanisms, but their pseudo-market nature. "Concerns", "associations" and other names, borrowed from the market economy arsenal, have quite a different meaning in our country, and to put it bluntly, the same as before: from an expenditure economy. This, as before, consists of a state monopolistic bureaucratic structure. State banks do not give loans, they finance (there is no scheduled time period, repayment period, no real paying off of loans); efficiency is measured by the bulk of investments and not by their return or profit; the speculative (through reselling at a higher price), and not the productive element predominates at the very sources of profit.

Too much of what is done under the catchword, market, simply cannot be "market", for a market cannot be created in any way other than on the basis of private property. We are trying to do this, however, on the basis of state property, we have virtually no other "wealth".

#### **Scheduled Privatization**

Scheduled officials, enjoying the right of managing state property, invest funds in joint ventures, but have the profit at their disposal as private owners, and moreover, not so much for production as for personal use. In addition to the fact that this is simply amoral, the profit in this situation is not converted into capital invested in production (in the best case—into the broker's sphere). In other words, the movement toward this kind of "market" does not increase the mass of commodities and services. This phenomenon has already been given the name "scheduled privatization" in our country.

Pseudo-market relations are also being introduced by the process of joint-stockholding in state enterprises, when the shares are distributed to the circle of their own collectives. Those holding the shares—the workers of the enterprise—will be interested in a rise in wages through dividends today, and not in using them as accumulations invested in the development of the enterprise. The only person who may be interested in the latter is an outside shareholder, and one who cannot convert today's profits into wages, having voted for this at meetings of their own collectives.

There is another phenomenon which must not be passed over—it is drawn from our recent past, like the tail of a comet: manipulation of state bureaucracy through enterprise profit. This phenomenon was studied in the book by Ya. Kornai and A. Matich, "Byurokraticheskoye pereraspredeleniye pribyli predpriyatiy" [Bureaucratic Redistribution of Enterprise Profit] (it was prepared for publication at the "Progress" Publishing House). The authors discuss the results of the economic reform at the enterprises of the Hungarian state sector. Without disregarding the macroeconomic conditions under which the

enterprise was forced to operate (inflation, taxes, price-formation principles established from above, budget deficit, etc.), they show clearly the way in which ultimately, at the microlevel, at the enterprises, the presence or absence of genuine conversions in the economy as a whole will have an effect. They come to a conclusion that is at first glance paradoxical, but is actually totally logical: the principle of material interest in profit, proclaimed as the basis for economic reform, simply cannot be fulfilled. Neither a rise in the incomes of members of the collective (both rank-and-file and directors) due to production, nor the activity of the capital investments (growth of investments over a number of years in production) nor the results of foreign trade activity actually depend on the profit which is created at a given enterprise, for it is subject to transformation: removing it from those which are doing good work and pumping it over to the unprofitable ones; in this way, its level is evened out, and the stimulating effect vanishes.

Just who is engaged in this type of redistribution? The answer is unequivocal: it is the state structures, which for this employ a broad arsenal of funds: subsidies, benefits, direct immobilization of funds, establishment of administrative prices, etc.

As a result of this type of manipulation, it becomes impossible to distinguish the truly profitable enterprises from the unprofitable ones. On the whole, both the stability of state prices, if one strives toward this, and their free formation, if it should prove possible in this situation, are both being torn out by the roots.

From this it follows that, in the first place, the survival and development of an enterprise depends, not on the ability to produce income, but on foreign and state aid, and counting on this help "is incorporated" into the structure of enterprise behavior; in the second place, the weakening of the link between expenditures and incomes is not just a financial problem. The financial form expresses the deep-seated socio-economic process, which encompasses the entire state sector. It leads directly to bribes, corruption and the use of political pressure. It is not by chance that the non-state sector, which has just barely emerged in our country has immediately found itself drawn into this process, and, since it is in addition pseudo-market, has straight away, as they say, acquired a criminogenic nature. It must not be forgotten, however, that the basis of this nature lies initially in the specific nature of bureaucratic state control.

#### What Is the Basis, What Is the Appendage?

While in other countries, the state sector is often called an "appendage" of the private one, in our country the situation is the opposite, and moreover, it has been this way for a long time. Under these conditions, the activity of the state enterprise is not "entrepreneurship", and, consequently is not a sufficient stimulus for efficient work. In order for this sort of production to exist, the main condition of its organization should be, no matter how "out-of-date" it sounds, administrative and public

monitoring: of the adherence to the proclaimed principles of cost recovery and the conditions of taxation, price formation, of the authorization for benefits and subsidies and of the wage level of state employees. The greater the pseudo-market nature of certain specific economic structures, the more rigid their extra-market monitoring must now be. I strongly advise you to read the book by Ya. Kornai and A. Matich—there is an excellent elucidation there of what I have said.

#### Study Looks at Social, Economic Conditions

*PM1812151391 Moscow IZVESTIYA in Russian  
7 Dec 91 Union Edition p 6*

["Abridged version" of study by Tatyana Yarygina, leading scientific associate of the Economic and Political Studies Center; first two paragraphs are editorial introduction: "What People Really Think on Their Way to a Market System"]

[Text] The results of sociological research carried out by the All-Union Center for the Study of Public Opinion in November this year show that 44 percent of Russians, 24 percent of people living in Central Asia, and 19 percent of Ukrainians believe that economic catastrophe and mass riots await their republics this winter or next spring. These statistics were reported by INTERFAX, citing the DATA Agency. In addition, 53 percent of Russians believe that there is a strong likelihood of the Russian Federation disintegrating into several independent states in the near future.

These figures mainly illustrate the high level of social tension in society on the eve of economic reform. Today we publish a study prepared by Tatyana Yarygina, a specialist in the field of social policy and a leading scientific associate of the Economic and Political Research Center (EPItsentr) under G. Yavlinskiy's leadership. We believe that her work makes it possible to assess the sociopolitical base of society on the eve of reform and to forecast the possible consequences. The following is an abridged version.

#### Work

According to official data (supplied by the USSR State Committee for Statistics), the number of unemployed had reached approximately 2 million people by August. However, only 1 million people approached the labor exchange in search of work, and only 100,000 of them were deemed to be unemployed. The process of registering people without work is also being delayed by the shortage of cash needed to pay statutory benefits.

Analysis of the processes developing in the labor market makes it possible to single out several specific factors which could soon exacerbate employment problems in our country. Traditional sources of unemployment, such as declining output and enterprises' inevitable bankruptcy in the near future, have now been joined by the intensification of forced migration caused by extreme political, environmental, and economic problems. There

were more than 700,000 refugees in the country in November, and their number continues to grow.

According to several experts, as many as 20 million people could be in the labor market by the end of the year. Moreover, as many as 3.5 million will not be able to find any work.

Nor can we ignore the psychological factor: The inadmissibility of unemployment in the USSR is one of the most deeply rooted stereotypes of public opinion. It could be said that it is equally feared by the population and the government. For that reason, incidentally, state bodies have long preferred to offset declining output by issuing money, sacrificing the already extremely low standard of living of broad strata of the population to the idea of full employment. That possibility is now exhausted. Declining output will soon become a factor of growing unemployment not only in light industry, where it is already a reality, but also in other sectors—basic industries will be particularly hard hit.

#### Incomes

Since the April retail price reform and the introduction of compensation, the population's monetary income has increased at an alarming rate. Even prior to the announcement that wage restrictions were to be lifted, it was forecast that, by the end of the year, the population's total income would be double last year's total but that there would be greater stratification between different groups of people and different regions of the country. In practical terms, the process of growth in the total money supply (in other words, total cash and deposits) is out of government control and does not correspond to economic development indicators. Despite the decline in gross national output and labor productivity, the money supply is growing at a rapid rate.

Substantial changes are taking place in the structure of the population's monetary income. Payments not dependent on labor input, in other words compensation and benefits, are increasing at a very rapid rate. This practice has sharply increased pressure on the state budget and the republic budgets and has completely destroyed the system of labor incentives.

The main effect of the April retail price "reform" is that, by releasing accumulated inflation potential from its suppressed state and bringing it out into the open, it has aggravated conflicts in the market to the extreme without actually resolving them and has led to its complete collapse. We now have an inflation spiral, "prices-income-prices." Hyperinflation will be the most likely result of this process developing after prices and wages are freed. Moreover, there are no objective conditions for keeping it under state control, as what is happening in the consumer sphere is merely a reflection of the very serious inflation processes gripping output and investment.

#### Standard of Living

1991 is significant, in particular, because official statistics have for the first time recognized the absolute drop in the population's real income, in other words growth in income has not kept pace with rising prices. Moreover, against the background of formal growth in wages and other sources of income, broad strata of the population are rapidly becoming impoverished. A qualitatively new feature is that 1991 has seen the beginning of reduced differentiation in the population's standard of living, which is primarily due to massive compensation payments since the retail price reform.

A group of people with a very high income, classed as Soviet millionaires, has recently appeared. This group is very small, but its lifestyle and standard of living differ substantially from the statistical average. This trend toward income polarization, creating a large group of people on low incomes on the one hand and a small group of "wealthy" people on the other hand, is having an extremely destabilizing effect on the political and economic situation.

Continued impoverishment and the fact that a substantial proportion of the population does not have any reliable guidelines for adapting to the new conditions are forcing the masses to appeal to a traditional method of maintaining their normal standard of living: They are turning to the government. It is necessary to take into account that the main reason why republic governments and local organs have assumed responsibility for social welfare instead of the central leadership is not only that they are "closer to the people's problems": A most acute political struggle is also being waged. Social policy has become one means—certainly not the last—of earning political capital. Most programs amount to increasing monetary payments and broadening the range of recipients. The printing presses are the means of financing these programs.

The country does not have any common policy in this sphere. The old system of redistributing resources is being destroyed, but there is as yet no new form of intra- and interrepublic agreements regarding social programs and, therefore, no obligation to finance them. In the majority of cases, they are financed by issuing more money. As money and social programs at all levels—right down to city level—increase, the population's standard of living falls ever faster.

One of the most common characteristics of the processes developing in the economic sphere in general and the social sphere in particular is that they are out of state control. Since the August events, social policy has once again—indeed, more than ever before—become hostage to the policy of confrontation and to efforts by local and republic bureaucracies to strengthen their positions. What is particularly dangerous is that conflicts are now arising between very specific republic leaders and groups, rather than between the republics and the symbolic center. Considering the general low standard of

living and the mentality it creates, there is a struggle for specific territory, food, and resources, and large numbers of people are being drawn into this process. This is now our most serious sociopolitical problem.

The sharp deterioration in the living standard of broad strata of the population, political instability, and mistakes made both before and after the coup have carried the political struggle from the upper levels of state administration down to the broad masses below. There is now a basis for new social upheavals.

Can we resist this? Yes, at the moment. This is proved by the fact that, even in the present extremely difficult conditions, a number of regions (Belarus, Krasnodar Krai, and several oblasts in the Volga region—Ulyanovsk, Nizhniy Novgorod, and others) are maintaining a relatively stable standard of living. This means that sufficiently autonomous economic relations are being formed (or strengthened), including in the social protection sphere. It is extremely important that these relations are being conducted by economic figures, including representatives of the emerging middle class, rather than by political leaders or groups. To all appearances, organs of power in these regions are managing to help rather than hinder, creating favorable conditions for the show of initiative. If we succeed in spreading these auspicious trends to the whole economic area, or even a substantial part of it, we can consider the reform to be a success.

#### **Former Mintorg, Mintrud Workers Optimistic About Future Employment**

924A0343A Moscow PRAVITELSTVENNY VESTNIK in Russian No 49, Dec 91 p 9

[Article by S. Yakovlev: "They Are Leaving Without Regrets"]

[Text] The news that they had to intensify their search for employment as of 1 December was not unexpected for any of the ministries' 36,000 employees. Hardened by the continuous cutbacks and attacks in the mass media, bureaucrats breathed a sigh of relief when they finally learned of their fate. The uncertainty was unnerving. Now they can calmly turn over their duties and search for new employment. Ministry offices have been deserted since morning. Only a few visitors are loitering uselessly in the corridors. There are very few people, even in the snack bars.

Petr Dmitriyevich Kondrashov was not at all upset that he would cease to be the first deputy minister of trade on 1 December and he will head the commission to put an end to his ministry. In the final analysis, he loses nothing. He will have a pension. The young managers of the once powerful department are optimistic as well. Because they are confident here that sooner or later the ministry's funeral knell will be echoed loudly in Russia and the republics.

Under the conditions of chaos and dislocation in the country, it is unlikely that enterprises will be able to operate exclusively with horizontal ties and do without a central coordinating organ. It is not at all clear who will handle the deliveries between republics of goods for the overall needs of the army, defense, education, and medicine, and for the needs of Moscow and what was formerly Leningrad. The hopes that the Moscow authorities will be able to resolve the problem of supplying the huge city with goods and food independently have not been justified. Residents of Moscow and St. Petersburg frequently go out into the oblast for sausage.

The joint stock company "Prodmarket" established recently in the Mintorg [Ministry of Trade] system may be able to help retain what is left of interrepublic ties, but only in part. For this reason, the ghost of the Mintorg will be wandering through other corridors of power for a long time. The agreement on prices and the volumes of goods delivered in accordance with reciprocal contracts and for common needs, within the framework of the Agreement on an Economic Community, assumes that there is a trade commission in the MEK [Interstate Economic Committee] structure. But it is already December. And the Ministry of Trade is unaware of the commission's composition or powers. For the present, they still call the ministry from the MEK and the President's staff to determine what the food situation is in Moscow or Kyrgyzstan.

The ordinary inhabitants of departmental offices are the ones least concerned about the fate of deliveries between republics. Once the state no longer needs their services, it is time for them to look after themselves. [Employee] A, who asked that we not give her name, intends to start her own business. [Employee] B, from the opposite office, is going into a joint venture as a financier. [Employee] C has been invited by the municipal administration. Over the past 2 months, 50 of the most impatient employees have left—some left to be the chief of public catering or the trade administration in Moscow prefectures, some left for the municipal administration, and some left for SP [joint ventures] or various associations.

In the opinion of A. Kapchenko, chief of the personnel administration of the former Ministry of Trade, the prospects are not all that gloomy for the remaining 567 staffers. Commodity experts are generally seized with both hands. No one knows the commodity producers and marketing specialists better than they do. Many of them are sufficiently competent to devote themselves to a business.

Some of the ministry's specialists are leaving for the MEK trade commission and the AO [joint stock company] "Prodmarket." It has not been ruled out that Russian ministries will be filled up with their union colleagues. The planners, personnel clerks, and managers from the Mintorg administrative department, just as those who are close to retirement, have less chance of being placed in a job.

Unlike the Ministry of Trade staffers, employees of the Mintrud [Ministry of Labor and Social Problems] have proved to be more steadfast and optimistic. As V.F. Kolosov, first deputy minister of labor and social problems, stated, no one has given notice lately that he is leaving. All 400 staffers of the ministry have decided to wait for the "funeral" of their department and are hoping for a brighter future. This makes sense.

Past cutbacks had a "beneficial" effect on the former Goskomtrud [State Committee for Labor and Social Problems]. Only the professionals who demonstrated their worth under V. Shcherbakov remained on the staff. For example, all the additional agreements on employment matters for the draft Agreement on an Economic Community were the handiwork of Mintrud specialists.

For this reason, the problem of current job placement for most ministry employees is only a problem of choosing a place of work. The deputy minister himself is not complaining about the lack of offers, either.

Colleagues from Russia are offering jobs to the "union employees." The republics are luring those that are especially promising. A department in the MEK also handles social problems—employment, domestic migration and emigration, pension support, and social insurance. V. Kolosov is confident that the Interstate Economic Committee understands very well that the problems of reform in the social and labor sphere in all republics will not disappear along with the ministries. Central Asia in particular needs methodological and consultative assistance in this field. For this reason, it has not been ruled out that an independent cost-accounting Center for Social Reform Support will soon be established, and Mintrud specialists may be working there as well.

It will be most difficult for those employees who are close to retirement. Russian laws are promising to pay their pension for 2 years ahead of time, but under the condition that they register in the labor exchange as unemployed.

Those about to become pensioners are the most likely candidates for the sizable army of Moscow residents who are unemployed. In the final analysis, according to specialists' assessments, about 18,000 ministry staffers may turn up in the exchange. This will aggravate the situation in the capital's labor market even further.

But what can persons count on when they are out of work because their ministries have been abolished? V. Polyakov, one of the specialists at the Department of Social Assistance in the Labor Exchange (located at No. 8 Rozhdestvenka), would answer that question this way. Before discharging a staff member because an enterprise is being abolished, the administration is obliged to give him no less than 2 months' advance notice of this. The liquidation commission works for 3 months. That is, in a given case in December and January, all employees automatically receive their wages. Over the first 3

months from the day they are discharged, the average monthly wage is retained during the job placement period.

If you want to have the right to an allowance in the future as well, you must go within the first 2 weeks after you are discharged to the rayon department of the labor exchange and register as a person looking for employment.

If you have not managed to find suitable employment in 3 months, on the very first day of the fourth month you should ask for assistance at the same rayon labor exchange where you are already registered.

For 10 days you will receive several letters of introduction to enterprises there. If you have brought in a written rejection of acceptance for employment no less than four times, including on the 11th day, you have the right to an unemployment allowance of 60 percent of your average earnings beginning on the first day of the fourth month. Because you have been receiving 100-percent compensation for 3 months.

The longer you are unemployed, the less the allowance. The minimum is 45 percent of your average earnings. But in the current inflation, your allowance will also be depreciated along with the money.

You should look after your future employment as soon as possible for this reason. It is your wages that continue to be a more or less reliable source of your means of subsistence.

#### **Operational Management Committee on State of Materials Supply**

924A0341A Moscow PRAVITELSTVENNY VESTNIK  
in Russian No 49, Dec 91 p 4

[Article by Ye. Sosnin: "Restore the Ties That Have Been Broken"]

[Text] The final days of autumn were quite unusual for this time of the year over a large area of the country. We did not feel that winter had arrived. And who knows, this may have been precisely what gave business managers a little more slack. After all, looking at previous years, the final quarter has been the most intensive period, as a rule. We had to stretch out the plan and start projects for the next year. But now we have neither. But this is far from just a matter of the weather. There is a different reason—the deep political and economic crisis in the national economy of the former Soviet Union.

A great deal has already been said about the difficulties in physical production. The situation is the worst it has been. According to specialists' preliminary estimates, the gross national product this year may be cut back by roughly 15 percent, industrial production may be reduced by 7 percent, and agriculture by 9 percent. This means trouble! And big trouble. As a matter of fact, each one of us is already feeling the consequences of the

economy's disintegration: the empty counters of the stores selling food and manufactured goods and the unbelievable prices.

Unfortunately, we have not yet seen the worst of the decline in production, in the experts' opinion. In other words, all the problems lie ahead. Although saying that means saying nothing. It is more appropriate here to speak about the disaster with which we are threatened. And here is evidence of that. As of mid-October, data provided by the Goskomstat [State Committee for Statistics] on the contracts concluded for 1992 attest to the substantial lag in the conclusion of contracts for the delivery of finished products as well as for enterprises to receive the physical resources they need to implement the production program planned for the new year. Contracts which have been concluded to deliver products to customers meet only 17.4 percent of enterprises' purposes (plans). As far as the supply of physical resources is concerned, the situation is even worse here. Only 9.1 percent of the contracts to receive them have been concluded.

There is no question that the process of forming economic ties under the new conditions is practically reflected in the campaign to conclude economic agreements for the new year. Increased attention was devoted to this process in past years by all the state administrative organs. Thus, in shaping the contracts for 1991, a number of organizational measures were adopted which made it possible to conclude contracts between economic managers for the country's national economy as a whole at a level close to the preceding year (95 percent). And take note that this was in spite of the changes in political and economic relationships among republics and territorial-administrative units in the country.

This year, based on proposals by the Interrepublic Association of Ministries and Committees of Material and Technical Support and taking into account the materials developed by the former central economic organs, a draft was prepared of an agreement on prices and volume of goods (services) in accordance with reciprocal (interstate) contracts and for common needs, defining the range of products recommended for inclusion in republic state needs and interrepublic deliveries for 1992.

Recommendations are one thing, but events follow their own rules. A number of negative factors have influenced the conclusion of economic contracts. More often than not, artificial barriers have hampered the movement of goods between republics, production of goods has been cut back, and economic ties have been disrupted in accordance with technological changes.

The situation taking shape in the provision of material and technical resources in the petroleum industry and other sectors of industry in 1992 is especially critical. According to available studies by the "Rosneftgaz" Corporation, as of 15 November the requirement of Russia's oil and gas industry in 1992 for the petroleum grade provided by pipelines, as well as the basic types of

oilfield and drilling equipment produced in Russia, has been met by 38 percent and 43 percent, respectively. With 300,000 tons of casing pipe from Ukrainian metallurgical plants and about 120,000 tons of oil pipeline delivered annually, it is planned to conclude contracts for the delivery of no more than 25 percent of the volumes cited. In addition, Ukrainian plants are not concluding contracts for the delivery of 1.3 million tons of large-diameter electric-welded pipe and 1,250 kilometers of power and control cable.

The Republic of Azerbaijan is planning to reduce its delivery volumes: well control manifolds (christmas trees) by 19.5 percent, casing heads by 20.4 percent, well pumps by 12.4 percent, and sucker rods by 22 percent. Georgia is planning to cut back deliveries of casing pipe by 116,000 tons and 3,000 kilometers of cable, electrical equipment, fittings, and other items.

According to a preliminary assessment by "Rosneftgazprom," with such a cutback in deliveries in 1992, 995 million convertible rubles will have to be spent to purchase imported materials and equipment, for which 13 million tons of oil will have to be exported.

The continuing production decline, primarily in the basic and raw material sectors, is intensifying the shortage of physical resources needed for enterprises to function normally, and the increasing lack of material and technical support for the production program is forcing enterprises to abstain from concluding contracts to deliver their output.

Under the unstable conditions of the price policy, enterprises have been forced to break the economic ties that have been established, and in a number of cases they have been forced to resort to bartering output for the goods they need when they already have concluded agreements with clients, which leads to further production disorganization. In a number of sectors, enterprises do not have the opportunity to conclude contracts for the delivery of products because of the continuing cutback in purchases of imported raw materials and materials. For this reason, most of the enterprises which turn out chemical fibers and thread, paint and varnish materials, synthetic dyes, polymeric footwear, and other items are operating at 50 to 60 percent of their capacity and naturally conclude contracts that are only within the limits of these volumes.

It is hard to name a sector today which has not experienced problems because the customary economic ties were broken.

The failure to resolve the problems of servicing the country's foreign debt has now become one of the main obstacles to the expansion of business contacts with foreign partners and the acquisition of additional credits. Meanwhile, they could be purposefully utilized to substantially increase the production of goods, including those which possess certain export potential.

In a word, wherever you look there is a problem. And problems often are created literally in a vacuum, as they say. Let us say that the information system functioning in the USSR Goskomstat, which is needed to analyze the economic activity of enterprises and regions, has been disrupted in connection with the reform in management of the country's national economy.

The lack of normative documents dealing with the organization of work on material and technical support for the national economy is a destabilizing factor which affects the conclusion of contracts for the delivery of products in 1992. At this time, the procedure for material and technical support of the national economy has been adopted only in the RSFSR, Ukraine, the Republic of Belarus, and Kazakhstan.

The delivery of goods (services) is provided for by the draft agreement on prices and the volumes of goods delivered in accordance with reciprocal (interstate) contracts and for common needs. However, inasmuch as the agreement has not been signed thus far, enterprises are not in a position to conclude contracts. For this reason, quotas of goods to be delivered for common needs have not been determined by a number of republics.

But what can we expect? If we do not take joint steps that have been agreed upon to influence the course of the contract campaign, no more than 80 to 85 percent of the production volume stipulated by enterprises' announced intentions will be backed up by contracts at the beginning of 1992, according to predicted assessments. There is no need to mention the kinds of processes that will ensue in such a situation, obviously.

A discussion on the state of affairs with respect to the conclusion of economic agreements for the new year was held recently at the Committee for Operational Management of the National Economy of the USSR. Let us quote some passages from the shorthand record of the session.

**N. Suyunov, deputy head of the Government of Turkmenia:** The old system is not working. We have been operating for a year now in accordance with economic agreements between republics, and they are not being carried out. There is no organ which can control implementation of economic agreements and contract relationships between republics. For this reason, the thought naturally comes to mind that an arbitration organ, whose decisions would be executed by all independent states, should be established by legislation.

**I. Silayev, chairman of the Interstate Economic Committee:** That is inadmissible. According to law the enterprise itself makes the choice: to sell its product firsthand or to hire some intermediary.

**A. Bektemisov, chairman of the Kazakh SSR State Committee for Material and Technical Support:** Not one republic has adopted a definitive procedure for material and technical support for 1992. The agreement that was

signed has remained on paper. There is no single procedure, and enterprise managers do not know what to do. They have to adopt something similar to the decree by the country's president on material and technical support for the first quarter of 1992.

**A. Ter-Israelyan, deputy chairman of the State Committee on the Economy of the Republic of Armenia:** The figures that I have indicate that nothing is really being done in any republic. It is better to go too far—the situation that has developed is such that the agreement is the basis for everything. We are dooming 1992 to failure.

**G. Kulik, deputy chairman of the Interstate Economic Committee:** I believe that one of the main objectives is to ensure that a contract on economic space functions normally. If we proceed from these prerequisites, I do not see a more crucial task. We should propose a solution to the problem to the heads of state.

**P. Solomko, head of the country's Commission for Material and Technical Support of the National Economy:** Material and technical supply is a network of very small knotted links, that is, contracts. If these knots are broken, we will never put the chain together. The situation does not allow us to interlock this network before the new year. The main thing we do not have today is an agreement among the states with rules for them to follow in working with each other.

We can see how complicated the situation is from just these brief excerpts from the shorthand record. But the most important factor is that there is no time to speed up.

Over a short period of time, we must complete work on a number of important normative documents, primarily on prices and the volume of goods to be delivered in accordance with reciprocal (interstate) contracts and for common needs, on a customs policy and customs tariff, and on the procedure for resolving property and other disputes. The question of the principles and machinery for servicing the foreign debt is on the agenda as well.

It is also important to define the special purpose, range and volume of products needed to meet common needs, to specify the recipients of these products more precisely, and to coordinate the common needs with the amount and sources of financing. We have to make a decision without delay to remove all restrictions for 1992 on the export of component parts, semimanufactures, raw material, and materials being delivered in a cooperative arrangement within and among sectors, and to ensure that it is implemented throughout the entire country.

In reviewing the conclusion of economic contracts for 1992, the Committee for Operational Management of the National Economy of the USSR noted that implementation of this work is extremely unsatisfactory, and there is a definite threat that production will decline further because of this. Appropriate instructions have been given to prepare the necessary materials on the state of affairs with respect to the conclusion of contracts

for basic types of goods in the context of ties between and within republics and to prepare specific proposals for a report to the country's State Council.

### Methodology for Pricing Moscow Housing Questioned

924A0346A *Moscow PRAVITELSTVENNYY VESTNIK in Russian No 48, Nov 91 p 8*

[Article by Doctor of Technical Sciences B. Kolotilkin: "Privatization of Housing: Meters, Rubles, and Fates"]

[Text] In PRAVITELSTVENNYY VESTNIK No 39 we discussed a number of issues concerning the concept of privatization of housing as applied to the RSFSR Law. In early October 1991 the Moscow Committee on Housing began privatization and approved the Statute on the Procedure and Conditions of Transfer of State and Municipal Housing to the Possession of Moscow's Citizens.

Let us dwell on "The Method of Determining the Value of Apartments in Moscow's State and Municipal Housing," which forms a supplement to the indicated statute, the drafting of which took more than 1 year.

The following apartments are transferred to the possession of citizens free of charge: apartments, the actual value of which is equal to the value equivalent of housing transferred free of charge, which is determined by the following normatives: 18 square meters of the total area per family member; additional 12 square meters of the total area per family or a single tenant. The calculated (normative) value per square meter of the total area in prices in effect on 1 January 1991 is taken as 203.5 rubles.

The indicated regulation already carries an element of social injustice, because it illegally proceeds from the leveling distribution of citizens' labor contribution. However, families, in which the provision with the total area is below the indicated norm and (or) of a lower quality, will be hurt even more, because they will receive no compensation. There is a great number of such families.

We will show that the estimated (normative) value per square meter of the total area in prices in effect on 1 January 1991, that is, 203.5 rubles, which is accepted in the method, is understated by a factor of 2. As a result, the value equivalent of housing transferred free of charge is also understated and the total amount of additional payments for privatized apartments is overstated more than twofold at the expense of the purse of their probable owners.

As is well known, replacement value represents the value of fixed capital—in our case, of dwelling houses—under present conditions of its reproduction—in prices, norms, and rates... It shows how much dwelling houses on the balance sheet, which were built or purchased during different periods, would cost now.

Replacement (and initial) value characterizes dwelling houses without taking their wear into account. However, the longer the periods of operation of dwelling houses, the smaller the amount of residual value determined after the deduction of the value significance of physical wear from replacement value. The actual value of housing transferred to the possession of a family (a citizen) is determined according to the residual value of a unit of area, the total area of an apartment, and its consumer characteristics.

The method instructs BTI [Office of Technical Inventory] workers to determine the replacement value of privatized dwelling houses built before and after 1 January 1984 in prices in effect on 1 January 1991 by increasing their balance value 2.046- and 1.65-fold respectively (without a proof). With due regard for the correlation of the housing accumulated before and after this date (137.24 and 24.03 million square meters of the total area until 1 January 1991) the calculated coefficient (index) of rise in the replacement value of dwelling houses will be 1.99 at the beginning of 1991.

Let us see how this agrees with the data of the USSR State Committee for Statistics. In all houses built in Moscow in 1975 the value per square meter of the total area amounted to 174 rubles. This is the average initial balance and replacement value per square meter of the total area in houses put into operation at the end of 1975. We will take it as the value in an individual specific house. Then, following the method, BTI will determine the replacement value per square meter of the total area in this house at  $174 \times 2.046 = 356.0$  rubles and the residual value at the beginning of 1991, at 318.6 rubles [ $356(1 - 0.007 \times 15)$ ], according to which the actual value of a privatized apartment will be determined.

Similarly, for all houses put into operation in Moscow in 1990 the actual cost of construction averaged 344 rubles per square meter of the total area. But for privatization BTI will determine both replacement and residual value (there is no wear) at  $344 \times 1.65 = 567.6$  rubles per square meter of the total area. However, in the aggregate, there will also be houses where the value per square meter of the total area is above the average—in the amount of 700 and 800 rubles. It is quite logical that houses of later construction modern in quality, the wear of which, naturally, is smaller, also have a higher actual value. For them there will be a higher additional payment during buyout for possession.

However, not such as now, when the estimated value per square meter of the total area is 203.5 rubles. This value, according to which the ruble equivalent of housing transferred free of charge is determined, does not represent the average residual value of housing available in the city of Moscow in prices in effect on 1 January 1991. Being reduced to the same level according to the same index 1.99 as for the determination of replacement value, it will total 405 rubles per square meter of the total area.

This figure includes all rising and decreasing coefficients, which take into account the differences in consumer characteristics, on the average, in the entire accumulated housing available in Moscow as of 1 January 1991. Therefore, a reapplication of increasing and decreasing coefficients to the consumer characteristics of housing (the area of kitchens, height of rooms, existence of balconies, and so forth) envisaged by this method will signify a repeated collection and an increase in additional payments for it. This can total 20 to 30 percent of the residual value of privatized housing, not counting 50 percent of the rise in cost connected with the zone of its location. The privatization of housing that has begun in Moscow confirms this. For example, the calculated additional payment for a 100-meter apartment for six people in a house in Chertanovo amounted to 70,000 rubles, or 900 rubles per square meter of the total area.

Thus, if the residual value per square meter of the total area in prices in effect on 1 January 1991 does not exceed 405 rubles, an apartment should be transferred to the possession of a family (a citizen) free of charge when its area does not exceed the normative and the house is located outside the limits of the first zone of Moscow's territory.

As a result of overstating the buyout of an apartment in the amount of 201.5 (405-203.5) rubles per square meter of the total area, the payment for normative, as well as for "unnecessary," square meters increases artificially. For example, for a three-room apartment with a total area of 70 square meters for a family of three people in a house located in the second zone of Moscow's territory, which was built after 1984—with a residual value of 600 rubles per square meter of the total area—the additional payment should total 16,300, not 29,600, rubles, if we use the estimated value of 203.5 rubles per square meter of the total area. This apartment has only 4 square meters of the "unnecessary" total area. While the total area of the apartment is 80 square meters, the additional payment for it will amount to 21,300 rubles, as compared to 34,600 rubles calculated according to this method. Is the "methodological" difference not too big and is its commercial orientation not obvious?

The privatization of housing, about which so much has been said and written, was seen as an act of social justice. Meanwhile, an apartment, which for many years has been paid for by the labor contribution of a family by way of formation of public consumption funds, will have to be bought out for 10,000, 20,000, and 30,000 rubles and more. While the average annual wages of a worker and an employee total 5,000 rubles, out of which 500 rubles are allocated for privatization, one will have to pay for such a "humanistic" buyout of an apartment for 20 to 60 years.

It should also be taken into account that, owing to the rise in prices of resources (fuel, electric power, and water...), rates of municipal services will greatly increase in the very near future. Taxes on property and on land use and an amount of mandatory insurance will appear.

