



# *JPRS Report*

# Soviet Union

## *Economic Affairs*

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## FBIS 50th Anniversary Note

To Our Consumers:

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We members of the current staff of FBIS extend our thanks to consumers for their interest in FBIS products. To past staffers we extend our thanks for helping the service reach this anniversary year. At the same time, we pledge our continued commitment to providing a useful information service.



R. W. Manners  
Director  
Foreign Broadcast Information Service

# Soviet Union

## Economic Affairs

JPRS-UEA-91-010

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Goskomstat Release on 1990 Performance Analyzed

914A0389A Moscow *RABOCHAYA TRIBUNA*  
in Russian 30 Jan 91 p 2

[Article by Valeriy Badov: "Poor People With Full Wallets: Marginal Notes on the Summary Report of USSR Goskomstat"]

[Text] A retreat along the entire front. That is how one can briefly characterize the summary report of USSR Goskomstat [State Committee for Statistics], "The Economy of the USSR in 1990." By two, four, three percent—these are the magnitudes of the decline in gross product, national income, and labor productivity, respectively. On the other hand, the monetary income of the population increased by 16.9 percent. The increase in wages for the honest labor of all of us amounted to the amazing sum of 94.5 billion rubles [R]. Per capita income is declining but wages are galloping!

And this is despite the desperate efforts of the former government of Nikolay Ryzhkov to restrain the rate of unjustified payments. But the wages of supposedly cost-accounting collectives have upset the government's barriers like a frightened horse that has "run wild," crashing through the rushes.

Yes, the new government was left with an economy that is falling apart. The miserable results of the year that concludes what I think is the last five-year plan of a "planned" economy in our history give us much to think about. Alas, there are also plenty of reasons for late sarcasm. This is the epitaph of the unforgettable policy of "acceleration." And it is the payment for the "moderate" but doomed idea of "marrying" the Gosplan [State Planning Committee] style of distribution, this rattling mechanical piano, with the balanced but spontaneous forces of the market. This "melange," that is, mixture of styles could only lead to the complete disruption of the economy and to the loss of control over the measure of labor and the measure of consumption, which Goskomstat has graphically confirmed through its figures.

It is too late and fruitless to sprinkle our heads with ashes. It is much more useful to employ common sense and to derive some lessons from this. Much is being said about it but everyone has his own interpretation with respect to the economy. We, for example, are hearing more and more loud voices of those who blame the reformers, saying that in the years of stagnation we somehow managed to live while scolding directive planning. But there was always sugar in the rural stores and in the Riga market they did not sell the young bulls from "Marlboro." Speaking the language of Zhvanetskiy, it is only necessary to be more careful about relying on the

advantages of the plan. The market, of course, is certainly a desirable thing but in the West this magic tablecloth was embroidered for centuries.

The allusion is quite clear: "temporarily" return to the old ways to prevent a slide into economic chaos. If you cut off their heads, they will not cry about a few hairs!—this is the vindictive exclamation of those same reactionaries who grieve over the irreversibility of the steps to dismantle the Stalinist model of socialism. Privatization, commercial credit and efforts toward the private ownership of the land—these landmarks alone are sufficient to say that in just a little while the Rubicon will be crossed.

Still, returning to the report of Goskomstat, I would like to make what may be a controversial statement. The deplorable results of the year are only the prelude to an even greater fall that we cannot avoid if we do not draw realistic conclusions from the "Ryzhkov five-year plan." Yes, everything in the report of Goskomstat is going downhill but I would not get after the government about every little detail. Under Nikolay Tikhonov, the previous government was truly asleep and there was no mention of a crisis. It is silly to assert that to go with the flow is the competent style of the leadership.

Has the economic restructuring been afflicted with "mental anguish?" No, the very subject under the custody of the reformers, the command economy, was wretched. Think about this comparison of figures from Goskomstat. The volume of industrial production declined by just 1.2 percent in all of last year. Consumers received R17.7 billion too little from suppliers of commodity output. It is clear that something here has been embellished or distorted through "contractual" prices but nevertheless this loss of produced resources is quite small in comparison with the gross national product of almost R1 trillion. We are still first in the world in the smelting of steel, the drilling of oil, and the production of cement.... We are more or less poor people with well-filled wallets.

And we certainly have no equals in the expenditure of energy resources per unit of national income. That does not help anyone! The basic reason for our ruin is the insatiability with which the waste economy grinds up increasingly expensive resources every year and by no means the well-known miscalculations of the former government. The directive economy is capable of compensating for the increase in production outlays only by raising wholesale and retail prices. It is literally shrinking before our eyes. The most recent summary report of Goskomstat is a kind of epilogue of the waste economy, which is destined to collapse under its own weight. To put it simply, any country with an organized market economy that has such a quantity of resources in circulation—oil, gas, steel, chernozem, and standard horsepower—that would be used by competent free people would not know any grief. But we go to the international banks with hat in hand and ration "hosiery items."

The bitterest paradox is that Sisyphus in a Gosplan coat of the Stalinist model, later exchanged for an imported suit, and with blinders on his eyes had almost dragged the rock to the top when he slipped back down. To this day we produce more tractors and tanks than America and Japan together but what is the sense of it? Stalinism in the economy paganishly deified the material factors of growth—tons, cubic meters, and meters of dead matter—but it considered the main productive force, the intellect and initiative of the entrepreneur and craftsman, to be hostile and kept them in shackles. This is why it missed out on the scientific-technical revolution that for other countries was the key to the postindustrial era of prosperity.

Capitalism in the time of Dickens was stingy. But our competitors understood the ruin of the “residual” principle before we did. And now it is as though we had traded places with them, because in comparison with the developed countries we invest scandalously few resources in the health care and education of our citizens. For decades, just as into an abyss, everything has been going into industrial investments and the subsidizing of the fruitless state agriculture and ambitious arms programs. And what is the result?

Let us return to the report of Goskomstat. The cooperative sector, the top performer of the market economy, achieved a turnover of R70 billion. This is a good seven percent of the gross national product. We ought to be happy.... But only about one-third of cooperative goods and services trickle down to the people. Deprived of access to allocated resources, 80 percent of cooperatives have attached themselves to state enterprises, which are far removed from the concerns of the undressed and unshod consumer.

What can we expect? Some bad things are happening. The standard of living is declining rapidly and the country is falling deeper and deeper into debt. We are eating up our national income. In the year now beginning, it is planned to spend only 13 percent of national income for development purposes. The basic branches have been put on hunger rations. The production of output in group “A” will decline by four percent. Alas, this is not the result of the long-promised social reorientation of the economy but is rather an indication of its extinction.

We began the year with R550 billion in internal state debts and \$35 billion in foreign debts. By the way, foreign bankers and experts consider that our foreign debts are much larger than this. Receipts from exports are declining catastrophically. Western banks are very reluctant to lend money and do so only with a firm guarantee from their governments. In view of these deficiencies and unpaid debts, a significant increase in military expenditures appears unlikely in the new year. This is reminiscent of the picture in which they put new onboard arms on a dreadnought with a gaping hole in the bow that takes in every wave. Thank God we are not participating in the military campaign in the Persian

Gulf. But it appears that we do not want to lag behind in expenditures for military supremacy.

Does the new cabinet of ministers have a plan to save the economy? Will Premier Valentin Pavlov return to some of the radical ideas of the “Program 500,” which, world experience shows, are imperative in nature? To what extent are the president and Supreme Soviet prepared through legislation to open the way to our weakened economy for foreign investors? Or are we going to continue to console ourselves with the illusion of “economic independence,” which on closer examination turned out to be the dead end of autarky—closed development? And finally, have the people who make economic policy completely renounced the obtrusive advice of our incorrigible old thinkers, who among all of this ruin are still saying that “an old horse does not ruin the furrows”?

### 1991 Budget and Taxation Discussed

914A0389B Moscow *RABOCHAYA TRIBUNA*  
in Russian 31 Jan 91 pp 2, 3

[Article by V. Lisitskiy, member of the USSR Supreme Soviet and deputy general director of the “Black Sea Shipbuilding Plant Production Association:” “Simplicity That Is Worse Than Theft”]

[Text]

### Fever of “Sovereignties”

The democratically elected supreme soviets of the union republics, being consumed by impatience for the market, are making declarations about state sovereignty and are beginning to return to the market without conforming very much to the opinion of the center. The supreme critical point of these processes is the budget crisis, about which the country learned on the last day of the work of the Fourth Congress of People’s Deputies. It has now been overcome but is this the last peak of the resistance and confrontation?

Apparently it is not. For it seems that the period of populist shaking and relapses into the command economy that has lasted for more than a year and a half is not yet over. The economic disorder reverberating with political instability is still intensifying the desire to sit it out behind plant fences, not to increase the volume of production (it is necessary to save physical and financial resources for the bad days to come!), and not to increase income (what if the Ministry of Finance were to take it away suddenly?). In such a situation, it makes no sense whatsoever to make plans to normalize finances and to strengthen the purchasing power of the ruble. And this is the second very unfortunate result of what has been done in the economy, whereby it was done with the connivance of the current body of deputies. There is no one to blame for the mistakes. In my opinion, the situation can be turned around only through a dramatic improvement of the practical activity of labor collectives. Of course the new elements of the market economy

being established will also do a lot: small enterprises, commodity and funds exchanges, and broker firms. As early as tomorrow, however, the existing competent collectives can and must work energetically to stabilize the economy.

#### The Tax "Yoke"

The market Rubicon has been crossed. What must be done now?

The most important laws of the market economy have been passed, so in principle the course has been set. It is necessary to begin or, more accurately, to accelerate the movement forward. In this regard, it appears to be extremely important to improve the tax pressure on enterprises of all forms of ownership. Formerly there was a firm plan for the list of products, the volumes of production, and finances. The plan squeezed out everything or almost everything. But there can be no talk of returning to the irrational nightmare of the command economy. But how do "they" do it? In a civilized and up-to-date system of management, the competition of free commodity producers in the market is the prime mover in the development and improvement of the efficiency of social production. In general, only a secondary role is assigned to the system of taxation, even one that is very well developed and complete.

In our highly monopolized production, there is practically no competition among commodity producers and sellers. We have vigorous competition of buyers. The winner is not the one who sells more expensively but the moneybags who can be generous in paying for his purchases and compensate for his overpayments through the monopolistic raising of prices for his own output. Precisely this is why there is no end to price rises beyond the increases in the volume of production.

It is quite probable that the improvement of the tax pressure on enterprises, replacing free competition for some period, will not be written into the current stage of the reform of price-setting, in which up to 70 percent of the products list has been shifted to contractual prices. It may be that to pay the new taxes it will be necessary to increase the standard profit in the prices already set. In other words, the prices will rise. We will be forced to choose: raise firmly fixed prices (and these are primarily the prices for raw materials and basic building materials as well as products for mass consumption) or greatly expand the area for the application of contractual prices.

Until recently the author of these lines, just as many economists relying, among other things, on foreign experience, considered it necessary to adhere to the principle of the periodic staged revision of firmly fixed prices for raw materials and basic building materials as the increases in production expenditures disrupt prices. But the observations of recent months have shown that even a moderate price liberalization under state control may substantially raise the practical labor activity of the collectives of enterprises and actively contribute to the formation of entrepreneurship.

#### Forbidden Fruit of Entrepreneurship

The realization of the possibility of selling rather than the forced delivery of produced output is dramatically changing the mood of managers. Having reached agreement several times on the most advantageous conditions for selling, the plant official will taste the until recently forbidden fruit of entrepreneurship and, after developing a passion for it, will never again want to be a cog in the command economy. And then he will try somehow to improve that which is produced at his plant so that by spending kopecks he can obtain rubles in increased income. And, praise God, the process will begin that over decades could not be managed through the most threatening decrees of the Central Committee and Council of Ministers, decisions of party congresses, the movement for communist labor, and socialist competition—the process of the spontaneous recovery of the economy.

It is probably more than a little strange to hear such appeals for the improvement of the tax pressure on enterprises from a plant official, the deputy general director of a large association in the economy. Many of my colleagues in the USSR Supreme Soviet expressed their great alienation after on 10 January I proposed to the entire country that the tax on sales be increased from five to six percent. And even the newspaper PRAVDA noted that it is necessary to take into account the realities and the USSR Council of Ministers in the person of Comrade Voronin did not accept this increase.

My personal practical experience convinces me quite unequivocally that unwarranted leveling is still a curse on our economy. It corrupts managers at all levels, thereby infecting even workers with this "AIDS." Why strive for an increase in income and production if at any convenient moment the top bureaucrat can short-change the wage fund or take away profit or working capital. Dozens of times I was reprimanded for plans overfilled by the association and dozens of times I was sternly warned: "Do not show above-plan profit or savings in your report!" This "educational" work was and is being carried out—now in more subtle forms, to be sure.

Having suffered enough from this leveling, we can escape from this morass primarily by improving the tax pressure. Tax measures must give undisputable advantages to diligent collectives working for the long term.

#### A Tricky Tax

Our tax legislation is distinguished by severity and simplicity. But this simplicity is worse than theft. On 14 June of last year, the USSR Supreme Soviet passed the law on taxes from enterprises, associations and organizations. Its essential element is the tax on profit with a rate of 45 percent. This is not the highest tax burden in an international comparison. But "there," not only in the West but also in the Far East, they have an entire spread of "serious" taxes. Thus, the tax on personal income, reaching 40-45 percent and even more, provides

colossal sums to the budget. Here this tax gives significantly less in receipts, for at a wage of 300 rubles [R] the income tax is just 11.4 percent and even at R700 it is only 12.4 percent.