The cost of maintenance and repair of private apartments will be more than twice as high as that of apartments presently occupied on the basis of a lease. This will be reflected in citizens' solution of the question of whether to purchase housing or not. Meanwhile, the method is silent about such urgent questions and omits the cost evaluation of operating expenditures, leaving them "for later," when the family is already "attached" to its apartment. However, this does not rule out the need to solve the problem of compensation for the increase in the cost of operation of privatized housing, especially for badly-off families. As we see, the overall method does not work.

On the other hand, the interconnection of inflationary processes in the economy and of tasks concerning the privatization of housing is clearly visible in it. It is not ruled out that, in order to stimulate privatization, compulsory measures will also be needed. Meanwhile, even in developed capitalist countries by no means all housing is private. For example, in the United States in 1984 about 65 percent of the families lived in their own homes and in cooperative apartments and the rest rented their housing.

According to evaluations, about 70 percent of the housing available in the city of Moscow as of 1 January 1991 can be privatized free of charge. In such a case is it worth making a fuss, creating a bureaucratic structure for the privatization of housing? It was no accident that deputies of the Moscow City Soviet dealt with the privatization problem in such an agonizing manner for so long.

And it was no accident that an alternative, new proposal by N. Gonchar, chairman of the Moscow City Soviet, was born, receiving the support of G. Popov, the mayor of Moscow. It concerned the transfer of housing to the possession of Moscow residents free of charge, but with the introduction of an annual differentiated tax on real estate and so forth. As yet a decision has not been adopted, nor has a package of necessary documents been worked out. However, this approach, which generalizes world experience, is efficient economically and socially.

## INVESTMENT, PRICES, BUDGET, FINANCE

### Organization, Activities of 'Menatop' Examined

924A0320A Moscow DELOVOY MIR in Russian  
29 Nov 91 p 5

[Article by Mikhail Nezhintsev: "Why Rutskey Drank To MENATEP"]

[Text] When proposing a toast to MENATEP, Aleksandr Rutskey, Russia's vice president, said: "Structures similar to yours are capable of moving the country toward a market economy and strengthening its financial and economic independence."

Colorful fireworks, flags, even a balloon with a stylized letter "M" over Taganskaya Square, and, finally, a presentation in which approximately 400 prominent economists, bankers, stockbrokers, and political figures participated—thus MENATEP marked a new stage in its development: the receipt of the status of an international financial association with a geographic area of operations from Gibraltar to Kamchatka.

Could the several young people, who formed the small Center for Interbranch Scientific Technical Programs (the abbreviation MENATEP comes from this) in 1986, imagine that after only five years their efforts to break through into purely financial areas would merit words of support and approval from Ye. Saburov, the former first deputy chairman of the RSFSR Council of Ministers; A. Vladislavlev, chairman of the State Committee for Business Undertakings in the office of the USSR president and vice president of the USSR Scientific and Industrial Alliance; I. Lazarev, RSFSR minister of finance; V. Khokhlov, board chairman of the International Bank for Economic Cooperation; A. Tretyakov, manager of the administration of affairs for Russia's president; and many other economists and state figures.

#### A Holding For Success

Many are indeed racking their brains today over the phenomenon of the new banking leader who has stirred up the country's stagnant financial waters for the first time. What is the reason for such growth? First and foremost, it is the fact that a number of other commercial banks took shape within a short period of time around the Commercial Innovation Bank for Scientific and Technical Progress (KIB NTP), into which the Center for Interbranch Programs was transformed. In the final analysis, MENATEP acquired the look of an association of credit and financial enterprises. This path permitted it to move away from the branch structure, which was being realized in a complicated manner under the conditions of the USSR, toward a holding structure that solved the task of establishing a banking network based on independent banks. In five years, the association has been transformed into a powerful financial group that coordinates the work of 100 commercial banks, a Trading House and approximately 30 industrial enterprises in various branches of industry. In this respect, turnover reached 4.5 billion rubles by the beginning of this year, that is, it grew more than 10-fold in comparison with the previous year.

Put briefly, the reasons for this success are the renunciation of power pressure in the banking area and the extraordinary ingenuity of the young people who became bankers (many of them are less than 30).

By investing assets in the charter funds (up to 30 percent) of the country's numerous firms and banks, the association thereby received an opportunity to control their activity and, through them, other production and commercial structures. Nevertheless, MENATEP's key advantage is the complete financial independence of the

banks. All of them, who have become voluntary participants in the association, have received the right to independent financial activity.

It is known that the range of banking operations and integrated services numbers up to 200 in the world. Until recently, the USSR used only .... two: the acceptance of financial assets for deposit and the issuing of credit.

MENATEP has several dozen of these services, including those which have been simply unknown to business managers: leasing; trusts; factorage; the determining of account rate indicators; the financing of import, export and bartering operations and investment projects; help to foreign partners in selecting prospective clients; promissory note operations; and much more.

The diversified system of banks has insured the association's high viability in the competition struggle in the financial market, first and foremost, through effective mutual help and the rapid granting of credit resources to each other. The group's members are linked by mutual insurance and this practically excludes any large financial risk.

The effective maneuvering of credit assets has assured conditions for establishing a broad network of branch firms and joint-stock companies in the MENATEP system. Besides KIB NTP, the largest structural units are the MENATEP-INVEST and MENATEP Trading House joint-stock companies.

#### Let Us Begin With the Egg

The MENATEP-INVEST Joint-Stock Company, which was established last autumn, had already invested approximately 50 million rubles in the charter funds of regional banks and about 15 million rubles in the production area by the beginning of this year.

Here, they expect that total investments will increase several-fold by the end of the year. This group's investments are effectively operating primarily in those regions where the activity of commercial structures provides the biggest profit. These are Siberia, the southern part of Russia, the Far East, Moscow, and Moscow Oblast. MENATEP is investing assets in the construction, food and light industries; the publishing business; agriculture; trade; the priority avenues of science and technology (including, the development of new computer programs); and the production and sale of consumer goods. In this regard, it is not at all trying to do business only with successful organizations but is eagerly helping weak enterprises and kolkhozes with credits, essentially saving them from bankruptcy. True, with one indispensable condition: shift to a leasing, joint stock, or cooperative form of ownership. Once they agree, MENATEP experts help them to organize their work, carry out a structural reorganization, and form ties with foreign firms.

For example, MENATEP helped the workers in one of Moscow's woodworking enterprises to "break out" of the shackling ministry system, purchase the enterprise and

shift to a joint-stock form. When doing this, the work collective itself became the owner of a considerable share of the stocks.

Another example—from the area of medicine. Today, more than 16 million people suffer from bone and joint illnesses in the USSR. Many of them confirm that the alloyed steel and polymers used for prosthetic devices sometimes cause more torment. Their use is not at all possible in children's orthopedics because the body is growing. Kharkov scientists have succeeded in developing a bioceramic knitted with living flesh—a distinctive type of temporary bone which gradually dissolves. Having heard about this, MENATEP employees immediately offered help: the financing of all scientific and research work up to and including the transmission of preparations to clinic practice. In doing this, financial benefit considerations receded into the background. You see, it is still not known what the result will be. The course of the work, however, testifies that millions of sick persons will not have to wait so long for long awaited relief.

Generally speaking, dozens of enterprises and institutes in various branches, who have implemented the recommendations of MENATEP experts, have today accelerated the output of products and achieved a rapid return on investments. The association is also actively contributing to the development of small business in the USSR, granting small enterprises credits up to 500,000 rubles.

Other forms of support have also not been excluded. MENATEP-INVEST has invested five million rubles of securities in an association for supporting small innovation enterprises in technological parks and technopolises (AMIP). The purpose of this non-state and non-commercial organization is the examination of drafts and off-budget financing of promising avenues in science, technology and science-intensive production.

Let us cite an example from widespread everyday practices. We are talking about... eggs. Housewives have already pointed out that many of them break in their hands for some reason or other before they get to the frying pan. The reason is the shortage of lime which is added in the chicken feed. The only deposit in Krasnodar Kray is practically exhausted. At the same time, the Svyatonoskiy cockle-shell deposit, which geologists have explored on the border of the Barents and White Seas, contains enough mineral additives to last two centuries.

S. Kudrya, AMIP general director, says: "We reacted very quickly. We helped acquire a seagoing dredge, grinders, and other necessary equipment and we insured the economic protection of the sea during the deposit's development. Work is underway at full speed. I think that a chicken's life will soon be put in order and, this means, our homemakers will have fewer troubles ...."

#### A Financial Department Store

Let us return to an analysis of the strategy for expanding the MENATEP association proper. What else distinguishes it from other financial enterprises?

V. Dubov, MENATEP's development director, notes: "For the first time in the Union, we have perhaps felt the need to establish a so-called 'department store for credit and financial services.' In each region where we operate, we try to establish not only banks but also trading houses, insurance companies and joint-stock companies. The benefit is evident. For example, an enterprise can get credit and purchase goods or equipment for it. If there are difficulties with payment, use a lease with subsequent payment. If you cannot recover money from cooperating partners, the bank will take this upon itself. If you are not certain that the contract will be fulfilled, draw up an insurance policy."

The MENATEP principle of immediately "planting" a complete "department store" in a region has been extremely effective because an indispensable participant in such "department stores" is the MENATEP Trading House joint-stock enterprise with charter capital of approximately 200 million rubles.

V. Surkov, a member of the association's council of directors, thinks: "One can effectively service any trade operation through the Trading House and finance its structure more reliably. For example, a client who has convertible currency at his disposal, transfers a special-purpose contribution to any of our banks at interest for a certain period of time. During this period, we are obliged to purchase what he has ordered under conditions beneficial for him. If we suddenly are not able to do this, we return the money and he receives dividends (up to 15 percent) as a "consoling" compensation. If the order is filled, he also receives interest for the time that the currency was in our circulation.

The MENATEP Trading House also carries out deliveries of consumer goods—clothing, footwear, and food items—in the USSR. When doing this, it usually purchases goods for hard currency and sells them for rubles.

A genuine explosion of interest in MENATEP arose at the end of last year when the association began for the first time in our country the free sale of shares of the enterprises included in it both to juridical persons and to ordinary citizens.

The main purpose achieved during the subscription for the shares was a substantial increase in one's own assets. This was especially important for commercial banks. Having sold the shares for a total of 1.458 billion rubles, the association received an opportunity to increase the amount of credit resources to 20 billion rubles. Dozens of organizations, including such well known ones as the interbranch Mikrokhirurgiya Glaza firm, Volgogradskiy Aluminum Plant, the Joint Aydiinterneshna Enterprise, Moscow Computer Center, the capital's bakery product

base, commercial banks, cooperatives, and housing construction cooperatives have become MENATEP stockholders. However, something else is no less interesting. Along with them, thousands and thousands of ordinary citizens have become stockholders, that is, owners.

It is perhaps worthwhile to mention that the desire of the association's leadership to attract the broad population to the purchase of securities, thereby acquiring the status of a "people's bank," was also an excellent path and a distinctive type of insurance against possible voluntarism by the country's Gosbank and Ministry of Finance.

In the very immediate future, MENATEP will begin issuing savings certificates totaling 1.5 billion rubles. When doing this, the association's stockholders will be able to obtain approximately a twofold greater dividend—up to 22 percent—in comparison with the normal holders of these securities with the condition that the total of the assets invested in the certificates will not exceed the total of the investments in shares.

#### Not For the Sake of Profit

Let us nevertheless point out that the financial association does not strive only to derive profits. Evidence of this is the sale of certificates in the interbranch Mikrokhirurgiya Glaza firm totaling 100 million rubles, which began in October and during which MENATEP practically did not receive any income. The goal here is a different one—to contribute to the development of promising avenues in the people's healthcare and quality treatment. Those who have purchased such a certificate will receive an opportunity to correct their eyesight with the help of S. Fedorov's team without payment and in a short period of time.

The association is also actively developing its own financial and trading contacts with the West. MENATEP primarily uses the entrusted hard currency to provide credits for Soviet enterprises to import the necessary goods and equipment. In doing this, the total credits reach tens of millions of rubles a year. Another "hard currency" avenue is the attraction of deposits by SKV [freely convertible currency] owners on USSR territory for the acquiring of various goods. MENATEP's advantage is that the association uses a unique—in comparison with other commercial structures—opportunity to purchase imported goods through its own foreign representatives.

Since the beginning of this year, MENATEP has begun to establish a Social Protection Fund (FSZ) under its aegis—a new financial institution for the country. The plan is to mobilize the monetary assets of the population, enterprises and organizations for a long period of time, as a rule, with their subsequent investment in promising branches of the economy through the association's system. In doing this, the depositors will receive a high annual interest that dampens inflation.

In conclusion, a few words about the latest project of the MENATEP leaders. During the privatization of state property, the association intends to grant preferential

credits on a broad basis for individual citizens and work collectives to acquire shares in enterprises with the subsequent reinvestment of a portion of the credit from the budget. This mechanism, which is based on widespread world banking practices, will—in the opinion of its authors—permit not only the privatization of 30-40 percent of state property over the course of four-five years but also remove social tensions to a considerable degree and break inflationary processes. In doing this, MENATEP will be able to grant credit not only to the state but also to the West's financial structures, who trust in the success of a market economy on our country's territory. In any case, a number of Italian banks have already agreed to the granting of large hard currency credits.

Nevertheless, this is a subject for a separate discussion....

### INDUSTRIAL DEVELOPMENT, PERFORMANCE

#### Origins of Statistical Discrepancies, Existence of 'Shadow' Balance Questioned

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ORGANIZATSIYA PROMYSHLENNOGO  
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pp 35-43

[Article by Sh. B. Sverdlik, doctor of economic sciences, of the Institute of Economics and Organization of Industrial Production of the SO AN SSSR [Siberian Department, USSR Academy of Sciences], Novosibirsk: "Do Not Rely on Intuition"]

[Text] Foreign economists' interest in the "secrets" of Soviet statistics has changed its coloration recently. Some of them previously turned them inside out in their own way in searches for "undeniable" proofs of the maintenance and even an increase in the USSR's military potential and thereby give army circles in the West cause to demand of their governments new appropriations and military orders. Others, and their numbers are increasing, approach evaluation of the USSR's military expenditures purely economically. It is clear to any unbiased person: the more material, labor, and financial resources that are spent on armament, the less that remains for developing the country. And the worse the prospects for technical progress, a rise in people's standard of living and in achievements in the basic and applied sciences, and increase in the competitiveness of products on the world market. But since many Western politicians and business people think seriously about integrating the world economy, with the Soviet Union included in it, they want to know the true state of affairs. One cannot understand the economy of a foreign country without evaluating the share of its military-industrial complex.

There are among Sovietologists those who do not trouble themselves with analysis of data but rely more on intuition or, in the best case, on reinforcement with anecdotal cases from our periodical press.

We also have more than enough of such woefully inadequate analysts, and it makes no sense to get into a discussion with them. Others, who actually are not afraid of unpleasant work, who attentively follow all the publications and try to dig for the truth, are of more interest. Accustomed to systematicness and integration of the national accounting of various countries, they approach the USSR's official statistics with the same yardstick. And here the deepest disappointment awaits them, for domestic statistical collections are accurately copied fragments of material, labor, bookkeeping, financial, and other reports of ministries and agencies. Therefore, they contain a multitude of blank spaces, and the indicators of the various tables do not agree among themselves and at times they even contradict each other.

I shall cite only a few examples of disagreement in which, according to the logic of things, there should be agreement.

#### 'Other' Secrets and the 'Secret Balance'

In 1989 USSR Goskomstat [State Committee for Statistics] for the first time stated the absolute manpower employed in social production—139.3 million people, including 120.1 million in the state sector. In order to bring these figures somewhat closer to the truth, the text emphasized that they include "blue-collar and white-collar workers of agencies which were not previously counted in this manpower."<sup>1</sup> Openness ended with this, and two surprises awaited the researchers. On the next page the cited source pointed out that in 1989 there were 115.4 million blue-collar and white-collar workers, that is, 4.7 million (3.9 percent) people fewer, of all those employed in the state sector. Then a meticulous researcher unexpectedly found out that the blue-collar and white-collar manpower in "Narkhoz-89" had not deviated from previously published data in all the preceding years. Thus, it points out that the number of blue-collar and white-collar workers in 1988 was 117.2 million people, in 1985—117.8 million. These same figures are indicated in the collections. It turns out that, contrary to Goskomstat's statement, "blue-collar and white-collar agencies previously not counted in the average annual manpower" also were not counted in it in "Narkhoz-89."

Everyone is free, to the extent of his own capabilities, to unravel the secret hidden behind the dry columns of figures. They assume that the 4.7 million are not blue-collar or white-collar workers but prisoners or soldiers assigned to construction battalions, harvest gathering, or other social work. Others consider that the 4.7 million were dropped from the statistics of blue-collar and white-collar workers because they were employed in secret branches of the defense industry that were not reported to Goskomstat at all. Further guesses were devised as to how these concealed workers nevertheless

had turned out to be among those employed in the state sector. So the starting point for detective work with multiple-choice assumptions and a dubious conclusion is up to you.

Another example. In 1987, in "Narkhoz-87" the profit of enterprises and organizations was 199.8 billion rubles, and in "Narkhoz-89" it was given as 209.0 billion, the whole "increment" being attributed to the suspicious "other" branches. Profit increased in about the same proportion for all the preceding years. And again guesses, assumptions, and even whole theories with opposite conclusions.

Such mismating has given grounds for the birth of the concept, "shadow balance." Its essence is that the indicators of the activity of a number of branches of the military-industrial complex are not reflected in the ordinary balance of the national economy, either in production or in the use of the social product, but are counted somewhere behind seven locks which Goskomstat's keys do not fit. Then, apparently, there are a truncated open balance for the national economy for the broad public and a "shadow" balance for a narrow circle of persons. Therefore, proponents of the existence of the "shadow" balance explain, the announced budget expenditures for acquiring arms are not confirmed in the open balances for national income and the gross national product. That is why the total of sources for financing capital investment in the statistical collection, "USSR Finances (1989)" (USSR Goskomstat, Moscow 1991), is greater than the amount of capital investment in the "Narkhoz" and does not match earnings in the interbranch balance and the balance of the population's monetary income and expenditures. All this heats up the researchers' suspicions, hindering the acquisition of unbiased results.

Minister of Defense D. T. Yazov reported that expenditures for the purchase of arms and military equipment were R32.6 billion in 1989 (PRAVDA, 20 June 1989). One need not be a genius to understand that the procurement of military equipment is one of the forms of use of the national income that has been generated. However, these expenditures are missing from the appropriate "Narkhoz" tables. Perspicacious economists have assumed, and recently have found confirmation in the literature, that the indicated expenditures in the "Narkhoz" were included in "increase in material working capital and reserves." Actually, in 1988 the increase in material working capital and reserves was R63.9 billion, of which the increase in working capital and in reserves of commodity stocks were R9.4 billion and the increase in unfinished construction was R20.9 billion. That still leaves R33.6 billion, which is about equal to the officially named total of expenditures for the purchase of arms. In 1989 the growth of material working capital and reserves reached R70.4 billion, of which the increase in working capital was R42 billion, the increase in unfinished construction R27 billion. The remainder—R1 billion—was too small for arms. Again, there are grounds for searching for a "shadow" balance.<sup>2</sup>

Payment for the labor of blue-collar and white-collar workers in the population's monetary income was R364.5 billion in 1989 (PRAVITELSTVENNYY VESTNIK, December 1990). But the annual wage fund (including bonuses) of the 115.4 million blue-collar and white-collar workers named above, with an average monthly earnings of R240.4, was R332.9 billion. Who was the lucky owner of the remaining R31.6 billion? The answer is clear: the 4 million servicemen and 4.7 million shadowy persons not counted in the blue-collar and white-collar workers.

So does a "shadow" balance exist? Personally, I am inclined to a negative answer, although I am not prepared to convince anyone of this.

Another matter: If this balance exists, then only a small group of people, not including Goskomstat, has been let in on the secret. Therefore it is useless to search in the open statistics for what one does not know and cannot know. By explaining intelligibly why in some cases mutually related indicators do not match, some disappear, and others are disclosed, while previously published data suddenly are reexamined, Goskomstat would only strengthen the trust of foreign and domestic researchers in their publications.

Take even the amounts of profit which have been changed by the latter number. Prior to 1987, the "Narkhoz," in order to eliminate repeat counting from the total profit of enterprises and organizations, excluded the interest paid to banks for credit and the refunded insurance payments to sovkhoses and kolkhozes through the state budget, as well as resources for the reserve funds of Gosstrakh [State Insurance] which were sent to sovkhoses and kolkhozes to cover losses from natural disasters. The deductions have not been made, beginning with 1988. This also explains the

unexpected splash of profit—it was quite simple. But in order to open it up, it was necessary properly to poke around in the limited-circulation statistical collection, "USSR Finances." But why would this not be published in the "Narkhoz," which is accessible to a wide range of readers?

#### A Screen for Hiding—What?

Statistics cannot be managed without a rational categorizing of the primary indicators. In so doing, all the trifles are gathered into groups called "others." As a rule, they comprise no more than 10 percent of the consolidated indicator. On the other hand, a person who respects himself and the reader of the statistics is obligated, it would seem, to indicate in the footnotes what these "others" were derived from. Unfortunately, we did not do this. The central agencies contrived to surround even the most innocent indicators with an aura of secrecy.

For example, enterprises create a fund for financing capital investment and for the upkeep of buildings and equipment. In the pertinent table of the collection, "USSR Finances," for 1989 it is reflected this way: spent on completed overhaul R59.9 billion, other expenditures R36 billion. And again the enlightenment "others," which are concealed expenditures for defense. If Goskomstat had singled out from them the expenditures on current upkeep, then it would have kept the scientists from the vain hopes of finding a black cat in a dark room, even when none is there.

It is not excluded that the "others" and the "and so on" beloved by Goskomstat are only a screen for concealing professional incompetence. I shall compare the data cited in "Narkhoz-89," page 627 (in our case this will be columns 2 and 3 of the table) and page 628 (columns 4 and 5).

Long-Term Bank Loans, Billions of Rubles

Borrowers	Loan balances as of 1 Jan 89	Loans made in 1989	Loan repayments in 1989	Loan balances as of 1 Jan 90	Imbalance (2 + 3 - 4 - 5)
1	2	3	4	5	6
1.State cooperative enterprises and organizations,	96.5	11.4	12.0	96.6	-0.7
including:					
a)Sovkhoses and other state agricultural enterprises	15.2	2.1	1.2	12.2	3.9
b)Kolkhozes	47.5	1.4	2.3	43.4	3.2
c)Housing-construction cooperation	6.3	1.1	0.7	6.7	0.0
d)Interbranch enterprises and organizations	1.7	0.1	0.2	1.5	0.1
e)Other state and cooperative enterprises and organizations (1-a-b-c-d)	25.8	6.7	7.6	32.8	-7.9

The simplest computations will show that the indebtedness of state and cooperative enterprises and organizations at the end of 1989 should have been R25.8 + 6.7 -

7.6 - 24.9 billion. In "Narkhoz-89," for some reason or other, it was R32.8 billion. If the imbalance for agricultural enterprises and kolkhozes can be explained by the

writeoff of credits for an increase of the internal state debt, then the divergence among the "others" remains a riddle.

And what is to be done with the "others"? In the foreign literature the statement is found that one of the sources for financing the military-industrial complex are long-term bank credits which, at the start of the term for repayment, are written off as an increase in the internal state debt without being reflected in the budget expenditures, in order to conceal its true deficit. Why give researchers riddles which give superfluous cause for accusations of falsification?

#### Were We to Convert to a Total Basis....

I am not preparing to defend Goskomstat, but from personal association with its workers and with Gosplan, Minfin [Ministry of Finance], and Gosbank [State Bank] representatives, I have become convinced that the systems for information support and control are guilty of inconsistency, a lack of coordination, and secretiveness in Soviet financial statistics. First, primary statistical reporting has recently been so "trimmed" that soon Goskomstat will have nothing to analyze. We save on matches while billions are flowing down the drain. Second, some agencies retain their former status of "a state within a state" and do not recognize nationwide statistical bodies. Third, the methodological dissociation of the informational base for controlling the national economy is not being reduced but, on the contrary, it is being reinforced. Gosplan makes up a consolidated financial balance in accordance with one methodology. Goskomstat makes up its reported balance in accordance with another. But both the first and the second fail to coincide with the state budget and with the balance of the population's monetary income and expenditures in the structure of indicators and categorization of economic subjects. An enormous army of bookkeepers under the command of USSR Minfin counts each nut and each bolt, while nearby planners, workers, and statisticians "extract" in-kind and cost indicators for production from their own cribbing notes and nonbook-keeping conduits. The statisticians cannot in any way come to an understanding with the financiers in regard to defining the gross national product and other matters of national accounting that are generally accepted in various countries. When we open up the official statistical collections of the UN and of various countries, it is a pleasure to see how everything is laid out in compartments, in a form suitable for review and analysis. Let us take a glance at our domestic collections: at each step there are more questions than answers.

What use can the researcher of Soviet economics make of everything that has been said? Primarily, once he has undertaken this winding path, he must most scrupulously get to the heart of what the statistics include in the various indicators, terms, and designations. Indeed, the concept of earnings is not identical in content in the statistics for national income and the population's

income. These are related to profit, the consumer expenditures of the population, capital investment, growth of material reserves, and so on. Often, having neglected these differences, domestic or foreign Sovietologists come to a dead end and begin to look for Goskomstat's hand where there is not even a little finger.

Supposedly the indicator "retail turnover" is simple. What is meant by it? In our case, it is that which is sold not only to the public but also to organizations in the small wholesale trade. Consequently, the retail turnover and sale of commodities are not the same for us and for you. But this is not all. Leafing through the pages of agency documents, you suddenly explain that commodity turnover includes services and they are written separately as paid-for services. If you order a suit or overcoat for yourself from a tailor shop, then, on the one hand, it goes into paid-for services, but, on the other, it is still in the retail turnover. Take a look at the first plus the second: "Aha! how much you have grown since last year!" You have not grown at all, we face only a convenient double counting, like household slippers.

State agencies have invented a multitude of methods for keeping their own people (and, from personal experience I know that so does the USSR Supreme Soviet) in the dark, and they have learned to be extremely clever in hiding "explosive" information from the broad public. After comparing it in various sources, or in the same source but on different pages, one can dig out and bring into God's light that which the authors have tried to conceal. It is precisely this technique that has been used in my computations of monetary circulation for 1961-1975 (see the author's book, "The Social Product and Monetary Circulation," Novosibirsk: Science, 1981). For unraveling true phenomena, it is useful (even mandatory) to examine them in action and to explain what lies at the basis of abrupt changes. For example, if one blindly believes what was published in "Narkhoz-89" data, then prior to 1987 deductions into the economic incentives fund were 16-17 percent of the profit, but in 1988 and 1989 they were 41 and 49 percent.

Without getting to the heart of the matter, economists assert that it is precisely the growth of these deductions that is the main cause of the intensive increase in the population's monetary income. This is not true. In actuality the whole trouble is the so-called second model of economic accountability, where earnings and material incentives lost their individuality in the general wage fund. But Goskomstat included it in the deductions from profit that were examined above.

State organs nowadays have collided with a problem that is in essence more complex than the former one: how to obtain at least some kind of information from the "sovereign" principalities. But if the organs of state power want to control the country not by intuition but on the basis of objective economic analysis, if they are intent on entering international financial structures, not on the basis of words but on a businesslike basis, then it

is necessary, without putting it off indefinitely, to eliminate obstacles in integration of the statistical reporting system and to make it more open and understandable for domestic and foreign researchers.

#### Footnotes:

1. "The USSR's National Economy in 1989." Moscow: Finances and Statistics, 1990, p 47. Later in the text these collections were named "Narkhoz-89 [The National Economy in 1989]," and so on.

2. Calculated according to data from "Narkhoz-89," pages 16, 529, 547 and 625.

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## RESOURCE UTILIZATION, SUPPLY

### Vneshekonombank on Gold Situation

*OW1612030391 Moscow Central Television First Program and Orbita Networks in Russian 2000 GMT 26 Nov 91*

[Interview with Aleksey Borzunov, Deputy Chief of the All-Union Association of Foreign Exchange and Finance Operations of the Vneshekonombank, by Sergey Lomakin; from the "Utro" program—live]

[Text]

[Lomakin] After such an official welcome to the "Utro" program, [reference to preceding video report on Foreign Exchange and Finance Operations of the Vneshekonombank, Bank for Foreign Economic Activity] I think there is no need to introduce you, Aleksey Borzunov, our studio guest. Welcome to our "Utro" program. The reason we invited you here is because in approximately the last two months, newspapers such as KURANT, STOLITSA, and IZVESTIA continually publish intriguing stories that mass amounts of gold are being taken out of the country, and that, somehow, this is happening secretly via aircraft from Sheremetyevo, and I do not know where else. On the whole, I wanted to ask you to, perhaps, clarify this situation.

[Borzunov] First of all, I want to say that such instances are not news to us. Ever since we started our gold and platinum operations, there have been items in the Western press practically every week about our precious metal market operations. The aims of the above publications are patently obvious. They are clear to us. We do not react to them in any way.

[Lomakin] Lack of reaction serves no purpose, incidentally.

[Borzunov] The whole point is that one of the aims of the articles is to goad us into a reaction to gauge whether the report is factual or not.

[Lomakin] Then, perhaps, it is best to simply clarify it, because otherwise a kind of duplicitous situation arises.

[Borzunov] In either case, I want to say that in the majority of instances, these articles are initiated or published by those banks or companies with whom we do not maintain any kind of business relationship, and whose knowledge about our market operations is quite narrow. After the August events, many articles actually appeared in our press concerning mass dumping of gold and platinum, and the dispatch of materials of that sort. I want to say that in principle... [Borzunov searches for something to say]

[Lomakin] Is it true or not? How must we say it then? That there are certain secret bodies who are taking out gold, selling it in the West, and receiving millions of dollars which they are depositing in Zurich accounts, is that right or not?

[Borzunov] First of all, we must note that there are several organizations in the Soviet Union which are involved with precious metals operations in one form or another. Specifically, the USSR Vneshekonombank carries out operations on international markets for the sale of gold, platinum, and a range of other metals in the form of ingots. We work on the basis of firm orders of the government. The USSR Vneshekonombank's authority in this sphere was confirmed, after the month of August, in September or October. The authority to conduct the aforesaid operations was confirmed, on the one hand, by the Inter-Republican Economic Committee, the Presidential Decree, and by the Committee for Operational Management of the National Economy [COMNE] document. All of which, on the other hand, reconfirms the validity of those decisions adopted in preceding years by the Cabinet of Ministers, and the Soviet of Ministers.

[Lomakin] Please forgive me. I want to clarify, pardon me for my persistence, but I want to clarify this; are these exports of gold a lawful operations within the framework of the bank, or is there some sort of secretiveness?

[Borzunov] Before anything else, I want to say that the Vneshekonombank is under the RSFSR jurisdiction and is building its activities in line with the law of the Russian Republic and in line with its charter. As I said before, the bank's status has been affirmed by the resolution of COMNE. Yes, we have sent gold, platinum, and a range of other metals abroad. These exports are continuing, and more than likely will continue in the future, but what should be noted, is that the aforesaid operation is being carried out in strict conformity with the law. That means, that after receipt, or announcement of a decision, we receive the metal from the MinFin [the Ministry of Finance] in the Gokhran [State Repository for Precious Metals]. The aforementioned metal is packed and transported abroad. In the process, the Soviet organizations interested in, or in some way concerned with the export of precious metals are informed. This is for matters of insurance, transportation, and the whole maze of issues concerning exports. Besides this,

we operationally inform the appropriate levels of authority on the progress and the results of carrying out the decisions of the directing bodies. We operationally inform the appropriate authorities.

[Lomakin] Thank you. One more question which, I think, worries all the viewers. The Vneshekonombank is involved in the sale of gold abroad, to foreign banks. Tell me please, is it Russian, Soviet, or Republican gold that we, the Vneshekonombank, are selling? Whose gold is it?

[Borzunov] It is difficult to say whose gold it is, because, irrespective of where it is obtained, there is only one stamp on it, the stamp of the USSR. That is why, at the present time, the issue of dividing the assets and liabilities of the former republics, which are now sovereign states, is being examined, and in the near future, you will receive an answer to your question.

[Lomakin] Thank you, and one more question. Grigoriy Yavlinskiy announced that the country's gold reserve is only 240 tonnes in all. Is the Vneshekonombank trading in gold which is not included in this figure, or is it gold from the gold reserve? Please clarify this.

[Borzunov] As far as the gold we are trading in is concerned, the 240 tonnes of gold, this is the figure which is being planned for 1 January 1992.

[Lomakin] That is, prior to 1 January 1992, you have been trading and will continue to trade in gold that is not included in the 240 tonnes?

[Borzunov] Evidently so, but it would be better if you address this question not to me but...

[Lomakin, interrupting] To whom, would you advise?

[Borzunov] To the person who made the corresponding announcement.

[Lomakin] Good, thank you Aleksey. And the last question, quite briefly. The fact is that, in recent times, of course, those autonomous republics, the union republics who have gold reserves, are suggesting that they could very well dispose of the gold themselves on the world markets and receive a direct profit from it without handing it over to the Vneshekonombank, let us say.

[Borzunov] I understand your question. The issue is very complicated. An organization trading in precious metals is not as simple as it appears at first glance. Besides qualified personnel, very expensive equipment, and experience, a very good financial position, a good reputation is needed,...

[Lomakin, interrupting] The trader's reputation, the dealer, let us say?

[Borzunov] Yes, the reputation of the seller, or the buyer, in any case, the reputation of the participant. Besides this, we must not forget that now, as in the past, the Soviet gold which is exported, for instance, to London, is not subject to any tax. This exception is made specially for us, for the

Vneshekonombank as a representative of the Central Bank, as a representative of the government. As for the other republics, the issues can be decided by the Bank of England, in accordance with the authorized government representatives of Great Britain, completely...

[Lomakin, interrupting] Such exceptions may not be granted.

[Borzunov] Quite right, besides this, it must be noted, the USSR Vneshekonombank holds a very strong position, and has a very good reputation. If we picture the precious metal market as a pyramid, then the Vneshekonombank is found somewhere very near the top. It occupies, at least, a unique position. On the one hand, it is a professional participant in the market. From the point of view of qualifications, equipment, and knowledge, it belongs in the ranks of professionals in the market, real players, let us say, like Rothschild, Morgan, and Chase Manhattan Bank. On the other hand, the Vneshekonombank simultaneously represents the producer country. Besides its operations of a purely trading nature, it has very good support from the point of view of base metals and base operations.

[Lomakin] Thank you Aleksey, this looks to me like a free advertisement for the Vneshekonombank. Thank you for coming and clarifying the situation. I think that you have coped well with this complicated issue in the limited air time that we have provided. Thank you. [end recording]

#### **Delays in Developing Karelian Uranium Deposits Deplored**

*924A0347A Moscow RABOCHAYA TRIBUNA  
in Russian 18 Dec 91 p 3*

[Article by Norgis Yuoperi: "The Northern Treasure. No One Needs It."]

[Text] Uranium ore was located in Karelia. Petersburg geologists discovered a deposit of complex ores in the northern part of Lake Onega.

Yu. Petrov, the chief geologist of the crew:

"The deposit is unique. The Padma deposit can be compared only with a similar natural facility in South America. However, there the reserves are coming to an end. In our country thus far molybdenum has been used to obtain high-tensile and durable steel, whereas in the West vanadium has been used for a long time."

Laboratory analyses have shown the high extractability of vanadium from this ore—approximately 80 to 90 percent. Furthermore, this ore has platinoids, gold, and silver.

Candidate of Geological-Mineralogical Sciences M. Filippov, an independent ecologist, head of the radioisotope laboratory of the Karelian Scientific Center, visited the mine recently. The purpose of his visit was an inspection.

“The Zaonezhskaya mine is the gift of fate to Karelia,” he said. “All nature protection measures are being fulfilled there. We will strictly check the work of geologists. We are in full agreement on this with the ‘greens’ in Medvezhyegorsk.”

From the technical aspect everything is being done in a proprietary manner. However, the prospects for a rapid development of the resources of the Padma complex ore deposit—and, moreover, not only of this deposit, but also of other deposits in the north of Karelia and in the Ladoga area—are gloomy. Everything has been postponed to the year 2000 and longer.

Involuntarily, the following question arises: What kind of proprietors are these if they do not rush to develop this unique industrial complex? Here in one geographical region there are infinite, explored reserves of schungite ore, which are so necessary in casting production. There are vast iron ore reserves in the region of the Pudozhgora deposit. There is the operating Kostomuksha Mining and Concentrating Combine. Nearby, in the city of Cherepovets, there is a metallurgical giant. In the north of the Komi Republic there is coking coal. And a new discovery—Padma vanadium.

One can dismiss the matter and declare: Today there is no money for an overall development of Karelia's resources.

So, establish joint enterprises with domestic and foreign concerns. If there is money, there will be wealth and well-being for the local people.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Academician Discusses Supports, Impediments to Reform

924A0327A Moscow ZEMLEDELIYE in Russian No 9, Sep 91 pp 9-10

[Article by S. G. Skoropanov, academician at the All-Union Academy of Agricultural Sciences imeni V. I. Lenin: "Temporarily Unemployed Laws"]

[Text] During the years of perestroika big changes have occurred in international life and much smaller, in domestic life. Therefore, society is seething with impatience. Without exaggeration one can assert that the food problem is the basis for the dissatisfaction. The empty counters of food stores with almost overfilled household refrigerators are the direct consequences of the unmet demand and its speculative growth.

In the past, when there was hunger in the full physiological sense of this concept, many citizens of the Russian Empire, escaping from hunger, left their native places and deserted the homeland. Unfortunately, this is also characteristic of the present period, although on a smaller scale. Of course, the present shortage of products does not represent a physiological hunger and the calorie content of our food is quite high—it is on the level of developed countries throughout the world.

Everyone is seeking an answer to the question: Why? What is the matter? The country's leadership gives an exhaustive answer: The crisis with food products is the consequence of the long-term nonequivalent exchange between urban and rural areas. The product of peasant labor was and to this day, essentially, is being taken away for next to nothing.

As long as the peasant had no place to go, he suffered. However, industrialization opened plant gates. The peasant, escaping from his disastrous situation, rushed headlong into the city, reinforcing the army of "its majesty" the working class. For example, in the last 30 years Belorussia's urban population has doubled, reaching 66 percent.

If the process of migration of the rural population had been the consequence of the replacement of manual labor with machine labor, it would have been legitimate and healthy. However, this was not the case. The peasant was running away from want, which doomed him to a vegetative life. This especially affected the country's central regions and the Russian nonchernozem zone.

The merciless exploitation of rural areas during many decades did its dirty work. The peasant, who grew weak, lost interest in labor and in benefactress land. These processes went far. Strictly speaking, the union of the sickle and the hammer disintegrated. The hammer, which thereby passed a severe sentence on itself in the form of a meager food market, was to blame for this.

The paradox lies in the fact that, instead of apologizing to the peasant and determining measures ensuring a harmony of the sickle and the hammer, a number of "intellectuals" strike an attitude and crudely censure rural areas, accusing them of an inefficient utilization of funds. They say: In the last 25 to 30 years the state has invested 600 billion rubles in rural areas, but they cannot feed us!

Whether because of incompetence, or for other reasons, the "critics" do not want to understand that these 600 billion rubles are nearly one-tenth of what has been taken away from rural areas. Incidentally, we would like to note that the level of technical equipment of a peasant in the United States is five- to sixfold higher than that of our peasant and, at the same time, annual budgetary injections by the state total 15 to 20 billion dollars there.

Publications on how things are "in their countries" (Holland, Germany, and so forth are meant) and "in our country" have now become fashionable. An interpretation of experience is a good thing, but this should be done objectively. Often one reads: "In their countries" one peasant feeds 50 to 60 people, but "in our country," 12. Next there is the following conclusion: This is the consequence of the fact that "in their countries" the peasant is an owner, while our kolkhoz member is a hired worker. Let us assume that this is important, but there would be no harm in continuing the comparison. In Holland 800 kg of NPK per hectare of arable land are applied, while in our country, one-seventh of this. The plants cultivated on the country's kolkhoz field are half-starved and, therefore, give one-third of the harvest in Holland.

It is also appropriate to mention that the number of tractors per 1,000 hectares of arable land in the former German Democratic Republic and the Czech and Slovak Federal Republic exceeds our indicators twofold, in Great Britain, fivefold, and in the Federal Republic of Germany, tenfold and that, for example, in Japan state subsidies make up 75 percent of the farmer's income. Subsidies in Norway, Finland, Switzerland, and Sweden are close to this and they exist in Canada and in many other countries throughout the world.

Of course, in states with high protectionism for the peasantry prices of food products are higher as compared with ours, as a result of which the consumer's purse does not get fat. The slogan "the advance of agriculture is a nationwide cause" is realized in such a way there. Mankind has not yet developed another path.

It is well known that during the years of Soviet rule our country, from a backward agrarian state, was transformed into an industrial power, although the efficiency of functioning of industrial enterprises was lower than that of corresponding sectors of developed countries throughout the world. Cities, industrial settlements, factories, and plants were built and educational and scientific institutions were established. A punctilious question arises: What is the source of the initial accumulation of capital?

It is well known that, basically, the country did not make use of foreign loans and the peasant's labor on land was and continues to be the basic source of funds. In essence, he has created our power and, therefore, is the true owner of the national wealth. For decades the state appropriated the results of his labor, at the expense of which it built giant industries. An equivalent exchange has begun to be discussed only in recent years. However, would-be theoreticians broadcast to the world that "kolkhozes and sovkhozes live off the state." "Debts" are written off pompously, crumbs from the seized big loaf of bread are being returned, and this is offered as an act of mercy. Is this not blasphemy?

It is high time to repay the debts to rural areas and with good interest! However, the debtors are in no rush. They have accumulated many problems "of their own," which require an urgent solution.

Our legislators, most of whom are city dwellers, adopted good laws on ownership, on land, and on leasing. However, one should not think that public ownership alone is to blame for everything and that, following the proclamation of the parity of diverse forms of ownership, urban and rural dwellers will rush to use their rights, will take land, and food will begin to flow like a full-flowing river. The river has turned out to be disobedient. The law on land has become virtually unemployed and there is fear that this temporary unemployment may turn out to be chronic.

The "pure" orientation toward man—the master of land—who, having become its owner, will sweat day and night in order to feed his city brother, is illusory. Not denying the stimulating role of this factor, it is appropriate to note that under conditions of the scientific and technical revolution this is insufficient. As a minimum, three other factors are necessary: special knowledge (scientific potential), material and moral interest, and technical equipment (chemicalization, mechanization, and automation) of the owner of land.

In response to the demand "it is time to repay rural areas their debts" the share of investments in the APK has been increased. Alas, however, their lion's share is assigned not to the direct owner of land, but to the processing industry, the low material and technical level of which leads to big losses of products that have already been produced. Of course, investments are also important and necessary here, but not to the detriment of plant growing—the basis of the food stock.

The hope for a quick effect of the adopted laws is no more than an error. It is difficult to expect a quick return on any law, especially in agriculture. Even the best can give a positive result only after 1 year and with a good political situation and material and technical provision at that. But we cannot wait.

An analysis of the materials and facts available to us makes it possible to conclude that, in principle, the law is correct, but objectively three main groups of factors

impede its operation: the party and management factor—it is political and psychological; the material and technical factor and the time factor.

In the course of perestroika sectorial economic subdivisions in party committees have been abolished. However, "owing to the special complexity" of problems, the agrarian subdivision has remained. It replenishes the command system on all levels. In its basis the APK managerial staff remains as before. It is the child of the command system. The following question arises: Is it possible that Lenin's thesis to the effect that overthrown classes (it was a matter of exploiters) retain their actual power for a long time is not correct under present conditions? I think that it is also correct for our time. Whether we like it or not, this exists objectively. This factor gives rise to the psychological mood of ordinary rural workers. It is expressed in peasants' distrust of laws.

Thus, a well-conceived act—to provide incentives for APK development and to relieve the tension on the food market—has flaws of a fundamental nature. The following seal is imprinted on it: "To do everything from nothing." But this cannot happen.

In order for the adopted laws to operate and in full measure at that, good material support is needed. How soon it appears depends on each of us.

## REGIONAL DEVELOPMENT

### Rutskoy on RSFSR Agriculture, Politics

924A0278A Moscow SELSKAYA ZHIZN in Russian  
26 Nov 91 pp 1-2

[Interview with Aleksandr Rutskoy, vice president of the RSFSR, by SELSKAYA ZHIZN correspondent V. Raskin: "Russia Has Grown Tired of Words"]

[Text] How unpredictable people's destinies are. Who would have thought that Hero of the Soviet Union Colonel Rutskoy, who was awarded honors in the fighting in Afghanistan, would, as the years went by, become the vice president and would hold talks in Moscow with the Afghan mujahidin? And that during this meeting the head of the delegation, the foreign minister of the opposition government, B. Rabbani, would say this: "Allah spared our lives so that we could achieve peace in Afghanistan...?"

I conducted this interview after the vice president's meeting with the mujahidin. We had to descend from international affairs to the sorry land of Russia, and talk about what is of concern to each and everyone of us: When and how will we extricate ourselves from the quagmire into which we have fallen?

From the "golden hall" of the White House we went to the vice president's office. The thing that immediately caught my eye was several icons that hung on the wall. There were also models of farms and peasant farms, and many

different graphs and plans. And there were even still models of aircraft in the office.

[Raskin] This is the first interview that you have given to our newspaper. But for readers of SELSKAYA ZHIZN the name of Rutskoj is well known, both his biography and his position on many issues. Is it easier to be a pilot or to hold this post in the leadership of Russia?

[Rutskoj] Of course, it is better to be a pilot because when you are in the air you make the decisions yourself. You are in charge of all the controls. In politics it is much more complicated. Before reaching a decision everything must be agreed and stipulated.

I carry no "baggage" from the past. I never sat in an oblast committee or city committee, never carried out ministerial duties. I was a serviceman who carried out the functions prescribed by law and regulations. So that now, as I work in the White House, I do not separate my opinions and positions from the opinions and positions of society itself. Before I was elected vice president I headed a parliamentary committee. Then Boris Nikolayevich proposed that I be put on the ballot along with him. We won the election. Since then I have survived two governments and am now completing the formation of a third. If one analyzes what the previous ones did, then one simply throws up one's hand and thinks: Just how was it possible to work like that? Total irresponsibility. I have special hopes in the new government. A quite young leadership has arrived on the scene. And one more very important detail. I cite Yegor Timurovich Gaydar, who said this: "Let us decide that the members of the government will not participate in privatization nor engage in entrepreneurial activity, but deal only with the problems of the people." I heard these words with an enormous sense of respect and solidarity.

[Raskin] When you had the constituent congress of the People's Party of Free Russia, which you head, you said that the vice president was "restricted" in his work, did not have scope for activity. And you set forth your vision of the activity of the vice president in resolving the problems of the republic's national economy. You gave first priority to questions pertaining to the food program. Can you tell our readers what you think the solution is to this very urgent problem that is so acute for the country?

[Rutskoj] I really am very concerned about the course of the land reform and supplying the people with food. Control must be strengthened in this field. This is a serious matter for me. You can guess this from my character. But emotions aside, let us talk about the farms, the development of the countryside, small-scale complexes for processing agricultural output, and the means of mechanization.

Of course, I am not an agricultural expert. I therefore invited Dutch farmers and met with representatives of companies that are engaged in processing agricultural output in London and in Italy. I tried to find out in detail about the possibilities of German companies that produce equipment and breed cattle and process meat. Then

I traveled to Kursk Oblast to consult with kolkhoz and sovkhoz leaders. I met with peasants and farmers. I asked them how they see production today. After all these meetings and discussions a model was born. And it is no longer just something on paper. Experimental equipment has been produced. We have been looking at it to see how it works! That was the first step. Now we are setting up a joint-stock company that will set up farms and create interfarm processing complexes. The joint-stock company is now moving beyond the embryonic stage. There are enterprises, and there is a work plan. And the first, but real, business has been set up. At Istroy, 65 kilometers from the capital, the first processing center has now been started up—a dairy. Each day it is processing 15 tons of milk and producing cottage cheese, sour cream, and fine pasteurized milk. I went there with my secretariat. My comrades saw this, and they said: "Listen, in the market this cottage cheese would fetch 50 rubles [R] a kilogram."

[Raskin] You talk about resolving a number of problems associated with providing high-quality modern technology for processing output. This is a very important direction. Can you tell us in more detail about the actual steps in this field. Also, you said that you are setting up turnkey farms. Who can pay for these, and how?

[Rutskoj] Yes, we have developed model grain farms, meat farms, and dairy farms. All of them are now in series production. Everything, the entire complex. The pumping station, the boiler house, the workshops. Provision is made for an elevator on the grain farms. Plus an interfarm processing enterprise alongside it. If this is connected with a dairy, then from four to 40 tons of milk can be processed. With a short leg for transportation, something on the order of 8 kilometers. The meat plant is the same, and the plants for processing vegetables and potatoes. The entire base complex. And about 20 farms are located around them. Accounts at the plants will be handled the same way. Money or finished produce. Everything calculated, down to the last kopek.

Let me talk in greater detail about the farm itself. Provision has been made for a standard two-story house with five rooms. The farm has two vehicles with equipment for hooking on attachments, a tractor, means of mechanization, and a vegetable storage facility. As I said earlier, provision has been made for grain storage. This kind of farm costs R600,000 to R700,000. We have calculated that a farmer who leases a farm will be able to pay for it in full in four or five years. And the farm becomes his own property.

[Raskin] And who will service all these farms?

[Rutskoj] There are four or five persons in the average family: the husband and wife and two or three children. People are already coming to me, learning about it, and saying: "Where is it? Where do we have to go?" Our army is being cut back. Many servicemen dream of this kind of farm.

But let me return to the well-planned processing centers. They will be able to service others in addition to the farms. These kinds of complexes are planned to handle four or five kolkhozes. At first the complexes will be leased, then the kolkhoz farmers will buy them. And, let us be realists, for the present collective farms will also be revived. Why? What they are today is not collective farms. I believe that there should be collective equipment. An inventory of vehicles that are there but not needed every day; they will be located at the interfarm enterprises. Why should everyone build a concentrated fodder plant? It is simpler to buy shares.

[Raskin] So how much will an interfarm complex cost?

[Rutskoy] Something on the order of R15 million to R20 million. The joint-stock company I am talking about will first set up interfarm complexes capable of handling 1,000 units. Conversion will get under way. Enterprises in the military-industrial complex are already working on the orders. There has been enough demagoguery about food. Wherever you look everyone is discussing the subject of food, but no one is doing anything concrete. Meanwhile, the harvest that has been grown is dying and rotting.

[Raskin] Yes, this figure was cited not long ago: One-third of the present harvest has remained in the fields. Who is to blame here?

[Rutskoy] Readers of SELSKAYA ZHIZN know from their own experience where our troubles begin and end. Losses occur because of irresponsibility and bad management. What is left in the fields now? Sugar beet, cabbage. Because of the shortage of packaging, tomatoes have been plowed under. Well this should not be happening! And now we are asking the question: Why are the farmers plowing under the tomatoes? When there are interfarm processing enterprises no one will destroy produce. Everyone will have an interest in harvesting it and selling it, and then they will make money. And there will be something to use to transport it. Some 20,000 "Robur" vehicles have already been ordered. Provision has been made for the joint-stock company to produce these vehicles here. Production will be increased to 400,000.

[Raskin] Vehicles are fine. But surely we also need roads. It is hardly worth saying that in Russia the roads have always been notorious.

[Rutskoy] The joint-stock company will also build roads. I have already said that everything will be delivered on a turnkey basis, even the roads. Provision has also been made for repairs to equipment. How does it work now? Equipment is purchased, it breaks down, and it costs someone something. And the kolkhoz chairman or the sovkhos director has to run off, debase himself, beg for spare parts. Absurd!

Next year we reckon to set up 30 interfarm processing centers. Then the number will grow each year. One such center will provide finished produce for a city with a

population of 250,000. But we must not think that someone will give away the processing plants free. They will not be paid for out of the pockets of some uncle, or of the state. No, they will be leased, and then purchased by the owners. Do not think that I am talking about individual farms. I am talking about interfarm enterprises for the collective farms. They may acquire three or four farms and operate them at a profit for themselves.

[Raskin] In recent times you have been saying that many people have an incorrect understanding and assessment of Rutskoy's actions. In particular, on 13 November during a White House news conference, you complained—in the direct sense of the word—that some people are displeased with Rutskoy's views on democracy. Can you tell us what democracy is in our society?

[Rutskoy] The term "democracy" can be understood on quite a few levels. It cannot be reduced to some kind of brief formulation. Let me try to set forth my understanding of it. For me, democracy is first and foremost is the law, before which everyone is equal—the president, the peasant, the physician, the teacher. What I have in mind is laws that form the basis of democratic procedures. In my opinion, the most important thing today is to guarantee undeviating compliance with the laws that are passed. Without this there can be no reforms. People have grown tired of the chaos and anarchy and the total lawlessness. And various kinds of antidemocratic forces are today trying to speculate on this, like the State Committee for the State of Emergency, which promised that it would declare war on crime and restore order.

In our country democracy could not be put in place instantaneously. It needed some kind of transitional period. And in no case was it possible to split society into the "communists" and the "anticommunists" and the "patriots" and the "democrats" and so forth. This kind of artificial division has never brought good to anyone, nor will it. There is more. Here we have no respect for the individual. Today we have liquidated the structures of the CPSU, and the ministries and the management apparatus are being reduced. As a result, some people who have worked honestly for many years are simply being thrown out into the street. One might think that those who are today waging this campaign used to live on the moon and that there never were any pioneers or members of the Komsomol or communists, in short, that they have no relationship at all with the former system. Let me note, incidentally, that those who in the past really fought against the communist dictatorship and suffered for it are not calling for revenge today. Without respect for the personality of each individual there can be no democracy. There will again be totalitarianism, even if it is hidden behind a mask of democracy.

[Raskin] Could you please answer one very delicate question. We can all see and hear the situation that has taken shape in Checheno-Ingushetiya. What was your role in the preparation of the well-known presidential ukase? When the state of emergency was declared in Chechnya, Muscovites lived through an alarming time.

Rumors circulated about possible acts of terrorism. To what extent has General Ruts koy, a leader of Russia, mastered the situation under these conditions?

[Ruts koy] Let me start by saying that if the RSFSR Supreme Soviet Presidium adopted appropriate decisions on the situation in Checheno-Ingushetiya, then those decisions should be complied with. In this connection I was reproached for extraordinary harshness. Let me tell you about just one episode. On 6-8 October I was in Grozny along with other members of a delegation sent by the RSFSR Supreme Soviet. There I met with General Dudayev. I asked just one thing: Stop the massive arming of the population, put all weapons into storage, and restore constitutional order. Dudayev promised he would do so. After that the RSFSR Supreme Soviet Presidium passed the decree "On the Political Situation in the Checheno-Ingush Republic." It contained absolutely nothing to gainsay this. It also talked about the need to surrender weapons and hold free elections. But in response, the Executive Committee of the National Congress of the Chechen People published its own decree: "...The actions of Ruts koy and his team during their visit to the Chechen Republic must be deemed a provocative action on an international scale, prepared beforehand in the dark plans of the Russian Government against the Chechen people." And it went on thus: "We declare the mobilization of all male persons aged 15 to 55 for the people's home guard. The republic national guard will be brought to full combat readiness. All officers, warrant officers, and enlisted men of Chechen nationality will be recalled from the ranks of the USSR Armed Forces."

That was their decree.

I make no secret of the fact that I participated in the preparation of the ukase on the state of emergency. It provided first and foremost for the restoration of control over the situation, lifting the blockade on objects seized by the armed militants, and, of course, a political settlement. It is common knowledge that the Supreme Soviet did not confirm this ukase. But in any case we had to resolve the problem. As far as terrorism is concerned, what else can you call actions such as the seizure of a passenger aircraft and forcing it to fly to Turkey, or the freeing of prisoners by Dudayev's armed militants? As far as Moscow is concerned, the situation is being monitored from there.

[Raskin] What will happen with Russia, which you often call Great Russia? For surely its "greatness" is being increasingly diminished, is it not?

[Ruts koy] I am for a unified and indivisible Russia. What I have in mind is the preservation of the state that has been created by our great predecessors over the centuries—Aleksandr Nevskiy, Dmitriy Donskoy, Peter the Great. I am for a single Russian state. There is no nationalism in this. Inside this state each people can

have its own cultural autonomy—speak its own language, follow its own religions and customs. The Russian state is unity in diversity, it cannot be only Russian.

A splintered Russia cannot be great.

[Raskin] In an interview I had with you you openly said that you had for a long time been looking for some connection with the newspaper SELSKAYA ZHIZN. What did you mean by that?

[Ruts koy] Yes, that is so. By dint of various circumstances, I did not read SELSKAYA ZHIZN in the past. But then at a meeting (there are various kinds of meetings), when I was bored with the dullness of the speeches, I asked my neighbor for his newspaper. He gave it to me, and it turned out to be SELSKAYA ZHIZN. I started to read it and found that it was a very interesting newspaper. Both on the plane of what it presents, and the views and positions of the writers. Today it truly is independent. In this newspaper one can see any viewpoint, whatever draws your attention. Oh, I thought, wonderful, good men! What do I like about it? You know, there are newspapers (I will not name them) filled with a stream of critical comments. At the other extreme there is the flow of praise. But in SELSKAYA ZHIZN we have the voice of the people. One person says his piece, another sees something in a village bell-tower. A cross section of public opinion is presented. We see living life. I come from Kursk, an agrarian oblast. I love nature and everything connected with the land.

### **Khlystun Discusses Land, Organizational Reforms**

#### **Progress, Problems in Land Reform**

924A0310A Moscow ARGUMENTY I FAKTY  
in Russian No 49, Dec 91 p 6

[Interview with V. Khlystun, RSFSR Minister of Agriculture and Food, by V. Voronetskiy: "Struggle for Land Continues"]

[Text] V. Khlystun, RSFSR Minister of Agriculture and Food, responds to the questions of the ARGUMENTY I FAKTY reporter.

[Voronetskiy] Viktor Nikolayevich, our readers are interested in how land reform is proceeding. Judging by the letters to the editor, many are forming the opinion that the undertaking is failing. What is your opinion?

[Khlystun] I cannot agree with this assertion at all. We cannot expect large-scale change immediately. Only the first stage of reform, which will last several years, is coming to an end. I think that the main result of this period will be a change in the consciousness of people and in their attitude toward changes in the village. For example, in Rostov Oblast, where things proceeded badly before, 250 peasant enterprises have been created since September alone. And the general results? We proposed to have 10,000 farming enterprises by the end

of this year, but actually today we have about 38,000. Twelve million families have received orchard and garden plots.

[Voronetskiy] In your opinion, why is it that many who desire to have land have not received it, especially for gardens and orchards?

[Khlystun] There are many reasons for this, but I think that the main reason is that today in every region land allocation is dealt with by the soviet of people's deputies, the deputy land commission and the executive committee. This kind of diffusion of power and the very complicated mechanism of land transfer results in the fact that in the final analysis there is no responsible party and demands cannot be made of anyone. I am not speaking about the fact that in many regions deputy commissions, which are made up of kolkhoz and sovkhoz directors and specialists share a unanimous position as regards reform—they will not allow it. As a result, people are looking for help. We alone have examined over 2,500 complaints, trying to achieve positive decisions regarding the allocation of land to those who request it.

[Voronetskiy] How do you propose to correct the situation?

[Khlystun] First of all we must improve laws. We made a proposal to the Russian Supreme Soviet that the corresponding changes be made in the article of the republic's constitution dealing with the right to private land ownership and that the right to distribute land be given to only two organs—the reform committee and the local administration. They must make decisions and bear the responsibility for them.

[Voronetskiy] Yet responsibility has already been established. What measures are being taken against violators of the law? After all, at times the farmer is not allowed to live—crops are poisoned, equipment is broken and survey marks are destroyed. And the victim has no one to complain to.

[Khlystun] Unfortunately, right now the legal mechanism does not protect the peasant. The fact is that changes have not been introduced in the law on administrative and criminal responsibility. The question is procedural, but the matter is being delayed. The office of the public prosecutor still does not occupy a principled position on this question, and judges delay in the examination of affairs. We hope that the essential corrections in the law will be made soon.

[Voronetskiy] What other hindrances stand in the way of land reform and farming? Many ask where to buy and repair tractors and sowers. Are people being helped?

[Khlystun] Here the question is more complicated than the simple allocation of land. Farm enterprises are being created under conditions in which there is an acute shortage of equipment and building materials as well as an undeveloped infrastructure. One hundred peasant enterprises today have only 47 tractors, 12 sowers and 17

plows. There is an equipment shortage for kolkhozes and sovkhozes and an even greater one for farmers. Today together with foreign firms and former military plants we are creating enterprises for the assembly and then the production of modern equipment for farm enterprises. In the course of reform we still must create the corresponding infrastructure for new land owners. In this important matter we evidently cannot do without commercial structures, and they must be developed. But today it is not advantageous for the entrepreneur to go to the village; there are more attractive spheres for investing capital and labor. In order to attract the entrepreneur to this sphere we must create specific incentives for him. We are posing this problem to the RSFSR Supreme Soviet but as of yet have not received support.

[Voronetskiy] Many would like to have a parcel of land but do not know how much they will have to pay for it.

[Khlystov] The delay in passing the Law on Land Payments has had a very negative effect. Now the law has been passed. It is being introduced on 1 January 1992. By this time we must establish specific tax rates everywhere for each land parcel, and then many problems will disappear. These rates range from 10 to 200 rubles per hectare. We must orient ourselves somewhere within these limits. The talk that thousands will have to be paid is groundless.

[Voronetskiy] How is land being utilized by farmers? We receive letters about the fact that many farmers have allowed tall weeds to grow up on their land.

[Khlystov] This information has a certain basis, although in my opinion it is considerably exaggerated. I would attribute this more to horticulturalists and gardeners. Here about 10 percent of the allocated land actually has not been utilized.

According to our selective studies farmers are using 5-7 percent of their land ineffectively. This is also a large amount, but over half of the farmers have achieved a decent income.

[Voronetskiy] What can farmers expect next year?

[Khlystov] I am convinced that the movement will grow and we are preparing for this. We are developing several programs related to the development of farming. We are inviting participation by firms from Germany, Italy, Holland, and the U.S. We are training cadres. Considering the fact that by the end of next year we may have 150,000 peasant enterprises, we hope to obtain about 60,000 tractors for them. We are petitioning for this to the president and the government. We foresee a significant increase in direct investments by the government in support of farming enterprises. They will comprise 6.5 billion rubles. In comparison to last year investments into the development of the village infrastructure are increasing fourfold.

### Reform Activity in Ministry

924A0310B Moscow ROSSIYSKAYA GAZETA  
in Russian 11 Dec 91 p 2

[Article by Yevgeniya Pishchikova, including interview with V. Khlystun: "Long Live the Department of Agriculture"]

[Text] The new policy of the Ministry of Agriculture proposes to break up agroproms [agroindustrial complexes], to limit the activities of the ministry to strategic questions on agrarian reform, and to fully alter financing policy and the very concept of the state program. Money will be allocated not for road building in unprofitable kolkhozes but for republic special-purpose campaigns such as "potatoes" or "meat," i.e. incentives conditions will be created for the producers of products that do not yield a sufficiently advantageous return. Unprofitable enterprises will be given the choice of either repaying their debts or, as in any orderly bankruptcy, of yielding their place to another manager. If the kolkhoz or sovkhoz agrees to reorganization into an association of peasant enterprises, the debt will be forgiven. Minister V. Khlystun also guarantees that the government will procure agricultural products according to the market prices that are in effect on the day of the procurement transaction.

Thus, the agricultural ministry no longer intends to play at give-away with agroproms, which naturally are the main managers of agricultural affairs in all territories. Evidently, the time of agricultural generals has passed. The last one of them, Gennadiy Kulik, became known for his magnificently worded compromise policy of the kindly father to kolkhozes and sovkhozes and simultaneously of the protector of farmers—true, only if they were from among the number of those whom agroproms recognized as their own natural children. Incidentally, the purple days of Kulik coincided with the blackest days for Minselkhov [Ministry of Agriculture], when power was draining like water into the sand and the customary keys to influence, the monopolistic supply of equipment and so forth, began to experience disruptions. The only advantage was complete economic freedom—one could organize a firm of the Rossiyskiye Semena type to sell seed procured for government money to peasants at twice its cost, take unused budget capital that was allocated for construction of non-chernozem roads and invest it in Rosinterbank at 15 percent interest, or one could create one's own trading market...

Now the time of the professors has come. V. Klystun, doctor of sciences and former pro-rector of the Institute of Land Management Engineering, has an extremely complex inheritance and an extremely attractive program of agricultural reform. He is also in a very difficult position. Agroproms which are actively privatizing themselves into joint-stock societies with limited responsibilities and unlimited possibilities for dictating to producers and for speculation using monopolistically-produced products are breathing down his neck. Khlystun also has the ministry apparatus and the old

deputies who know their work well and who understand very well that the retinue crowns the king.

[Pishchikova] Viktor Nikolayevich, suppose that the agroprom dies. Whom shall we toast? Which organizations will implement the policy of the new ministry in the provinces?

[V. Khlystun] Evidently, this will be the departments of agriculture subordinate to the heads of administrations. We will not be appointing anyone special from the center.

As a modest commentary from the editors we are forced to note that the province does not have a great cadres diversity, and the heads of local administrations are selected mainly from among tried and true apparatus members. I feel that the young men from agroproms are already "packing their suitcases" to move to departments, or rather to simply change the signs on their doors, and will remain in their offices.

[Pishchikova] What is your idea for reforming the ministry apparatus?

[Khlystun] I do not want to waste time on a revolution of the apparatus, but only on the transformations that are essential in connection with changes in the functions of the ministry. I propose to delimit the functions of the state and economic administration. Moreover, the agricultural ministry will only have the function of implementing government agricultural policy, and all other spheres of its activities will be delegated to organs of the economic administration and correspondingly to departments in provinces.

[Pishchikova] What factors of influence are left to you?

[Khlystun] I think that you did not understand me completely. We plan to move from command to satisfying production needs. We are keeping for ourselves technical surveillance, the veterinary and quarantine services, and the state land-use control service. We will also control and develop ways to transform kolkhozes and sovkhozes into real joint-stock companies, and check on the process of privatization of enterprises within the agroindustrial complex. We will create an economic infrastructure that will provide credit and insurance for the agricultural producer. If you wish, we will implement government protectionism for entrepreneurs going to the village. To formulate it briefly, our task is the organization of vital structures that are not subordinate to the ministry but that operate within the framework of programs developed by the ministry.

Incidentally, the agricultural ministry is retaining the right to formulate an investment policy as well a budget that is allocated for social programs to develop the village. In this way, the new agricultural ministry automatically takes on all of the old ministry's debts involving road building, gasification and electrification of villages, and other useful operations. These debts are

enormous. In essence the operations of all agricultural ministers was reduced to two main functions—they built huge complexes in sovkhoses and promised to build roads and schools in poor villages, and for this they took from producers all grain, all milk, and all meat whenever possible.