Meanwhile, wages and profit—the basic flexible components of the net income of the enterprise—are two parts of one whole. An increase in wages means a reduction of profit and a reduction of wages means an increase in profit.

From one ruble of net income realized in wages, the state takes 12.4 percent even in the case of a high wage of R700. From that same saved ruble of wages appearing in profit increased by one ruble, the state collects 45 percent—almost four times as much. What incentive does the collective have to organize labor better and thereby achieve a savings in the wage fund? In my opinion, even the kindest souls are incapable of this.

It is apparent even from this example: to encourage enterprises to increase profit, it is necessary to diminish the tax pressure on this part of net income.

The state and society are more interested in an increase in profit than in higher wages. For profit is the most mobile part of the entire gross national product. Any reasonable measures can be financed directly through profit.

Basically it is possible to involve wages in the financing of some particular areas through the consumer market, through this poorly operating element of the economic mechanism. We will not soon be able to satiate it with goods of the necessary quality and quantity. On the other hand, initially it is impossible to bring the rates of the taxes on income and profit close together without increasing the former along with the corresponding compensation to workers. That is, if the rate for a wage of R700 is increased from 12.4 to 31 percent, or by a factor of 2.5, then it will be necessary at the start to pay not R700 but R889, or 27 percent more. A smaller increase in the wage will pinch the working people.

Such an approach, of course, will “explode” prices and increase the quantity of money in circulation.

#### Why Do “They” Not Have Half-Finished Projects?

It is more expedient to reduce the tax pressure on profit by introducing a tax on the wage fund or, in a more flexible manner, on the entire consumption fund.

In the expected proportions for 1991, the consumption fund of enterprises is approximately twice profit. In reducing the tax rate on profit by 15 percent—from 45 to 30 percent—we will be able to compensate for this loss by introducing a tax on the consumption fund with a rate of 7.5 percent. This tax will naturally be paid from profit

but will depend upon the expenditures of the consumption fund. If you save wages and pay less tax, you have more profit for the development of the enterprise.

For decades now we have been grieving over the poor use of production funds. We have been spending a lot of newspaper invective unmasking the increase in above-standard volumes of incomplete production as the burying of national money in the ground. But this problem is being resolved successfully throughout the civilized world, including with the help of taxes. A tax is put on real estate. You want to build a plant that will not produce any output? Go ahead! Put your money into construction structures, shops, and equipment but every year you pay ruinous taxes for “half-finished projects,” to use our language. And, in undertaking this senseless action, you will also pay a tax for the new construction.

What am I driving at? In reducing the tax burden on profit, I consider it expedient to introduce a tax on the production funds approximately as outlined above. I anticipate the objection that we have already had payment for production funds. Indeed we did but this did not result in an improvement in the use of production funds. In response to critics, I want to say that payment for production funds did not work because this time as well, being afraid to touch prices, they took the course of individualizing standards. The application of single standards of payment would require the raising of prices for the output of capital-intensive branches: power engineering, metallurgy, and others. The reformers of the command system did not decide to go that far.

Today, under the conditions of the incipient liberalization of price-setting, the introduced moderate payment for production funds, including unfinished construction, will ultimately be reflected in the new prices established on a contractual basis. If at the same time the rate of the tax on profit is reduced, there will be an incentive for the economic use of the property that enterprises have accumulated.

In concluding my comments that do not pretend to be complete, I want to stress once again that we will not be able to stabilize the economy and to begin to move toward the market without bringing about a perceptible increase in the practical activity of all market subjects and above all of the enterprises already in operation. And in this context, as long as we have no normal market environment and no organized competition of free commodity producers, it is necessary to resolve this problem by relying on an effective system of taxes and liberalized prices. The successful combination of even these two tools may contribute substantially to the spontaneous recovery of the economy.

#### KOMMERSANT Experts Predict Rising Inflation in 1991

914A0313A Moscow KRASNAYA ZVEZDA in Russian  
31 Dec 90 First Edition p 2

[Interview with Nikita Kirichenko and Andrey Shmarov, experts on the newspaper KOMMERSANT: “The Ruble ‘Will Get Thinner’ by Almost One-Third”]



[Text]

[KRASNAYA ZVEZDA] Not by chance did we turn to you and not, for example, to "official" economists for an economic forecast. Their views and evaluations are known. We would like to find out how you see the situation in the world of our incipient business, where, as we understand, price has no emotions, only particular facts. A newspaper intended for merchants, probably, engages in appropriate analytic work...

[Kirichenko/Shmarov] Of course. According to evaluations by our weekly's inflation and price group, the cost of living rose 5.8 percent during the past year. At the same time, in big cities, where the group conducted an observation of prices, the cost of living rose even more—20 to 25 percent. If the accumulation of superfluous, "hot" money among citizens, not only the price rise, is taken into account, the inflation level made up 28 percent.

[KRASNAYA ZVEZDA] What is to be expected next?

[Kirichenko/Shmarov] According to our evaluations, 1991 will not bring an improvement in the situation in the consumer market. If the money put into circulation does not decrease, in the new year the ruble can lose up to 80 percent of its purchasing power. Under these conditions by the end of the year the limit of the living wage can rise to 135 rubles, on the average, and for residents of big cities, to 180 rubles per month per person. More than 100 million people—almost one-third of the country's population—can be below the poverty line.

[KRASNAYA ZVEZDA] Are some measures for their social protection possible?

[Kirichenko/Shmarov] In order to protect the income of the poorest strata, income indexing will be needed. We estimate the cost of this program at 20 billion rubles, which will hardly be found in the empty state treasury. Apparently, under these conditions local authorities will take measures to toughen the rationing system, although it will be difficult to provide coupons with commodity resources. At best it is possible to count on a guaranteed supply at the level of 1.5 kg of meat, 300 grams of butter, and two kg of groats per person per month.

[KRASNAYA ZVEZDA] But can the situation be alleviated somehow?

[Kirichenko/Shmarov] In our opinion, for this it is necessary to raise the annual interest of the savings bank on the population's deposits to 25 percent, which would make it possible to "tie up" the surplus money. We also consider the introduction of free prices of imported goods, complex household equipment, and fashionable goods, which only a narrow circle of individuals now get at state prices, fully justified. This measure could help to balance the market and to provide social programs with the necessary resources. Nevertheless, a general improvement in finances and ruble stabilization remain the main conditions for market stabilization and, incidentally, the most difficult to fulfill.

[KRASNAYA ZVEZDA] Your forecast is not very optimistic.

[Kirichenko/Shmarov] In our opinion, neither the center nor governments of republics as yet have an efficient and detailed program for improving the health of the economy. Precisely because of this there is no reason for optimism.

## POLICY, ORGANIZATION

### Role of Law in Economic Reform Examined

914A0408A Kiev *EKONOMIKA SOVETSKOY UKRAINY* in Russian No 10, Oct 90 pp 81-83

[Article by Ye. Kravets, candidate of legal sciences, under rubric: "Notes and Letters:" "Supremacy of the Law in the Economy: Problems of Improving Rightful Regulation"]

[Text] To a considerable degree the success of the economic reform depends upon the timely inclusion of dynamic organizing elements into the mechanism for carrying out the economic processes.

The law represents precisely that instrument of social regulation which should be viewed as one of the objective economic regularities that substantially influence the rate of the economic processes and that makes it possible most effectively and reliably to resolve, to use V. I. Lenin's expression, "the unprecedentedly difficult" organizational tasks of the economy (Lenin, V. I. "Poln. sobr. soch. [Complete Collected Works], Vol 36, p 6).

The uniqueness of the relationship between the economy and the law under conditions of the revolutionary renewal of society consists in that the rightful form of economic relations not simply is a necessity, but also must fulfill an organizing function, and therefore must penetrate deeply into the tissue of economic life as an important component of the mechanism of economic processes. However, before regulating that very important sphere of social relations, it is necessary to have progressive and, I would say, "thinking" laws.

In principle it can be stated boldly that we had almost no legislative regulation of economic relations. Economic activity was regulated by legally binding, chiefly departmental, acts. Moreover, such normative materials were issued in tremendous quantity and very frequently contradicted one another, thus causing the country's economy serious damage.

Today it is clear to everyone that without laws, without the law, without carefully developed rightful mechanisms, radical economic reform is impossible. In this regard, one observes in society curious processes. On the one hand, the legislator strives (and sometimes is too hasty and makes mistakes) to eliminate the existing shortage of laws in the economic sphere by creating a new system of the rightful regulation of economic relations and the mechanism of carrying out the reform, and, on the other hand, the nation hopes that, with the aid of an improvement in the legislation, there will necessarily be an improvement in production and an increase in its effectiveness, the country will find its way out of the economic crisis, everything that people need will appear in the stores, and life will improve. It is completely understandable that such phenomena are backed up by acute social needs of people and society, and by the

striving to effect a sharp change in the state of affairs in the economy and in the country's economic life.

At the same time, the increase in legislative activity and, if one may express it in this way, the "gross production" of laws in the interests of economic reform have placed on the agenda the question of their quality, which is a question that, for the time being, is the bottleneck in our legislative activity. Actually, a number of laws or many of their rightful norms are of a declarative nature, and have been attractively arrayed in an economic idea. Incidentally, that disease is also typical of the laws being applied in other spheres of social relations. In our opinion, this constitutes one of the basis reasons for the situation when the law loses, or in any case considerably weakens, its role as a regulator of social (including economic) relations and exerts a repressive effect upon the basis.

By virtue of this fact, in the course of the reforms being carried out, we encountered an improbable phenomenon that is without an analogue in worldwide practice. It turned out that many of the USSR laws enacted during the perestroika period (such as the Law Governing the State Enterprise, the Law Governing the Cooperative System, the Law Governing Labor Collectives, and a number of others) became laws of massive nonexecution. Thus, at the 2nd Congress, the USSR people's deputies spoke with particular concern and alarm about the fact that many of the country's enterprises were crudely violating their pledges to their contractors. Measures that had proved to be nonviable were the measures to improve the administration, state acceptance, and the appointment of managers by election; the anti-alcohol campaign had cost the state tens of billions of rubles; the fate of the statutes governing the expansion of the rights of the soviets of people's deputies was unenviable; etc. Obviously, all of this could not fail to result in the deepening of the disbalancing of the economy, the loss of considerable sources for supplementing the budgetary income, the intensification of the inflationary processes, the concealed rise in prices, the drop in the national standard of living, and the disparagement of the authority of the law.

That had become possible because, first of all, a number of laws were enacted without being completely worked out. Secondly, they had little content that was real, rather than of a legal nature. Even the most recent legislative drafts to a certain degree carry the seal of declarativeness. Thirdly (and this probably is the saddest thing of all) one fails to see in the law the operation of the so-called triune mechanism—realization, defense, and responsibility, which, in their unity, form a system with the aid of which there must be the rightful regulation and exertion of an effect upon the relations that develop in the course of the economic law.

Why, then, does the system of rightful mechanisms in the law continue to "remain silent"? Because that system simply does not exist there, although it should be there, and is mandatory. In a system of rightful mechanisms

that is capable of guaranteeing the viability of the law in the economic sphere there must be a place for rights, duties, and justifications for their arising, measures to defend a violated right, measures of responsibility for nonexecution of one's obligations, the forms of realizing them, etc. In addition, a law must also necessarily reflect certain general principles that characterize, for example, the subjects of the lawful relations, the common rights and duties of the owner, the content of the legal capacity of the legal entity, etc.

It would seem that the presence or the law of concrete mechanisms in any law can be the criterion for determining its quality.

From our point of view, this kind of legislative process, or one that approximately this kind, is capable of fulfilling its regulating role under conditions of carrying out the economic reform and of guaranteeing the operation of the laws.

Today everyone is criticizing the administrative-fiat method of administering the economy. They are, of course, criticizing it correctly. Actually, with this method of administration the economic relations themselves acquire an abnormal nature, that is, they become administrative. And that means that the horizontal ties between production and consumption as the basic economic relations are broken and lose their meaning. They become of secondary importance, while the relations between the enterprise and the superior agency of administration become the basic ones. Everyone knows that the vertical form of economic ties led to: to the disease of the economy, to its critical situation, to the most complete loss of the producer's self-interestedness in the consumer, and, even more, to empty shelves in the stores.

What, then, is proposed to replace the administrative-fiat methods of administering the economic relations? Economic methods in which one can discern practically a panacea to cure all misfortunes in the economy and a means for getting it out of its present condition. That is the opinion primarily of many economists, but not of jurists.

Wherein, then, lies the essence of the economic methods of administration? In the creation of a system for providing economic incentives. In practice that means that all the economic methods of administration will be linked with the transformation of the relations of ownership, with the creation of market relations, with the elimination of the enterprises' vertical dependency upon assignments from above, with the guaranteeing of a direct link between production and consumption on a new basis—in such a way that they will provide incentives to the producer to achieve efficient production and to satisfy public needs.

What, then, is the jurists' position with regard to this problem? It would seem that the introduction of purely economic methods of administration into the practice of reform is a halfway measure and, when viewed over the

long run, is relatively ineffective. Also, no cardinal transformations will occur in the economy, although a temporary success will indeed be achieved, as has been confirmed, incidentally, by worldwide practice.

Probably the economists and the economic managers will not object to the statement that such basic relations as the relations of property, production relations, the relations of exchange and distribution, turnover and the market, etc., undoubtedly must nevertheless be regulated by the law.

Consequently, the formation (or, rather, the creation) of a system for providing economic incentives is an important step on the path of economic reforms, but it is not the chief one. We also need a mechanism for the introduction of that system into the relations of production, exchange, market distribution, etc. Only the law can become such a working mechanism. Therefore, without the joint efforts of the economists and the jurists, it is simply impossible to realize economic concepts. In practice this means that the system of economic methods of administration must be arrayed in clear-cut lawful forms, which would be adequate to the new economic approaches and which would contain everything that is typical of the law (list of rights, obligations, measures of protection, responsibility, etc.).

Thus, it is completely obvious that a radical economic reform must be carried out only with the aid of methods of economic law. I would call this a model of the comprehensive guaranteeing to the economy of economic activity in which an integrated mechanism of regulation by economic law would be in operation, in which the law would act as the state regulator of economic relations.

And now a bit more about the market. It is well known that the attempts to build a model of socialism according to the previously designed scheme, which excluded commodity-monetary relations and market levers, have already yielded their bitter fruits—the alienation of the individual from the ownership and results of his labor, the dominance of an ideology that reduces everyone to the same level when being managed, and the bureaucratization of all levels of the economic, social, and spiritual life of society.

There is no doubt that today the question of the market, and of introducing market mechanisms and regulators into the economy, is taking on special acuity and pertinence. The range of opinions expressed with regard to the problem of the transition to market relations is exceptionally broad and contradictory. In our opinion, serious mistakes of a political nature are sometimes made, when too much attention is focused on the negative consequences of the market economy. This can, in general, frighten people away from the market. Nevertheless people in the country are becoming increasingly aware of the need for the transition to the regulated market economy. Actually, if we want to achieve cardinal changes in the administration of the economy and

social development and to bring our country to the level of the highly developed industrial countries, it is necessary to use the experience of worldwide civilization. All one has to do is to look at the experience (and certainly only so much the experience, as the supermarket windows) in the United States, West Germany, Japan, and England, and one can be convinced of the splendid results that the market yields. These and other countries successfully use the market instruments, healthy competition, and free enterprise.

Well, then, what kind of market do Soviet citizens need? Of course, a normal market, that is, one that is balanced and capable of being administered, where supply corresponds to demand, where there is no extra money, where it is not the customer who runs around looking for someone to buy things from, but, on the contrary, where the seller seeks the customer. Unfortunately, we do not yet have that kind of market. We have another kind—when the producer acts as a monopolist. And not only because he alone produces the particular output (this is not the crux of the matter, because that can be produced by a dozen other enterprises), but because he goes to the market, and before he gets there a line of customers is already waiting for him, customers who are buying absolutely everything. This, then, is the monopoly position of the producer at the market.

And if, in this confrontation between the customer and the producer, regulation will be only contractual, the latter will rob the customer with the aid of the contract, that is, will foist on him conditions that rob him, and that, practically speaking, is what is currently occurring in our market with the participation, for example, of cooperative members. Why do the cooperative members ask such exorbitant prices, and why does the customer pay them? Because he does not have any other way out. Because he has to satisfy his needs. Consequently, we need a precise centralized regulator, that is, we must make the transition from the individual administration of the market economy to normative administration, through lawful norms. And those norms can be varied. It is possible, of course, to allow the use of such norms as a price that is regulated in a centralized manner, a tax, interest for credit offered, etc. But the most important thing is: they must be legal norms to which the participants in the economic relations will subjugate themselves and which they will follow. The supremacy of the law must manifest itself in that the law has been called upon to define the procedure for entry into market relations, for concluding and executing contracts, for defense and responsibility. At such time the interests of the customer at the market must be guaranteed in such a way that he will be sold commodities of the proper quality, will receive honest information about the quality of the output, etc.

That is the system of comprehensive legislative regulation of market relations that we should create. This is no by means an easy task. The principles of this legislation are being developed. USSR laws governing ownership, the land, rental, and taxes have been enacted. Legislative

acts are being prepared, dealing with antimonopoly legislation, small-scale enterprises, joint-stock societies, and other economic associations, banks and securities, etc. The legislation governing labor, environmental protection, etc. is being renewed.

The result of certain of our statements concerning the lawful problems of the economic reforms can be the conclusion that the changeover in the country to a regulated market that is based on the actual use of commodity-monetary relations and the dynamic entrepreneurial activity of all the participants in economic turnover (irrespective of the forms of ownership) assumes, first of all, the creation of the necessary economic and lawful prerequisites for the formation of this kind of market, and, secondly, the guaranteeing of the conditions for the broad and free carrying out of contract relations, which become practically the only lawful form of the diverse market links.

As has already been noted, these tasks are being resolved. However, the main thing is to assure that use is made in full measure, without any delay, of the legislative instrument that has been created and that is being created, in the interests of regulating the market and the commodity-monetary relations. This will be the real confirmation of legality and justice in the economic sphere.

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#### **Belorussian Economy Official on 1991 State Plan**

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[Report by M. V. Myasnikovich, chairman of the BSSR Gosekonomplan, to a session of the BSSR Supreme Soviet: "On the State Plan of the Belorussian SSR for 1991 and on Fulfillment of the Plan in 1990"]

[Text]

Respected presidium!

Respected people's deputies!

I would not be wrong in saying that in all the years of our republic's existence, not one draft plan for socio-economic development has ever been subjected to such fundamental study by the deputy corps as has the draft 1991 plan, and never have parliamentarians ever taken a part in its writing. And one of the most important factors responsible for negative phenomena in the economy is that the Supreme Soviet, the Council of Ministers and Gosplan did not work in unison on these vitally important problems.

Were I to briefly describe the initial basis for writing the draft plan for the next year, I would find that it has no analogues in either practice or theory. Why? First. Elements of the market economy have collided with the mechanisms of planned management of the economy. Enterprises are intensifying their fight for profitable

products, contrary to the public interest and instructions from the center. Ties between enterprises and the bodies that plan their activities have weakened, often due to interference by local administrative bodies. Tension bordering on conflict has arisen in relations between producers, suppliers and consumers, as well as between republics, regions and the center. This is why the Council of Ministers and the Gosekonomplan [State Commission for Economic Planning] were confronted by the tasks of preventing further deterioration, of stabilizing the economy so as to ensure creation of conditions that would allow the producer to increase industrial and agricultural production volumes, of saturating the consumer market and of balancing monetary income against available goods.

Second. In 1991 the republic's economy will function in new conditions based on laws to be examined by the current and spring sessions of the BSSR Supreme Soviet. In drafting its laws, the government based itself on the premise that they had to contain norms calling for direct action, rather than encouraging a game of political competition. We are strictly adhering to the economic principles of sovereignty spelled out in our Declaration, with the purpose of reinforcing a civilized means of creating the conceptual platform and legal regime of the economy.

Third. Past sessions of the republic's Supreme Soviet, which shed light on the priorities for development of the national economy under the new conditions, demanded that the new membership of the Council of Ministers and of the executive committees conduct a deep analysis and develop new views and principles in correspondence with this. We are firmly convinced that effort must be focused on the following basic directions of activity in 1991: eliminating the consequences of the Chernobyl disaster, developing the agroindustrial complex and construction materials industry, producing consumer goods, and implementing practical measures to improve public health, education, science and culture. We have neither the strength nor the possibilities to do any more, unfortunately, all the more so because we must implement some extraordinary measures in order not to fall back from the level we have attained.

What else is very important from our point of view?

All of the practical work of the Council of Ministers, its systems and the executives committees of local soviets should be devoted in 1991 to ensuring stable and coordinated operation of the enterprises. We feel that it is criminal to leave them to suffer the difficulties of this period of transition to market conditions on their own. This is why the draft plan contains both elements of the authoritarian administrative system and those of a market economy. This position manifests itself in the figures for state orders, in centralized distribution of resources, in delivery volumes, capital investments, and construction and installation work.

At the same time the possibilities of the enterprises have been expanded significantly, and economic stimulation of state orders has been foreseen. This plan resolves the long-standing issue of delegating, to the executive committees of local soviets, the authority to use a certain volume of products manufactured on the basis of state orders within the territory of the corresponding soviet to satisfy its own needs. This pertains to consumer goods as well. There are plans for establishing a republic fund for stabilizing the marketplace, equal to 12 percent of the republic's total production, in order to balance the internal market. Such a fund creates possibilities for supporting enterprises irrespective of departmental subordination in the event of objective causes destabilizing their work.

Yes, creation of the stabilizing fund is a forced measure, because there is no certainty that direct ties will be fully effective, or that guarantees of availability of centrally distributed resources will hold. We know that a barter economy is a sign of an ailing economy, but without this reserve, the degree of risk rises by an order of magnitude. And so I ask the enterprises tasked to contribute to the stabilizing fund, and the respected people's deputies gathered here, to support the government.

I would also like to report that the republic's Council of Ministers adopted a special decree on additional benefits in regard to production of consumer goods and construction of facilities in the social sphere. Strict economic sanctions for failure to fulfill plans and assignments in these highly important directions are foreseen simultaneously.

Together with transition to market relations, these and other new elements of the economy's management are what determined the basic features of the 1991 plan.

In what way are they manifested? This is a plan with completely different views on the economic environment. This is why its structure has changed fundamentally as well. One part of it reflects the direct influence of the state by way of state orders, allocations and targets in fulfillment of programs, primarily programs to eliminate the consequences of the Chernobyl disaster.

The other part, which is no less important, was written in the form of a prediction of the most important general indicators, and it reflects the national economic proportions and directions of development of individual complexes in their interrelationship.

This structure is the starting point for transition in planning to state regulation under the conditions of a functioning market, where goals are to be achieved not by direct-acting planning directives but by a system of economic interests. In many ways this is something new in our planning. We have much work to do in regard to it, both theoretical and practical. But quite obviously, even with such a prediction in place, we will still be able to activate additional rigid regulatory instruments as necessary, if the particular situation so warrants.

The plan for the future year rests upon the current year in many of its concepts. An assessment of the overall results unfortunately leads to disturbing conclusions. National income will apparently decrease this year by more than one percent in comparison with last year. Production is marching in place, and its effectiveness is declining.

The situation in capital construction is extremely unsatisfactory. Capital investments may be underutilized by six percent. Targets for construction of Chernobyl-related facilities are not being met to a significant degree. Many enterprises are raising prices on their products without any real change in the nature of the products. All of this is having a direct effect on the state of the consumer market, which is extremely complicated by growth of monetary income, anticipated to attain a level of 15-16 percent.

Measures implemented by the Supreme Soviet and the republic's government are somehow managing to keep us from reaching a crisis point.

Nonetheless, as you respected deputies know, the times we are currently living through are very critical. We need to get through them as quickly as possible. The main burden of this process will be suffered in 1991. Estimates for 1991 permit adoption of the following basic parameters for social and economic development: four percent growth of national product in comparison with the current year, 3.5 percent growth of produced national income, and 3.6 percent growth of productivity of social labor.

The general economic indicators I have cited for operation of the republic's economy are described in sufficient detail in the appropriate sections of the draft plan, and you will have an opportunity to carefully analyze them. Therefore rather than commenting on them, let me limit my discussion to the basic priorities for development in 1991.

As was noted earlier, the most important priorities are concerned with eliminating the consequences of the disaster at the Chernobyl nuclear power plant. Considering the special importance of this problem, the indicators for fulfilling this program are singled out as a separate item in the different sections of the plan. Moreover they are also spelled out in detail in a separate section, with regard for the opinion offered by Comrade I. N. Smolyar, chairman of the commission of the BSSR Supreme Soviet.

State centralized capital investments are to be allocated from the union budget next year to fund the recovery from the accident. These investments will total 3,022,000,000 rubles, including R2,542,000,000 for construction and installation work. This is of course almost R360,000,000 or 10.5 percent less than was foreseen by the republic program. However, it is larger than the figures approved by the USSR Supreme Soviet. Therefore we feel it necessary to find a way to channel another

R400,000,000 into the stricken regions, for which materials and equipment will be allocated as an additional item—according to assurances from USSR Gosplan.

The number of families that need to be moved from regions in which radionuclide contamination is greater than 15 curies per square kilometer is 35,490, as compared to the 7,179 families foreseen by the republic program. We also need to build schools of general education for 11,800 students (121.5 percent), preschool institutions for 6,400 children (156.9 percent), and hospitals and polyclinics for 800 patients and 2,770 visits per shift respectively.

The draft plan devotes special attention to improving new and existing settlements. I would be sufficient to say that the plan's targets exceed program targets by more than twice in regard to water supply, sewage systems and heat supply. For example 313.1 kilometers of gas networks will be built, as opposed to the 140.8 kilometers foreseen earlier. Sizable quantities of materials have been allocated in support of these and other projects—234,000 tons of rolled ferrous metals, 41,600 tons of steel tubing, 1.9 million tons of cement, 5,900 motor vehicles and so on.

There are plans for furnishing the population in stricken territories with clean food products in keeping with medical norms. This means 177,000 tons of meat products and 1.1 million tons of dairy products. The necessary scientific and medical support to the program has also been included.

Even so, there are still very many other problems in this area. Primarily in regard to utilizing allocated resources. The construction complex faces an extremely difficult task. A large number of facilities have to be built under the most difficult conditions in the shortest time possible on virgin ground. But to be honest, comrades, not all executive committees are relating with due understanding to the problems of Gomel and Mogilev oblasts.

Too much time is being taken in arriving at decisions regarding what safe living conditions are, and as a consequence, regarding the fate of many population centers. The government, the BSSR Academy of Sciences, the Ministry of Health and the Gomel and Mogilev oblast executive committees need to finish this important work in union organs as quickly as possible.

Respected comrade deputies!