This is very hard work that has recently increased many times over. Numerous building associations and concerns do not want to build anything in the village even under the condition that they are released from paying taxes, and kolkhozes and sovkhoses, even of the joint-stock type, do not want to exchange grain for rubles, and slaughter livestock with the excuse that there is nothing to feed it. The new agricultural minister intends to greatly expand his duties. He wants to build roads, take grain from enterprises, organize a new infrastructure for the village economy and in general to privatize everything and to reform everything. In response to the ROSSIYSKAYA GAZETA reporter's question concerning how the new minister plans to deal with genuine

grain sabotage by agricultural producers, V. Khlystun responded that he believes in price liberalization. In response to the next question, which was what happens if kolkhozes and sovkhoses (and basically farmers too) do not want to deal with the market ruble equivalent for their work and again demand consumer technology and hard currency, the minister noted that first of all, the general poverty will set its own priorities, and that agricultural producers are already asking not for consumer technology but for women's and children's clothing. Secondly, he believes in the common sense of the Russian peasant and in the peasant's ability to empathize with the fates of other people.

God willing. Incidentally, up until now faith in the common sense of the Russian peasant has always undermined the Russian reform-minded intelligentsia. How are we to avoid another situation like, "I provide them with Belinskiy and Spencer, and they turn me out into the cold."

## POLICY, ORGANIZATION

### Free Economic Zone Activity Detailed by Republic

924A0334A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 48, Nov 91 p 7

[Article by I. Yevtushenko; place and date not given:  
"Zones for Entrepreneurs"]

[Text] The Soviet Union was always a country of record-breakers. Under the new economic conditions we have already beaten the whole world for number of exchanges created in the country, and free economic zones (FEZ) have started to compete with them. More than 10 regions of our country are already busy setting them up. In preparation are FEZs of Moscow (VDNKh [Economic Achievements Exhibit]), St. Petersburg, Novgorod, Zelenograd, Kaliningrad, Buryat, Chitin, Taymyr, Tomsk, the Jewish Autonomous Okrug, and Nakhodka.

In the Primorskiy and Khabarovskiy krays alone, the desire to create analogous duty-free territories has been declared in more than 30 rayons. On 26 June, the RSFSR Council of Ministers passed several provisions toward activating the process of creating FEZs in these rayons. Instructions to facilitate their realization and development have been sent to the appropriate offices, ministries, and departments.

**In the mirror of criticism: According to data from RSFSR Goskomstat (State Committee for Statistics), the total area of all 13 FEZs in Russia is 1.2 million square kilometers, on which reside more than 18 million people—12 percent of the republic's population.**

However, the farther the hopes proclaimed for FEZs are from realization, the greater the scale of destroying old structures, given our inability to create real, hopeful beginnings.

Nevertheless, several of the new FEZs do have decent chances for success. One of them is the Sakhalin FEZ, especially because of the specifics of its geographical position. By its very nature removed, the enclosed space of the island of Sakhalin in itself obviates the problem of social tension that has arisen alongside FEZs that limit access by "outsiders" by whatever means necessary, including barbed wire.

The Sakhalin FEZ was created with the aim of accelerating the region's socioeconomic development, increasing its export opportunities within the Russian Federation, and developing the production of high-quality import-replacing output. All this is being done in line with the general orientation toward developing trade-economic and scientific-technical cooperation with foreign countries and ensuring favorable conditions for attracting foreign capital, technology, and managerial p73 experience. To this end, for example, the provision on its formation specifies favorable tax and customs rates and a simplified procedure for import-export operations. Foreign investments here enjoy total protection;

no discrimination of any type is permitted, including nationalization and measures analogous in their consequences.

**In the mirror of statistics: The participation of foreign capital in the statutory fund of joint enterprises located in FEZs exceeds 60 percent, whereas on average in the RSFSR this share is lower—only 40 percent.**

The weak link in the activities of our native FEZs is quite rightly considered to be management.

If a zone is to function normally, strategic management must be performed by its administration, which includes both representatives of the enterprises and delegates of the local congresses of people's deputies. To help the managers and for the rational economic utilization of the administration's resources, state corporations for the assimilation of natural resources may also be attached in order to present proper limits, quotas, and licenses for the utilization of natural resources. The organs of state power of Sakhalin Oblast have the right to intervene in the activities of the FEZ administration for the purpose of establishing within it zonal taxes, which can be paid in the Sakhalin island zone by means of proportional participation in the enterprises or acquisition of property, shares, and other securities.

Finally, there is the right to create enterprises and affiliates belonging wholly to foreign investors, which implies the acquisition of land use rights on the basis of long-term leases for up to 70 years.

Most delicate today is the question of hard currency transfers abroad. Foreign investors are guaranteed transfer abroad after the payment of taxes of sums of foreign currency they receive in the form of profit, as well as in connection with the sale by them of all or part of their share in the statutory fund of an enterprise with foreign investments, exit from it, or liquidation of the enterprise.

The profit foreign investors receive in Soviet rubles within the limits of the territory of a FEZ may be freely reinvested and used on the territory of the zone, as well as transferred abroad by means of the legal acquisition of foreign currency for rubles at the current market rate. They may also open current and payment ruble accounts in banks of the FEZ with the right to operate over the entire territory of the RSFSR.

**In the mirror of statistics: The efficiency of export output produced by joint enterprises in FEZs, RSFSR Goskomstat reports, is higher than the efficiency of all Russian exports by 20 percent.**

It has been proposed that some of the FEZs created in the Far East be located in rayons equated for hardship benefits with the Far North. Therefore corresponding benefits must be extended to them as well. This type of situation is already being planned for the Sakhalin FEZ.

True, the presence on Sakhalin of the necessary conditions for a FEZ is far from guaranteed. There are still

great problems with the infrastructure and labor resources. Developing an infrastructure that meets modern requirements includes building housing for native and foreign workers, improving communications, roads, and telecommunications, and organizing the reliable provision of water, fuel, and electricity for the FEZ. All these problems are present in practically all the new FEZs, but on Sakhalin they are particularly acute. For instance, already housing construction must begin on the island for potential foreign specialists. This would be proof of the serious intentions of the local powers and would serve for advertising purposes.

Another concrete step in the creation of the region's infrastructure has been the transfer of the Sokol former military airport to civilian needs. The problem with labor resources could be resolved with the participation of foreign citizens in the capacity of specialists and workers.

Difficult problems also face the financial-credit and currency systems. To resolve these, a Commercial Development Bank is being created on Sakhalin. Procedures are already being determined for paying Soviet citizens working in the FEZ, for wages in foreign currency, and for the taxation of those payments.

Practice shows that the FEZs have yet to be rid of problems. On the contrary. But the real opportunity to improve the economic situation of that Far Eastern region on that basis already exists. The region is rich in useful minerals, which itself should attract its nearest foreign neighbors. The inhabitants of Primorye and Sakhalin too are full of resolve about the transformations. For now, though, we all over the country are bound up in a tight knot of common contradictions, economic and social as well as political, and real success is very hard to envisage.

Number of Functioning Joint Enterprises, by Economic Branch, as of 1 April 1991

	Total	Including				
		Industrial Enterprises	Construction Organizations	Trade and Public Eating Enterprises	Scientific Research and Experimental Design Organizations	Enterprises and Organizations of Other Branches of the Economy
USSR	1188	481	70	100	103	434
RSFSR	733	315	44	69	65	240
Ukraine	125	59	4	7	14	41
Belorussia	52	28	1	4	2	17
Uzbekistan	17	5	—	—	2	10
Kazakhstan	12	8	—	—	—	4
Georgia	32	8	2	—	7	15
Azerbaijan	1	—	1	—	—	—
Lithuania	No data presented					
Moldova	27	6	—	2	5	14
Latvia	85	23	—	2	4	56

Source: USSR Goskomstat.

Joint Enterprises Operating on the Territory of the USSR, as of 1 April 1991

	Number of Active Enterprises	Number of Enterprises Producing Output (Jobs, Services)	Total Production of Output (millions of rubles)
Total	1188	948	2258
Industrial	481	392	1263

Source: USSR Goskomstat.

Sale of Goods and Services on the Soviet Market by Joint Enterprises, by Union Republic (millions of rubles)

	1988		1989		1990	
	For hard currency	For rubles	For hard currency	For rubles	For hard currency	For rubles
USSR	1	44	198	843	653	3460
RSFSR	1	9	175	597	581	2458
Ukraine	0	1	14	48	32	310

Sale of Goods and Services on the Soviet Market by Joint Enterprises, by Union Republic (millions of rubles)  
(Continued)

	1988		1989		1990	
	For hard currency	For rubles	For hard currency	For rubles	For hard currency	For rubles
Belorussia	—	—	1	35	14	157
Uzbekistan	—	25	0	83	0	171
Kazakhstan	—	—	—	—	0	8
Georgia	—	—	0	13	1	76

Source: USSR Goskomstat.

**GOODS PRODUCTION, DISTRIBUTION**

**Official On Bread Shortage In RSFSR**

924A0339A Moscow *RABOCHAYA TRIBUNA*  
in Russian 19 Dec 91 pp 1-2

[Interview with Leonid S. Cheshinskiy, chairman of the Committee on Grain Products of Russia and representative of the president of the RSFSR, by *RABOCHAYA TRIBUNA* journalists; date and place not specified: "A Bakery Line—Like A Bickford Fuse"]

[Text] Several days ago, journalists from *RABOCHAYA TRIBUNA* questioned Leonid Cheshinskiy, chairman of the Committee on Grain Products of Russia and representative of the president of the RSFSR, regarding the all-important bread problem. Here is how he replied to our questions.

[Journalist] Leonid Stepanovich, let us begin with the question that one hears quite often in the bakeries: "When will the bread arrive?" What is the true situation regarding bread in Russia?

[Cheshinskiy] The republic needs no less than 52 million tons of grain annually. Thirty two million for food goods and the remainder—for feed production. This year we procured 22.4 million tons.

[Journalist] And for the union as a whole?

[Cheshinskiy] Forty million were procured. And 105 million tons are needed. You can see how great the difference is.

[Journalist] Are they drying out crusts of bread?

[Cheshinskiy] In all probability, there are some who are carrying out such drying. For example, for years Moscow managed with 1,800 tons of bread daily. But for 2 months in a row now, 2,500-2,600 tons have been bought up. And you see what is happening in the stores.

[Journalist] You know why the people are now eating more bread—there are not enough other products. They are storing away as much bread as possible.

[Cheshinskiy] I see this even among neighbors. They are storing away groats and dried crusts of bread.

[Journalist] And you?

[Cheshinskiy] I am not storing away anything. Similar to other workers in our committee, I am confident that there will always be bread and that one will be able to purchase it. I guarantee this.

[Journalist] Are we once again being helped by imports?

[Cheshinskiy] Unfortunately, we still cannot manage without them. We purchased enough grain. The chief concern now is to ensure that it is distributed in a timely manner.

Our ports are handling an average of 4.7 million tons of grain each month. But at the present time the rates have declined sharply owing to poor organization and a lack of discipline. Last month the ports handled 1.8 million tons and during the first 10 days in December—only 450,000. And 3.5 million tons must be handled each month.

[Journalist] Does this mean that at the present time we are consuming our reserves?

[Cheshinskiy] Our bread grain supplies are sufficient for more than 5 months. The situation with regard to fodder grain is more complicated. But, I repeat that nothing untoward will occur if the deliveries are carried out in a rhythmical manner. The famine that people fear will not happen.

[Journalist] They say that the peasants are holding onto their grain

[Cheshinskiy] It is possible that this is happening in some areas, even though this year the purchase prices increased by twofold and later by threefold. In addition, large amounts of equipment, consumer goods and currency have been made available. However, the farms turned over only 800,000 tons for currency.

Overall, as I have already stated, slightly more than 20 million tons of grain were procured in Russia this year. A similar amount is needed for seed purposes. Eleven million tons were distributed to the private farms. The feed requirements of public animal husbandry were satisfied by only 50 percent. This is the "average" picture. In some regions, the situation is much worse. Thus there is no reason to look upon a peasant as though

he were a blood-sucking kulak and there is no need to organize food detachments. This has already happened in our history.

[Journalist] From various areas, our correspondents are reporting prohibitions against the shipping of grain.

[Cheshinskiy] Yes, such decisions have been handed down in the Kuban and Don River regions and in Stavropol and Volgograd. In particular, I would like to emphasize that the grain which the local administration insists is not to be shipped, belongs to the state.

On the whole, the republic's grain supplies are normal. But they are being distributed in an extremely irregular manner. The grain must be moved from one rayon to another in an efficient manner. In the absence of such movements and despite having adequate supplies, we will leave a number of oblasts without grain and without bread.

Recently, for example, 3,500 tons of mixed feed were shipped to Kamchatka and they were promptly seized from the port in the Maritime Kray.

[Journalist] If such morals exist within the borders of one republic, what can we expect from the new inter-state borders? And will they be closed as far as bread is concerned?

[Cheshinskiy] Only Kazakhstan can fully satisfy its grain needs and the excess—roughly 11 million tons—can be sold.

[Journalist] Thanks to the virgin lands, which the entire country developed.

[Cheshinskiy] Russia obtained 2-4 million tons of grain annually from Kazakhstan which, according to the specialists, was of high quality and used for improving the flour-grinding properties. Last year, considerably less was obtained in this regard. Nevertheless, it is my hope that we will find a common language, since the chief concern today is bread and warmth. Surely you remember how the events in Petrograd began. The people looted the bakeries. This despite the fact that there were still adequate bread supplies. I would compare the bread lines to a Bickford fuse.

[Journalist] What do you think the bread prices will be after 2 January? Indeed, they cannot remain fixed for very long.

[Cheshinskiy] I will give you my personal opinion. Rather than establish fixed prices for bread, I would release them in like manner as for other products. The people must necessarily be compensated for the difference between the present price for bread and the future price. The compensation should be within limits for a reasonable amount, for example, up to 500 grams daily per person. This is even higher than the medical norms.

At the present time, the average norm for bread consumption is 122 kilograms. Moreover, in the city it is 97

and in rural areas—200 kilograms. In some oblasts—Ivanovo, Kaluga, Smolensk and Tversk—it ranges as high as 500. It is clear that grain is being fed to the livestock.

[Journalist] Apparently, there is a shortage of feed.

[Cheshinskiy] Yes, there must be more feed—5-6 million tons—and of another quality, which we are unable to provide at the present time. And as regards these hundreds of kilograms, under fixed prices the count would range into the thousands. Imagine how profitable it would be to feed grain to the livestock, if at the present time it was possible to obtain 100 rubles for a kilogram of meat.

[Journalist] Our mail includes many letters in which the writers insist that many bread-baking plants are obsolete and that manual labor predominates in them.

[Cheshinskiy] Alas, there are still many such bread-baking plants. Many of the mills were built during the last century. The renovation of production operations began only in recent years, when the Russian Government began allocating more resources to the branch. We are presently introducing 6-7 large-scale mills into operations each year. Using this technology, the flour yield from high grade good quality grain is greater by more than twofold—up to 70 percent.

Generally speaking, the following figures are cited when describing the branch. Approximately 500,000 workers and specialists are engaged at its enterprises. They store the grain and they produce flour, bread, groats and mixed feed. Overall, 39 billion rubles' worth of output. Our deliveries satisfy more than 60 percent of the feed requirements of the animal husbandry complexes and they satisfy completely the requirements of poultry factories.

This system was developed over the course of several decades. The destruction of its legacy would be a great and irreparable mistake. Any attempt at replacing the old economic relationships or developing new forms must be well thought out and carefully studied. Our practicable steps—the creation of the "Russian Bread" Firm and the grain exchange in Saratov.

[Journalist] When, according to your estimates, will Russia again begin to export grain?

[Cheshinskiy] I am 46 years of age. And I fear that this will not happen during the lifetime of my generation. At the present time, one third of the grain in our Russian bread is imported from abroad. In all, 20 million tons. It requires payment in currency, of which we have none. Last year, the republic owed 70 million dollars for grain shipments from Canada. And it is presently purchasing grain based upon its word of honor and a guarantee backed up by the Russian Government and the bank. Considering our socio-political situation, the grain is not being turned over very willingly.

Generally speaking, there is a great amount of fuss being made over assistance and when one studies the problem, he will see that the results will not soon be coming.

At the same time, I would like to offer my opinion regarding humanitarian assistance. Certainly, we wish to thank the kind people for their heartfelt desire to share with us their good fortune. But this assistance, in addition to the humiliation it imposes on a great power, also demoralizes its people. Gifts are not needed. Rather, greater importance is attached to business-like collaboration under mutually advantageous conditions. First of all, there is the renovation of the branch and the mastering of new equipment and technologies.

Are you aware that in addition to grain we are also purchasing macaroni abroad?

[Journalist] At what cost?

[Cheshinskiy] Six hundred dollars per ton. This production has been depressed for many years. We have established 20 import lines and this year macaroni production has been raised to 1 million tons.

Credits have been allocated for the purchase of new lines and yet the bureaucratic machine continues to obstruct these operations. If we had been given instructions at the beginning of the year, we could have saved a colossal amount in currency, money that we are now paying out for the macaroni.

In order to solve all of its grain problems, Russia needs 150 million tons. But we are harvesting an average of approximately 100 million tons of grain. Where can the remaining 50 million be obtained? In this sphere—distinct from television—a miracle cannot be expected.

Much can be realized from thorough processing of the grain and yet, once again, a modern base is needed. And this will not happen by waving a magic wand.

[Journalist] In this regard, how do you feel about changing the title? What was a ministry is now a committee.

[Cheshinskiy] It is not a case of how I personally feel. The president of the RSFSR, B.N. Yeltsin, has given me sufficient authority by assigning me as his representative and I am making full use of this authority. But you must understand that when a problem arises, throughout the entire world a definite structure is created for resolving it. Our problem is not only grain but also the entire food complex. Moreover, there is not one individual in the country today who is capable of immediately handing down solutions for these problems. It is my opinion that the deputy chairman of the government, and no individual occupying a lower post, must be responsible for the food complex.

[Journalist] But they say that the market itself will regulate everything.

[Cheshinskiy] This is a great delusion and one which can cost us dearly. Throughout the entire world, the market

is organized in a thorough manner. It is controlled by state structures. In a committee of the ES, the market of west European countries, including a food market, is operated by 13,000 individuals. Quite recently, in Brussels, I became acquainted with their work. There are 13,700 individuals on the staff of the American Department of Agriculture and they control this process.

This then is the system that we must adopt and we must not blindly follow those shallow economists and amateurs who preach free sailing over the waves of the market.

These waves are by no means going to where we would like to swim. Or to be more accurate—to lands flowing with milk and honey.

## PERSONAL INCOME, SAVINGS

### Indexation On Earnings, Savings Discussed

924A0319A Moscow *RABOCHAYA TRIBUNA*  
in Russian 10 Dec 91 pp 1-2

[Interview with Arkadiy Solovyev, secretary of the FNPR Council, by Viktor Ukolov: "The People Do Not Need Free Soup"]

[Text] With each passing day, the counters in the Moscow stores are being "replenished." There are no lines for sausage products selling for 160 rubles per kilogram, pork—for 60, and vodka—for 51 rubles (no problems at Savelovskiy) a bottle. But if we are to speak honestly, then it should be said that our eyes are not bothered by the prices: we cannot take anything since everything has been taken.

Unfortunately, needs prevail when the devil is in the driver's seat. The people suddenly recall that under pressure from the trade unions, during the autumn Days of Unity of Action, the republic's VS [Supreme Court] adopted the law entitled "Indexation of the Monetary Income and Savings of Citizens in the USSR." The Editorial Board has received calls in which the callers explain what is happening there in connection with the increase in wages.

We asked Arkadiya Solovyev, secretary of the FNPR [Federation of Independent Trade Unions of Russia] Council, to clarify the situation: truly, was it possible to even dream of a law that would protect a poor Soviet individual?

[Solovyev] It was signed on 24 October and in the interest of ensuring that it was understandable to all, its first article explained that indexing is an established state mechanism for increasing the monetary income and savings of citizens in connection with raised consumer prices. Its purpose—to maintain our purchasing power.

However, this law, although signed by B. Yeltsin, was not introduced into operations. And nowhere was it stated exactly when it would be enacted.

This would require an entire package of legal documents, instructions and statutes and the formation of special purpose funds. For example, the savings of citizens must be indexed by means of a change in the interest rates. How specifically? Excuse me but I do not know.

The reason—persistent opposition to this legal document ever since it first appeared in the VS as a draft law. And the deputies and scholars intimidated one another and also the average man in the street: it was maintained that the indexing of income would bring about a sharp rise in inflation.

The FNPR leaders (skilled specialists in their own right) were convinced and could offer proof where needed: yes, indexing in all probability would fulfill its chief function—to protect the population from complete ruin. And in the final analysis, it is not the cause of the increase in prices.

It is recalled that Pavlov's reform served as a stimulus. And if we glance at the root of the problem, the maintenance throughout the country of monopolistic production, we see that this is what is begetting and constantly nourishing the insatiable beast. Is it possible that with a fair division of property and an increase in the production of goods we will be able to commence the economic reform of society? Not with a ruthless "liberalization," with which, in the opinion of scholars, the doors to the market will open. What kind of a market is it if the prices in it change only in one direction—they hit the people where it hurts, in the pocket. The prices at a civilized market fluctuate and they affect both the buyers and sellers.

[Ukolov] They are still saying that indexing represents unearned money flowing from a printing press.

[Solovyev] Not true. Its source is earnings from the increased cost for goods and services. Allow me to call a spade a spade: this is the illegal removal from workers of their all-important money.

Let us assume that you worked diligently for a month and that on payday you planned to buy a pair of shoes. And finally the cherished date arrived. But by this time the merchants have established new and higher retail prices. Alas, the only alternative is to entreat the shoemakers to patch up the old shoes. Were you not cheated somewhat? It is small comfort if the government reimburses you from time to time.

[Ukolov] What are the readers of RABOCHAYA TRIBUNA interested in specifically and to what degree?

[Solovyev] Let us turn to the letter of the law and examine an example together. In Russia, only three times the minimum monthly salary of 200 rubles is indexed. Thus, only 600 rubles. Let us assume that you receive not less than this amount. But the first half of the

salary (300 rubles) is multiplied by the full consumer price index (it is rumored that it is 20 percent today) and the second half of the salary—by only one half of the rate, or 10 percent. Thus, 300 rubles X 0.2 + 300 rubles X 0.1 = 90 rubles. The increase (maximum) is added to the list and don't be surprised if less is obtained: initially it is added to the principal monthly income and thereafter, as prescribed, it is taxed.

[Ukolov] What about the schedules?

[Solovyev] The index is established for a quarter. For example, the fourth and current quarter. Goskomstat [State Committee for Statistics] must set it up prior to 25 January of next year. And if it is placed in operation, then only commencing in February. Imagine the level to which the prices will increase during this period.

There are many skeptics. There is no need for this. Certainly, if you are able to make ends meet even only to the slightest degree, you can forget about the prosperity of your own state. But there are people who must be kept afloat—basic survival without begging. For them, these kopecks are still enough. Provided the government attempted to control prices with the aid of a tax system!

[Ukolov] I am of the opinion that the FNPR Headquarters views the law as the basis for creating a truly effective mechanism for the social protection of the republic's population and that it does not intend to remain idle. It is said that in some areas the primary organizations are offering constructive proposals. What is the essence of these proposals?

[Solovyev] Most of all, corrections to the reference point for citizen well-being: why is this minimal monthly wage an amount which was clearly taken from the ceiling? What gives Goskomstat (governmental organ) the right to decide how much to give us for poverty? It would be far more understandable and there would be no false appearance of concern if people were guaranteed an all-important living wage. If we opted for this and if each individual were ensured a minimum consumer basket, there would no longer be a need for statutes or written orders.

Further. Each region has its own distinctive (differing even from its neighbors) income and expenses. They are dependent both upon the climate and the structure of the economic complex. In Orel (I was there recently) a kilogram of meat at the market costs 15 rubles and in Moscow—80 rubles. Can they really be placed upon the same board? The average temperature in a hospital tells a doctor nothing about the condition of his specific patients. It would be only fair to allow the local authorities in the various areas to determine the consumer budget. But alas, the legislators do not trust them.

[Ukolov] One half-done area in the legislative pie was uncovered. A torrent of questions rained down upon the RABOCHAYA TRIBUNA Editorial Board: under inflationary conditions, how is insurance provided for the

workers at cost accounting enterprises? The law governing such enterprises contains the following statement: enterprises which independently determine the prices for the goods and services they provide must arrange for the indexing of the income obtained from their own resources. This is easy to say.

[Solovyev] The federation's council recommends that these labor collectives and their trade union committees persistently ensure the inclusion in collective agreements of the requirement for indexing the standard of living.

[Ukolov] Yes the trade union workers face complicated negotiations and conflicts are a possibility. But nothing

will be achieved acting alone. An examination will have to be undertaken: do the people need trade union committees or not, given the fact that they are independent? Certainly, "pocket" leaders once again are appearing. Only today they lack party support.

[Solovyev] The FNPR is confident that the Law on Indexing will be ratified without delay. Its parliamentary unit and officials are devoting a great amount of effort in this regard. But the primary organizations and the labor collectives must also not rest content with the status quo or hinder the work of their deputies. As a nation, we are all too trusting: we readily accept a handsome gesture as sincere assistance.

**VKP Plenum Supports Continued Labor Unity**

924A0354A Moscow TRUD in Russian  
24 Dec 91 pp 1, 2

[Report by N. Grineva, F. Yemchenko, and V. Pisarchik on plenum of General Confederation of Trade Unions (VKP) on 21 December: "New Realities Call for New Approaches; VKP Council Plenum Advocates International Central Labor Organization for Commonwealth of Independent States"]

[Text] Today it would be difficult to find anyone disputing the statement that it is no longer possible to live in the old way, but what is the new way?

This question was addressed by a plenum of the VKP Council on Saturday, 21 December—the very day when the heads of the independent states in Alma-Ata were deciding the fate of the country once called the USSR.

In our opinion, there is good reason to remind the reader that the trade-union representatives who established the General Confederation more than a year ago were far ahead of the politicians in terms of the democratic principles of their association, but the new realities of our life have necessitated the reconsideration of fundamental issues by the central labor organization.

One of the main conclusions of the debate on Saturday was that the central organization should continue to represent the interests of people of different nationalities who belong to the same group—labor. Furthermore, the main thing here is not the word "central," but the need to protect workers, peasants, and the intelligentsia everywhere. The international nature of the central organization can only facilitate the interaction of trade unions within the commonwealth structure.

We probably have to address the complaints voiced at the plenum about the supposed attempts of trade unions to re-enter the government structures, but the failure to take new political realities into account would be simply ridiculous. As VKP Chairman V. Shcherbakov said in his report, the presidium of the VKP Council decided to convene the plenum as quickly as possible because the sociopolitical situation in the country has changed radically in literally just the last few days. Today the best thing to do is to define the exact stance of trade unions on these changes and plan the tactics of the social protection of the laboring public under these new conditions.

The need for this, V. Shcherbakov went on to say, is dictated by the increasingly difficult position of the laboring public. The price reform in April dealt an irreparable blow to the budgets of the overwhelming majority of families. At that time the government promised to cover the people's losses with compensation, benefits, and various types of social support, but what actually happened? Retail commodity turnover increased by 51 billion rubles in April and May as a result of rising prices, but the population's compensation amounted to just over 30 billion rubles. More than 20

billion rubles was "extorted" from the laboring public and then bypassed the state budget without being returned to the people, as promised, through social programs and public consumption funds.

Today we are on the threshold of a price liberalization program. Once again, the government's social guarantees exist only on paper while the cost of living is soaring. Most of the burden of the transition to market relations will be shouldered by those who produce all of the material goods. Experts estimate that 80 percent of the population of the independent states will be living in poverty in the coming year. Trade unions cannot and must not ignore their share of the responsibility for this situation.

Today there is still a chance, the speaker said, of solving our most acute social problems in a civilized way. To this end, government agencies must show concern for the public good as well as for private business interests.

The speaker went on to discuss the problem of preserving the unity of the labor movement in the Commonwealth of Independent States. Our negotiating partners, the businessmen, are making an active effort to unite, he said, and their strategy is monolithic. Leaseholders and businessmen decided to preserve their alliance at a recent conference. More and more new associations and alliances of business groups and managers of economic entities, operating within the former USSR and beyond its borders, are being formed virtually every day. With their strong financial backing, the new associations of employers are also able to exert colossal influence on the government through the "independent" press.

Can there be a more persuasive argument in favor of a single labor movement in the states of the commonwealth? Under these conditions, trade unions will have to establish an effective system for the exchange of information and experience and react quickly to all changes in social development. One essential requirement should be the focal point of their strategy of struggle: Any kind of economic reform must be preceded by measures for the social protection of the people, to minimize the after-effects of this "shock therapy." Today we owe it to the working public, V. Shcherbakov stressed, to see that these advance measures of social protection are instituted simultaneously throughout the economic territory of the countries making up the commonwealth.

What might the main tactics of collective action be? Above all, consultations with the heads of states and governments must be held without delay to inform them of the position of the trade unions and to plan ways of solving the most crucial problems. We must actively promote the creation of trilateral commissions to review draft legal instruments on socioeconomic matters, conclude agreements between governments and associations of trade unions and businessmen, and settle labor conflicts.

The conclusion of an intergovernmental agreement on social guarantees for the population of all of the members of the Commonwealth of Independent States should be accomplished through concerted effort. The main purpose of this agreement would be the creation of a single labor market and a specific minimum set of social guarantees for the entire population of the independent states.

Under these new conditions, V. Shcherbakov said, the functions of national labor organizations will undergo understandable changes. Most of the responsibility for the resolution of the main socioeconomic problems and the protection of the laboring public will be transferred to the trade unions in the sovereign independent states.

Their main functions will include legislative work in the parliaments of these states and the protection of the rights and interests of labor through the passage of the appropriate laws. Therefore, the labor movement in the country will undergo a unique regrouping of forces. Now that most of the republics have consented to the formation of the Commonwealth of Independent States, additional prerequisites are being created for the preservation and consolidation of the unified labor movement in the new political and economic territory.

It is already obvious that the trade unions of the republics have no intention of moving back into their national quarters. This was confirmed once again at the meeting of seven leaders of central labor associations in Minsk and at the advisory conference of the heads of the central labor associations of the independent states and sectorial labor associations.

The result was an agreement to preserve the unity of the labor movement and maintain the single central labor organization with a view to the fact that the VKP is a tried and tested mechanism for the establishment of cooperation with the new power structures of the commonwealth. What kind of central labor organization is envisaged for the Commonwealth of Independent States? Under the new conditions, it must base its work on commonly accepted international standards and on the principles of respect for the constitutional order of the independent states and the autonomy of labor unions. An analogy could be drawn with the European Confederation of Labor Unions and its executive committee, representing the interests of the trade unions of the autonomous states of Western Europe in the European Community.

It is completely obvious that the functions of the central labor organization will also undergo significant changes under these new conditions. It is probable that its main functions will be the coordination of policy and the guarantee of united action by trade unions for the protection of the socioeconomic interests of labor; the guarantee of legal protection for the laboring public throughout the unified economic territory; the review of social legislation in the independent states to bring it in line with international standards; the support of the

activity of all member organizations with procedural information; and interaction with the International Labor Organization and intergovernmental, regional, and other central labor organizations.

Of course, this is only an outline. The final decisions on the features of the labor movement in the Commonwealth of Independent States, V. Shcherbakov stressed, must be made by an authorized body, such as a conference or congress of trade unions. This will require the most thorough preparations, going far beyond hanging out a new shingle or putting a new coat of paint on the old facade.

All of the speakers at the plenum were convinced of the need for a coordinating body. Nevertheless, there was also some harsh criticism.

Chairman S. Yeremeyev of the Leningrad State University staff trade union said, for example, that today's union member does not care what the superior union bodies are called. Something else is important to him: the degree to which the union structures can provide legal and economic guarantees for the actions of union structures in defense of the interests of labor.

If we have to look, he went on to say, for the exact decisions the VKP Council has made in the past year that are keeping the central labor organizations of the republics and states from performing their duties, I would have difficulty finding any. Experience has shown that the problems of the Ukrainian labor organization are similar in many respects to the ones faced by its colleagues in Russia, Turkmenia, and other republics and states. Yeremeyev stressed that all of the trade unions of the world that have undergone organizational reform have faced the need to create regional, national, and supranational structures.

"How much more can the people in our country take?" A. Ivanyuk, a miner from the Stakhanovugol Chesnokov Mine (in Lugansk Oblast), began his statement with this question. "I am the working man for whose sake you have gathered here at this plenum. But how are you protecting me? Which of us is being protected? The worker? The chairman of the union committee? I keep on working, but I cannot buy anything with my wages. I cannot even send a lollipop to my grandson in another city. Is this normal? What we need is a joint struggle. Otherwise, what would happen if the Ukrainian workers, for example, were to go on strike, and enterprise managers were to reach an agreement and then transfer all of the work orders to, for instance, workers in Belarus?"

The emotional tone of the statements of most of the speakers was the reason, in our opinion, that Chairman A. Kovalevskiy of the Ukrainian Federation of Independent Trade Unions insisted on making a statement of his own even after the decision to "wrap things up" had already been made....

As far as the Ukraine is concerned, he stressed, almost the entire population of the former republic voted for the

independence of the state. In spite of this, I think there is not one person here who would say that the trade unions do not have to coordinate their actions and that we should not support each other. Under the conditions of a single economic territory there will be many problems requiring concerted action by trade unions. These include employment problems, wage and price problems, and many, many others. We also have to think about the kind of central labor organization we want, with consideration for the actual situation that has taken shape on the territory of what people now refer to as the former Soviet Union. Apparently, this central organization should be of an international nature, uniting the trade unions of sovereign independent states and international sectorial trade unions....

At this time we will not try to define the features of the single central labor organization of the countries making up the Commonwealth of Independent States. A commission has been formed to define the principles of its operation and its main functions. The members of the commission are representatives of the labor associations of independent states and sectorial structures, so we can expect the most diverse interests to be taken into account. There is probably only one thing we can say: This structure is needed for the coordination of effective joint action in defense of the rights and social interests of the laboring public. This is a fact.

Regrettably, speakers at the plenum did not express any genuine concern about the future of TRUD, which, along with some other extremely popular publications, is facing the threat of millions in losses because of the inordinate rise in the prices of printing services, paper, and delivery services.

#### **Trade Union Plenum Date Moved Forward**

*924A0325A Moscow RABOCHAYA TRIBUNA in Russian 17 Dec 91 p 1*

[Unsigned article, Moscow: "Soviet Trade Union Plenum Convenes"]

[Text] The intensifying socio-political and economic situation throughout the country has forced the council of the USSR VKP [General Confederation of Trade Unions] to schedule the plenum for an earlier date—21 December instead of 10 January.

As reported by a TASS correspondent in the VKP Press Center, the trade union center's position with regard to the increasing sovereignty of the former soviet republics and the signing in Belorussia of the agreement calling for collaboration among the independent states, must be developed during the plenum. The plenum will define the VKP's program of action for protecting the socio-economic rights and interests of workers under real market conditions.

#### **State Workers' Trade Union Renamed**

*925A0325B Moscow TRUD in Russian 14 Dec 91 p 1*

[Unsigned article: "Trade Union Renamed"]

[Text] A plenum of the Central Council of the Federation of Trade Unions of State Workers convened in Moscow. The present situation and the operational principles of the federation under the new conditions were discussed. Its participants advocated coordinated actions in defense of the worker interests in the sovereign states in the sphere of economics and social programs. Statutes reflecting the changes in the federation's functions under the modern conditions were introduced into the regulations and normative documents which control its activities. It will now be known as the International Federation of Trade Unions for State and Social Service Workers.

#### **Fokin On Survival Of Donbass Mines**

*924A0325C Kiev RABOCHAYA GAZETA in Russian 4 Dec 91 p 1*

[Article by N. Skrypnik, correspondent: "Are the Donets Basin Mines Shutting Down?"]

[Text] Are the Donets Basin mines shutting down? This simple question, which recently has been disturbing the mining collectives and which is being discussed with a certain amount of alarm in each mining family, was answered very simply by the Prime Minister of the Ukraine V.P. Fokin, during a meeting with the leaders and specialists of mining industry enterprises in Lugansk Oblast.

"At the present time, the situation with regard to power resources is very tense," noted the head of the government. "We are obtaining 80 percent of the gas and petroleum products needed from neighboring republics. And one would have to be mad to proceed with closing down the coal enterprises."

Naturally, a categorical "No" from the lips of the Prime Minister requires an answer to still another question: can the Ukrainian budget endure such a load? Indeed, maintenance of the present system for financing the branch will cause the amount of state subsidies to increase from 15 to 40-45 billion rubles next year. This is more than one third of the republic's budget. According to forecasts by economists, a year later—it will increase to 100-120 billion.

The miners and the Prime Minister are unanimous in their belief that rejection of the accounting prices for coal will make it possible to extricate the coal branch from the crisis and remove from the state the excessive burden of subsidies.

### Various Workers' Movements Profiled

924A0326A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 11 Dec 91 pp 1,2

[Report by A. Kalinin; date not given: "We Want To Be Capital, Not Labor"]

[Text] Karaganda—*On the evening of 9 December, the miners' shift refused to descend to the pit-face at the Tentekskaya mine in the Karaganda coalfield. The next morning miners from the Lenin and Stepnaya mines joined the strikers. By the evening of 10 December the protest action was supported by several units of the Molodezhnaya mine. The reason: people are tired of working for nothing. The fact is that the savings banks have not been able to pay the miners their salary for two weeks. There is no cash.*

*How long the strike will continue will be decided by a group conference of miner representatives, for all the "refusers" are from the mines of the Shakhtinskiy Region.—V. Komarov (our correspondent).*

The more uniform the shop counters, the more diverse the workers' movements. The author has no intention of trying to classify them as good or bad but will attempt only to introduce them.

### Have the Miners Left in Order To Return?

Miners, the toughest of men, who until recently played the role of the people in our social drama, seem to have moved into the background. Their familiar hard hats have not been seen on town squares in a long time. Are they played out? Disenchanted? Or have they perhaps achieved all they wanted?

Yes, apparently, on all three counts.

I am firmly convinced that the general political strike that gripped the country's coal regions in the spring of this year was instigated by the former union government, which found it desirable to let off some steam before it was too late. Hence its unwillingness to compromise or enter into talks with the strikers. The subsequent concessions, too, were nothing more than a game. As a result, though, the government could be assured that the prolonged, unprepared strike would undermine the economy of the "rebellious" mines, curing the miners of the urge to strike for a long time.

This is what happened in part. During the August putsch, the strike committees of Ukraine could no longer incite people to protest, so they sat it out on the sidelines.

Nevertheless, the miners did achieve nearly everything they had been striving for these two years. The Communist Party was removed from the country's administration. The conservative union government was sent into retirement. The miners supported the sovereignty of the republics. They helped the democrats come to power—and then themselves scattered to their own national

quarters. The Constituent Assembly of the Russian Independent Miners Union (NPG), held just recently on Sakhalin, dotted the i's in this regard. Now each republic has its own relations between miners and governments.

It is also true, however, that the tough men from the NPG were not only flexing their muscles in those political fights but also training their minds. They learned how to negotiate with officials and understand profits, the state of the market, and world market prices, and they became convinced that the time for noisy mass political actions had passed, that a period of "quiet business," of the most everyday trade union work, would set in. The workers had carried the people in power on their own shoulders; a market would come that was expected to hit the extracting branches hardest of all. The trade union began preparing for bringing to that market its chief and sole good—manpower.

Therefore the mining generals today are changing their tactics, regrouping forces, keeping busy with purely staff work. The role of the people on the square has been left unfilled for a while. But a play cannot go on without its main cast. No sooner had the miners gone backstage than the foreground of the political theater was occupied by the Russian Federation of Independent Trade Unions (FNPR).

### The Trade Unions Are No Longer a School for Communism

Various appraisals have been given to the meeting on Manezhnaya Square under the slogan "Market Wages for Market Prices," the picketing of the "White House," and the actions organized by the FNPR within the framework of the autumn days of unity. Some consider it a brave step, especially since immediately after the demonstration a law was passed on income indexation for the population and then the Russian president issued an entire package of decrees that to some degree took the demands of the FNPR into account. Others consider it an attempt on the part of the old apparatus to gain cheap popularity among the masses and, taking advantage of the economic difficulties that have been passed down to the democrats, to organize an attack on reforms and accelerate inflation even more.

I could not resist posing this question to the deputy chairman of the FNPR, Vasilii Romanov: Is it really all right to demand per capita pay raises without requiring a certain amount of work and quality? Is it really all right to pay an equally high salary to people who work differently? Another notch of inflation, and only . . .

"Yes," agrees Romanov. "But the market will regulate it all in the end."

"But in our situation, when the economy is primarily a state economy, the property owner and the employer are the state, and whether they like it or not, the trade unions act against them. Is this useful today, when our Russian statehood is so newly born?"

"During the elections for Russian president we supported the candidacy of Boris Yeltsin. During the putsch we were in the 'White House.' However, we cannot ignore the public mood. More and more people are finding themselves below the poverty line. There are no programs for a transition to the market, in essence, and people are having to face that fact. Workers have been removed from any form of production management or distribution of their own labor. We are trying to alleviate the situation and avert social explosion.

"They get offended when they're called state trade unions. The old trade unions served state interests, the FNPR leaders feel, whereas our mission is to defend employees' interests."

Still, the FNPR is a typical phenomenon for our perestroika, which was initiated from above. The most intelligent and far-sighted officials who came into the old trade union structures on the new wave realized that it is impossible to hold new wine in old pouches; they have detached themselves and thrown a new, more brightly packaged product on the services market.

Yes, the deteriorating economic situation is creating tension in society, and this tension is looking for an outlet. The FNPR has taken on the functions of organizing annual spring and autumn worker demonstrations, especially since you can always find grounds for them. The autumn slogans were decided on in advance and the demands sent beforehand to the Russian president.

The FNPR leaders believe that equilibrium can be achieved in society by means of trilateral negotiations among the trade unions, the state, and the entrepreneurs, but today the third force in that equilibrium is lacking—the entrepreneur. The FNPR—here is one more paradox of our time—is coming out in support of creating a republic union of entrepreneurs and is prepared to render it every assistance. As long as there isn't one, though, the FNPR is getting ready to meet with the administrative heads of the largest state enterprises and associations in order to discuss mutual obligations and to come to an agreement on conflict-free labor during the coming year.

Yeltsin's package of decrees on social defense for workers strengthened the FNPR's position even more among the masses.

The FNPR is not in agreement with the fact that there has never been a mechanism for implementing laws on income indexation and privatization and especially privatization of housing: each territory follows its own course of action. There is no guarantee that the measures of social defense worked out won't become obscure documents. It is unclear at what rate unemployment will grow or what should be done with workers in unprofitable enterprises that are closing down.

During the spring demonstrations in April, the FNPR gathered 85 million people under its banners. Right now, according to Romanov, the FNPR unites 65 million

workers. He asserts that the strike which they threaten the Russian government with is not a goal in itself but merely the extreme that he hopes matters do not reach.

Meanwhile, an event took place in the old Comecon building that, to the chagrin of its participants, received little attention from the press. The country's Inter-republic Council of Labor Collectives (MSTK) held its second congress.

### Should the Entire Collective Turn to Capitalism?

The MSTK's first congress was held in the fall of last year and also received little attention. At the time the party apparatus had come out of the trenches and had begun hastily putting their hands on the collapsing power. Ministerial privatization was continuing on the sly. Government dachas were being bought up for a song. Party-nomenklatura cooperatives were being organized on the basis of state enterprises. The directors of the leading defense enterprises, whom Ryzhkov assembled in Moscow, openly threatened Gorbachev: if you don't return the country to an administrative-command system, we will retain the right to act at our own discretion.

To spite these directors, a congress of the Council of Labor Collectives (STK) was convened at the same time. The directors met in the Kremlin; the workers in the "White House." Yeltsin hoped, not without reason, to rely on the latter as expressing the will of the people in the struggle with the center and to facilitate them in every way possible.

To a significant degree these hopes were vindicated. In several instances the MSTK were able to foil creeping ministerial privatization. They organized a transfer of enterprises to Russia's jurisdiction. In the political arena, however, this new workers organization behaved modestly, I would even say timidly. It was like a modest provincial girl: you could never tell that in those "still waters" the MSTK, which appeared to be coming out in favor of the market, was defending the plan system, state procurement, and centralized material-technical provision. It appeared to condemn the excesses of the soldiers in Lithuania and Latvia and support the miners strike, but rather quietly, bashfully. It concentrated on preparing new legislative acts, and in the "White House" it was offered cabinet positions and places on committees and commissions, but it did nothing decisive about the most important law—on privatization and denationalization.

In the last year the MSTK has matured noticeably, however. Gone is the childish faith in state planning and supply—there is only the market. Like the FNPR, it considers itself the defender of workers' interests, but unlike the other it sees them not as employees but as property owners. ("They participated in the creation of public wealth and cannot allow it to be pilfered for 'shadow businessmen' or Western capital.")

The MSTK is also in favor of agreement among the government, the workers, and the entrepreneurs, but it sees itself in the role of entrepreneur. They propose preserving the labor collectives with the help of checks and benefits for workers and the members of their families, auctioning only what is left over after internal plant privatization, and here preference should be shown to their own, Russian, national entrepreneurs.

It cannot be ignored that lately relations between the MSTK, the president, and the Russian government have become notably chillier. In the Russian corridors of power all the talk is about privatization and not denationalization, in which the labor collectives are primarily interested. Hasty, poorly thought out privatization, moreover. Yeltsin has also entered into negotiations with political parties and ignored the economy; the Russian president has not mentioned labor collectives in a single speech. All this leaves the MSTK no choice but to seek out support in other circles, possibly even Gorbachev's team.

Only once have the MSTK leaders seriously taken fright: when public opinion nearly ascribed to them the openly pro-Communist appeals and slogans advanced by the Moscow Workers Council (SRM).

#### **"Turn Us Back Toward Socialism"**

It is commonly believed that the SRM was created under the lead of the Moscow City Committee (MGK CPSU). Hoping to play out the scene according to its own scenario again, the ruling party prepared its candidate for the role of the people.

One SRM leader, Vasilii Shishkarev, categorically rejects this version.

"I myself am a Communist, and no one used me. Yes, we went to Prokofyev, the first secretary of the MGK CPSU, and said: if you consider yourself part of the working class, then give us technical and organizational help . . . We held our first congress on 2 June. About 70 representatives from 40 enterprises assembled. The congress's second session was held on 20 July, and then 220 plants and 140 construction sites were represented. We founded a workers union, ratified a charter, and elected the SRM. We decided to coordinate with workers in other cities and prepare a Russian congress."

The workers' congress came out in favor of organs of workers self-management in the enterprises and against privatization and denationalization. To eliminate "shadow" capital, it called for across-the-board currency reform, the repeal of contractual and commercial prices, the disbanding of cooperatives, commercial exchanges, and associations, the restoration of the state monopoly on foreign trade, and the imposition of strict procedures in domestic trade, which would be guaranteed by firm state prices. It came out "in favor of the holy union of the working class and the peasantry," against a reexamination of the "historic decree on land that took away, at the peasants' will, private ownership of land in perpetuity,"

against the 20 August signing of the union treaty ("the first socialist state in the world honorably withstood the most difficult trials because it was built on the principles of proletarian internationalism and not artificially inflated sovereignties").

The SRM came out decisively against Yeltsin's decree on the departyization of state institutions and organizations, accusing the Russian president of inhibiting the development of the workers movement.

"We support everyone whose goal is to raise the worker's standard of living," says Vasilii Shishkarev.

The SRM's last actions were the 7 November demonstrations and participation in the picketing around the Lenin Museum. "After the putsch and the prohibition of the Communist Party we found refuge in the Lenin Museum," Vasilii explains, "and if the museum ever closes, it will be very hard for us."

#### **It's Better to Deal with an Organized People than Spontaneous Masses**

The lower classes definitely do not want to live the way they are living. But everyone has a different idea of a proper life, depending on their qualifications, education, and age. As Professor L. Gordon, a specialist on the workers movement who is famous in our country, asserts, some link their struggle with support for market reforms; others, on the contrary, with the restoration of state socialism; and still others want only to improve their own lives without getting involved in the fight for reforms.

Is it bad, though, that the people are united? Leonid Gordon believes—and I am in complete agreement—that there is nothing bad in this and it is better to deal with an organized than an unorganized people. Just compare the mass demonstrations of the miners, during which not a single piece of glass was broken and crime in the coal regions even declined, and the tobacco and vodka riots in the Urals and the storming of stores in Murmansk.

It is also important, though, that these movements cannot be waved off; you can't pretend they don't exist or that their opinion is unimportant and participation nonobligatory. To say nothing of trying to suppress them. This would mean consciously, artificially provoking social upheaval, the destructive force of which has shown itself more than once in our history.

The fact that the leaders of many mass workers organizations understand the danger, the ruin of such upheaval, that the idea of agreement, understanding, and compromise, are still alive in their consciousness, is cause for hope. We too are in favor of compromise and are prepared to render every possible support and assistance to the FNPR, the MSTK, and any other organization prepared to sit down at the negotiating table in order to set the conditions for conflict-free work for at least a year.

There is no other way. Otherwise organizations will form that rather than negotiation and civilized struggle prefer common brigandage and banditism, which given the collapse of the

state is not only realistic but also wholly predictable—naturally, if the idea of public accord, which has perished in the atmosphere of suspicion, egoism, and hatred, does not come forth in the public consciousness.

**Report on Karaganda Miners' Work Stoppage**

924A0326B Moscow *RABOCHAYA TRIBUNA*  
in Russian 13 Dec 91 p 2

[Report by V. Kokhanov; place and date not given: "The Miners Have 'Lain Down' in Karaganda"]

[Text] The miners on the night shift at the Lenin Mine have declared that they will not descend to the pit-face until the following demands are met in full: implementation of the law on indexation passed by the republic parliament in June of this year; provision to the miners of a minimum amount of food; normalization in payment of salaries.

Following their comrades, the miners of the Tentekskaya, Stepnaya, and Shaktinskaya mines have "lain down."

## CIVIL AVIATION

### Interstate Aviation Committee Chairman Named

924A0329A Moscow IZVESTIYA in Russian 12 Dec 91  
Union Edition p 3

[Interview with Tatyana Grigoryevna Anodina, doctor of technical sciences and Interstate Aviation Committee chairman, by V. Belikov, IZVESTIYA correspondent; date and place not given: "Aviation Committee Chairman"]

[Text] As was already reported, the Interstate Aviation Committee, as whose chairman Tatyana Anodina, doctor of technical sciences, has been appointed, has been formed. An IZVESTIYA correspondent talks with her.

[Belikov] Tatyana Grigoryevna, let us say right out that they know you in aviation. You headed the radio electronics service in the Ministry of Civil Aviation and subsequently directed one of the leading scientific establishments in the branch—the Aeronavigatsiya Scientific Research Institute. You have represented our aviation department at international meetings and conferences... nevertheless, a ministry-rank position has been entrusted to a woman at a very complicated time for the entire country and Acroflot. How is this to be understood?

[Anodina] Much will become clear if you look at the work that I have done—radio electronics—from the point of view of its meaning in aviation. It is the main "instrument" for controlling air traffic.

Now when a single state airline does not exist and the command-administrative center—the ministry—is being eliminated, an agency is required which will assume all the vitally important functions determined by the specific nature of air transport itself. As before, air transport regulating work, the observance of common flight rules and the carrying out of the international agreements and obligations concluded by our country are necessary.

In doing this, the complete sovereignty of each state, which has signed the Agreement on Civil Aviation, over its air space is recognized. These states are forming from their own plenipotentiary representatives a council and its executive agency—the Interstate Committee that I have been entrusted with heading.

[Belikov] How will its mutual relations be organized with the newly established air transport companies, associations and concerns?

[Anodina] These organizations are completely independent in their production, economic and commercial activities. I want to emphasize this in particular! The existing aviation code, norms, rules, certificates, and registration documents will be in effect until the adoption of new legislative acts.

Our aviation committee will have agencies for controlling air traffic, will issue necessary air navigation information and will carry out the certifying of air ships, routes and air transport enterprises and production facilities producing equipment for the aviation fleet.

It will also be necessary to engage in the investigation of aviation accidents (unfortunately, this cannot be avoided) and the development of effective measures to combat air terrorism. Finally, it remains for us to regulate international flight schedules and, perhaps what is most complicated, the coordination of new air tariffs.

### Air Catastrophes Recounted

924A0330A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 14 Dec 91 p 2

[Article by O. Karmaza: "There Is Nothing More Dangerous Than Non-flying Weather: 33 Air Catastrophes Have Already Occurred in the Air Since the Start of This Year"]

[Text] Writing about aviation catastrophes has recently become an habitual affair. Everything that can decline is declining: planes (of any type and designation), helicopters (the same). The feeling is that civil aviation has closely approached a forbidden line, crossing which civil aviation will begin to play something like "Russian roulette" openly with passengers: We will fly—we will not fly....

The statistics for aviation catastrophes and incidents during the first 11 months of this year are not simply dismal. A very genuine "SOS" already exists. From January to December, 33 (!) aviation catastrophes occurred (for comparison: During 1989, which was more difficult for Aeroflot, there were 24 during this same period of time). A total of 240 passengers have already perished in aviation catastrophes (in 1989, the number of those killed was 107 people).

This year was the first year when heavy aircraft, on which all of us fly by preference, began struggling to their utmost. A TU-154 suffered a catastrophe during the spring in Leningrad at Pulkovo and some of the passengers died; a YaK-40 fell in November at Makhachkala and all 47 passengers and four crew members died; and an AN-24 suffered a catastrophe in Vogulma in November. Eighty-seven passengers and four crew members died.

One need not be a Nostradamus to forecast that the peak of Civil Aviation catastrophes lies ahead since there are now no reasons that could somehow delay the growth of this tragic curve. This is, so to say, a statement of fact.

What follows from this? Only one thing: If we do not help Civil Aviation now using some extraordinary measures, it will be too late. You want to ask: What is too late? I will answer: It is when those types of machines, by which Civil Aviation is now hanging—the IL-86 and TU-154, begin to crash since one, and only one, IL-86

catastrophe with 360 passengers on board will be quite sufficient to cause all of us to shudder thoroughly.

The airplane pool in the former Aeroflot is already growing old not by the day but by the hour. Today, more than 70 percent of the aircraft and helicopters are flying with equipment that was produced long ago (for example, only a third of all aircraft—seven IL-86 and twelve TU-154—are in good condition today at Vnukovo. It is the same picture at Domodedovo, Sheremetyevo and other important airports in the country).

The AN-2, AN-24, IL-82, and TU-134, which have already served their time, have been barely “making it” for a long time. They repair, patch and let them out on a flight; and then repair and patch them up again. New aircraft are barely expected in the near future. The IL-96, TU-204 and IL-114, which have been advertised with pomp, are still not even being produced in series.

And this means that many winged “little old men” and “little old ladies” will still have to fly—or not fly somewhere else. They are already falling—in the literal meaning—during flight. In the opinion of specialists, the number of aviation catastrophes this year should have been on the order of 40-45 and the number of passengers killed threefold more since many aviation incidents would have ended quite tragically if ... if it were not for chance.

At one time, a distinctive type of departmental quarrel occurred between the former Ministry of Civil Aviation and the former Ministry of Aviation Industry: In response to a Ministry of Civil Aviation purchase for the licensing of the first five Western A-310 airbuses, the Ministry of Aviation Industry pouted with an aggrieved air, announcing that it would have been better if the Ministry of Civil Aviation had not spent its hard currency on purchases in the West but had invested it in the expansion of our domestic airplane building base. Not daring to contradict its old colleague, the Ministry of Civil Aviation renounced further purchases in the West. I do not know whether something came the way of our native airplane building industry after this (I, personally, seriously doubt it); however, the fact that the halting of these purchases had not been fully thought through to the end, is now becoming quite evident. There is absolutely nothing today to fill the gap which was formed for the majority of machines by the temporary—let us hope—absence of new aircraft and helicopters as a result of manufacturing resources.

In the opinion of many specialists, it is naive to expect something comforting before the end of this year or in the first half of the next one. According to several estimates, only 25 percent of the entire airplane pool will be fit for normal operations by 1 February 1992.

Another opportunity for the different domestic airlines to purchase new aviation equipment and spare parts has recently appeared. The Russian Aviation Trading House, which the Mikoyan, Sukhoy, Yakovlev, and eight airplane building plants have organized, recently began

operating in Moscow. An auction sale of YaK-42 and TU-154 and IL-86 spare parts, which are very scarce today, will soon begin.

I would very much like to hope that these auctions will move the matter from a standstill.

#### While This Issue Was Being Made Up

A MI-8 suffered a catastrophe in Yakutiya 150 kilometers from the settlement of Deputatskiy (this is the fourth MI-8 catastrophe during the last three weeks). One passenger was killed and four were injured.

#### Domestic Ticket Prices To Triple

924A0348A Moscow TRUD in Russian 20 Dec 91 p 1

[Article by I. Yuryeva: “Money Is the First Business and the Airplane, the Next”]

[Text] As of 1 January 1992 the cost of airline tickets for domestic flights will triple.

“However, even this is not the limit,” A. A. Larin, director of Russia’s Air Transport Department—the organization succeeding the Ministry of Civil Aviation, which will be abolished as of the new year—reported at a briefing. “In 1 month we must coordinate ticket prices with territorial administrations of civil aviation located on the territory of the former Union republics and now sovereign states. Many of them propose a fourfold, fivefold, and even sixfold increase in the cost of air transport. Moreover, we must simply orient ourselves in the situation that will arise after the transition to free prices. And so, the present decision will be in effect in January and on 1 February, possibly, rates will have to be revised again...”

Undoubtedly, Russia’s Air Transport Department established 1 month ago received a burdensome inheritance from the Ministry of Civil Aviation. With a pool of 7,000 heavy and light airplanes 2,800 vehicles, that is, 40 percent, are grounded permanently. The reason is as follows: There is nothing to replace worn out engines, which served out their service life, and there is a shortage of navigational and other equipment, on which flight safety depends directly. Moreover, the airplanes themselves are old—the bulk of them are from the output of the 1960’s. This means that in the very near future the very difficult situation will become catastrophic in the literal and figurative sense of the word.

Of course, these difficulties are objective and, we hope, surmountable. Only the following puts us on guard: Virtually every answer to the question about the rising fares, worsening service, and irregularity of flights, that is, in brief, about the negative aspects of activity by the Aeroflot—Soviet Airlines Company, was accompanied by the comment that the department had nothing to do with this and all complaints should be directed at the old ministry. The question arises: Did the entire management of the newly established department have nothing

to do with the Ministry of Civil Aviation? Perhaps all these specialists previously engaged in agriculture?...

## MOTOR VEHICLES, HIGHWAYS

### Collegium Reviews Sector's Performance

924A0317A Moscow AVTOMOBILNAYA  
PROMYSHLENNOST in Russian No 9, Sep 91 p 34

[Unattributed article: "From the Ministry of Automotive and Agricultural Machine Building Collegium"]

[Text] When discussing the draft of the Program for Stabilizing the Work of Branch Associations, Enterprises and Organizations During 1991-1992 that has been worked up, the ministry's collegium supported anti-crisis measures of an emergency nature in order to prevent a slump in production; increase the production of scarce agricultural equipment and its spare parts in an amount of more than one billion rubles in comparison with 1990; reduce imports; mobilize the branch's financial, material, technical, and scientific potentials for a radical transformation of production; increase its stability by denationalizing enterprises and organizations, shifting to a market economy and establishing joint-stock and holding companies; and take steps to normalize the branch's financial condition.

The Collegium instructed the directors of societies, concerns, associations, enterprises, and organizations to establish commissions of specialists to develop a specific program for stabilizing production and the activity of collectives, analyze the branch program, complete it, and submit the final edition for approval.

The question of unprofitable branch enterprises was examined in particular. It was noted that the 1991 repayable plans (without considering compensation connected with the 1991 change in wholesale and retail prices) envisage 35 enterprises whose total losses will be 297.8 million rubles (there were 37 enterprises and 136.8 million rubles in losses in 1990).

The reasons for their unprofitableness were revealed: incomplete assimilation of capacities; the 1 January 1991 introduction of new fixed wholesale prices for cooperative societies, forged and extruded pieces, castings, finished items and assemblies for complete sets, bearings, agricultural machinery, tractor trailers, etc.; and the unstable work of enterprises. The steps (the shift to working under a regulated market economy, precisely specified wholesale prices for individual types of products and the effective use of new forms of ownership), which are being taken, will lead to a reduction in the number of unprofitable enterprises.

No less important was the question of the condition of labor protection in branch enterprises during 1990 and measures to further insure safe and healthy working conditions.

The ministry Collegium and the ispolkom of the all-union council of the branch workers' trade union pointed out that the Volga Motor Vehicle Works; Kremenchug Motor Vehicle Works; Neris; Kama Motor Vehicle Works; Zvenigorod, Gomel Agricultural Machine Building, Uman Farm Machine Building, and State Bearing Plant-13 enterprises; Zaporozhye and Ural motor vehicle works; and the Ternopol Combine achieved a reduction in the level of work injuries last year. For the branch as a whole, the number of fatal accidents decreased by eight percent, their severity coefficient decreased by two percent and the number of group accidents with serious consequences by more than 35 percent.

The Ural Motor Vehicle Works, Kama Motor Vehicle Works Production Association, Vladimir Tractor Works, State Bearing Plant-10, Altay Automotive and Tractor Electrical Equipment Plant, etc., fulfilled their plans' main indicators for improving conditions, labor protection and sanitary and medical measures.

It was pointed out that many enterprises provided workers with medical and consumer services premises within prescribed norms. Additionally, more than 50 special clothing laundry, dry-cleaning and repair points and the appropriate salons and stores were commissioned.

At the same time, many branch enterprises and organizations raised the level of work injuries: Its frequency ratio increased by 10 percent in comparison with 1989. The Moskvich, Lipetsk Tractor Works, Ural Trailer, Bobruysk Farm Machinery, and Torfotekhnika enterprises and Zhukovskiy Bicycle, Moldavskiy Refrigerated Truck and Balashovskiy Trailer plants had the greatest growth.

During 1990, 209 fatal accidents occurred in the branch. Their number increased in the enterprises of the Zapchast Association, Avtrokop Concern, Zhivmash and Avtoelektropribor state production associations, Altayskiy Tractor Works Production Association, Pavlodarskiy Tractor Works, and Moskvich. The greater portion of them resulted from a failure to observe transport equipment operating rules.

Two or more fatal accidents occurred at the Grodno Automotive Assemblies, State Bearing Plant-18, Kurgan Agricultural Machine Building, Altayskiy Engine, Likinskiy Bus Works, and Sosnovoborskiy Automotive Trailer plants; four people died in the Rubtsovskiy Tractor Spare Parts Plant.

What are the reasons for this? Under the complicated social and economic conditions that have been created, the directors of enterprises and trade union committees did not provide the workers with safe and healthy working conditions and relaxed their attention towards organizing preventive work and fulfilling composite plans and agreements.

Thus, the Moscow Special Motor Vehicle Works, State Bearing Plant-24, Orlovsk Agricultural Machine Building, and Kanashskiy Automotive Assembly plants fulfilled the labor protection agreement by only 40-50 percent. Similar shortcomings occurred in the Yartsevskiy Engine Plant, Irkutskiy Cardan Shaft Plant, Altayskiy Assemblies Plant, LenKARZ, Bezhetsk Agricultural Machine Building Plant, and Samarkand's Krasnyy Dvigatel Plant.

The supplying of workers with special clothing, special footwear, and other individual protective equipment worsened in a number of enterprises; special clothing, which does not correspond to working conditions and which does not fulfill protective functions, is being issued to workers; persons not having the required protective equipment are allowed to work.

Several enterprises are not taking sufficient steps to improve the working conditions of women. Moreover, women, who do not have the required qualifications and professional knowledge, are frequently forced to occupy work places at which average and difficult working conditions are compensated for with higher pay and corresponding benefits. At the present time, every sixth working woman is employed in branch enterprises under conditions that do not satisfy norm requirements and the rules for protecting labor. Thus, 33 women are engaged in heavy physical work in the Kharkov Tractor Works Production Association; 103—in the Gorkiy Motor Vehicle Works Production Association; and 28—in the Chelyabinsk Forging Extrusion Plant.

The ministry Collegium and the trade union Supreme Soviet ispolkom required the directors of associations and concerns, general directors of associations, directors of enterprises, and leaders of organizations to analyze the state of industrial accidents during 1990, develop concrete steps to increase the effectiveness of preventive work in protecting labor, and insure the accurate fulfillment of all collective contracts and agreements. The mentioned directors must organize the training and certification of engineer technical workers on knowledge of the rules for protecting labor and of people employed in work involving increased danger (it is necessary to draw up admission orders for them).

Association and enterprise orders hold disciplinarily answerable those responsible for accidents and the work technical inspectorate forwards the investigation material to investigating agencies for the institution of criminal proceedings against the guilty parties.

It was recommended that steps be taken to raise the qualifications of all drivers in intra-plant and motor vehicle transport; improve the monitoring of their observance of the requirements in the rules for operating transport equipment; analyze the qualitative composition of labor protection service workers; when necessary, staff the service with qualified workers; and examine the possibilities for increasing their wages—depending on

qualifications and the complexity and conditions of the work being performed by them.

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## RAIL SYSTEMS

### Finance Section Chief on Tariffs, Finances

924A0337A Moscow GUDOK in Russian 29 Nov 91 p 2

[Article by V. Pradko, chief of the Main Financial Administration: "On Tariffs and a Financial Reserve: They Talked About This During An Expanded Ministry of Railways Collegium"]

[Text] I am convinced that the Statute On Organizing Rail Transport Financing, which was developed with the railroads' participation, guarantees the railroads' complete independence in solving questions concerning financial support of production processes and expansion of the social area and, in doing this, takes into consideration the sovereignty of the republics—independent states.

How does this express itself? First, in renouncing calculated prices and shifting to tariff calculations. Second, in preserving for railroads the right to independently establish prices for freight shipments and also transfer tariffs within the republics' jurisdiction for freight shipments within their territory. And in a number of other ways; I will not begin to develop this thought further. One, who has carefully looked at all the documents, is convinced of this.

Of course, one can move even further along the path of granting rights to railroads and transferring functions to republics. However, one must keep in mind that when we talk about the railroads' financial independence, we should always consider that rail transport as the sum total of all railroads is a single complex. The financial condition of the railroads taken separately will greatly depend not only on the efforts of that collective but also on the efforts of the collectives of other mainlines. That is why any malfunction in technology, the presence of bottlenecks, etc., affects, unfortunately, all of them. In this connection, the approaches of those comrades, who say that there is no need to centralize anything and that they will solve everything themselves, are not quite understandable.

We have met with the republics and have discussed everything, including centralization, very carefully. All of this was also discussed with representatives of the railroads. That is why I do not think that one can sweep everything aside so simply.