The draft plan for next year also contains fundamentally new approaches to the agroindustrial complex. I must talk about this even though I am not a proponent of any particular epithets and definitions. We've had more than enough eulogizing. We spent much time trying to erase the boundary between the city and the countryside, we divided towns into promising and unpromising, we fanatically built monster livestock breeding complexes without restraint, and then we outdid each other in criticizing them. Next, the heavy artillery was committed to combat, with even far worse consequences: We began

to drive a wedge between the urban and rural resident under the excuse of repayment of debts. And now we hear sentiments of an entirely different sort: Let's give the kolkhozes and sovkhoses the right of private ownership of land, for there is no other alternative.

The government which you formed five months ago is in favor of state policy in agriculture, of weighted, thoughtful approaches. We cannot permit any further sidestepping, we cannot allow ourselves to be driven by our emotions, and finally, we need to use common sense as our guide. The countryside will not endure any more adventures, and it may object so strongly to them that you would have to seek far and wide for any new initiators.

Decisions concerning agriculture must be adopted only on the basis of the opinion of the peasant who, as we know, possesses plenty of wisdom of his own. Relying on collective ownership, and supporting the agricultural complex in every way we can, we intend to obtain 7,650,000 tons of grain, 11.6 million tons of potatoes, 1,150,000 tons of meat, 7,420,000 tons of milk and a significant volume of other products in 1991. It would be sufficient to say that we plan to deliver 10 percent more food to the republic's table than foreseen this year. Per-capita consumption of meat and milk will increase to 75 and 450 kilograms respectively (73 and 421 kilograms in 1989).

There are plans for utilizing R5.7 billion (R3.7 billion in old prices) of capital investments in the sector, including R3.7 (2.38) billion worth of construction and installation work, which is 38 and 66 percent higher than the plan for the current year (R0.1/0.3 billion above the anticipated figure). Moreover the volume of construction and installation work to be carried out for the agroindustrial complex with central material support from union organs will exceed the corresponding volume for the republic as a whole by two-thirds. Total expenditures from the republic budget to finance construction of facilities for the agroindustrial complex will be R532 million in 1991, which under comparable conditions is 4.5 times more than in the current year.

There are plans for producing 3.4 million tons of concentrated feeds using state resources; growth in this case will be 7.5 percent. Union state orders require us to deliver 1.99 million tons of mineral fertilizers (+2.5 percent) and 18,400 tractors (+18.7 percent), to include 6,500 MTZ [Minsk Tractor Plant] tractors, as opposed to 3,600 this year. We are also to deliver 12,700 trucks (+8.8 percent). There will be more truck-mounted cranes, bulldozers and other equipment.

Respected comrades! Under conditions in which state orders to industry have been sharply reduced, these are enormous figures. And of course, all of this will have to be paid for. Not only with rubles, but also with products. Unfortunately, many executives of oblast executive committees do not wish to reckon with this; they are reluctant to consider that according to the calculations, we are

left with seven percent more meat and six percent more milk than the planned level for 1990 for our own consumption, at the same time that production is not growing. It should be considered that not one oblast will be required to increase deliveries of meat to the union republic fund in comparison with the plan for the current year, and that in the republic as a whole, the proportion of such deliveries is to be decreased from 42 to 37 percent in relation to production volume and from 55 to 49 percent in relation to procurement volume.

I cited figures from the draft plan for the volumes of resources to be delivered to the countryside, and on their growth. They are presented in detail in materials available to the deputies. And if the republic fails to deliver 235,000 tons (-22 percent in relation to the 1990 plan) of meat and 1,625,000 tons (-15 percent) of milk for state needs, we will experience a significant decrease in deliveries of grain and protein supplements for manufactured feed concentrates, and these are all imports. Deliveries of equipment, fuel and lubricants will decrease immediately.

Assertions that we could obtain an adequate resources to support our milk and meat production are unfounded, since we do not have enough hard currency to buy the grain and oil-seed meal we would need, and when it comes to fuel, lubricants and equipment, the union leadership and industrial centers could dictate even harder conditions. We worked these variants out, and we persuaded ourselves that an advantage does come into play for the republic due to the price factor. Moreover, because we are talking about such insignificant volumes, confrontation won't do anyone any good.

In the opinion of the BSSR Gosekonomplan, assertions that the agricultural product delivery plans are not equally taxing upon the different oblasts are groundless.

Utilizing practical experience and appraisals of the value of agricultural land, manpower, and material and technical resources, agrarian science came up with the procedure by which planning calculations were made. The monetary appraisal of the total production potential was adjusted with regard for land made unusable by the Chernobyl disaster. The structure that had actually evolved and the attained level were taken into account. Let me say frankly that if we were to base ourselves on "pure science," we should have required higher delivery volumes of Gomel and Mogilev oblasts, even with regard for land rendered unusable. But you must agree that given the problems of resettlement, an unsettled life, the psychological factor and the need for issuing food products on the basis of medical norms, the entire population of the republic must ultimately turn attention to, and express sympathy for, the people residing in contaminated territories. All the more so because, as I said earlier, the volume of deliveries to the union-republic fund is not growing in absolute terms in relation to any other oblasts.

There is much in agriculture that is beyond what the plan can address. The government and the Gosekonomplan are working on a large number of problems of the agroindustrial complex. They include measures to increase grain production, to create a local agricultural machine building industry, food processing—there are too many to list here.

One of the most important priorities of the state plan is to stabilize the consumer market.

How do we propose to do this?

First of all we need to realize the republic's potential to the maximum. The plan's developers, with the Gosekonomplan at their lead, were subjected to harsh but valid criticism in this regard at meetings of the Council of Ministers. We analyzed the possibilities of the republic in relation to consumer goods production once again. As a result the total volume of consumer goods production has been planned at R25 billion for next year, as compared to R22.1 billion this year. When we take account of the R2.6 billion for services, this is quite enough to match the possible monetary income of the population.

I understand quite well that people are no longer satisfied with general figures, even if they are large. To be open about it, people even find them irritating. But we can't do without them either. Simple calculations show that next year the value of products manufactured and services rendered will be R2,700 per resident of the republic. The plan is to supply the market with 22 percent more socks and stockings (108.4 million pairs), 1.3 times more knitted articles and wallpaper (122 million articles and 57 million standard lengths), 1.5 times more television sets (580,000), 1.2 times more radios (454,000), 1.3 times more cameras (206,000), 1.7 times more bicycles (458,000), 1.2 times more watches (3,634,000), 2.4 times more carpets and rugs (6,918,000 square meters), and two times more motorcycles (67,000).

These figures are significant. But they require totally different approaches to the problem, and specific efforts to mobilize all available reserves. Failing this, the supply of consumer goods will not improve. First of all, the plans for producing consumer goods must be fulfilled unconditionally. However, when we add together the proposals and draft plans of the ministries, departments, oblast executive committees and the Minsk City Executive Committee, we arrive at a figure that is for the moment short of the established goal.

To avoid misunderstandings, we ask the Supreme Soviet to agree to release R25 billion worth of consumer goods, and the Gosekonomplan to make up the indicated difference jointly with the ministries and executive committees.

On its part, the government is taking steps to stimulate production of goods for the people. What expression is

this effort taking? In particular, given growth of consumer goods production volume in relation to the assortment foreseen by state orders, half of the profit obtained from selling the extra goods will be tax-exempt. Moreover the executive committees of local soviets are granted the right to provide additional benefits.

At the same time, in the event of unjustified rejection of a state order to deliver consumer goods and refusal to sign business contracts, enterprises will have to pay a penalty equal to 50 percent of the amount of the refused order (contract). We feel that this will be a stimulus as well.

Increasing production of goods by converted enterprises is a fully specific means of stabilizing the consumer market, despite the fact that civilian products currently make up a large proportion of the production volume of defense enterprises. However, while previously there were practically no consumer goods in the leftover production volume, next year consumer goods will increase by approximately eight percent. Of course, even this figure is still insignificant. This is why the Council of Ministers and the Gosekonomplan will return to this issue once again in the very near future together with interested parties.

Serious attention is devoted to light industry, which is responsible for around half of the total volume of non-food goods. This sector is unique in that it is strongly dependent on deliveries of imported raw materials. Each year hard currency worth more than R170 million has been allocated for these purposes. Next year the USSR Council of Ministers plans to spend R141 million. But on Friday 7 December a decision was made at a meeting of the hard currency committee to add 700 million. Groups of experts formed by the Council of Ministers are currently making an active effort in union organs and in the republic to ensure allocation of this hard currency and to find the lacking raw materials.

Comrades!

In this time of extraordinary measures we need to impose the strictest order upon trade and in general upon the system for distributing goods. Scarcities generate abuses. Consider how many lances were broken in the debate on limiting export of goods from the republic. But here are some figures from police reports. On 20 November drivers of Minsk's Polyus Cooperative were arrested carrying 240 boxes of finishing tiles, plumbing fixtures and a Minsk refrigerator. A Leningrad resident was arrested on 26 November attempting to export 126 items of gold jewelry, 40 cans of instant coffee, two sacks of sugar and some antiques. Illegally exported goods worth over R3 million were confiscated and returned to the market in November. And this is despite the fact that we have only scratched the problem's surface.

This is why the government is appealing to people's deputies at all levels, to the public, to the population and to the mass media to make a joint effort to put trade in



order and eliminate the possibilities for illegal activities and speculation by merchandising and other racketeers.

We also feel it necessary to express our attitude toward merchandising concessions at enterprises. It seems like a good thing. But the population's reaction to this form of merchandising is extremely contradictory—from unquestioning approval to categorical rejection. Whatever the case, available information suggests that a significant part of the people are deprived of access to many goods as a result. Moreover this is yet another channel for numerous violations.

Our point of view regarding this is as follows: Industrial goods should be marketed in trade enterprises, and not on street corners, where such goods linger in enormous quantities and never reach those who really need them. We need to increase our exactingness toward organs of internal affairs, the procuracy, the courts, the executive committees of local soviets, the Ministry of Trade and the Belorussian Union of Consumer Cooperatives in all of these matters.

The sale of construction materials to the population in 1991 requires special discussion. I must say straight off that the possibilities are extremely limited in this area, primarily due to the sharply increasing volumes of construction of facilities in aid of recovery from the accident at the Chernobyl nuclear power plant, as well as in support of the agroindustrial complex and the social sphere.

The government searched persistently for a solution which would not reduce deliveries to the marketplace. All the more so because this was also the position of the Supreme Soviet commissions headed by deputies Kopytov and Sivitskiy. Here are some proposals that can be made in this regard. First, part of the construction materials produced by plants in the agroindustrial complex should be put up for sale to the rural population.

Second, executive committees should be able to get the construction materials they need for these purposes from enterprises by signing direct contracts with them. Part of the construction materials they produce in excess of state orders can be used for this.

Third. Given the scarcities, we need to finally stop thoughtless expenditure of materials for the construction of dachas on a large scale when there are not enough of such materials for private housing construction. Take a look for yourselves, comrades, and you will see that many of these dachas are monumental in size. We need to finally reckon with the realities. And my hope is that the deputies will agree with me on this.

As food for thought, I would like to cite another figure regarding this matter. Analysis shows that each year approximately 150 million units of brick are used for private housing construction. Consequently we need to make sure that difficulties in supplying raw materials in the marketplace have no impact on housing construction. The executive committees must place the sale of

raw materials to the population under strict control. Maximum effort must also be made to ensure that new brick and wall block plants are opened and placed into operation as quickly as possible in Bobruysk, Lyuban, Orsha, Bereza and Vitebsk. And once again we ask the labor collectives of construction materials enterprises to agree to a certain increase in deliveries on the basis of state orders in 1991, considering all of the complexity of the situation.

All of this taken together will provide a possibility for procuring and providing an additional 180-190 million units of standard brick to the marketplace, over and above the planned 200 million units.

The government feels that on the whole, when brought into play together with organizational measures, the measures contained within the plan will make it possible to turn things around in the consumer market. I would like to emphasize in this case, however, that we will not be able to halt negative processes just by increasing production of goods. We need to turn no less attention today to the increase in monetary income.

What does a 15-16 percent annual increase in monetary income mean? It requires a minimum of a 25 percent increase in goods production. But is such an increase evident? No. (In the current five-year plan the average annual increment was six percent, while for services it was 12.8 percent).

This is the way that idle money, money not secured by consumer goods, comes into being. This is the money the individual goes shopping with. And it would not be difficult to imagine what he does to satisfy his needs.

We need to control the money flow. Otherwise we will find ourselves backed into a corner. This is why I would ask the people's deputies to support the proposals for regulating these processes, contained within the plan and the budget.

The social orientation of the draft plan is the main thing that the government used as its guide in developing it. Naturally, this orientation expresses itself in more than stabilizing the situation in the consumer market. We feel that it is time to finally fundamentally alter our attitude toward vitally important sectors such as public health, education, science and culture. What are the specific plans in this area? Capital investments into public health are to be R302.7 million (in new prices), or an increase of almost 18 percent. In addition another R136 million will be provided to the sector from Chernobyl funds. There are plans to build hospitals with a capacity of 3,370 beds, and outpatient-polyclinic institutions with a capacity of 10,430 visits per shift.

Boarding houses for the aged and disabled with a total capacity of 1,030 occupants are to be placed into operation with support from the republic budget. The total outlays based on the plan and budget for public health purposes will be R2.1 billion, or 42 percent more than in

the current year. These are extremely significant volumes, and they will attain 5.6 percent of produced national income, or 10.7 percent of budget expenditures.