We are proposing that the republics basically work with tariffs and that there should be a tariff principle for the distribution of income. That, which one has received for shipments, is what one has earned. Here, however, there is also a problem whose solution is still not visible. Take

Russia's 17 railroads. If they shift to a tariff principle, Russia's railroads would receive an income of 800 million rubles more a year. However, a very uneven picture is obtained in the context of the railroads. For example, the Moscow, October, Volga, Sverdlovsk, Baykal-Amur, and Far Eastern are unprofitable railroads. The South Urals, Kuybyshev and Gorkiy are highly profitable ones. How should the question here be resolved? Its own tariff for each railroad? It would certainly be very complicated technically to transport freight from Moscow to Vladivostok with 16 tariff indicators along the route. Retain calculated prices? Also unfair.

A no less important question is the establishment of a financial reserve. In the present complicated situation with its assumed further drop in shipping volumes, it would be a mistake to leave the branch without a financial reserve. Evidently, every railroad knows that the most inconceivable situations have arisen: earthquakes, floods, some large accident, etc. A ministry possessing these reserves is able to provide financial help using these collective deposits to those who have gotten into trouble. This, however, is a collective question. If we accept the decision that we will not establish such a fund, this means that we will not—and if one gets into trouble, get out of the scrape as you wish.

We propose establishing a reserve—one percent of the balance profit (previously it was three percent) and limit it strictly by avenues. This financial help will primarily go to those railroads that have gotten into an extreme situation!

It seems that this reserve should have assets for rewarding winners in branch competition, encouraging the best branch workers, and providing material assistance. Or, for example, developing traffic schedules, publishing official literature, inventing, and streamlining. Let us look at these matters because there is nowhere you can get money from; if all these expenses are torn into pieces, each separately will have more expenditures than if they were pooled together.

The proposal to retain the ministry's central staff by means of allocations from the republics has barely been thought out. I would not want to work in a ministry that travels about the republics every year with a bag on its shoulder: Give us a handout! (It now requires 0.05 percent of the total amount of operating expenditures for its needs. And, next year it will be somewhere around 0.02 percent). Pose the question as follows—it is equivalent to saying: Let us keep the railroad administrations not at the expense of operating expenses but rather let us begin to gather alms from local soviets. I think that we should look at these things realistically.

A few words regarding the prices for repairing rolling stock. We submitted this particular question to an economic commission. The profits of repair plants are growing excessively. However, who has held out his hand for them? The railroad directors. They have concluded a

contract where the prices for repairing rolling stock appear but the ministry does not.

It is the same thing with local tariffs. The railroads have agreed to, offered and argued for them but they are now shouting blue murder! I would like to ask: Didn't they really raise wages by means of tariffs? Who did this? The trade union Central Committee and the ministry. They transferred two billion in credits to the railroads under rather preferential conditions at three percent annual interest. Try to obtain such a credit somewhere—they are now demanding 20-25 percent!

And the last question. We are faced with the problem of organizing the work of the control auditing service. You know how it is now constructed on command administrative principles. We are suggesting, and the Collegium's draft reflects this, the establishment of an auditing service in the ministry. What is this? The same inspections and financial investigations. However, it is necessary to conduct them on a contract basis. Any enterprise can conclude a contract with the auditing organization for an inspection of some question or other.

Concerning tariffs, no time remains. Under normal conditions, two months are required to introduce new tariffs. That is why we and the Russian Federation have already begun to work on tariffs and have requested the other railroads located in the capitals of the republic states to hurry in this matter.

### Special Transport Exchange Created

924A0351A Moscow GUDOK in Russian 17 Dec 91 p 2

[Interview with Special Transport Exchange Committee Chairman N. S. Konarev and his deputy, A. T. Kaltakhchyan, by N. Davydov; place and date not given: "Trade As Well As Transport"]

[Text] At the initiative of the MPS [Ministry of Railways], the Intertrans joint-stock company, the Association of Soviet Railroads, the Moscow Railroad, and several other transportation organizations, work is being completed on the creation of a special transport exchange. Isn't this the next step on the path to a record number of exchanges in our country? We are not going to draw any rash conclusions. We offer you this conversation with the chairman of the Special Transport Exchange Committee, Nikolay Semenovich Konarev, and his deputy, Aleksandr Tigranovich Kaltakhchyan.

[GUDOK] What led you to take this step? Can't transport get along without another exchange structure?

[Konarev] Right now productive enterprises as well as entire branches face the problem of how to enter into the system of market relations most effectively. In this respect, railroad transport is no exception. It is clear, however, that until the question of the forms and sources of its finances is decided, we will need to seek ways of raising the branch's economic efficiency in order to replace the collapsing centralized supply system.

Since price formation for goods and services on the basis of market laws is only beginning, the most effective way to determine solvent demand is the sale of goods and services at auction. This explains the wide spread of exchanges. It looks like the exchange's modern role, in addition to the sale of traditionally non-exchange goods with their help, will continue until the transfer to market price formation is complete.

[GUDOK] But after all, there are many exchanges already functioning, including transport ones, aren't there?

[Konarev] Yes, many transport organizations are trying to sell their services through existing exchanges. Regional specialized transport exchanges are appearing, as well as joint-stock freight companies. However, most of them are essentially a substitute for the classic transport-delivery organizations; they do not allow a systematic and complex approach to freight work and the fulfillment of shipping orders.

As the country's economic space splits up, we must not lose the advantage of a unitary transport network. All the sovereign states—the former republics of the USSR—have an interest in this. For example, there is the question of the interrepublic freight of MPS's rolling stock. It may well be that it is the railroads, the basis for a unitary transportation infrastructure, that have to become the foundation for the unification of the transport organizations of other branches and that have to link the economic space anew, albeit under new conditions and on a new basis.

[Kaltakhchyan] In addition, concentrating wholesale trade in cargo technology will facilitate a unitary scientific-technical policy. The consulting center attached to our exchange will be making recommendations on the efficiency of various types of equipment, carrying out a complex evaluation of the entire technological process of freight work. The producers of transport and freight unloading equipment will be able to get a fuller idea of the demand for specific types of output. And naturally, each organization that becomes a member of the exchange will acquire the opportunity to sell their goods and services directly at actual market prices.

[GUDOK] What will be the complete selection of services offered?

[Konarev] Apart from the freight of transport means and trade of transport services, the exchange will develop wholesale trade of transport means, loading and unloading equipment, and other equipment for cargo work. It will also lease warehouse facilities and trade in goods needed by transport organizations and other goods, including consumer goods.

[Kaltakhchyan] I would like to add that our branch possesses great scientific potential and rich intellectual property. The exchange will be facilitating both the sale of existing applications as well as seeking out clients.

Moreover, part of the exchange's income will go into the development of scientific-technical progress.

[GUDOK] It couldn't be simple, though, to win a place in the universal goods market given the abundance and even surplus of exchanges, could it?

[Kaltakhchyan] As for trade in other types of goods, our exchange, which has been created on the foundation of the MPS's railroads and other enterprises, will be highly competitive. All the exchanges are trying to create a regional network, which will substantially increase their circulation and competitiveness. The railroad network's system is a fine-tuned, functioning structure that covers all regions of the country. Therefore, with the necessary support, the branch's industrial enterprises will be able to realize their potential more fully.

[GUDOK] Who do you see as the founders of the exchange?

[Konarev] First of all, of course, the railroads, the departments, the transport organizations of other branches, the producers of transport and loading-unloading equipment, and the leading enterprises, which are the primary consumers of transport services. The exchange's founders must also include the enterprises that supply the rolling stock, the loading-unloading equipment, and the materials and equipment for railroad transportation. The essence of the approach is to restore the unity of the transport complex and create the conditions for preserving that unity.

[GUDOK] What stage are you at now in creating the exchange?

[Konarev] We have already received dozens of applications for membership in the exchange. And they keep coming in. The exchanges of the Alma-Atinskaya Railroad, the Makhachkalinskoye Department of the Severo-Kavkazskaya Railroad, the Zheldorekспорт foreign trade firm, and others have agreed to become cofounders of the exchange. The organizations I listed above have the right to acquire stocks at a nominal price. Since it would be impossible to name absolutely all the potential stockholders, we are also examining newly submitted applications.

A constituent assembly is slated for the end of December.

[GUDOK] How do you explain the low price of a share—50,000 rubles? After all, exchanges are being created now with capital of more than a billion rubles.

[Konarev] An exchange is not a bank, and it only needs a large capital fund as a guarantee of its "solidity." We don't need that. The organizing committee is of the opinion that the founders must include not only the largest transport organizations but also railroad departments. And as you know, their material situation leaves much to be desired. We hope that our exchange will help correct that situation.

[GUDOK] How do you envision the exchange's future?

[Konarev] With respect to the freight of transport means, those operations have been carried out and will continue to be carried out all over the world on specialized exchanges. It is another matter that the railroads have "left" these exchanges, which can be explained by the general decline in demand for railroad shipping in the developed countries. This is not a threat to us in the foreseeable future, however. The development of our automobile and aviation transport networks is not going to reach the level required to take away any of the demand from railroad transport any time soon. To this you have to add our distances, which do not permit cutting out railroad transport in the shipment of most cargo.

If we are talking about the goods section, then it is obvious that after the market is stabilized most goods will be sold in stores, not on exchanges. We are taking this into account and planning to create several specialized houses and transport-shipment agencies. In the future these trade houses will be able to compete successfully with analogous houses, since we can deliver any cargo to any point quickly. If to this you add our warehousing capacities, then it becomes clear that we are capable of trading successfully in any good.

[GUDOK] One last question. Every exchange needs to advertise. What plans do you have in this regard, and whom do you plan to target?

[Konarev] We expect the chief information mouthpiece for the activities of our specialized unitary transportation exchange will be the central railroad newspaper, GUDOK. It is a great advantage to have an organ of the press that will allow us to acquaint its readers with our activities, through advertising as well as reporting. When we start making money, we will be able to render your collective concrete assistance.

[GUDOK] Thank you, Nikolay Semenovich, for your kind words and intentions. Our editors are prepared for the closest collaboration. We wish you success!

(The address of the exchange's organizing committee is 20 Krasnoprudnaya Street, Room 202-D, Moscow 107140. Telephone 262-23-63; fax 264-29-43.)

### **Rail Performance Critiqued**

924A0314A Moscow ZHELEZNODOROZHNYI  
TRANSPORT in Russian No 7, Jul 91 pp 2-4

[Unattributed report: "For the Transport Production Line to Function With High Efficiency"]

[Text] The first half of the year is ending. Workers on the steel mainlines are observing "Railroad Workers Day," their vocational holiday, under difficult political and economic conditions in the country. The decree recently issued by the President of the USSR "On urgent measures to provide for the stable operation of basic sectors

of the national economy" states that "the national economy is in critical condition. Production is declining, and the national income has already been reduced by 10 percent. A breakdown of economic ties is threatened by the shutdown of a thousand enterprises. Millions of people may be put out of work. The situation requires special actions, primarily in the basic sectors, on which the normal operation of all enterprises depends." And rail transport is among the basic sectors.

The problems which Soviet society has encountered in the process of perestroika have not bypassed railroad workers, either, for all the political and economic events taking place in the country are mirrored in the work of our sector. The breaches of contract commitments associated with the introduction of market relationships, the strikes in a number of the country's coal mining regions, and the interethnic conflicts in parts of the Caucasus which led to disruption of train traffic, and sometimes even brought it to a complete standstill—all this has had a negative effect on the organization of railroad operations this year and last year and has led to a decline in the volume of freight carried. In addition, there are not enough railcars and locomotives, the lines are in poor condition, and there are critical problems with material and technical support. The price reform implemented in the country has laid bare and sharply aggravated social problems in transport, creating a critical situation in a number of places.

The USSR Ministry of Railways and the central committee of the Independent Trade Union of Railroad Workers and Transport Construction Workers is persistently seeking a solution for the problems facing the sector. A great deal has already been done—the Law on Railroad Transport has been adopted, additional capital investments have been allocated, the list of vocations entitled to preferential pensions has been extended, the computation of work time has been changed for a number of jobs, and the length of vacations for certain categories of employees has been increased. The USSR Cabinet of Ministers recently adopted the decree "On additional steps to assign personnel and provide work incentives at Ministry of Railways enterprises," which increases wages for railroad workers and brings them up to the level for workers in the leading sectors of the national economy. There is no question that the agreement reached in May by nine republics to undertake specific action jointly to bring the country out of the crisis situation was an important step in normalizing the situation. This had a positive effect on railroad transport operations.

At the same time, the decisions made do not fully provide for the stable operation of line enterprises, lines, and divisions under the conditions of the sector's transition to market relationships. Everything has not been done yet to reinforce the production base and provide material and technical resources, construction materials, and foodstuffs.

But what are the results of the sector's work this year? More than 1.5 billion tons of national economic output, 41 percent of the annual transportation plan, were brought to industrial and agricultural enterprises and construction sites by railroad transport from January to May. Some 23 million tons of various freight, 38 percent of which was for the state, was shipped in addition to the plan. There were above-plan shipments of 1.1 million tons of coal, 2.1 million tons of oil and petroleum products, 0.7 million tons of scrap metal and ferrous metals, and over 10 million tons of grain and remilled products. Freight targets related to local planning, especially construction, foodstuff, sugar beet, and mixed feed freight, were met at a faster pace.

At the same time, because of the lower level of industrial production, the volume of freight in nearly the entire product range that was established declined by 8.3 percent. Strikes by workers in the coal industry led to a decline not only in the volume of coal transported—its peak was in April, but a number of other types of freight whose production depends on coal deliveries, including coke, iron ore, ferrous metals, and so forth. Shippers are at fault to a greater extent for underfulfillment of the plan for transporting chemical and mineral fertilizers and lumber products.

Twenty-six railroads coped with the 5-month freight handling plan. The Northern Railroad lagged behind by 361,000 tons, which is equivalent to a day of its work. The Transcaucasian Railroad was 660,000 tons behind, the Kuybyshev Railroad was 284,000 tons behind, the Sverdlovsk Railroad lagged behind by 482,000 tons, the South Urals was 1.8 million tons behind, and the East Siberian was 604,000 tons behind. At the same time, it should be noted that all railroads except the Azerbaijan, Tselina, and Krasnoyarsk lines had adopted a plan lower than the level reached last year. The largest contribution to the total results for the 5-month period was made by the Krasnoyarsk Railroad, which exceeded the plan by 2.5 million tons, and the Belorussian Railroad, which exceeded the plan by 2.2 million tons; the Baltic and Far Eastern lines each exceeded it by 1.8 million tons, the Moscow and Donetsk lines each handled 1.7 million tons above the plan, and the Southeastern Railroad coped with 1.6 million tons above the plan. The railroads mentioned provided more than 50 percent of the above-plan transportation in the system as a whole, although they accounted for only 23 percent of the overall shipment volume.

A number of the work quality indicators declined in 1991. And although the use of rolling stock improved somewhat and freight car turnaround time was speeded up 4 hours above the plan in May, it has been 1.7 hours slower since the beginning of the year, compared with 1990, especially for boxcars and gondolas. The main losses—32.8 percent—resulted from layovers during freight operations. The average railcar layover time in one freight operation was 4.5 percent longer than in the same period last year. The longer layovers on the Moscow, Tselina, South Urals, Sverdlovsk, Krasnoyarsk,

and Far Eastern railroads for freight operations made the railcar turnaround time 4 to 8 hours slower. Over the past period, railcar layovers increased by 8.2 percent on enterprise sidings, while the norm was set 16.3 percent too high at the same time. For this reason, the losses in freight handling involved about 200,000 railcars which could have been used to ship over 11 million additional tons of national economic freight.

The calculated target for freight turnover was fulfilled by 96.8 percent and the plan for passenger turnover was fulfilled by 95 percent. The sector's economic situation worsened because of the reduced volume of transport work compared with the same period last year. The sector as a whole received 2.15 billion rubles [R] in profit, which is 30 percent less than last year. The labor productivity of employees engaged in handling shipments was 1.7 percent lower than the plan and 10 percent lower than the corresponding period last year. This is also the result of the decline in work volumes. After the compensatory payments were included in the wages of operations employees following the rise in prices for goods and services, as well as the increase in the level of tariffs in conformity with the USSR Cabinet of Ministers' decree, the average monthly wage of railroad employees amounted to over R530 in May.

Railroad employees are faced with extraordinarily important and crucial tasks because of the situation which has now developed. They must bring about fundamental improvement in the sector's work and overcome the negative tendencies in providing transportation which have taken shape over the past 2 years, when the level of transportation work declined substantially. During this period freight shipments were cut back by 259 million tons, average train weight was reduced by 50 tons, and freight car turnaround time increased by 0.37 days. Along with the objective reasons, complacency and less attention to urgent implementation of current economic and technical policy, both on the railroads and in central management, had a significant effect.

So drastic measures are required to ensure that rail transport operates steadily, its social needs are met, and the competence and professionalism of employees at all levels are improved. At the same time, we must seek not only to fully meet the needs of the national economy, every enterprise, and the public for transportation, but to meet them with high quality and as inexpensively as possible. In the final analysis, this is the basis for improving the sector's work indicators, its financial well-being, and railroad employees' standard of living.

Transportation workers' efforts under the current conditions should be concentrated primarily on improvement of all economic work. The shift to market relationships dictates that new approaches must be used in solving the many different problems facing the sector and it raises completely new problems which we did not have to deal with before. They include the formation of fundamentally new structures such as associations, joint stock

companies, and so forth. They also include the establishment of closer contacts with republic and local authorities, especially on matters related to improvement of transportation service in regions, the acquisition of funds for the material and technical base and social needs in the sector, and joint efforts to utilize railcars efficiently and increase the profitability of suburban passenger transportation and local freight shipments. Economic work should penetrate all spheres of activity and relationships among railroad enterprises as resolutely as possible. Everything that is economically profitable to the sector should be put into practice. We must be guided by the laws in force, primarily the Law on Railroad Transport, in carrying out this work.

The Ministry of Railways decided to hold a competition this year for programmed development of the new economic model for rail transport's operation under the new economic conditions. It should make provision for economic relationships between the railroads' enterprises and union, republic, and local authorities and with freight owners and passengers, and it should provide the opportunity to make use of alternative forms of ownership in the different types of activity in railroad transport. The new model should contain mechanisms for forming and setting tariffs for freight and passenger transportation and for financing railroads, divisions, and line subunits, and it should contain the structure for transportation management and intersectorial economic relationships in accordance with vertical and horizontal production-management ties. A new mechanism is also needed to balance the prices to ship the products consumed by railroad transport and to improve the quality of freight and passenger transportation. And of course, measures are required for the social protection of railroad employees as market relationships are developed.

Railroad transport has important opportunities at its disposal to obtain additional income. The reserves are far from exhausted here, and the railroads must actively seek out additional sources of income. First of all, they must firmly reduce expenses. It is common knowledge that there are important opportunities that have not been taken advantage of here. They include unproductive expenditures, financial losses of all kinds, and losses from poor utilization of rolling stock and other technical facilities. The cost of each percent of the funds that are not used sparingly is rising significantly now. For example, the reduction of operating expenses by just 1 percent will make it possible to put more than R300 in the sector's coffers. With the critical shortage of material and technical resources, the attitude toward their use must be radically changed; we must toughen the practice of economy and thrift, not permit overexpenditures and losses, and eliminate the above-norm waste of materials and equipment.

Increased income from shipments is another most important reserve. In 4 months this year, railroad transport received R10.7 billion in income, which is R849 million less than in the corresponding period last year, under comparable conditions. The main reason for the

decline in receipts is that less freight was carried. But the records show that the freight held in railyard warehouses is practically at the same level as in previous years (except for coal and lumber). There are numerous cases of delays in releasing railcars for border points and maritime ports. And the payment of substantial fines for failure to turn over cars for freight handling is intolerable when there has been a significant decline in work volume and there is an excess of railcars because of this. Fines totaling more than R25 million were paid for this reason in the first quarter alone. The financial losses incurred by railroad transport because freight was not delivered on time are substantial as well. They totaled over R37 million in the first quarter, but the workload of sections, stations, and other technical facilities had declined substantially, after all.

The situation with respect to the safety of the freight being transported has become very critical. This year, the increased financial losses because of this are twice as high as in the same period last year. Cases of bribery, theft, and waste exist in the passenger, transport, commercial, and certain other administrations. Vast sums are being consumed by mismanagement. Some R1.5 billion are being lost just because poor security is provided for railcars and they are dispatched, washed, cleaned, and so forth pointlessly. But these funds can be used to meet the needs of railroad employees, after all.

It has become urgently necessary to fundamentally revise the entire system of commercial work in railroad transport. A large number of obsolete instructions, regulations, and other normative documents are in effect here today. The Container Transport and Commercial Work Main Administration and the corresponding services on the railroads, working directly with clients, should become the centers for obtaining additional sources of income. They should seek out clients and freight, engage in advertising, and establish the conditions for shipments, contract tariffs, and so forth. However, our commercial services are still far from this point. Here is an example from a select conference held in May. In calculations for the plan, provision was made to receive R500 to 600 million from the application of contract tariffs. But the railroads had planned only about R150 million. So fundamental and radical reorganization must be quickly implemented.

Employees in passenger transportation can do a great deal to increase profits as well. The passenger complex is a major source of income and there is a broad area for activity here. But substantially more enterprise and initiative must be displayed. Such positive experience is available on many railroads; it should be studied everywhere and the best achievements quickly introduced throughout the system. It is apparent that it has become urgently necessary for railroads to regulate the amount of passenger traffic more flexibly—depending on the demand for transportation.

We have to devote serious attention to reinforcement of the motivations to engage in highly productive labor.

The existing systems of payment have hopelessly failed to keep pace with the times and do not meet the requirements of the day and the new tasks. The current system of awarding bonuses to employees—in a percentage of their earnings—has no relationship at all to the market and cost accounting. This is the reason for the poor results of labor in production. And of course, the attraction of additional income and profit by developing subsidiary-auxiliary and nontraditional forms of activity everywhere should play an important role in reinforcing the sector's finances.

A market economy requires drastic technological changes in the railroads' operational activity. Principal attention should be devoted to the development and introduction of economically efficient technologies which make it possible to sharply improve the quality of transportation service, provide the railroads with high economic indicators, and increase income from shipments. In this connection, we have to reconsider the principles of organizing railcar flows as technologies which implement the shift from freight flows to the movement of trains, substantially expand the proportion of grouped and high-speed trains, and increase the role of traffic dispatched in blocks.

We also need fundamentally new approaches to the train traffic schedule. The degree to which it meets actual transportation requirements and its strict implementation should be the main criterion. The schedule must include specialized timetables to provide high-quality transportation service—industrial routes, freight expresses, trains with guaranteed handling, and so forth. Obviously, we also need to establish economic responsibility for failure to adhere to the traffic schedule and the procedure for making up trains, directing railcar flows and other normative procedures.

Performance of an operational task depends to a large extent on how technical facilities are maintained. The condition of the track is a source of particular concern. The number of warnings and the length of track with a speed restriction increase every year; they have increased by 1.3 times as much this year. Lines are in the worst condition on the Transcaucasian, Azerbaijan, and Volga railroads, where the condition is assessed at a rating of over 700. Of course, industry consistently fails to deliver enough materials for the line superstructure, which makes the problem more complicated. But under these conditions as well, we must make use of what we have in an economical manner, especially the old materials, by organizing their repair. A number of railroads have accumulated experience such as this. After all, about 15,000 kilometers of rails, including 10,000 kilometers of types R65 and R75, are being removed from the main lines each year, but no more than 6,500 kilometers of rails are being laid again. And attention should be devoted to one more factor. In spite of the increased need for normalization of the track, the volume of all types of planned repair is being cut back. The outward appearance of well-being is thereby created at the same time that the actual track condition is deteriorating. Railroad

line workers have a responsibility to stop the increase in the number of warnings on line speed restrictions, primarily on critical routes in the system.

Crucial tasks lie ahead for the employees in locomotive operations. In spite of sufficient inventory and the "respite" enforced in operations work, the technical condition of locomotives has deteriorated since last year. The percentage of locomotives out of commission at depots has increased. It is not at all clear why more locomotives than are needed are kept in operation on the Moscow, Northern, Southwestern, Lvov, North Caucasus, Southeastern, Kuybyshev, Sverdlovsk, and Transbaykal railroads. After all, this means that considerable expenditures for fuel and repair really become losses. The fleet in operation must be appropriate for the actual traffic, and the unneeded locomotives should be left for the Ministry of Railways reserve.

The deterioration in railcars' technical condition is caused primarily by damage to rolling stock during freight handling operations and switching work, as well as the lag in attending to planned maintenance on freight cars, especially boxcars and gondolas. This year the actual volume of depot repair was reduced by 8,000 units compared with last year, although more than 100,000 railcars are not covered by depot repair. This practice should be discontinued immediately. It should be kept in mind that rolling stock repair is logistical support, the foundation of transportation.

Successful accomplishment of the tasks mentioned depends to a large extent on direct provision for a high level of traffic safety. The organizational work of command personnel and discipline shown by personnel engaged in the transportation process are reflected in this combined indicator. There is no question that a great deal depends on the condition of operational components in providing for traffic safety. But the most important factor, as demonstrated by analysis of previous wrecks, accidents, and malfunctions in operation, is the poor discipline and slowness to perform specific tasks. After all, 46 percent of the wrecks and accidents and an overwhelming number of the defective components over 5 months this year were the result of flagrant violations of the PTE [technical operating rules] and official instructions or procedures, that is, production discipline.

The program and orientation of work to improve traffic safety was clearly set forth in the recently issued Ministry of Railways Order No. 10Ts "On measures to improve traffic safety in rail transport." Enterprises were given independence to select the forms and methods of preventive and educational work, and latitude was given for initiative and creativity. The matter depends on practical action. It is very important today to free ourselves of formalism in organizing accident-free work and to proceed more actively in this direction.

The person, with his specific interests and needs, should be at the center of economic activity. For this reason, the conduct of an active social policy has to be viewed as a

powerful means of increasing production efficiency and the workers' labor and sociopolitical activity. As noted, through the joint efforts of the Ministry of Railways and the trade union central committee, a number of decisions aimed at improving railroad employees' working and living conditions were adopted by the government.

Development of resources for the social sphere is one of the tasks for the near future. In accordance with the Program for Technical Re-Equipment and Modernization of the Railroads in the 1991-1995 Period, construction of housing is to be increased by 1.4 times as much, preschool institutions by 1.35 times as much, general education schools by 2.7 times as much, hospitals by 1.6 times as much, and polyclinics by 2.8 times as much. The first practical steps have been taken to increase the volume of housing construction and facilities for social, cultural, and general purposes. But there are 476,000 families in railroad transport at present that need better living conditions. Some 43,400 children have not been accommodated in preschool institutions. There are not enough beds in the hospitals, and polyclinics and dispensaries are operating under a tremendous workload. Railroad workers have many problems in obtaining commercial goods and supplies.

It is very important to make use of the valuable experience accumulated by labor collectives which are actively resolving social problems locally. On the Kuybyshev Railroad, for example, they are substantially ahead of their housing construction program because the efforts of construction workers have been reoriented toward housing and everyday facilities and they are utilizing their own resources. The railroad has taken the firm position that next year all the families of track workers and other employees living in trailers will be resettled in well-equipped houses. Last year, 81,000 square meters of housing space were commissioned here.

The problem of providing food for railroad workers requires special attention. We need to work hard to produce foodstuffs through our own efforts here, and to develop subsidiary farms. There are already 1,475 of them, but this is only 30 percent of the number of line enterprises. The target has been set: providing each railroad worker with 30 kilograms of meat and 50 kilograms of milk each year as quickly as possible.

Railroad employees are working under difficult conditions today. In many respects transport finds itself below the level at the beginning of the 1980's. There is one way out in the current situation—for each employee to work with high efficiency to steadily improve the operation of the steel mainlines. We must constantly bear in mind that unless stable freight and passenger service is provided for, it is impossible to bring the country's economy out of the crisis and ensure that industry, agriculture, and the entire national economic complex function with stability. We need to resolutely eliminate everything that hampers our work, to reinforce procedure, and to

increase the level of both labor and technological discipline. The transportation production line should operate efficiently and be highly productive.

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#### Locomotive Production Issues Examined

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TEPLOVOZNAYA TYAGA* in Russian  
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[Interview with B. D. Nikiforov, USSR deputy minister of Railways, by V. V. Baryshev, ETT special correspondent: "We Do Not Have the Right To Make Mistakes: Transport and the Market Economy"]

[Text] In the preceding issue of ETT, a selection of articles was published, which to a certain extent shed light on the solution to the economic problems of the locomotive service of the network on the path to market relations. We hope that responses and suggestions will come from the sites, even if not immediately, and we will continue the conversations begun with the reader. Meanwhile, we offer the drivers and engineers of the locomotive depots an interview with B. D. Nikiforov, USSR deputy minister of Railways, by V. V. Baryshev, our special correspondent, on the problems that must be solved by the locomotive workers today.

[Baryshev] Boris Danilovich, you have been handling the activity of the country's locomotive service for a long time, and therefore, I think that our readers will be interested in learning about the prospects for its development and about today—in a word, about everything that you feel it necessary to say.

[Nikiforov] Today, many people erroneously feel that the relatively stable work of the railroads gives no particular cause for worry. This is only a superficial view, however. In the not-too-distant future, transport may shut down. There are many reasons for this, but there is one that can be called fundamental.

For decades we have been persistently supporting the electrification of transport, and I see no error in this, for the high voltage lines laid for the rails not only accelerated the delivery of freight, but also revived the industry and agriculture of many regions of our vast country. Paradoxically, it is this precise striving toward progress that is giving our sector trouble today: there is a chronic lack of freight and passenger electric locomotives for it.

Many people do not know that in the next five-year plan the overwhelming majority of existing electric locomotives are due to be written off on various roads. For example, by the beginning of 1996, 47 percent of the inventoried fleet of electric locomotives of the Sverdlovsk Railroad will have worked out their service life. This includes about 700 VL22M machines and over 100 ChS2. On the Dnepr Railroad this percentage reaches 84, and on the Donetsk, virtually all the electric locomotives are becoming obsolete. The situation is somewhat

better with respect to alternating current electric locomotives, but even here there are no grounds for optimism. In other words, in the next five years, unless urgent measures are taken, the failure of electric locomotives literally awaits us.

[Baryshev] It appears, however, that the locomotive-building plants are continuing to produce locomotives and are doing this according to plans agreed upon with the MPS!

[Nikiforov] It is one thing to agree, and another—to fulfill. We have no particular claims against the diesel locomotive builders. For quite a long time the MPS has been unable to find a common language with the electric locomotive builders. The output of electric locomotives is virtually monopolized by the NEVZ (Novocherkassk Electric Locomotive Building Plant) Production Association. Formerly (1985), this plant produced up to 360 machines yearly, but today (1990), despite the 150 million ruble [R] investment made in its renovation, the output of electric locomotives has been reduced to 160 units a year.

The situation that has formed can be explained only by the position held by E. P. Putilov, the director, or rather the general director, of NEVZ, under whose guidance the association has, for the last five years, stubbornly solved only narrowly departmental problems, taking absolutely no account of the country's interests. The new economic conditions, if one speaks of them as a whole, are somehow characterized by a devil-may-care attitude toward common interests. Even here, though, there should be basic honesty and decency, and their partners must not be considered to be complete idiots. In our relations with NEVZ, however, that is precisely the way everything looks.

Frankly speaking, the confusion about the new electric locomotives stems not from the fact that the Novocherkassk plant lacks anything, but from the desire of the NEVZ management to take it easy at someone's else expense. For example, right now we are short of passenger electric locomotives, but NEVZ dictates its conditions to us here. It proposes making a six-axle VL65 from the 12-axle VL85. In order to veil in some way the parasitic nature of this step, it is proposed that the new modification be christened a freight-passenger locomotive. It is clear to everyone, however, that this electric locomotive will not draw a freight train of today's weight. On the other hand, however, the plant, by doing this, is getting an opportunity to increase the output of its product in units, without doing anything.

[Baryshev] After all, though, the association includes the VZINII [All-Union Scientific Research, Planning, Design and Technological Institute of Electric Locomotive Building]. What is the position of science on the question of the future of locomotive building?

[Nikiforov] Until recently the association had its own position, promising our sector machines that were new in principle. Now, it seems to me, the plant and the

institute are united on the basic problems. What the compromise has achieved—I do not know. The main thing is that both of them propose the yearly manufacture of 60-70 freight-passenger machines, even though we need something quite different.

[Baryshev] Do you have freight electric locomotives in mind?

[Nikiforov] Precisely, since we have places on the network where the situation with these machines is downright catastrophic. The NEVZ is proposing nothing with respect to electric freight locomotives. It is not even proposing to increase the output of machines of the obsolete series. All this has the clearly marked features of the dictate of the monopolist-producer, who is unfortunately supported by a few specialists from the MPS Locomotive Main Administration. We have people who are following a short-sighted technical policy. Look at its consequences: today it is a question of taking the VL85 electric locomotive out of production, not because someone gave the appropriate instructions—it is simply that these machines are not being ordered by the operators—ruinous in all respects. At one time we warned that these machines would not be in demand.

There is another point: in the near future we must write off a large number of VL60 electric locomotives, even though with respect to practically all the parameters, these locomotives could operate for many more years. The point lies in the state of their bogies, which at one time were turned out as hack-work at that same NEVZ, and we long and unsuccessfully carried on negotiations about this with the association. Today they can be modernized, but for this there must be industry agreement. This is just what we cannot obtain. Therefore, the lessons of the past are of no use to NEVZ and they are stubbornly thrusting on us the freight-passenger machine, the output of which reduces the building of freight electric locomotives by one-third, which is decisively stripping transport.

[Baryshev] Does it turn out that the management of NEVZ, in trying to get rubles for anything they like, are following an anti-state policy?

[Nikiforov] Let us not confuse the position of the general director with the position of the rest of the association directors, who are obliged to subject themselves to the dictates of the boss. It seems to me, however, that if E. P. Putilov recognized the essence of his technical policy, as you described it, he would not go on in this way. Many skilled workers are leaving NEVZ right now, but if the director were to follow a policy which would conform to the interests of the business, the efflux of workers would be even greater. Having begun his activity by looking for the consolidation of easy revenue, E. P. Putilov found himself under the pressure of his own error. The success of the business, or vice-versa, in many ways depends on the boss. One thing is clear today, the head plant is not

planning to make any attempt to improve the situation with respect to electric locomotive traction on the railroads.

[Baryshev] When attending one of the meetings of the MPS Collegium, I perceived that the NEVZ is monthly fulfilling the plan by 75-80 percent, and the diesel locomotive builders are yielding up to 130 percent. Does this situation not mean that in the near future the engineers will be obliged to operate trains using diesel locomotives serving as a contact conductor?

[Nikiforov] Your surmise has some basis, for not long ago I gave instructions that if transport begins to increase, we would have to consider the routes on which we would have to replace the scarce electric locomotives with diesel locomotives. In the situation that has been created, this is an irreversible measure, because we are simply obliged to throw into the cause everything that we have in order to satisfy the needs of the country's national economy for transport.

That is why I persistently pose the question of a sharp turn in the technical policy and the use of foreign experience in organizing freight transport. We need modular locomotive assemblies, since under market conditions, the freight flows will spring up spontaneously, and we should have a flexible system of locomotive traction, so that when necessary, three to five sections can be used as one locomotive or only one section. Necessity should dictate everything.

[Baryshev] Since we have touched on transport, is an increase in freight flows expected?

[Nikiforov] I don't think that it will happen before the end of this year, but the output of industrial goods will certainly have to be stabilized, or else none of us will emerge from the crisis. Today we have freight turnover which two or three years ago might have been regarded as the result of some sort of sabotage.

Under these conditions, the country's nine leading railroads are signing an agreement on making up freight trains of no less than 71 cars. They will be obliged not to pass through consists with a smaller number of cars at road junctions.

At first glance, it is a strange decision, but one must not jump to conclusions. Under market conditions, this decision is extremely important for us. The point here lies not in the throughput capacity of the mainline, to which we used to refer earlier. This measure will permit a 20-percent reduction in expenses for transport, and after all, the locomotive operators today cost the sector 40 percent of all its expenditures. That is, the decision of the directors of the nine roads is very forward-looking.

Only now are many people beginning to see why the Americans and Canadians, who have double the throughput capacity, operate trains weighing 10,000-12,000 tons. Why is this necessary?

Only for economic considerations. They operate two or three of our ordinary trains with one locomotive or a group of sections controlled by one locomotive crew. This is extremely important for them, since wages constitute two-thirds of all transport expenditures.

Here I am forced to return to NEVZ. In 1978-1982, we set the plant the task of producing and introducing remote and radio-control of locomotives. Ten years ago there was talk of new ventilation systems for locomotive equipment, rheostatic and regenerative braking and cantilever-arm suspension of the motors of electric freight locomotives. All this was developed by domestic engineers and, it seems, disappeared irrevocably somewhere.

I have grounds for thinking that the NEVZ collective has a sizable scientific and production potential, but any potential can be lost so that it will never come to light. The style of management of E. P. Putilov, general director of NEVZ, is doing this successfully. In this lies our misfortune.

Also interesting is the fact that, when I meet with the directors of the electrical equipment industry, they just spread their hands in dismay on the subject of NEVZ, because the technical policy today is the prerogative of the plant itself. Earlier, this situation would undoubtedly have been changed, but today there is no force capable of influencing the first director of NEVZ.

[Baryshev] Why, then, do the State order, plans, assignments and resolutions exist? Finally, from the words of E. P. Putilov himself, I know that the plant planned to propose the output of VL86 electric locomotives on the basis of the modification which was produced for Finland in the 1970's.

[Nikiforov] The VL86 is a machine with asynchronous motors. Unfortunately, work with this drive causes only some grievances. I recently returned from Portugal, where I discussed this work. The country has only about 800 kilometers of railroads, but the only plant they have works wonders. It operates by license and the plant workers no longer remember when the first electric locomotive with asynchronous motors was built. There are no problems there, but in our country everyone has good intentions. After all, the idea of an asynchronous motor was born at NEVZ, where, happily, it also died for our country.

[Baryshev] Indeed, the picture turns out to be a gloomy one, but I think that common sense will triumph in the end. Now, though, I would like to learn your opinion, Boris Danilovich, on the subject of the work of the locomotive service under the conditions of market relations?

[Nikiforov] Strictly speaking, we have been talking about that the whole time. It seems to me that ETT did a good deed by starting to publish the selection of articles on the economic theme in the eighth issue of the journal. This type of talk is greatly needed on the pages of the transport press, and should be continued.

I feel that the stable work of the locomotive service under the new conditions will depend on fulfilling several major blocks of measures. I will bring the problem of traffic safety to the foreground. It is no secret that our mistakes and defeats have brought tremendous losses, not only in the material, but in the moral respect. In my opinion, a situation has formed in which a social outburst among the people of the country who are dissatisfied with our work can be expected at any moment. Again we have cases of drunkenness at the controls, again passenger trains are dispatched according to signals cleared for other trains, etc.

In the mass of these problems it must be confessed that our presently existing rules have isolated the engineer from the rest of the railroad workers. We have reached the point at which no one tries to set him right on time. Therefore, under the existing rules, there are a great many regulations that have become hopelessly obsolete and require immediate revision. We cannot avoid the fact that many of the regulations in the existing instructions arose in bygone years, in the pursuit of gross output, of throughput capacity, and to the detriment of traffic safety. In order to support this with evidence, I will give a few examples.

Was not the clause requiring a shunting engineer to start moving when the route was not completely ready, and without any information from the transport workers, really a mistake? Let us imagine that the last signal on the route is a signal to stop, since a passenger train is being dispatched, and there is a load of discharges in the cars of the shunting consist. The engineer of the diesel locomotive was going along, something distracted him—and he drove into the side of the passenger train. It is not difficult to imagine the consequences.... Can this technology for shunting work really be justified by any production considerations? For the time being, though, it is written down that way.

Or you run into cases when a passenger train stops on a side track of a station, according to schedule. The time for the stop passes, and it is dispatched, but the signal has been cleared for a freight train which is being driven to be turned over. Yes, the engineer is sloppy, but of what are the passengers guilty? Why, if the decision was made to hold back the passenger train, did no one warn the locomotive crew about it? Because there is no clause about this in the rules.

Meanwhile, a passenger airplane, on which there are many fewer people than on a train, is accompanied by a specific person on each section of the flight route and its flight is tracked from the ground for safety. Why is it not this way for us, why does the dispatcher not bear the responsibility for the safe travel of the passenger train?

Another point—when there is a loss of voltage in the signaling devices on a line where there may be several freight and passenger trains. How do you operate a train under these conditions? They say that when the signal goes out, locomotive signalization is used. What about

it—can it not go out? There may be a freight train here, especially at night, which must tail a passenger train. If it is the other way around, the result will be no less deplorable. All this was devised in the name of throughput capacity. Then there was talk that we have many fewer people killed than in motor vehicle transport. Can this sort of calculation be made?!

All right, our instructions originated in a void, there was no experience in having a solicitous attitude toward passenger and other trains. Let us recall the rules for semi-automatic blocking, when, in case of a malfunction of the blocking, a train with people on it was dispatched only on an unoccupied line and only in daylight. Those rules were created on behalf of humans, and the existing ones, I repeat—for the sake of the plan, for the sake of the famous throughput capacity.

[Baryshev] And so the VNIIZhT [All-Union Railroad Transport Scientific Research Institute] has now received the assignment to revise all the existing instructions!

[Nikiforov] No, the traditional reworking of the instructions is underway there. In its own way, it is amending them. Several times I posed the question of revising the existing rules for train traffic, but I met with stubborn resistance on the part of the traffic workers. Unfortunately, the ministry inspectors for traffic safety for the time being remain enslaved by the dogmas that have formed. It cannot help but be noted, however, there are more and more adherents of my proposals, and therefore I hope that in the near future we will adopt a resolution on revising the instructions precisely at the source, which conforms to common sense.

The second point consists of the conditions in which capital repair of rolling stock, under market conditions, becomes unprofitable. We must face the problem of writing off those of our machines that have worked out their service life, and building new ones. Practical experience forces us to take only this way to maintain the technical state of a locomotive fleet that is able to provide revenue for the sector.

For the time being, a law exists, on the basis of which the State will cease to withhold funds to recondition locomotives that have reached their maximum age (28 years). The reality of this is that (and this is directly related to NEVZ) we cannot give up operating old series of locomotives.

That is why we are constantly seeking ways to prolong the life of these machines. It is important here, however, that the money released to recondition locomotives does not settle in the road divisions, but is purposefully directed to the depots, so that only the chief of a depot has it at his disposal.

I personally see my task in convincing whomever I must that a division cannot and should not control locomotive repair. It is not interested in repairing equipment operating on several divisions. True, one can understand the

division chiefs who find themselves in a rigid economic framework, and who cannot allot money to something that does not bring in a corresponding yield. For the time being, no decision has been made as to the purposeful direction of the funds intended for the repair of tractive equipment, but I am convinced that things can take only this path, for otherwise the downfall of the locomotive service is inevitable.

One of the main directions, I feel, is to seek ways to expand the economic independence of the depots and cut off anyone's attempts to interfere in their financial activity, particularly with respect to the funds which have been earned in auxiliary activity. The divisions are still extorting money from the depots, with truths and untruths, but this situation should be put right very shortly. It is gratifying that the transport main administrations of the MPS have suddenly begun to support our position.

[Baryshev] Having obtained independence, though, some division directors say that they are not obliged to do what the ministry says....

[Nikiforov] These "outbursts" can and do exist. I call them incorrect understanding and use of the rights granted, although on the whole I see that many road directors have begun to understand the need for the financial independence of the depots and their transition to cost-accounting relations with the divisions. I think that everything will be put in its place on this question in the near future.

There are few who recall today how we, the then-young depot chiefs, in this very MPS building, tried to prove that the transfer of heavy types of locomotive repair from the depots to the plant was inadmissible. This happened in the 1960's, when we made the transition from steam locomotive traction to diesel and electric locomotives. At that time the management of the MPS was preoccupied with loading the steam locomotive repair plants, which were left without work, with the cutback in the number of locomotives. Our point of view failed to win, and the decision was made to reduce the repair program at the depots.

At that time this meant that the repair professionals had fallen to the cutback. So we began to squander the most valuable thing—the personnel. Since that time, only routine repair shops have been left at the depots. It was felt that the plant would provide everything, but this did not happen once in the whole time the adopted concept existed. Therefore, today we are for having all types of locomotive repair carried out at the depot, without driving the locomotives hither and thither. The plants should manufacture and supply the depots with completing parts.

This has already been approved for electric trains and has yielded positive results. It is interesting that the railcar workers quickly borrowed the idea of the locomotive workers. After all, they have even more "interesting" things going on, when the plants, for the sake of the

plan, perform depot repair of passenger cars, without at the same time fulfilling the program for their capital repair. Now (I am speaking of the locomotive service), a closed cycle of electric train repair is forming on the railroad. Here, there is cooperation among various depots, and other forms of economic ties. We welcome the interaction of other roads in this matter.

[Baryshev] That is, you mean that the railroads will have the right to order everything that they need wherever they like, as long as the basic work proceeds normally?

[Nikiforov] This should become not a right, but a duty. Moreover, in consideration of the coming large write-off of locomotives, efficient use must be made of the spare parts for them. For the time being, of course, this is a theory that is difficult to perceive in the form of an order. With respect to the question of reconditioning electric trains, we have assembled specialists from the plants and the depots a few times, and have so far found them receptive to all the decisions. Later on, practical experience introduced its own amendments. Given all the conditions, this was a move forward, and we were able to outline the path toward maintaining the operability of electric trains for the next 10-15 years.

The situation is much more complicated for electric locomotives. For example, I thought that all 860 VL22M machines on the Sverdlovsk Railroad would be written off, but at the railroad they advised me that they were in no hurry. It turned out that these electric locomotives could still serve for quite a long time in various auxiliary types of movement, it would cost us dearly to purchase a new machine for a half-million, and the VL22M has a residual value of practically zero.

Therefore, suggestions for various decisions are coming in from the sites. We are now thinking about looking into how many, where and which machines can remain, so that they can operate while they can. It must be determined which electric locomotives are worth modernizing. The approach here is most varied. For example, what is to be done with the drive of the ChS2 traction motors? There are no decisions for the time being.

I shall not enlarge on this any further, because there is much that is not yet clear, but I wish to note that right now at the depot every third ruble is obtained from auxiliary activity. This is gratifying, since, under the conditions of transport irregularity, we must simply learn to maneuver labor resources and production funds.

Rather than cutting back the engineers, and then recruiting and teaching other people, it is better to give the engineers the possibility of obtaining a second specialty at our enterprise. If there is freight—the engineers drive the trains, and if transport falls off—they fulfill some sort of outside order on the depot's machine tool equipment. Incidentally, they work that way in all countries, and nobody resents it. True, our laws, for the present, do not give reforms like these much support, but

under market relations it will be no different. In other words, this is another problem which we must work on seriously.

We can in no way escape from the fact that we should learn to give proper value to the work of the repairman, driver and engineer, and to pay him accordingly. I do not like to minimize the significance of such an important subject, and therefore I will say only that we could fulfill this work through the combined efforts of economists at the sites and at the sector headquarters. In order to go forward, we must understand one simple truth, that the market is the adequate offering of commodities and services, and it is impossible to give them without progress in wages.

[Baryshev] There is an embellishment: if they pretend to pay a person for work, then he will pretend that he is working.

[Nikiforov] That is precisely it, we dealt with this very conscientiously before. It is wrong that we did not appreciate this idea. Although it seems that I have already mentioned this. In any case, however, the idea costs very dear in the West. There they understand the importance of supporting it and therefore, the well stimulated idea also bears enviable fruit there. We will inevitably proceed to the production of new types of traction, cars and other equipment that we need, and in this case we cannot do without top-class specialists. They will come to us if we pay them in real money.

I travel around the country a great deal, and I see that some railroads are becoming stock-holding plants, producing goods for us. Formerly, there were many false interpretations of this, but practical experience convinces us that the participation of the railroads in industrial production on stock-holding principles is particularly advantageous for us. This can also be expressed in a proverb: he who pays the money also calls the tune. The biggest developers among the road chiefs today are getting only what transport needs.

[Baryshev] The MPS Collegium, at which the basic directions for transport work under market conditions were once again discussed, ended the other day. You have, of course been left with certain impressions of this meeting?

[Nikiforov] The basic directions in the practical work of transport under market conditions were determined earlier, and there have been many detailed accounts of this in the transport press. I can say that L. Matyukhin, the new minister of Railways, confirmed his adherence to the economic policy worked out earlier. The difference lies only in the fact that we erroneously counted on a growth in transport volumes, but time corrected this. Now, on the basis of the realities that have formed, we have transferred the emphasis to working with the clientele and to auxiliary activity in the sector's enterprises.

The decisions of the collegium contain, in some form or other, everything that we have been talking about. Our

task is to deal specifically with these problems. For example, industry's proposals on supporting transport have already been focused on joint efforts to achieve the necessary stability in its work.

Our conversation has not been theoretical in nature. We must not be hasty, however, in solving any problem. Correcting hasty solutions that have not been well thought out will cost all of us dearly, and therefore we do not have the right to make mistakes under the new economic conditions.

I hope that the engineers and directors at the sites who read your journal will understand what I have said and will help, to the level of their power, the common cause of reviving the good name of the railroad workers.

[Baryshev] Thank you for the interesting interview!

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#### Sector's Fire Losses Cited

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[Interview with V. V. Shapovalov, deputy chief of the Armed Security Administration (UVO) of the MPS, by V. A. Yermishin, special ETT correspondent: "There Are Many Resolutions. But the Result?: The State of Fire Safety in Railroad Transport"; Editorial Note]

[Text] The situation with respect to ensuring fire safety in the locomotive service has been unsatisfactory for many years. Electric locomotives and diesel locomotives, diesel trains and cars with valuable freight have been consumed by fire. The State incurs losses amounting to tens of millions of rubles. Most lamentable of all, however, is the fact that people perish.

Why does this happen? What are the main reasons for the fires? What must be done to prevent fires in railroad transport? On what does the solution to this acute problem depend today?

V. V. Shapovalov, deputy chief of the Armed Security Administration (UVO) of the MPS [Ministry of Railways] was asked by V. A. Yermishin, special ETT correspondent, to answer these and other questions.

[Yermishin] Viktor Vasilyevich, since the problems of combating fires on railroad transport have been discussed year after year at the highest levels, and indeed, have not lost their urgency even today and in some places are being solved extremely slowly, let us begin our interview with statistics. Please familiarize the ETT readers with the analysis of the incidents in the last three five-year plans.

[Shapovalov] I will give specific figures. While in the 10th Five-Year Plan we had over 6,200 fires to our "credit", and the losses from them constituted over 27.7

million rubles [R], in the 11th Five-Year Plan the statistics proved to be more depressing: fires—about 10,000, losses—R48.8 million. The figures of the past, 12th Five-Year Plan are not consoling. The number of fires passed the 10,000 mark. True, the damages were at the same time somewhat lowered, and constituted R36.2 million.

The picture, as you can see, is more than gloomy, and the measures adopted at various levels are so far, unfortunately, not yielding the proper results.

[Yermishin] You have given overall figures. If they are interpreted, though? Which of the sector's locomotives and facilities have been most subject to fire?

[Shapovalov] This is not very hard to do. It is enough to turn to the detailed statistics of the five-year plans already named. For example, in the 10th, 15 electric locomotives, 356 diesel locomotives, over 40 electric and diesel trains, about 60 refrigerator sections, over 160 all-metal cars and almost 1,500 stationary facilities burned.

Let us take the figures of the 11th Five-Year Plan: damage was done to over 100 electric locomotives, over 1,000 diesel locomotives, over 200 electric and diesel trains, 215 all-metal cars, 138 refrigerator sections, 2,300 units of freight rolling stock and 4,557 stationary facilities.

In naming these figures, I am in no way bent on shaking the imagination of the readers of your journal, even though statistics like this could shock anyone. Facts, as we know, are persistent things. How can you get away from them? They convincingly attest to the sorry state of fire safety on the "steel mainlines" and the facilities adjacent to them.

The most alarming thing, which causes well founded worry in the MPS management, and this means for us, the workers of the armed security guard, is the perishing of passengers in a fire. After all, material losses, even though they be colossal, can still, you will agree, be compensated. But how do you return people to life, how do you explain their tragic death to their numerous relatives and nearest and dearest? Just imagine, widows and orphans are appearing in peacetime....

[Yermishin] Just a minute, Viktor Vasilyevich. I understand your position. Let us turn to the figures of the 12th Five-Year Plan.

[Shapovalov] They are like this. Some 218 electric locomotives burned, 614 diesel locomotives, over 300 electric and diesel trains, over 250 all-metal railcars, 60 refrigerator sections, 1,900 units of freight rolling stock and almost 5,500 stationary facilities.

[Yermishin] You have been engaged in solving these critical problems for many years. What does the accumulated experience show? What, for example, are the reasons for fires starting on locomotives?

[Shapovalov] The readers have probably noticed that diesel locomotives catch fire by far the most often. They are the main "culprits" in fires that destroy entire freight consists.

For example, as far back as 1977, the UVO co-workers made a thorough analysis of this unpleasant phenomenon. At that time the specialists came to the conclusion: the conflagrations stem from the high fire hazard of diesel locomotives.

[Yermishin] Why is this?

[Shapovalov] There is a whole bouquet, if it can be expressed this way, of components: the use of fuel that has a flash point within a range of 40-61°C; a high temperature in the diesel compartments; sparks forming when mechanical or electrical equipment is damaged; the presence of combustible finishing materials. Add to this the poor quality of technical service and repair, the scanty knowledge and skills of the locomotive and repair teams and defects in the fire-extinguishing devices.

Incidentally, an analysis of the reasons for fires shows that they occur on the obsolete series of TEZ and 2TE10L(V) diesel locomotives, which have served for 20 years and more. Some 74% of the fires on diesel locomotives stem from malfunctions or failures of the electrical equipment. This is easy to explain. The plants of the Rolling Stock Repair and Spare Parts Production Main Administration (TsTVR) of the MPS in KR-2 do not replace the electrical circuits. The railroads do not follow the recommendations on monitoring power circuits. The safety devices are not kept in satisfactory condition. This is particularly true of the electric circuits of RZ, RB and ROV relays, the deviations or defects in which also lead to fires.

One more thing. The data from numerous analyses attests to the fact that after the appropriate engine life has finished, the fire safety units require particularly careful checking or complete replacement.

In connection with this, at the end of the 1970's, a commission was created, made up of representatives of the MPS and the Ministry of Heavy, Power and Transport Machine Building. This commission found that by the time of KR-2 plant repair of diesel locomotives, 80% of the cables had obvious defects. In other words, they were fire-hazardous units. Hence the conclusion: they should have been replaced much earlier than the locomotive's mileage until plant repair.

This was subsequently taken into consideration in MPS instructions N-13750 of 26 April 1978, which contained a whole group of measures for modernizing fire-hazardous units and preventing fires on locomotives and multiple-unit rolling stock.

[Yermishin] Nevertheless, Viktor Vasilyevich, locomotives, particularly diesel locomotives, continue to act as

torches. If we are to believe the statistics, even today the situation is only very slowly being changed for the better. How do you explain this?

[Shapovalov] The trouble is that many of the interesting and thoroughly substantiated suggestions developed by UVO specialists are not put into practice.

The Locomotive Main Administration of the MPS yearly issues analyses of the reasons for defects and breakdowns leading to the outbreak of fires, but there is no reduction in their number. I will say more. In a number of cases, it is the Locomotive Main Administration that knowingly proceeds to create fire hazards by permitting the release of diesel locomotives from KR-2 capital repair without replacing the electric wiring and cables with appropriate new varieties. After all, there is an MPS Order, No 50Ts of 24 December 1984, "On Measures To Increase Fire Safety in Railroad Transport".

The requirements of this order on modernizing fire-extinguishing units are not being totally fulfilled, and if we mention a specific figure, it will be only 45.1% of the plan. Design documentation has been worked out and approved at the planning design bureau of the MPS TsT [Locomotive Main Administration] for all series of diesel locomotives, but the TsTVR [Locomotive Repair Plant Main Administration] of the MPS, on various pretexts, is avoiding the introduction of efficient units for locomotive repair, and year after year disrupting the plan for modernization.

In order not to appear unsubstantiated, I will give specific examples. In 1987, 300 sections of TZ10 diesel locomotives were to be equipped, but actually not a single one was equipped. The plan for the last few years has also been disrupted.

In consideration of the situation that had formed, in August 1989 the UVO forbade releasing diesel locomotives from capital repair without modernizing the fire-extinguisher units. What do you think? The Locomotive Main Administration, in gross violation of the above-mentioned Order No 50Ts, postponed the deadline for introducing the units until 1991. We already know what that cost. It turned out as in the proverb: "The stingy pay twice". Millions of rubles, which would have been more than enough to modernize the diesel locomotives, went up in flames.

[Yermishin] Does sectorial science take part in solving these problems?

[Shapovalov] For completely incomprehensible reasons, VNIIZhT [All-Union Railroad Transport Scientific Research Institute] has, for a number of years, stubbornly refused to do the appropriate research work, even though the subject matter that we proposed was agreed upon by the Locomotive Main Administration and approved by the MPS management. Incidentally, we perceive absolutely no effect from scientific-technical progress in preventing fires on railroad transport.

In accordance with MPS instructions No 439 of 26 September 1988, "On Measures To Further Reinforce Fire Safety in the Country", VNIIZhT worked out a sectorial coordination plan, which has essentially remained on paper, since many of the MPS main administrations refused to finance the work specified in it. Another thing. So far VNIIZhT has not created a fire safety sector, and the group functioning at present, made up of five people, is actually dealing with problems unrelated to our subject matter.

Let the journal readers understand me correctly. In a year, the associates for fire safety on the network have taken more than 11,000 diesel locomotives out of operation. No reduction in this figure is foreseen. Locomotives will burn, the state will suffer tremendous material losses, and people will perish—until all of us together get down to solving this entire problem.

[Yermishin] Viktor Vasilyevich, we must return to the technical side of the problem. Tell me, please, on which railroads does the state of fire safety cause you particular worry? In addition, the ETT readers will be interested in learning how things stand in the sector's services.

[Shapovalov] Let us take last year's data. Some 227 fires on tractive rolling stock were recorded. The damage from them was about R1 million. We are taking particular account of the West Caucasus, North Caucasus, South Urals, Alma-Ata, Southwestern, Odessa, Belorussian, Lvov, Far Eastern, Gorkiy, Krasnoyarsk, Sverdlovsk, Baltic, October and Moscow railroads.

As you can see, the geography of the accidents is quite extensive. The reasons, however, are all the same. In the course of operations investigations, it was established that formalism and little exactingness in fulfilling technological and labor discipline were permitted in the inquiries into the accidents. The directors of many of the roads actually let things slide. In case after case, they made only a superficial examination of the materials of the armed security representatives.

I will also speak briefly of each service. We are alarmed at the maintenance of the freight yards and sorting areas, where considerable material losses are incurred by fires. The following figures may illustrate this. In the last five years, at the Ivanovo, Chudovo, Moskow-Riga, Usatovo, Ayvazovskaya and Trofimovskiy II stations, material valuables and equipment worth over R3 million were destroyed by fire.

Many of the fires are on the conscience of workers in the track service. We are particularly dissatisfied with the state of the right-of-way. In the last five-year plan, there were over 1,000 fires on line subdivisions of the track. The damage there was R3.3 million. Tens of thousands of ties, which are in such short supply in the sector, were burned. Every year, in investigating the track service, 15,000-17,000 violations of fire safety norms and regulations are discovered.

MPS Order No 50Ts specified increasing the equipment of fire-fighting trains. For a number of years, however, the Kizil-Arvat Plant of the MPS TsTVR has been disrupting the plans for equipment with water-storage tanks. Capital repair is not provided for fire-fighting trains. Their brigades cannot turn up where there is trouble and help. After all, in extreme situations, as you realize, seconds count.

In the 12th Five-Year Plan there were over 250 fires in passenger cars. The damage incurred was R1.9 million. Twenty people perished. And here is another cheerless fact: every year the fire supervisory workers "arrest" over 2,000 passenger cars, which are not fit for operation. No changes for the better are foreseen in this service, unfortunately.

[Yermishin] If I understood you correctly, Viktor Vasilyevich, the main source of fires on the mainlines is the diesel locomotive and its technical imperfections. Let us add to this the elements of negligence and bad management....

[Shapovalov] It is not quite like that, although to a certain extent you are right. The largest number of fires are caused by sparks, but inflammable freight, except for a certain category of substances and materials, is not protected from the diesel locomotive, and this was established after the tragic incidents at Arzamas and Sverdlovsk.

There is one more aspect to the problem. The reason for the spark formation is the carbon which is deposited, during diesel operation, on the inner surfaces of the exhaust system. Diesel fuel, as we know, contains asphaltenes, which decompose at high temperatures, forming coke. For example, 150 grams of carbon are obtained when 100 kilograms of fuel are burned. This happens because of violations in the operating conditions of the diesel and the penetration into the combustion chamber of crankcase oil, which has a great tendency to become carbonized. The vibration of the machine and the flow of exhaust gases contribute to the flaking off of lumps of carbon heated to 550°C and their emission in the form of sparks.

[Yermishin] After all, though, a spark-extinguishing device was developed as far back as the beginning of the 1980's.

[Shapovalov] Correct. Specialists of the Voroshilovgradteplovoy Production Association manufactured a locomotive with a spark-extinguisher. Interdepartmental tests were made. It appeared that the problem had been solved. It was immediately ascertained, however, that the unit had a backpressure of 167 mm water column, instead of 100, which the one on the series diesel locomotive had. The new spark-extinguisher required increased fuel consumption and reduced the locomotive power.

[Yermishin] What is the way out of this situation?

[Shapovalov] There is one. Foam fire-extinguishing units must be replaced with powder ones. Your journal wrote about them in issue No 1 of 1990. They are more efficient. On 17 May 1989 the MPS issued Instructions No G-1392u on replacing the unit. These instructions were not followed for a long time, though. The directors of the TsTVR, PKB [planning and design bureau] of the TsT and the Material and Technical Supply Main Administration (TsKh) of the MPS had an extremely irresponsible attitude toward carrying out what had been stipulated. As a result, the design documentation sent to the plants of the TsTVR of the MPS proved to be insufficiently worked out.

[Yermishin] Is it turning out to be a closed circle?

[Shapovalov] Not quite. In March of this year, a meeting of the Central Fire-Fighting Technical Commission of the MPS, chaired by B. D. Nikiforov, deputy minister of Railways, was held. The directors of many concerned services were invited to it.

The resolution adopted named the specific persons responsible for putting Instructions No G-1392u into practice. In addition, quite strict deadlines were established. As was written in the resolution, this period is regarded as a test period and as official certification of the specialists named, with the object of the possibility of using them further in work on the central staff. Henceforth, the plants should produce all series of diesel locomotives with powder fire-extinguishing units.

If there is a disruption in the modernization of the units, the UVO must forbid the release of diesel locomotives from the plants, and we will bring the guilty directors to strict administrative discipline. So, as you can see, fires can and must be prevented. The time has come to solve, not in words, but in deeds, a problem that has long been a painful one.

[Yermishin] Thank you, Viktor Vasilyevich, for the interesting and informative interview.

**From the Editors:** On 1 August 1991 the regular meeting of the Central Fire-Fighting Technical Commission of the MPS was held, and a set of measures specified to solve the critical problem. We will inform the readers in greater detail about those measures in the next issue of the journal.

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**Automated Freight Processing, Forms Viewed**  
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[Article by L. P. Tulupov, doctor of Technical Sciences, RSFSR Honored Scientist and Technologist, and M. N. Samoshin, engineer: "Paper-Free Technology in Freight Work"]

[Text] Data base organization and support is one of the most important and definitive parts of the automated railroad transport control system (ASUZhT). The most vulnerable link in it at present is the preparation and transfer of data on transport processes. The first stage of ASUZhT created and developed is based mainly on manual technology for gathering and processing the data, on the manual document turnover created decades ago. Thus, in the existing automated online transport control system (ASOUP), along with machine-oriented primary documents, for example, the schedule [of train composition and freight details], it is necessary to use reports from approved and non-approved forms, which are prepared and fed into the computer and are used in parallel with "manual" documents. In most of the accounting documents (when they are prepared and processed manually), a considerable number of the requisites are repeated. The labor-intensive work of filling out and processing the primary documents for issuing online technological and reporting documents and references is still being only slowly automated. All these shortcomings will be eliminated in the ASUZhT of the second stage, the development of which will make it possible to make the transition to paper-free technology for the transport process, based on one-time and integrated information processing. The article published below examines the basic premises of automated paper-free technology for freight operations. The next issue of the journal will show the related technological system for the information accompanying the trains.

#### Basic Premises of the System

Because of the lack of up-to-date data base organization and support, the technology of transport process control and the efficiency of ASUZhT is clearly inadequate. An analysis of the potentials and need for a machine approach to optimization tasks and modern implementation of regulatory measures, given the difficulties in the transport process, also showed the need for radical restructuring of the existing data base organization and support of transport process control, based on modern principles and the technical potentials which have appeared in our railroad transport. In particular, there must be a transition to a new set of machine-oriented report-documents in the computer network (VS). Automated methods of entering the initial information will play an ever-increasing role. The number and requisite volume of primary machine-oriented report-documents, filled out and transferred to the computer network by man, will be reduced. As a result, there will be a consistent transition to document-free technology for transport process control, and the setting up of automated work places (ARM) for controllers and workers in the mass occupations, who are involved in data base organization and support, will be completed.

For this purpose, MIIT [Moscow Railroad Transport Engineer Institute] has worked out the structures and requisite composition of 56 machine-oriented accounting documents (MOD) for freight and train operations. The technology of preparing and using, and also

examples of logical and technological monitoring of the requisites, have been proposed for each MOD. All the documents are based on a unified structure and contain information on the most mass-produced completed technological operations and events and changes in the state of the objects of control. They start with the indication of the code of the given document and its transfer point. Next follows a description of the operation and the condition, i.e., the events relating to the object of control. The date and time of completing the operation are transferred. The work-time record numbers (confirmed by signatures) of those responsible for the technological operations, as well as of the operator transmitting the report to the VS are entered in the MOD. The data transfer ends with an indication of the machine acknowledgement, which the operator writes down, as a rule from the screen of his personal computer, in the blank of the primary document. All the report-documents and output machine forms will thus have legal force. The complex of new documents will replace, in particular, the existing primary accounting documents: DU-1, 2, 3, 4, 6, 7, 8, 9, 11, 31, 47, 58, 60, 61, 80; GU-1, 2, 4, 11, 27, 28, 29, 34, 35, 38, 40, 42, 44, 45, 46, 47, 48, 81, 92, 95, 100; KAU-1, 3, 4, 5, 16, 44, 45 and a number of others.

The requisite composition of the MOD ensures minimal repetition of the information transferred to the computer network. i.e., a one-time informational accounting of an event, operation or condition of the object of control in one of the reports. The system determines the components of the requisites automatically, without human participation. These, for example, are the time and date of transferring the document on the basis of logic analysis and monitoring of the object of control (timer, computer). Requisites which will be transferred automatically from different pickups and counting devices will be entered in the MOD and will also be supplemented by the programmed path.