Despite the extreme difficulties with resource support, guarantees have been given to public health facilities and to the Belorussian Invalid Society in regard to supply of centrally distributed raw and other materials. Moreover the Invalid Society is to be provided R1.4 million in capital investments from the republic budget to develop the material base, and R1.5 million for construction of facilities of the Protezist Production Association, which is significantly more than in the current year.

There are plans for using R329.7 million in capital investments to fortify the material and equipment base of public education. This is four percent more than what was planned for the current year (in addition to that, R112 million from the Chernobyl fund). The total expenditures in this sector, including allocations from the budget, will increase by a factor of 1.4, to a total of more than R3.2 billion.

There are plans for opening schools of general education with a capacity of 62,000 students, children's preschool institutions with a capacity of 30,800 children, vocational-technical schools with a capacity of 1,100 students, and school and laboratory buildings for higher and secondary special education institutions with an area of 16,400 square meters.

The republic's future depends in many ways on creation of a modern scientific base. This is why the state's expenditures in this area will increase significantly in 1991, to a total of R380 million.

All sorts of support will be provided to development of culture. Together with capital investments and other expenditures from the state budget, there are plans for allocating R595 million to this sector. This is 1.3 times more than this year. Significant amounts, supported for the first time with material resources, are being allocated to restoration of cultural monuments.

Clubs with a capacity of almost 30,000 members, a school of choreography in Minsk, a palace of culture in Lida, four rayon palaces of culture and a number of rural clubs are to be placed into operation. Erection of facilities currently under construction will continue as well.

It would of course be nice if much greater amounts of money were invested into public health, education, science and culture. There is an objective need for this, considering the state in which these fundamental areas, ones which determine the society's progress and its national health, have found themselves.

But there were considerable difficulties in funding even these few areas—funding that represents a total of 16.8 percent of produced national income and 29.8 percent of

budget expenditures. Even so, these are the most important problems, and we will do everything we can to constantly increase investment of assets into these sectors.

The problem of increasing housing construction is no less acute. A total of 7 million square meters of housing space is to be placed into operation on the basis of all financing sources (including Chernobyl funds). This represents more than 114,000 apartments and private homes; it is what the housing program requires, and it will make it possible to improve housing conditions for more than half a million persons.

Housing is becoming one of the elements of market relations, which will have a major effect on expansion of cooperative construction. Housing with a total area of 870,000 square meters is to be placed into operation in 1991 on the basis of the funds of housing construction cooperatives; this will be more than 12 percent (11.7 percent) of the total amount of housing introduced.

The construction complex faces extremely difficult tasks in 1991. Considering outlays associated with the Chernobyl accident, the total volume of capital investments from all financing sources will increase by 11.2 percent, while investments into construction and installation will increase by a factor of almost 1.3. In terms of anticipated value, this will be R12.7 billion and R8.2 billion respectively.

Mention should be made of the significant restructuring of investments called for in the plan. While this year around half of all capital investments were allocated to social needs and consumption, in 1991 this indicator will increase to 66 percent. And the volume of assets for these purposes will increase by a factor of 1.5.

Considering the planned scale of construction, the volume of contracted work is projected to be 13.7 percent greater than in the plan for the current year, while the amount of work done on a self-help basis is to be 1.7 times greater.

Many problems concerned with fortifying the production base of construction industry and of construction materials industry need to be solved. Total capital investments for this purpose will attain R716 million (in new prices). Of this amount, R274 million will go to construction materials industry, including R170 million for construction and installation work. These figures are correspondingly 1.4 and 1.6 times higher than the level for the current year.

Capacities producing 1.2 million tons of cement, 380 million units of brick and wall blocks, 100,000 tons of lime, 230,000 cubic meters of rock wool articles, 95,000 cubic meters of foam polystyrene panels, 105,000 cubic meters of expanded clay aggregate and other products are to be placed into operation in 1991.

There are plans for beginning construction of a number of new large enterprises. They include brick plants in

Buda-Koshelevo and Mozyr and a construction materials combine in Malorita. Expansion of capacities at the Grodno and Berezov construction materials combines, the Gomelstroyaterialy and Smorgonsilikatobeton production associations, the expanded clay aggregate gravel plant in Novolukoml and other enterprises will be continued.

Respected people's deputies! To do everything I have listed, we will need gigantic volumes of resources. And this is perhaps the main thing that troubles the economists. And not only them. If we were to make a time and motion study of the work day of the government, the Gosekonomplan and Gosstab, we would find that the bulk of their time is devoted to these issues. In principle, the entire system is being changed. In general, under market conditions enterprises need to give more thought not to the amount of resources they will be provided, but to what resources they can purchase on the basis of direct ties. This is the direction in which things are going. However, given the situation in which the national economy finds itself now, we feel that in this period of transition centralized provision of the principal types of resources will persist as well, though not in full volume.

The needs of Chernobyl, the agroindustrial complex, construction of housing, schools, preschool institutions, and public health and cultural facilities, and consumer goods production will be satisfied on priority by centrally distributed resources.

What specifically is the present situation in regard to providing enterprises and organizations of the republic with centrally distributed resources? The allocations are 2 million tons of rolled ferrous metals (69 percent of the 1990 level), 259,000 tons of steel tubing (63 percent), 3.2 million tons of cement (64 percent), 6.2 million cubic meters of commercial lumber (89 percent), 18,200 trucks (110 percent), 1,300 excavators (110 percent) and 1,700 bulldozers (119 percent of the current year's level). The national economy is able to completely satisfy the demand for plywood and for wood chip and wood fiber panels out of its own resources.

These figures do not raise much optimism, especially considering that great difficulties are being encountered in pairing consumers with suppliers even in regard to resources allocated to the republic.

We are very much alarmed by the current cement supply. As of now the Ukraine is short in its deliveries by a volume of 1.5 million tons. This is why the corresponding work in this area must be continued. I can say that changes for the better are apparent.

We need to turn attention to scientific and technical progress. This pertains especially to information science, to new procedures and materials, to computer technology and microelectronics, and to monitoring and measuring instruments. Fundamental scientific research will be conducted on the basis of 30 programs covering the most important directions in the natural and social sciences. We will continue to reinforce the material base

of the Academy of Sciences. The volume of capital investments for these purposes will increase by a factor of 1.4.

At the same time I would like to turn the attention of the leadership of the academy and Minsk's Main Construction Administration to the fact that construction of scientific facilities is proceeding extremely unsatisfactorily, and that considerable assets allocated for these purposes are not being utilized.

As we know, machine building is an inherent element of scientific and technical progress. The production increment of science-intensive production operations is to be increased in 1991 by 10 percent, which is three times greater than the increment for the sector as a whole.

The sector will work significantly more in behalf of the needs of the republic's social complex. This pertains primarily to consumer goods, production of which is to be increased by 21 percent. Production of medical equipment will grow by a factor of 1.5, and production of equipment for sectors processing agricultural raw materials will increase by a factor of 1.3.

Electric power production by the fuel and energy complex will remain at approximately the level of the current year. Twenty-four percent of total power consumption is to be satisfied by other power systems. The proportion of gas in total fuel consumption will increase to 41 percent. There are plans for placing 460 kilometers of gas mains and branches from them into operation.

Total production in chemical and petrochemical industry will rise insignificantly (0.9 percent of the current plan). Capacities for producing tires for passenger cars are to be increased by 400,000 units, and the assortment of household chemicals will be widened.

In timber and woodworking industry, the main emphasis will be laid on better use of raw timber and on growth of production of consumer goods. The sector's total production volume will remain at approximately the level of the current year.

Transportation indicators for 1991 were determined with an average increase of 2.5 percent in regard to freight shipments and 1.7 percent in regard to passenger turnover. When we consider the carrying capacity already available, this will satisfy the needs of the ministries, departments and separate enterprises and organizations.

As far as road building is concerned, and chiefly work in rural population centers, given all the difficulties, the objective we have posed is to preserve the high volume of this work and to improve 9,694 kilometers of streets in rural population centers and approaches to them in 1991 (4,326 kilometers in 1988, 10,582 in 1989, and 9,600 kilometers in 1990). At the same time, considering the situation as it now stands, we will need to find more financial and material resources for these purposes, including from nontraditional sources.

Development of all communication resources is foreseen. There are plans to use R170 million for these purposes, obtained from all financing sources.

Respected people's deputies!

In drawing up the plan, the government based itself primarily on the fact that no matter what the situation, the interests of the republic must be accounted for to the maximum, to include its sovereign right to products manufactured in Belorussia. We cannot allow our people to live worse than in many other regions even though they work better. Considering this, we need to reduce exports of products. This was reflected in intergovernmental republic agreements we have signed, naturally with regard for reasonable equivalency in mutual deliveries. It must be said that such approaches are generally being met with understanding on the part of our partners. We were able to reduce our export balance with Russia, Kazakhstan, Uzbekistan and Turkmenia. We are discussing the matter with other republics. Firm policy will be applied to those regions which cooperate only with the purpose of pursuing their own advantage. We have enough leverage with which to defend the interests of our people and the needs of the enterprises.

At the same time we need to support our economy through fuller use of the possibilities of the Union. I must emphasize in this connection that even in the extremely difficult stage in which we now find ourselves, I would describe our relations with central organs as businesslike and cooperative. I already listed the resources which were allocated to us centrally; moreover, were our relations anything but what they are now, we would be hard pressed to find anyone who would be certain that we would receive any equipment and resources produced at the Union level.

This is why we need to unconditionally fulfill certain economic obligations to the Union in 1991. We need to preserve the good name of Belorussia and a good attitude toward it on the part of all republics.

Respected people's deputies!

I would like to emphasize once again that beginning in 1991, we will actively implement the program for transition to a market economy. This, as you have had the opportunity to persuade yourselves, is reflected in the draft plan as well. In particular, it manifests itself in the fundamental change in investment policy, as a result of which the principal sources supporting development will be created by the labor collectives themselves. For practical purposes, industrial development is to proceed and the proportion of paid housing construction is to grow only on the basis of our own assets and bank loans;

it is reflected in new approaches to price setting, under which a limited group of prices, both wholesale and retail, will be under the direct control of the state;

in fundamental changes in the entire system of material, technical and raw material support;

in reduction of the volume of directive planning, in expansion of the rights of enterprises, and in growth of the responsibility before the collectives for work results.

Problems concerned with social protection of the population under market condition occupy a special place, and they require persistent attention.

I have already spoken twice to this respected corps on the position of the government in regard to this issue. I should note that our fundamental line remains as before—developing a mechanism of maximum protection, especially of low-income population strata, from possible market collisions. When it comes to everything associated with the market, we must talk to our people openly, without playing on and arousing passions; we need to explain everything to the people, and seek their advice. We see this as a responsibility of ours, in exchange for the trust shown in the government. And we would very much like to have the support of the Supreme Soviet and the mass media.

It is very important under the conditions of the transition to the market to support all healthy forms of business and to put up a barricade against all kinds of economic perversions. In this connection we intend to restructure our policy in relation to industrial enterprises, including those that are still under union departments. Until recently, you see, many administrative bodies saw them only as sources of income and other dividends. We need to change this position today. Especially now that the union ministries and central departments are no longer providing support to these enterprises. We need to utilize the republic's possibilities to strengthen them as necessary. And we must support them vigorously, since otherwise we may squander the potential we have attained.

Let's be frank. In wanting to raise the hen that will lay the golden egg as quickly as possible, we created ideal conditions for some economic structures while dismantling others that have evolved and proven themselves. Take cooperatives as an example. Four years have passed. But has any one of them built an adequate home or plant, or produced a television set, a refrigerator, a car or a tractor? Over 140,000 persons moved into the cooperative sector, after all, and these are primarily specialists of rather high qualifications. Enormous resources and financial assets are being pumped into this sector. But what about the payoff? The proportion of products and services provided by cooperatives with respect to total production volume is a little more than three percent, at the same time that they represent 10 percent of the wage fund. Unfortunately the same thing can also be said about small businesses and joint ventures as well. Therefore, while not rejecting what is good, state organs and the executive committees of local soviets need to bestow priorities and honors upon the honest laborer, and not the self-seeker.

Respected people's deputies!

The government understands that the state plan it has offered will not be received in the same way by everyone. There are problems, and sizable ones at that, in relation to certain positions, and even directions. But as of today, the draft of the plan is maximally balanced against material, technical and financial resources, and it accounts for the real economic situation and the possibilities of the budget. And the main thing in our opinion is that the plan has been able to preserve a basic principle—ensuring realization of the planned priorities. As I already mentioned, the draft was subjected to serious auditing by commissions of the Supreme Soviet. The discussion was professional, interested and concerned, and significant corrections were introduced.

A large number of principled remarks and businesslike proposals were offered by the Planning, Budget and Financing Commission; the Commission for Agrarian Problems and Social Development of Rural Areas; the Commission for Economic Reform and Attainment of Economic Independence and Sovereignty of the Republic; the Commission for Problems of Architecture, Construction, Construction Materials Production and Housing and Municipal Services to Rural and Urban Areas; the Commission for Problems of Labor, Prices, Employment and Social Protection of the Population; the Commission for Consumer Goods and Public Services, and others.

It may be possible that certain amendments will also be suggested today. But I would urge the respected parliament to not lose sight of what is most important behind insignificant issues, numbers and percentages—the basic approaches and fundamental principles upon which the plan is written and for which the government bears responsibility, as it does equally so for its objectivity.

We feel it possible and necessary to adopt the proposed plan, so that the government, executive committees and administrative bodies could actively begin implementing it.