The computer network accepts the data from the machine-oriented documents only after checking the requisites respectively for interference-detecting codes and format, logic and technological monitoring. With any discrepancy, the computer requires that the requisite (groups) be re-introduced or the alterations transferred with the aid of a correcting MOD. Unified machine storage of data guarantees the identity of the information issued to the users upon request, or in a set procedure, in the form convenient for them and containing only the information that they need.

All the output documents (secondary) are machine documents, i.e., part of the existing primary documents, with the new data base organization and support, is secondary. With the new technology for data base organization and support, most of the existing documents are eliminated. They are replaced by new ones, with the minimum necessary amount of information. The results are issued to the users (when necessary, on a print-out): plans, orders, acknowledgements, references, notifications, etc. Train schedules in abbreviated form, accompanying lists for loaded and empty cars, orders to the

yardmasters to deliver and remove the cars (to the acceptors—for unloading), etc. are mass output machine documents. Report compilation is being fully automated: DO-1, 2, 3, 6, 7, 15, 16, 17, 24, 30, 39; GO-1, 2, 3, 4, 6, 7, GDO-1, 4; KEO-1, 2, 3, 4; KOO-3, 4, TsO-1 and other forms, as well as reports now received as the result of integrated processing of routes for the engineers and road lists.

Having reports on the preceding fulfillment and prediction of the fulfillment of the next operations available in a dynamic file on each object of control makes it possible always to have at one's disposal in the system enough information not only to implement the methods of logic and format control presently existing, but also to exert more thorough, meaningful or abbreviated-technological monitoring. With any discrepancy, the computer requires correcting information. Only the machine system is given the right to issue the documents: accompanying lists for a loaded (empty) car, train schedule, etc. Only after this car is considered to be loaded is the train ready for dispatch, etc. Only, for example, after receiving and checking the MOD and upon uncoupling the car for unloading does the system issue the order to deliver, unload or issue freight (for the consignee).

All the data entered in the road list is now selected by the computer from the corresponding MOD and retained in its memory or assigned to a specific shipment. For example, a train with a car with a given shipment in its consist passed through an inter-road junction station. The data of the MOD on this event are transferred manually or automatically to the system and are used in the integrated processing in many files. The computer adds the code for the junction, the number of the train and the time of travel for each car and each shipment traveling with the train. When the shipment is issued, i.e., the appropriate information is received, the computer will gather in its memory all the data for integrated processing. There is no need for the paper document, "Road List" and its counterfoil in the new technology.

The need for many other documents is eliminated. Control of everything becomes to a great extent "paper-free". The system, organized on modern principles, sharply reduces the flow of information for controllers at all levels. Instead of the existing cumbersome manual and machine report forms and reference tables, the controllers will begin to receive only the necessary information in a convenient form, in both the set procedure and on demand. Each type of output information reaches the controller with the aid of the most convenient device (display screen, display board, data plotter, printer, etc.). The presence of convenient output machine information, particularly in dialog mode, predetermines the more rapid overcoming of the psychological barriers to the introduction of ASUZhT of the second stage.

Experience in finalizing any system indicates: if it consists of technology without duplication, then its "finalizing" will proceed incomparably more quickly. Therefore, machine output information must be given "citizen's rights" and be recognized as the only legitimate form.

Modern systems of setting up and operating data distributed at the bank level ensure the logic of hierarchical control to a greater extent. Computers of the lower levels store detailed information: it is necessary, and controllers of the first level often turn to it. The requisites of the MOD, which are also of importance for higher levels of control, are fixed in computers of these levels, including the Center of Automated Control (TsAU) for the sector. In the overwhelming majority of cases, however, the information is increasingly consolidated as the level of control rises.

The statistical report is compiled with the aid of the computer at the same time as the data are processed on the MOD in the computer network. The new factor here will be the following. Machine output information, oriented toward each controller, reduces to the minimum his need for using reports. In practice, the controllers, who receive the documents in the form and content ordered by them (including those of a reference nature) from the computer, no longer use the existing report forms.

The detailing of the information is established on the basis of the solution, when all the existing tasks of control and reporting, as well as the long-term functional tasks, are processed on the computer. For this, the list of objects of control should be considerably expanded. Under the new system, machine control (tracking) must include the train, car, container, shipment, locomotive, section, locomotive crew, station, station track, device for shunting operations, the loading-unloading front, the car space at the front, the request for loading, transfer to the depot, to PTO [Car Preparation Point], PPV [Car Technical Service/Inspection Point], the repair (equipping) device, etc. The use of classifier operations and conditions will make it possible, for example, to reflect the information support of mass operations of the transport process in the least number of machine-oriented documents. Moreover, they will have a minimum of duplicate requisites (calculated for machine processing), and the documents themselves will be of legal force: signed by the executor, intelligible in manual use.

We will briefly explain the special features of obtaining machine output documents. For example, data from the MOD is fed into the computer—requests for loading—and then information on the loading of the car according to this request. The requisites of both MOD are combined in the machine: there are enough of them to calculate the carriage charge, formalize the part of the "electronic" waybill (for the shipment), the excerpts for the reports, the bank operations, prepare data for correcting the dynamic files, accomplish other tasks of

ASUZhT and, finally formalize and issue the transport document (by means of the ARM printer at the station).

As a result, for a carload shipment for the transitional period, one machine document is sufficient, instead of the existing minimum of three manual ones, which accompany the car for unloading (waybill, road list and car list). The identifiers ("keys") of the objects of control are protected, if necessary, by interference-detecting codes. Because of the fact that the information load is in many cases related to cars and stations, the interference-protection numbering of the cars and stations is introduced first.

All the parallel information channels therefore become superfluous. Each subscriber knows one address: everything that the system needs from him should be transferred to the computer in accordance with the established form of the MOD. The necessary references will be obtained on demand. The system automatically issues the information on schedule or, on its own initiative—if there is a deviation from the optimal or assigned technological process. The statistical and operations-technical reports ("heavy" and "light", as they are now popularly called) are of course combined. Moreover, this process is coordinated in time with accomplishing the basic task of the new data base organization and support—providing each controller with the necessary efficiency and detailing of reliable control, prediction, planning, ordering and recommendatory information to carry out the intensive technology of train and freight operations.

The possibility appears of making a transition to technology, new in principle, for automated transport operations control. Its characteristic features lie in introducing dynamic files of the control objects (car and train models, station files, shipments, locomotives, etc.), through machine integrated processing of primary information with the issue of a minimum of necessary technological paper documents and full automation of report preparation in accomplishing the optimization tasks at all levels of control.

#### Technological Requirements for the Structure of Dynamic Files

The special feature of the second stage of ASUZhT is the introduction of dynamic files (DM) for all objects of control on the basis of integrated processing of the data from machine-oriented documents. Figure 1 gives an example of the entry of data on the operations performed with a freight car. In the upper file, each last  $j$  or  $m$  entry leads to a shift of the entries to the left. The longest-standing entry is copied into the archive. It is conventionally assumed that the  $j$  ( $j = 1, 2, \dots, J$ ) and  $m$  entries ( $m = 1, 2, \dots, M$ ) are stored on disks and the archive—on magnetic tapes. The technologist determines the number of  $J$  and  $M$  entries and their maximum length.

In the second structure, the permissible set of last operations with the object (prediction) is a supplementary ( $n + 1$ ) entry. For this structure, with frequent

addressing and correcting, the number of entries should above all ensure the operating reliability of the work of the system. The number of operations entered in the disk memory should be sufficient for technological checking of the so-called permissible sets of operations that precede the one entered.

After the last  $n$  operation is entered in the dynamic file, there is immediate determination of all the possible permitted last operations, as well of the time of their being performed. All of this is included in the  $n + 1$  part of the DM. This entry helps to check the next report on this car for technological correspondence: whether the operation performed and the calculated (predicted) one are identical. The structure is also convenient to determine, on demand, information on the last— $n$ —operation with the car—where it is expected ( $n + 1$ ), etc. When the next operation is entered, the file shifts: the longest-standing operation is copied into the archive (shown by arrows in Fig. 1).

Let us briefly examine the procedure for keeping the dynamic files. When a newly built car is transferred, the car-building plant puts a separate report into the computer network, which includes the technical characteristics of the car: number, year of building, name of plant, model, etc. This report organizes, for the new car, a dynamic file within the framework of centralized accounting of the inventoried fleet of cars. Information on the repairs to each car, target inspections and modernizations will also be transferred by individual reports, i.e., by the data of the corresponding MOD.

In the on-line dynamic file, we turn our attention to the following components. The number of the car constitutes its invariable characteristic and serves as an identifier, i.e., a "key", according to which the information on it is determined. The conventional-permanent part includes the operating characteristics: stenciled legend of the durability, note on the rollers, freight capacity and codes of the car owner or lessee. This part of the dynamic file only rarely changes in accordance with the reports arriving from the depot ASU, repair ASU, etc. For example, a report on leasing out a car enters into the file information on the rental period, the name of the lessee and the station of registry to which the car must be sent after freight operations performed at other stations.

The next part of the dynamic car file reflects its status. For example, a report on unloading a car changes its status (was loaded, became empty), i.e., only part of the MOD changes the considered status of the car. As the result of processing the report on unloading in this part of the file, the entry reflecting the former (loaded) status of the car is replaced by information on its empty status. This part is particularly important in increasing the reliability of the system. If there are no intermediary reports, for example, on travel to some station or other, then the most important information can always be clarified upon demand: to which station it is traveling, with what freight (to which consignee). On the basis of experience abroad, it is assumed that at least 16 entries

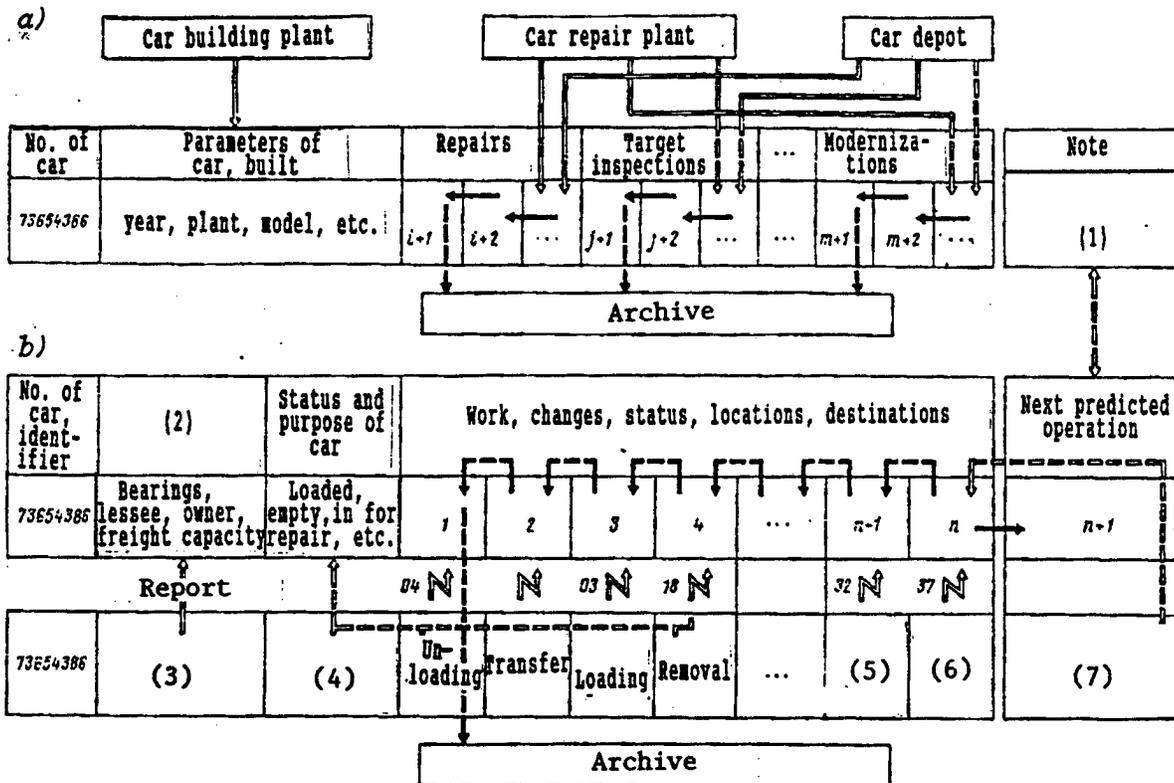


Fig. 1. The Functioning of Dynamic Files in the System: a) file of centralized accounting of inventoried fleet of cars, b) file of on-line accounting of operations with car.

Key:

1. When necessary, the user turns, in accordance with the adopted procedure, to the file of centralized accounting of the inventoried car fleet
2. Operating characteristics of car, beyond those available in car number
3. Permissible freight capacity (stenciled legend of durability)
4. Loaded, YeSR of destination station, Freight type
5. Passing junction stations
6. Arrival at destination station
7. Transfer of report after predicted operation is performed

on the most recent technological operations, confirmed by the primary machine-oriented documents, will be stored in the operating part of the file on each car.

Figure 2 shows characteristic entries for other objects of control. The interrelation between the dynamic files of the train and cars, included in it, is ensured by entering the numbers of the cars and corresponding addresses of their entry in the DM. In turn, inclusion of the specific car in the train is supported by the appropriate entry in the dynamic file of the car, indicating the number (index) of the train and address of the entry in the train's DM. The station and time of dispatch of the train from

the station are indicated. This ensures the interrelation with the dynamic file for the station (station tracks).

**Data Base Organization and Support of Operations with Carload Shipments**

The flow diagram of data base organization and support for carload shipments in ASUZhT of the second stage is shown in Fig. 2. The basic technological operations, from loading to unloading the car, and the machine-oriented documents corresponding to them, with conventional numbers, are shown at the bottom of the diagram. The solid vertical lines directed upward from each MOD characterize the transfer of the data contained to the computer network and the dynamic files. The dotted line of each MOD indicates the dialog of the operator and the computer, in the process of which the

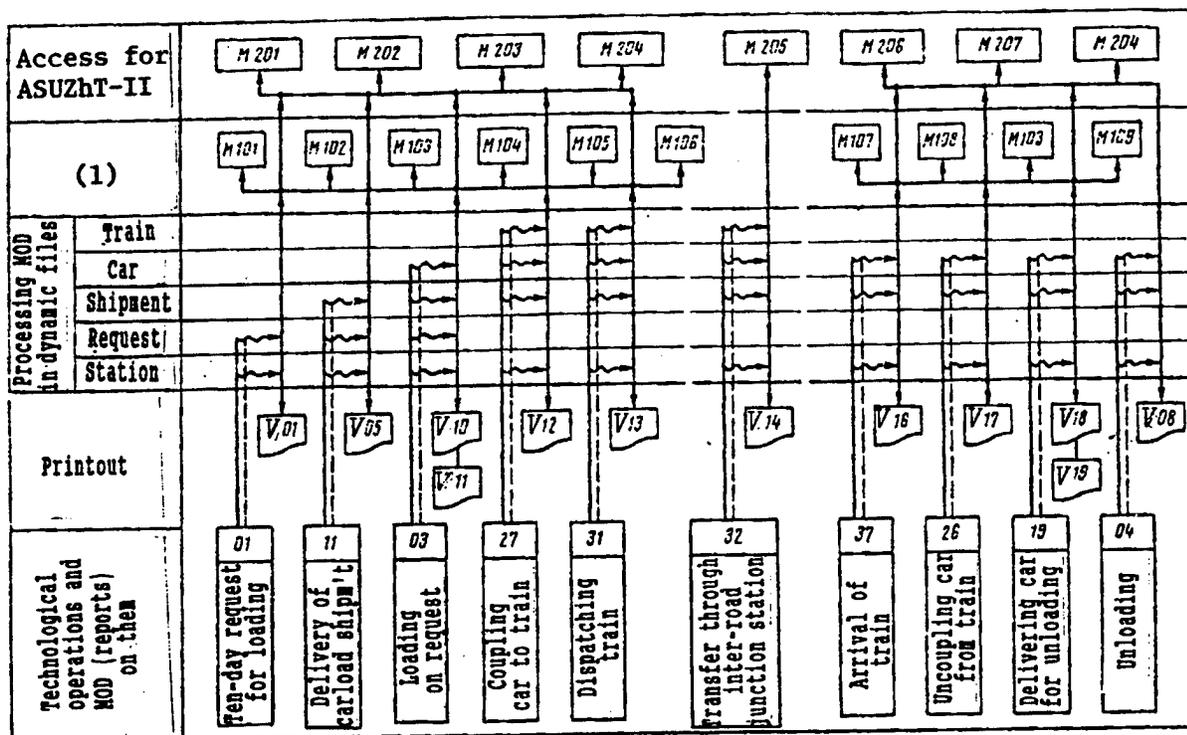


Fig. 2.

Data base organization and support of operations with carload shipments. Output machine documents: V01—acknowledgement on receiving the 10-day request, V05—acknowledgement of acceptance of freight for transport, V08—accompanying list for empty car, V10—accompanying list for loaded car, V11—order to remove car, V12—abbreviated schedule of train, V13—train and locomotive movement log, V16—order to uncouple cars, V17—order to deliver car, V18—order to unload, V19—waybill for consignee. Files of informational selections of data for ASUZhT-II: M201—“electronic” road list for dispatch, M202—abbreviated schedule, M203—reports, forms GU-3, GO-1, 2, 3, 4, KOO-4, etc., M204—other tasks of ASUZhT-II, M205—data for “electronic” road list (for traveling through inter-road junction), M206—“electronic” road list (upon arrival), M207—abbreviated schedule of train. Files of information access for existing ASOUP: M101—data on the car on schedule form, M102—formalizing frame 241 on loading, M103—data for reports (forms GU-3, GO-1, 2, 3, 4, 6, etc., KOO-4), M104—data for other tasks of ASUZhT-I, M105—preliminary information of consignee on approach or cars (freight), M106—data of frame to process at RTK (integrated processing of road list according to dispatch), M107—formalizing frame 242 on unloading, M108—data for frame for ASU on repair of cars, M109—data for processing at RTK (integrated processing of road list upon arrival)

## Key:

1. Access for existing ASOUP and other ASUZhT-I subsystems

machine carries out format, logic and technological monitoring and error correction according to the corrective messages of the operator.

The processing of the data of each machine-oriented document in the dynamic files is conditionally shown by a dot at the intersection of the vertical line from a given MOD to the corresponding dynamic file, and the time—by a wavy line. The diagram also presents the technological documents (V01, V02, etc.) and the information access printed out for the existing ASOUP and future ASUZhT (M101, M102, etc.).

When the data of any machine-oriented document is transferred, each requisite passes through three types of monitoring: formative, logic and technological. The format for the requisite is determined by the number of symbols indicated in its field.

Technological monitoring is as a rule carried out on the basis of a dynamic model, in which the preceding operations with the car are taken into consideration. In loading, for example, the system verifies the fact of the arrival of a car with a given number at the station, its unloading and delivery for loading, i.e., logically traces the sequence of operations completed. After acceptance,

the data are used in the files "car", "request", "shipment" and "station". As the result of further processing on the printer, the ARM can issue the accompanying list for the loaded car. In addition, the access is done by program for telegrams—for the schedule, frame 241 (on loading), integrated processing of the road list for shipment, reports of forms GO-1, 2, 3, 4, 6, and GU-3, and for other tasks of the ASUZhT (prediction, informing the consignees, etc.).

The coupling of the car to the train is reflected by machine-oriented Document No 28, the data from which correct the dynamic file for the stations, cars and trains. After this, access is given (the line is made up) to the schedule. At present the schedule contains from 2,000 to 4,000 symbols. Under the conditions of second-stage ASOUP, a transition to an abbreviated schedule is suggested. It therefore ceases to be the primary accounting document, but will be a machine document (i.e., derivative). More detailed information on each car may be obtained, if necessary, from its dynamic file. As can be seen from the diagram, uncoupling cars from the train, for example, to unload, is also fixed by means of the data of MOD No 28. The orders to deliver the cars for unloading and the waybill for the freight are issued to the consumer as the result of integrated processing of this report.

The passage of a train through an inter-road junction is noted by the transfer of the data of machine-oriented Document No 32. Under the conditions of second-stage ASUZhT, this document is formalized by using instruments for automatic counting of the numbers from the rolling stock (locomotive) and track circuits. After its integrated processing, the information access is compiled for the reports on the passing of the cars from road to road (DO-1), reception, loading and presence of loaded cars by routes (DO-15) and fulfillment of the traffic schedule (DO-12). Data is also prepared for keeping the logs of train operation calculation (DU-26) and the passage of the cars and containers (DU-11).

The requisites of machine-oriented Document No 32 on non-stop travel of a train (route) are used for "electronic" stamping of the shipments—inclusion of the code of the junction station and the time the train passes it, as part of the dynamic file for the shipment. In addition, after the acceptance of the data from the document, information access is given to other ASUZhT subsystems (for example, to the file of centralized tracking).

The arrival of the train at a station for unloading is accompanied by transfer of the data from machine-oriented Document No 37, which is processed by integration in the corresponding files. In particular, information access is given to the log of train and locomotive traffic. The orders to transfer a car for unloading and to unload a car are printed out.

Car unloading is formalized by Document No 04. Its individual requisites are used to complete the compilation of an "electronic" road list: the actual travel route of

the freight is formalized (according to the codes of the road junctions); the actual period of delivery is determined, and is compared with the normative; the carriage charge for the transport and the charge for unloading are established. After the information on issuing the freight is entered in the computer, the remaining data are formalized for integrated processing of the road list upon arrival. The road is given confirmation of the loading and arrival of the freight. After unloading, the system can print out the accompanying list for each empty car. In addition, integrated processing of Document No 04 makes it possible to implement information access to the list of the report on freight operations (Form GO-1), report on the idle time of the cars on the sidings of industrial enterprises (Form KOO-4), the "ASU car repair" subsystem, and also other ASUZhT subsystems.

#### The "Electronic" Waybill (Road List)

Data base organization and support of the "electronic" waybill (road list) is based on a new set of primary machine-oriented documents. A check of the completeness of their requisites showed that they are sufficient to formalize all the parts of the "electronic" waybill (road list). The "electronic" waybill (road list) is formalized on the basis of documents on the loading of a car, group of cars with carload shipments (MOD No 03), weighing the car (MOD No 45), the travel of the train (MOD No 32), unloading the car, group of cars with carload shipments (MOD No 04), issuing the freight (MOD No 52) and its removal (MOD No 13).

After integrated processing of machine-oriented Document No 03, the requisites of the "electronic" road list, relating to the loading, are formalized. In this case, part of the disk "memory" to keep all the parts of the "electronic" road list (EDV) is reserved for the VTs [Computer Center] for this shipment. The number of the EDV is assigned by program. The requisites of the EDV relating directly to the technical characteristics of the car: type of car, number of axles, type of tank—are formalized according to the number of the car, or rather—to the system of numbering used as normative-reference information (NSI). The freight capacity of the car is entered on the EDV from the dynamic file on the "Car".

The postal address, payer, number of the bank reference and account, bank location and city are determined according to the code of the consignor, using normative-reference information. The calculated distance is established automatically according to the codes of the stations of loading and unloading and the NSI, and the number of the system of settling the carriage charge—according to the number of the car and the code for freight and the calculated distance. The system, calculation, calculated distance and normative-reference information are the basis for determining the carriage charge. The symbols of the consignor, number of pieces, special

requests and notations of the consignor and the weight of the freight for the "electronic" road list are formalized by transferring their values from machine-oriented Document No 03.

The charge for loading is determined by the weight of the freight, its code and the rates of the charge for the ton-operation for the given freight code. The charge for weighing (with weighing on the railroad car scales) is calculated according to the weight indicated in Document No 45 for the given number of the car, using NSI containing the rate of the charge for weighing for the given type of scales.

When inter-road junctions are passed, the shipments are stamped "electronically" according to the data of Document No 32—on a train passing a junction station. The dynamic file of this shipment includes the date, time and name of the inter-road junction. After the document is processed, the system automatically "swaps" the accumulated file of data from the EDV from one road IVTs [Information Computer Center] to the adjacent one, i.e., the IVTs of the road to which the car passed. When unloading and transferring the data from machine-oriented Document No 04 to the computer network, to the dynamic file of the EDV, the necessary information is added by program to calculate the additional carriage charge. At the same time, the charge for unloading is determined according to the weight of the freight and the rates of the charge for this type of freight.

Having all the necessary data on the cars and shipments available in the corresponding dynamic files makes it possible to automate the flow diagram for the information support of the train.

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### Freight Transport Problems Cited

#### Southern Railroad

924A0336A Moscow GUDOK in Russian 3 Dec 91 p 1

[Article by A. Mudrakov, GUDOK correspondent: "Clumsy Assistance"]

[Text] Kharkov—Telegrams with lines concerning the fact that the majority of sugar plants had ceased dispatching products because of the absence of shipping orders rained down on the Southern Railroad's management at the beginning of November.

The traffic people rushed to find out what was the matter. It turned out that the Ukraine's government had banned the export of sugar beyond the republic's boundaries. As usual, they had not even notified the railroad workers about this. Hundreds of loaded railcars froze, awaiting a decision on their fate. The traffic jams began to break up gradually only after several days: Some freight was unloaded again and some sent on intra-republic routes.

Suddenly, a new surprise—from the railroad's only division located on Russia's territory: This time, the Belgorod oblispolkom decided not to export sugar beyond the oblast's boundaries.

Thus, the Southern Railroad lived the entire month of November in a complete fog regarding the formation of routes. Schedules were "distorted." The Central Asian Railroad had planned to dispatch 1,187 railcars during the month but only 203 departed; the Moscow dispatched 64 out of 147; the Sverdlovsk—72 out of 396; and the West Siberian—17 out of 162. Neither the redesignation of rolling stock for other freight nor a change in routes to the West are helping. Everyday, 100-200 railcars or more are waiting for the receipt of cargo. The shortfall in dispatching sugar exceeded 500 railcars for the month.

Quite a few questions have accumulated in this situation. The main one of them is: Why weren't the transport workers notified about the bans on exporting goods beyond the republic's boundaries? Let us assume that the railroads have already withstood the main shock during the first days of November; however, judging from what is occurring, any oblast can now take such "steps." Does this mean traffic jams again and extreme measures again? An unexpected repeal of the ban would be no better: The railroad workers would have to look for rolling stock, which they had managed to push where they had to, for the sugar. The plan for December is now just being drawn up. It provides for the daily dispatch of 26 railcars with sugar as opposed to the 133 planned in November.

However, a Law on Strikes has appeared in our country with great labor. According to it, those, who wish to stop work, are required to warn the administration about this at least two weeks in advance. Perhaps the authorities can use this statute to notify railroad workers in advance about their decisions—the more so since transport workers alone are the losers in the situation that has been created. Railcars loaded with sugar, which goes nowhere, disrupts the dispatching of flour. Kharkov and Belgorod were in a strained position with bread for several days. Enterprises, whose workers left their jobs and stood in line at bakeries, stopped operating.

Displaying a local concern for supplying the population of their region with one type of product, the authorities are depriving people of other goods at the other end of this same lever. They can hardly expect a kind word for such clumsy assistance.

#### Gorkiy Railroad

924A0336B Moscow GUDOK in Russian 3 Dec 91 p 1

[Article by A. Yudanov, GUDOK correspondent: "According to a High-Speed Schedule"]

[Text] Nizhniy Novgorod—The number one cargo is coal. However, an empty railcar is required to receive it at mine and open-pit sidings. The Gorkiy Railroad

traffic people constantly keep the junctions with neighboring railroads open for it. Empty through trains and also gondola cars freed by their own unloading, which are received from the Moscow people at the stations of Petushki and Cherusti, are rapidly moved a thousand or more kilometers a day.

During November, 3,500 of them were dispatched to the Kuzbass above the technical plan. On individual days, the supply exceeded 2,000 gondola cars, a good half of them from local unloading.

Classification yards are constantly in the field of view of the dispatchers. Like barometers, they determine the level of the operating work of entire avenues and set the rhythm for moving train traffic. The collective at the Nizhniy Novgorod classification yard has reduced the demurrage of transit gondola cars during processing by a half hour. The Yudina station workers have achieved even better results. During the last 10 days of November alone, they dispatched 120 gondola cars above the plan. N. Mantsev, G. Repin and N. Matveyev, railroad dispatchers, are recognized masters in the rapid movement of empty cars for Kuzbass coal. Along with Yu. Potemkin, the shift leader, they constantly increase the sizes of the transmissions and move freight consists with the speed of passenger ones.

Unfortunately, you cannot say this about the dispatch of fuel from the Nizhegorodskiy Petroleum Refinery, which is the largest in the country. More than 200,000 tons of finished product, including 100,000 tons of furnace fuel oil—the same which is so required by heating stations, boiler-rooms and villages—have accumulated at the enterprise through the fault of the railroad workers and customers. The trouble is that the discharge points—primarily in the Baltic and Transcaucasus—are not returning tank cars. If there are no tank cars—there is no pouring in. Half of plant capacities are idle because of this. One of the reasons for this is the shortage of liquid fuel.

### **Kuybyshev Railroad**

924A0336C Moscow GUDOK in Russian 3 Dec 91 p 1

[Article by V. Grechanin, GUDOK correspondent: "Tank Cars Are Scattered About"]

[Text] Ufa—On individual days during November, matters were reduced to the stoppage of several petroleum refining enterprises because of the shortage of empties on the Kuybyshev's Bashkir Division. The daily replenishment of the railroad with tank cars lagged behind the plan by almost 800 units. During the last week of the month, they managed to reduce this gap twofold but the situation remains a critical one. In November, the Bashkir railroad workers dispatched almost 300,000 tons of petroleum products less than planned.

However, the trouble lies not only in the shortage of tank cars but also in the fact that almost two-thirds of them

are not arriving in organized consists but in knocked-down trains. Stations on such railroads as the South-eastern, Volga, Moscow, and North Caucasus steadily sin in this respect. The receipt of trains is not noted in any way for a well regulated rhythm. Up to 80 percent of them "roll" into the railroad during the last hours of the day.

This practice, which is continuing despite the ministry's strict instructions, is turning into a sharp increase in shunting work at the stations and delays in the processing and timely supply of tank cars for pouring trestles. The putting of even only one of these positions into relative order would permit the shipment of petroleum products to be improved and a stock of fuel for normal operations during the winter period to be established for hundreds of consumers.

### **Increased Passenger Train Fares Begin January**

924A0369A Moscow IZVESTIYA in Russian 27 Dec 91  
Union Edition p 2

[Article by I. Taburyanskaya: "A Trip from Petersburg to Moscow for 100 Rubles"]

[Text] The governments of the Sovereign States have passed a resolution on raising tariffs for rail travel on passenger trains. The new tariffs will go into effect on 2 January 1992, and will be permanently in effect for all republics, except for Russia, which has decided for the time being to establish them for only a month.

The new tariffs are changing, naturally, in the direction of an increase, namely, a 3.7-fold increase. The only exceptions are Russia, Kazakhstan and Belarus, which have decided to double the tariffs. This resolution by the governments is not a random one. Because of the unrestrained rise in prices for everything without exception that is related to transport (railcars, locomotives, electric power, etc.), passenger transport suffered losses of over 1.6 billion rubles [R] this year. This is not the end of it.

Well, and what about the passengers? It will undoubtedly be very hard on them, but not only because of the additional monetary expenditures. Various coefficients of the level of raising tariffs will noticeably reduce the speed and quality of service at the ticket offices. After all, now, for example, a ticket from Kiev to Moscow will be almost twice as expensive as from Moscow to Kiev. Naturally, the ticket office will have to draw up different tickets. According to the estimates of specialists, filling out tickets will now take up to half an hour. In addition, the software of the Ekspres-2 ticket machine system will have to be completely altered. This will cost the sovereign states R2 million each and will take approximately six months.

A problem which has been whipped up in the press for over a year now has been solved. Beginning on 1 January of this year, part of the ticket for international passenger trains will have to be paid for in currency. Or rather, the payment will be made this way: across the territory of the

country in rubles, and from the border—in SKV [freely convertible currency] for Soviet citizens and for foreigners, in currency only.

The Ministry of Railways took upon itself this difficult, let us say frankly, unpopular decision. There is no way out, however. Our country's debt to foreign mainlines for the transport carried out this year will soon reach US\$150 million. Not a penny has come from the non-existent, formerly unified State to clear it, and not one of the former or new governmental organs has been so bold as to make any sort of decision on this problem. Foreign transport partners have repeatedly warned that they will detain our trains at the border. I do not think that this is an empty threat. Suffice to remember the arrest of Soviet maritime ships in foreign ports.

There is no sense in discussing now whether this is correct or not. Something else is more important in this case, namely—how to find the form of payment which would be maximally convenient for the passenger.

According to a proposal of the MPS [Ministry of Railways] it should be this way: the passenger goes to a currency cashier and pays the bill for the ticket in SKV. Then, with a special receipt, he applies to the railroad ticket office for a ticket. It would, of course, be much more convenient to organize special cashier's offices to change the currency directly at the railroad terminals. So far, however, not one of the banks has expressed a desire to take on this business.

Let us draw a few conclusions. I doubt that the proposed system will be trouble-free. While it is being adjusted, there will be queues, nervous strain and complaints. This is what is interesting, though. One gains the impression that the purely social problem of the migration and transport of the population worries only the transport workers. During the year they have repeatedly turned to the government and through the press to society, expressing their alarm. On the threshold is the adoption of a law on unrestricted entry and exit: how, and for what money can the people be conveyed? There was and is no answer. What is to be done in this situation?

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