We must not repeat the Union mistake of allowing lengthy discussions to distract us from practical work. There is one other important point. Adoption of the plan for the next year by the Supreme Soviet of the Belorussian SSR before the plan for the country as a whole is adopted—and this pertains completely to the budget as well—provides firmer guarantees of achieving the interests of the republic, and makes it possible for the Council of Ministers to capitalize on your support in the most decisive way.

Thank you for your attention.

#### **Uzbek Cabinet Ministers View 1991 Economic Tasks**

914A0392A Tashkent PRAVDA VOSTOKA in Russian  
18 Dec 90 pp 1, 3

[UzTAG report: "The Consumer Market: Preventing an Exacerbation of the Situation"]

[Text] Meetings of the cabinet under the auspices of the president of the Uzbek SSR were held 13 and 14 December. They examined important questions of the republic's socioeconomic development. One meeting was conducted by I.A. Karimov, president of the Uzbek SSR.

The question of provision of the population of the republic with food and consumer goods was studied as a priority. The cabinet drew up a program of stabilization of the situation. Specifically, 12 products were taken under special supervision. These are flour, cereals, macaroni products, tea, dairy and meat products, and other commodities constituting the daily food ration. It was emphasized that for the purpose of social protection of the interests of the working people and considering the fact that bread is the main food product, the president of the Uzbek SSR and the cabinet do not intend in 1991 to raise the retail prices of bread products and flour, even if there is an increase in the price of them in the country as a whole. The republic has a sufficient quantity of grain for the normal provision of the inhabitants of Uzbekistan. In addition, as of the latter half of 1991, the republic intends to switch, in the main, to self-provision with home-processed flour. Startup and debugging operations are being performed currently at an accelerated pace at mills which are being introduced and bakeries are being built in several oblasts of the republic to this end.

It was noted at the meetings that the broadening of the rights of the republics and oblasts would create good conditions for the conclusion of direct contracts with various regions of the country. It was deemed essential to complete the signing of such contracts for 1991 for the supply of grain and formula food for animal husbandry no later than 25 December. Particular attention was paid here to provision of the population with meat, eggs, and milk products. A number of measures was proposed for saturation of the republic market with them.

There was serious discussion at the meetings of the cabinet of questions of the indexing of individuals' income. It was deemed essential to formulate a mechanism of their efficient operation. Various republic organs of administration were enlisted in this important work.

The speech of I.A. Karimov, president of the Uzbek SSR, emphasized particularly that it was essential to most strictly monitor the receipt and distribution of produce. The principle of social justice had to be given pride of place.

There was thorough and comprehensive study of the question of the organization of the practical work of the general economic complex of the cabinet under the auspices of the president of the Uzbek SSR on realization of the basic parameters of the republic's budget and socioeconomic development in 1991 in the light of the decisions of the 12th Uzbek SSR Supreme Soviet Third Session.

It was observed that, guided by the declaration on the principles of formation of the budget of the Uzbek SSR,

the draft basic parameters provide for a strengthening of the social focus and an acceleration of the rate of growth of the republic's social production based on its maximum possible intensification and the realization of measures of scientific and technological progress and the increased efficiency of the use of mineral-raw material, land-water and labor resources, and production potential. Proceeding from this, the main attention when the draft was being drawn up was concentrated on a number of fundamental, key tasks of the development of the republic's economy in 1991.

The "Employment" comprehensive republic program will be made of paramount importance. This will make it possible to involve in social production tens of thousands of people who are not currently working. Working in various spheres of the economy, they could be provided with guaranteed earnings. It is planned to continue at an accelerated pace the work on the laying of gas and water supply systems in rural localities. Substantial monies are allocated to this end. A cardinal change in industrial production is anticipated in the coming year. Enterprises situated on the territory of the Uzbek SSR will be oriented consistently from producers of raw material toward the manufacture of the finished product.

In accordance with the decisions of the cabinet under the president of the Uzbek SSR, the draft parameters of the economic and social development of all complexes were thoroughly examined. They appear as follows:

**Agro-industrial complex.** An improvement in the provision of the republic's population with food commodities is envisaged in 1991 thanks to a growth in the production of agricultural output and the sectors of processing industry. The priority areas will be the food sectors and a strengthening of the material and technical facilities of the storage and processing of produce and the social reconstruction of the countryside. It is planned to increase at a preferential rate animal husbandry output, given quite a sharp reduction in the rate of growth of cotton production. It is planned to achieve an increase in basic types of agricultural produce, namely grain, potatoes, fruit and berries, livestock and poultry, and milk and eggs.

The meetings noted the need for the completion as quickly as possible of the work in the Union authorities on the acquisition thanks to imports of the necessary equipment for the processing sectors of the agro-industrial complex.

**Construction, transport, communications.** These most important sectors of the republic's national economic complex will enter 1991 with serious problems. These include the high level of incomplete construction, the continuing practice of the slow completion of projects, unsatisfactory material and technical supply, and a shortage of rolling stock, equipment, and cable products.

The overall amount of capital investments and construction and installation operations in the republic as a

whole from all sources of financing will grow compared with the 1990 plan. Increased attention will be paid to incomplete construction. An increase in the product of construction materials industry, from local raw material particularly, is envisaged.

Freight haulage by all forms of transport in general use will increase compared with 1990. A sizable increase in telephone installation, for the public included, is planned.

As observed at the meetings, a principal task confronting the construction complex next year will be fulfillment of the water and gas supply program. The inadequate provision of the construction complex with material and technical resources caused the speakers particular concern. In this connection the cabinet instructed the ministries and departments concerned to solve questions concerning material and technical supply, primarily concerning merchant-mill metal products, pipes, and brick and timber construction materials, as quickly as possible.

**Machine-building complex.** An increase in the machine-building product is planned in 1991. Productivity and profits will grow at a preferential pace. A high rate of growth of the production of consumer goods and also products of enterprises of the Ministry of Automotive and Agricultural Machine Building and the Ministry of Machine Tool and Tool Building Industry is envisaged.

As observed at the meetings, a serious obstacle to cardinal change in machine building are problems of material and technical supply and the obsolete and worn equipment. Considering the growing significance of small enterprises and shops in an increase in industrial potential and a solution of problems of the employment of the republic population, the cabinet instructed the pertinent ministries and departments to present estimates of the need for production engineering equipment as quickly as possible.

**Fuel industry, power engineering, chemical industry, and iron and steel industry.** The draft parameters were drawn up with regard for the need of the national economy and the population of the republic for fuel, thermal and electric power, and chemical and iron and steel industry products, and the creation of the necessary conditions for realization of the program for the supply of gas to the countryside.

An increase in the generation of electric power and the production of coal, oil, and gas condensate is planned for 1991.

An increase in the output of the chemical complex and the production of consumer goods in these sectors will be secured. This will be achieved mainly thanks to an improvement in the use of production potential and the expansion and modernization of operating facilities, given work on a large scale on improving the state of the

environment. The cabinet instructed the pertinent ministries and departments to ensure supplies in the necessary quantities of gas stoves, pipes of varying size and selection, and other products.

In respect of the development of the iron and steel industry it will be necessary to devise an economic mechanism aimed at stimulating interest in the turning over of ferrous and nonferrous metal scrap by the ministries, oblast soviet executive committees, associations, and enterprises.

**Consumer goods, trade and services complex.** The main task here is satisfaction of the public's growing requirements and saturation of the consumer market with goods that are currently in short supply. Sectors of the complex are faced with solving problems pertaining to the modernization and retooling of operating enterprises, an increase in the quality of output, and a widening of its selection and the creation of a network of small businesses. They will all be oriented toward the manufacture of a finished product enjoying heightened demand in the republic and in other regions of the country.

A high rate of growth of production and of services and commodity turnover is envisaged for all ministries and departments of the complex. It is planned that the retail commodity turnover of state and cooperative trade in 1991 will increase six and 8.7 percent respectively compared with 1990. Services for which a charge is made will increase 5.6 percent per capita.

**The social development, science and culture complex.** The forecast of the basic parameters was compiled with the intention of excluding the residual principle of financing and reducing the current distance behind the Union average social sphere indicator. It is planned to increase the introduction of housing from all sources of financing 5.2 percent and introduce 10.8 million square meters, seven percent from the resources of individuals and six percent from those of the housing and construction cooperatives included. The number of places in preschools will increase 6.5, and in general schools, 3.5 percent. It is intended to accomplish the entire increase in hospitals and clinics thanks to the introduction of new buildings corresponding to modern medical requirements.

Considering the experience of recent years, when social and general amenities were for the construction workers secondary, the cabinet planned the creation in the republic of special subdivisions. They will specialize in the erection of social and general amenities with obligatory provision with construction materials.

The cabinet paid special attention to a strengthening of the material and technical base and the provision with resources of cultural and printing facilities. It was deemed essential to find opportunities for an increase in the accumulation of products, primarily textbooks, in the official language of the Uzbek SSR.

**Foreign economic relations.** In this field it is planned to put the main emphasis on the organization of joint ventures which will manufacture finished, competitive products. It was deemed essential to further expand the sending of specialists of the republic overseas and the introduction of promising technology and advanced experience.

Questions of the state and readiness of the republic economy in the 1990-1991 winter period were also examined at the meeting of the Uzbek SSR president's ministerial cabinet.

### **Lithuanian Statistics Department Polls Public on Economic Issues**

*914A0393A Vilnius EKHO LITVY in Russian  
14 Dec 90 p 3*

[Article: "In the Mirror of Public Opinion"]

[Text] **How does the public assess the economic processes now taking place? In October 1990, the Lithuanian Department of Statistics made a survey of the inhabitants of the republic with respect to their attitude toward different forms of economic activity.**

They polled 1,200 persons of different ages and different social groups (56 percent were workers of state enterprises, 24 percent kolkhoz and sovkhos workers, and 11 percent were nonworking pensioners).

On the threshold of the transition to a market economy and the appearance of different forms of ownership, 72 percent of the respondents still have a better idea of what state ownership is. The fewest people are informed about the joint form of ownership with foreign firms. Almost half—49 percent—have no idea what this is.

Of all the forms of economic activity, farming is assessed most positively—56 percent of those polled expressed themselves in favor of it. The people had a negative attitude toward enterprises that would belong to foreign owners and 45 percent would not like for such enterprises to arise and develop.

As for farming, 27 percent of those working in rural areas would like to farm the land independently and more than half (60 percent) of those surveyed who work at kolkhozes and sovkhoses would like to work that way in the future. Among those of the older age group over 50 years of age, 71 percent of those questioned want to work at kolkhozes and sovkhoses as before, whereas 23 percent would like to receive the share due them and farm independently.

State ownership is still the basic form of ownership in the economy. More than half of the respondents (56 percent) working at state enterprises declared that their enterprises should be left in that same status but be granted more independence. Seventeen percent of those polled are in favor of having the state enterprise where they

work be converted into a joint-stock company, 11 percent would turn it over to collective ownership, and six percent would have it be the basis for the establishment of an enterprise with foreign capital. Only a small share (four-five percent) indicated that the best thing would be to sell their enterprise to those who want to redeem it, to form a cooperative, or to lease it.

Forty one percent of those surveyed are certain that the output of the enterprises where they work will be in demand under market conditions, 20 percent consider this most likely, and 10 percent say that there will be no demand for it. The rest of those participating in the poll have a hard time deciding how things will go in the future.

If it were possible to choose work in the state or nonstate sector, one-third of the respondents would choose the state sector and one out of five the nonstate sector. The rest (22 percent) could not respond unequivocally.

The surveys on privatization are quite interesting. What would those polled like to acquire? Most would like to acquire shares of stock and securities, 31 percent an apartment, 16 percent land, and 20 percent a truck or tractor. There were few (two percent) wanting to obtain a school, kindergarten, cultural institutions, etc.

Thirty seven percent of those surveyed would like to like to be owners or co-owners of an enterprise, workshop, store, laundry, or cafe, whereas 28 percent of those questioned do not desire and are not preparing to have their own business.

As for young people, they have a different opinion on this question. Almost half (47 percent) of those polled 30 years of age and under would like to manage their own business and 18 percent would not. What kind of business? Primarily in agriculture, in the production of goods, in trade, and in public catering. Five percent of the respondents believe that these plans will soon be realized and 24 percent of those desiring to have their own business think that there plans will not be fulfilled soon. One out of four doubts that his dreams will come true at all. Of the elderly respondents, 41 percent would not like to establish their own business under any conditions.

It is no secret that the instability in the economy is giving rise to tension in the social sphere as well. The problems of unemployment and the legalization of the shadow economy are of very great concern to those polled. Most of all, those surveyed are afraid of higher prices and, as a consequence of this, a worsening of their material position. Fifty two percent of the persons questioned are prepared to go along with a temporary worsening of their material position if they could be sure that they will really begin to live well in the future. Approximately one-third think that a material worsening of the lives of the people is inadmissible.

A large share of those polled had difficulty saying how the material position of their families will change in the

next two to three years. Twenty four percent are certain that their position will worsen. One out of five assumes that initially life will get worse and then improve. Only one out of 13 believes that the material position of his family will improve within two to three years.

These statistical data are doubtless cause for some deep thinking....

### **Kirghiz Decree on Economic Stabilization**

914A0413A *Frunze SOVETSKAYA KIRGIZIYA*  
in Russian 15 Jan 91 p 3

["Resolution of the Supreme Soviet of the Kyrgyzstan Republic: On Urgent Measures in Stabilizing the Economy of the Kyrgyzstan Republic in the First Quarter of 1991"—SOVETSKAYA KIRGIZIYA headline]

[Text] With the aim of ensuring the stabilization and normal functioning of the economy of the Republic of Kyrgyzstan in the first quarter of 1991 under conditions of the transition to market relations, the Supreme Soviet of the Republic of Kyrgyzstan **resolves:**

1. To accept for guidance and steadfast execution the Ukase of the USSR President: "On Measures To Avert Production Disorganization in Connection With the Unsatisfactory Condition of Concluding Economic Contracts for Production Delivery in 1991" and the Resolution of the Congress of USSR People's Deputies: "On the State of the Country and First-Priority Measures in Surmounting the Critical Socioeconomic and Political Situation Which Has Come About."

2. To approve the proposals of the Cabinet of Ministers of the Republic of Kyrgyzstan on urgent measures to stabilize the republic economy in the first quarter of 1991, and direct it to ensure unconditional execution of the measures indicated within the prescribed time frame. In connection with this:

a) to obligate the Cabinet of Ministers of the Republic of Kyrgyzstan, ministries, departments, state enterprises, associations, and organizations to ensure:

- unconditional conclusion of contracts for 1991 within the shortest possible time frame on quotas for centrally distributed production in accordance with deliveries for state needs, using existing economic ties;
- production delivery in the first quarter of 1991 in volumes corresponding to the first quarter of 1990;
- first-priority allocation of material-technical resources for the production of consumer goods, construction and major overhaul of housing, schools, pre-school institutions, health care and educational facilities, and the development of municipal economies;

The Gosnab [State Committee for Material and Technical Supply] and Agrosnab [Agroindustrial Committee for Material and Technical Supply] of the Kyrgyzstan



Republic will ensure delivery in the first quarter of 1991 to ministries, departments, enterprises, kolkhozes, and sovkhozes, of material and technical resources apportioned earlier by territorial organs, on the level of first quarter 1990;

b) to direct the Cabinet of Ministers of the Republic of Kyrgyzstan:

—to ensure the uninterrupted financing of measures envisaged in the republic plan and budget, and the complete flow of resources into the off-budget fund for stabilizing the economy; to accomplish necessary work related to the transition to the application of new prices; to monitor the scale of labor and consumption, reduction of budget expenditures, and suppression of inflation;

—to accomplish, jointly with the local Soviets of People's Deputies, a package of urgent measures in the social sphere, to include ensuring population employment, enhancing labor motivation, indexing incomes in accordance with the growth of retail prices, and providing social protection for the population, especially its segments not well provided for, pensioners, and the disabled;

—to accomplish specific measures for establishing a market infrastructure, draw up and submit for consideration of the Kyrgyzstan Republic Supreme Soviet appropriate draft legislative enactments.

*[Signed] M. Sherimkulov, chairman of the Supreme Soviet of the Kyrgyzstan Republic.*

Frunze, 5 January 1991.

### **Kazakh Ukase Increases Control Over Foodstuffs, Consumer Goods**

*914A0423A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 15 Dec 90 p 1*

[Ukase of the President of the Kazakh Soviet Socialist Republic: "Measures To Increase Control Over the Organizing of the Storage, Transportation, and Trade in Foodstuffs and Consumer Goods"]

[Text] For purposes of establishing order in supplying the population with foodstuffs and consumer goods and discontinuing the abuses in trade and in the supply system, it has been decreed that:

1. The KaSSR Cabinet of Ministers, the local soviets of people's deputies, and the law-enforcement agencies are to guarantee the fulfillment of the 23 November 1990 USSR Supreme Soviet decree, entitled: "The Situation in the Country" and the 30 November 1990 Ukase of the USSR President, entitled: "The Intensification of Workers Control for Purposes of Establishing Order in the Storage, Transportation, and Trade in Foodstuffs and Consumer Goods."

They are to guarantee the fulfillment by all oblasts of the pledges pertaining to intrarepublic shipments of foodstuffs and consumer goods.

By 25 December 1990 they are to complete the election of rayon, city, and city-rayon workers control committees, and workers control groups at enterprises, in organizations, and people's place of residence.

2. KaSSR Ministry of Trade, KaSSR Ministry of Finance, KaSSR State Security Committee, and KaSSR Ministry of Internal Affairs are to carry out a series of measures to establish the strictest control over the hauling, receipt, and sale of output being imported into the republic, and the organizing of the storage, transporting, and trade in foodstuffs and consumer goods.

KaSSR Ministry of Internal Affairs and State Security Committee are to stipulate the creation by 25 December 1990 of temporary operational subdivisions, entrusting them with the inspection of enterprises and organizations in trade, public nutrition, and personal services, warehouse and subsidiary areas, bases of trade institutions, as well as cooperatives; control over the transportation of commodities, and, if necessary, the examination of the transportation means being used by enterprises, organizations, and private individuals.

These measures are to be carried out in close interaction with the workers control committees and groups, with the involvement of the control and auditing services of financial agencies for carrying out traffic documents checks, for checking the accounting for and the intactness of the commodities, and for determining the losses as a result of spoilage, shortages, and pilferage.

The executive committees of the soviets of people's deputies are to empower members of the workers control and employees of the State Security Committee by issuing them the appropriate identification documents.

3. KaSSR State Arbitration is to establish reduced periods for considering cases linked with undershipment and spoilage during the transporting of foodstuffs and consumer goods.

4. The republic's court agencies are to expand the practice of holding sessions as assizes to deal with criminal cases involving heinous violations of the rules governing trade, theft, and speculation.

5. The chairmen of the soviets of people's deputies are to guarantee the control and coordination of the activities of the state agencies and the public in implementing this Ukase.

Oversight of the execution of the Ukase is the responsibility of KaSSR General Procurator and the procurators who are subordinate to him.

*[Signed] N. Nazarbayev, president of the Kazakh Soviet Socialist Republic, Alma-Ata, 13 December 1990.*

## INTERREGIONAL, FOREIGN TRADE

### Estonian Free Trade Zone Viewed

914A0421A Tallinn SOVETSKAYA ESTONIYA  
in Russian 14 Dec 90 pp 2-3

[Article by T. Klementi, leading employee of the Institute for the Economic Development of Estonia, candidate of technical sciences: "Narva Free Economic Zone"]

[Text] "Who will explain this to us?" our readers ask. And although the zone itself does not yet exist, the question about it is being actively discussed and requires detailed examination. Especially since the future of our northeast is a delicate one that is engendering all kinds of rumors.

I would first like to discuss the very concept of the free economic zone, and a bit of prehistory.

Free economic zones are one of the most essential structural innovations in the world economy of the past 20 years. By the beginning of 1989 there were more than 200 of them throughout the world; 100 were in the formative stage; and 50 were in the planning stage. Like a good little baby, they have a lot of names. These zones are called free economic regions, special economic regions, export zones, export trade zones, custom-free zones, joint-enterprise zones, etc. Upon close scrutiny they all prove to be one and the same thing, namely, a clearly limited part of the state territory where foreign companies, taking advantage of special privileges and benefits that are granted to them, offer commodities for export. In the classic form, these zones were first created in Israel and Puerto Rico, but then they became widespread mostly in the rapidly developing countries of Asia. At the present time the process of creating the zones has shifted to the states where the changeover to the market has been planned or is being carried out, and this has been introducing new nuances and elements into the process. These states include our own one, whether or not we recognize ourselves as being part of the USSR.

In connection with a free economic zone, the question immediately arises: "What kind of benefit is this for the state?" It would seem that, if anything, the situation is just the reverse: the foreign companies ship in materials, and then they ship out the finished output; they keep the profit for themselves, putting into the state treasury only the minimum through taxes and customs duties. But for the states that did not have at their disposal a highly developed industry or their own resources for creating such an industry, the zones proved to be the only methods for using foreign capital to create a competitive industry on part of their territory. And then, through that industry, to exert a channeling effect, to raise the workers' proficiency level, to develop an infrastructure, to expand direct trade ties, and to promote the economic development of all the remaining territory in the state.

With the increase in the number of zones and the buildup of experience in operating them, one has seen the appearance of various, sometimes unexpected, tendencies and details that have considerably enriched the already variegated picture depicting the practical situation.

The first important experience lies in the fact that, in addition to the territorial approach, there also arose the so-called system approach—that is, when the advantages similar to those granted to the zone extended to definite types of enterprises on the entire territory of the state, in order to promote the growth specifically of that type of entrepreneurship. (Hungary and Mexico can be named as an example of this.) Secondly, one could discern a tendency toward the reorientation of zones from the production of output to export in the direction of the domestic market, which, on the one hand, was encouraged by the domestic market's demand for specific commodities, and, on the other hand, became an additional incentive for attracting foreign capital through the zones to that same domestic market. Thirdly, one could discern the attempt by domestic enterprises to enter the zones, in order to obtain the same benefits as the foreign companies. Otherwise the "local boys" would be discriminated against, and that would be politically unacceptable. Thus, as of today, almost two-thirds of the enterprises in the zones are under the control of the local capital or operate with its participation. Hence one sees the outgrowth of a fifth tendency, which manifested itself for the first time in China. This is the expansion of the zone territory to the larger-scale administrative subdivisions or even fusion with the entire territory of the state, as occurred in Sri Lanka and Mauritius.

And there is still another important observation. As a rule, the zones do not develop in precise conformity with the initial concept. The economic and social advantage proves to be different—either greater than or less than planned, or the initial business idea may prove to be not implemented at all, without reducing in any way the overall effect of the zone. For example, late in 1960 it was planned in Mauritius to allocate 30 percent of the production in the internal structure of the zone to the production of electronics, 25 percent to the production of textiles and clothing, 15 percent to metal processing, 10 percent to the raw-materials processing industry, and 20 percent to other types of production. By 1985 the zone's structure looked like this: the production of textiles and clothing constituted 87 percent; production of furniture and articles produced by woodworking, 2.5 percent; and jewelry industry, two percent. Electronics occupied only 1.2 percent and even that was chiefly in the timepieces industry.

In other words, the creation of a zone is a complicated and contradictory process. Although relying as much as possible on the local initiative from below, the zone is created by the government from above, with a consideration of the interests of the economy of the country as a whole, its foreign ties, overall developmental tendencies, etc. For states that are coming out from an economy of

centralized planning, the zones are an important instrument by which the state's technological policy can exert an influence on the path to the market.

It is by no means a matter of indifference how and where the zones are created. An absolutely indispensable condition for dynamic foreign-economic activity today is the existence of a sufficiently developed infrastructure, that is, transportation main lines and centers, modern telecommunications, banks, hotels, and energy and water supply. If all these things do not exist, the initial capital investments prove to be too large, and the repayment capability proves to be too prolonged, thus reducing the interest of the foreign investors. Other important factors for the creation of a zone are the nature of the industry that is located on its territory, the prospects for developing that industry under the new conditions, and the existence or absence of raw and other materials. Naturally, there is also a need for specific benefits with a guarantee of their stability (tax and customs benefits; benefits in terms for the granting of credit, in land leasing, payment for energy, etc.). If the law does not guarantee the foreign companies long-term and stable terms for sufficiently free activity, if the legislation is imprecise, or the overall situation in the state is indefinite, that is, the risk factor is great, then one should not plan on a dynamic influx of foreign capital into the zone.

For our present situation, the last-mentioned factor is rather essential, if one takes into consideration the fact that it takes an average of five years for its real functioning to begin.

Returning, in the light of what has been stated, to Estonia and Narva, it must be admitted that on a world scale Estonia is a small country, considerably smaller, for example, than the previously mentioned Sri Lanka. At the same time Estonia is internally nonhomogeneous (compare the northeast and the southeast), and this requires special approaches to the economy of the regions. Narva's initiative in creating a zone is a special regional approach to its problems. In addition, Estonia's economic policy is only just forming; the new tax policy with its possible private benefits has not yet been introduced. At the present time joint enterprises have almost the maximally favorable conditions. If, in the final analysis, such favorable and attractive conditions for foreign capital are established throughout Estonia that the conditions in the zone do not differ strikingly from those all around it, then the need for the zone will disappear and Estonia will become, as it were a free economic zone. If, in addition to Narva, certain other districts or cities (for example, Valga, Pyarnu, Saaremaa) want to declare themselves as special zones, then it will be possible with a large degree of probability to propose the implementation of this alternative.

As for the formation of a single economic policy for Estonia, it is impossible to carry out such a policy without considering the development of a special economic zone in Leningrad. I do not know a single instance

in world practice when neighboring territories function as two different zones. There arises a kind of international competition between the zones, inasmuch as they are open to the world market. And the fact that things are no easier for our neighbors is indicated by their repeated adjustments of the concept of their zone and by the postponing of decisions dealing with it.

In the aspect of Estonia as an integrated zone (as well as a local zone in Estonia) for foreign capital, there is yet another essential question for which we do not yet have a final answer. It is the question of the zone's future money, inasmuch as our convertible ruble, for various reasons, is not suitable for that purpose.

In recent times much has been said and written specifically about Narva and in general about the northeast of Estonia, and therefore the author of this article will not touch upon everything. But it must be stated that Narva, while situated in the northeast of Estonia, is still not completely equatable with the region itself. As a city with a compact territory, a well-formed industry, and stable economic ties, it has its own clear-cut appearance and thus, in principle, can be viewed as a definite economic region. Another important factor is the city's role as Estonia's eastern gateway.

But, taking into consideration what has been previously stated, one should not count on any rapid final decisions in the near future. Within the confines of the elaborations of the economic policy as a whole and its individual elements, the conceptual foundations of the Narva free economic zone will be developed by the end of this year. In order to provide overall guidance and coordination of the actions, the government has created a state commission headed by Economics Minister Ya. Leymann. A group of Leningrad specialists has also joined the work dealing with the Narva initiative.

The mixed alternative for territorial conditions in the zone is being preliminarily considered. Separate questions are the problem of the ties between Narva and Ivangorod, which still constitute a single economic whole. Because Narva will be a special economic zone in Estonia, and Ivangorod will be a peripheral Leningrad economic zone, and that will inevitably give the previous economic relations a new quality.

If a fundamental decision with regard to the creation of the zone is taken late this year, next year will be spent in working out the details of all aspects, in developing the necessary laws, and in making adjustments as a result of the processes of political and economic development. I shall say also that if anyone attempts to link residency and work in the special zone with questions of citizenship in any of its alternatives, there are no foundations for this. As is the situation throughout the world, in our situation, under market conditions and primarily for the zone, the factors that become the determining ones are people's labor skills, capabilities, and desires. In other words, instead of "perambulations to find a job," labor itself becomes the chief factor. It is another matter if

someone plans to use the zone as a means in his own political struggle, but this is the "truest" path only to the dying out of the economic zone, since the atmosphere of political overstress, in which political vanity prevails, is capable only of frightening foreign capital away.

In conclusion I would like to note that the work on the entire set of all these problems does not mean that Narva must only wait things out until a final decision is made. A change in the relations of ownership, the arising of new enterprises, the restructuring of economic ties, the attraction of foreign capital in order to accelerate technical progress and increase competitiveness, and the reorientation of output to meet the new requirements—all these things are occurring in the interaction of collectives at enterprises, in local self-government, and state agencies of authority. In this work, acquiring wisdom and experience, we are laying a foundation on which the specific conditions for a special economic zone, in one form or another, will be able to accelerate the rates of our overall development.

## PRICES, BUDGET, FINANCES

### Turkmen Finance Minister on 1991 Budget

914A0404A Ashkhabad TURKMENSKAYA ISKRA  
in Russian 10 Jan 91 pp 2-3

[Report by E.K. Nazarov, Turkmen SSR minister of finance: "On the Turkmen SSR Draft State Budget for 1991"]

[Text] Esteemed comrade deputies!

The political reforms being carried out in our country, as well as the emergence and establishment of state sovereignty for the Union republics while retaining or preserving the USSR as a federation, have predetermined new approaches to the problems of financial planning.

Beginning in 1991, this country will witness for the first time the practical dividing up or parcelling out of the nationwide monetary funds among the operational spheres of the USSR, the sovereign Union republics, and the local soviets. The process of dividing up the budgets is taking place in a very complicated fashion; many problems have arisen with regard to balancing incomes, i.e., revenues, and expenditures, as well as determining additional sources of financing certain enterprises. Nor have we perfected the process of forming new administrative structures; nor have we yet approved all the tax laws, without which it is difficult to form budgets at all levels.

Under these conditions, the draft republic-level budget which has been introduced for your examination and consideration here should be regarded as a preliminary, forecast-type of financial plan—one which will be further refined and made more specific. Therefore, the government has adopted, as a group of provisional or

temporary measures, a special decree entitled: "On Budgetary Financing of Economic and Social Development During the First Quarter of 1991."

The chief tasks consists of balancing the budget, i.e., reducing the budget deficit as much as possible, and thereby providing the financing for all the socioeconomic programs which have been adopted.

As compared with the preceding year [1990], budgetary expenditures have been increased from 2,317,000,000 rubles to 4,042,000,000 rubles. And this is without counting capital investments and other outlays, which will amount to more than a billion rubles; financing them will be done from the republic-level fund for stabilizing the economy.

Such a sharp growth of expenditures has been conditioned or brought about by a significant increase in the allotments for financing the social sphere. The principal increase in the outlays is linked, as you know, with the salary hike for employees in the fields of public education, health care, and culture, along with increased stipends for students at VUZ's [higher educational institutions] and for pupils at specialized secondary educational institutions. Expenditures on food and medicine, major repairs, and obtaining equipment have likewise been increased.

Considerable funds—something on the order of 100 million rubles—are intended to be channeled into the social protection of families with children in connection with the transition or conversion to market-type relations. In a decree adopted with regard to this matter the USSR government has provided for payments to be made to families having children from the age of one-and-a-half to six years of a monthly assistance for each child. Such a payment would amount to 50 percent of the minimum wage, provided that the average, aggregate income per member of such a family does not exceed double the amount, or twice the size, of the minimum wage.

More than 83 million rubles are being earmarked for improving the situation of women, for safeguarding maternity and childhood [child care], as well as for the other social programs adopted at the Fourth Session of the Turkmen SSR Supreme Soviet.

The total expenditures for the social sphere—not counting capital investments—are assumed as amounting to 1,392,000,000 rubles, i.e., 435,000,000 rubles more than last year.

Expenditures earmarked for financing the national economy have been increased to an even greater degree. Whereas last year all the outlays on the national economy—without counting budgetary allocations for capital investments—in accordance with the approved plan amounted to 666 million rubles, during the current year these expenditures presumably should amount to more than two billion rubles.

Such a significant growth in expenditures for the national economy is to be explained, for the most part, by the fact that, in order to increase the profitability of agricultural production, the purchase prices on agricultural products have been raised, whereas the retail prices on food items and many industrial goods made using agricultural raw materials have remained at their previous levels.

In connection with this, our republic's 1991 budget has provided for outlays totaling more than 1.4 billion rubles to reimburse or make up for the price differentials on meat, milk, grain, sugar, and other items produced in this republic or beyond its borders.

Thus, almost one out of every three rubles to be spent from the budget during the current year will be earmarked for paying subsidies for supporting socially low prices for the population. For example, for each kilogram of meat products turned over to the state by kolkhozes and sovkhoses in 1990 there was a reimbursement, on an average, of 2 rubles and 30 kopecks, while for one kg of milk the reimbursement was 24 kopecks. In 1991 the reimbursements on meat amount to an average of 7 rubles, 85 kopecks per kg, and on milk the equivalent figure would be 61 kopecks per kg.

Allocations for maintaining organs of power and administration during 1991 for the republic as a whole are projected to amount to 57 million rubles, as contrasted with 47 million rubles during 1990. The growth of these expenditures has been conditioned or occasioned, for the most part, by the increase in the amounts of the deductions contributed to social insurance, the formation of several cities under oblast-level jurisdiction, along with the transfer to republic-level financing of certain departments which we previously financed from the Union-level budget.

With respect to industrial ministries, whose maintenance last year was handled by means of deductions contributed from subdepartmental enterprises, it is proposed to retain the pre-existing procedure or system.

Allocations for maintaining law-enforcement organs during the current year, in comparison with last year, are increasing from 2 million to 34 million rubles. This has been brought about by the fact that most of the structural subdivisions under the Turkmen SSR Ministry of Internal Affairs, which previously were maintained on the Union-level budget, have now been transferred to financing at the republic level.

In characterizing the budget's revenue base, the reporting speaker noted that, because of the raw-material tendency of our republic's economy, its revenues do not cover even a third of the expenditures being proposed.

Moreover, in connection with the introduction of new purchase prices, wholesale prices, and rates, along with the setting of new economic norms for dividing revenues between the Union and the republic, the budget's revenue base is being reduced somewhat, as compared with

last year. In particular, with regard to the turnover tax, which always used to occupy a significant proportion in the budgetary revenues flowing into our republic, there is a reduction from 775 million rubles in 1990 to 418 million rubles during the current year. In connection with the adoption of the new law on taxes from enterprises and the reduction, as a result of this, of the average tax rate on profits, the payments on the profits tax is being cut almost in half from those enterprises that are directly under republic-level jurisdiction.

In order to strengthen the revenue base of this republic's budget and, for the most part, that of the local budgets, in accordance with the law on taxes from the population, beginning from this year, all income-tax revenues from citizens, rather than 50 percent as before, will be entered into or listed on the local budgets. This will presumably amount to 125-130 million rubles.

Furthermore, a new type of tax is being introduced—a special sales tax amounting to five percent. Its payers must be consumers. However, the mechanism for levying it has not been worked out yet, and, because of that, it is impossible to determine the amounts of its revenues flowing into the budget. In our calculations, therefore, we allowed for merely 90 million rubles, which could flow into our republic's budget by way of the excess of exports over imports under the conditions of the new wholesale prices and rates or tariffs.

Thus, taking all the changes into consideration, the budgetary revenues during 1991 are anticipated to be in the range of 1.5 billion rubles.

Proceeding on the basis of estimated expenditures amounting to more than four billion rubles, without taking capital investments into account, the deficit of financial resources in our republic would come to approximately 2.5 billion rubles. This republic's government is taking certain definite steps to balance the budget. In particular, we have reached an agreement and signed a joint document with the USSR minister of finance to the effect that, within the project utilization of the All-Union Fund for Stabilizing the Economy, our republic will be allocated a subsidy of 800 million rubles from this fund.

Furthermore, in order to maximize the balanced nature of this republic's budget, the USSR Ministry of Finance, upon our persistent request, has provided for a reduction amounting to 1.5 billion rubles in the rental payments to the Union-level budget for natural gas. This would be done so that the profits of the Turkmengazprom Association could be increased by way of the price mechanism. And this would enable our republic to set rental payments for natural gas to be sold beyond the borders of our republic amounting to 20 rubles for each 1,000 cubic meters of gas.

Despite the above-mentioned support by the USSR minister of finance, the issue of introducing rental payments on gas will be a very complicated one, since it

affects the interests of other enterprises and organizations engaged in extracting and transporting gas, as well as the budgets of other republics. However, this variant is the best of all the variants for balancing our republic's budget. And the government will strive to employ it to solve this problem.

Practical implementation of these proposals advanced by our republic's government with regard to allocating subsidies and introducing rental payments for gas would allow us to balance the budget's revenues and outlays as much as possible. It would also permit us to finance the social sphere and the national economy in a normal manner.

As to financing capital investments, beginning this year, it will be carried out by means of the off-budget, republic-level fund for stabilizing the economy. This fund will be called upon to play an important role in restoring health to the economic situation in our republic's national economy.

In accordance with the Ukase issued by the President of the USSR and the draft agreement for 1991 on stabilizing the economic situation in the country—an agreement which was recently discussed at the Federation Soviet—the All-Union and republic-level, off-budget funds for stabilizing the economy should be formed by means of transferring to these funds, as a rule, in equal payments, amounts equal to 11 percent of the wage fund.

Derived from the wage fund, the total of deductions at 11 percent for this republic's territory as a whole would amount to approximately 360 million rubles. Half of this total would be entered into the republic's off-budget fund for stabilizing the economy.

Channeled into this same fund would be 20 percent of the amortized deductions earmarked for the full restoration of fixed capital assets. Only enterprises and organizations of the agroindustrial complex would be relieved of the necessity of contributing such dues. According to our calculations, the total subject to being transferred to the republic-level fund would amount to about 50 million rubles.

The foundation of these funds must be the revenues coming in from redeeming or buying up the property of state enterprises and organizations by labor collectives, which could allot for this purpose 50 percent of the remnants of the funds for providing economic incentives as of 1 December 1990.

According to our calculations, by proceeding from the remnants of these funds, we could channel approximately 900 million rubles into the so-called privatization. And half of this total sum could flow into the republic-level fund for stabilization.

It is assumed that the following will be channeled into the above-mentioned fund: the profits of enterprises and organizations obtained from the increased, long-term prices on goods, work, and services in excess of the top

levels set for profitability, as well as 20 percent of the funds flowing in from redeeming the property of state enterprises and organizations by means of other sources.

Taking into account all the above-listed sources, as well as the support of budgetary means, there is a genuine possibility for providing the financing of capital investments in the amounts envisioned by the plan and for supporting certain enterprises.

These would be enterprises in the fields of housing and the municipal systems, the Pharmaceutical Main Administration of the Turkmen SSR Ministry of Health, the Turkmen News Agency, and field-communications enterprises of the Turkmen SSR Ministry of Communications.

Further along, Comrade E.K. Nazarov dwelt on the basic indicators of this republic-level, draft budget.

Submitted for examination and consideration to the Turkmen SSR Supreme Soviet was the draft of our republic's budget for 1991. With regard to revenues, this budget totals 3,103,000,000 rubles. And with regard to expenditures, the total would be 3,200,344,000 rubles. This leaves a deficit of 97,320,000 rubles. The deputies have been furnished with more detailed data concerning the republic-level budget's revenues and expenditures.

As to revenues, the budget has been formed by means of deductions and contributions from the turnover tax. These are primarily revenues from the liquor-, vodka-, and wine-making industries, the sales tax—which was introduced on 1 January of the current year, rental payments for natural gas, a profits tax, and other revenues.

Approximately a third of this republic-level budget's expenditures is being channeled into financing the national economy—1,086,100,000 rubles, of which 661,211,000 rubles goes to support socially low prices on such food products as bread, sugar, fish, canned fruits and vegetables. Reimbursing the price differentials on meat and milk will be done by means of the local soviets' budgets.

Moreover, provision has been made for reimbursement with regard to consumer goods for children and elderly persons. This would be done by means of the budget surplus derived from the excess of wholesale prices over retail prices. The expenditures comprise 94 million rubles.

Current and major repair and maintenance of republic-level highways will be carried out at the expense of the republic-level budget.

It is proposed to earmark 519,200,000 rubles for financing social and cultural measures. As before, these funds will be used to carry out the maintenance of public educational institutions, to train personnel, for health care, culture, and art—all at the republic level of importance. They include such institutions as VUZ's and a

number of specialized secondary educational institutions, vocational-technical schools, theaters, clinic-type hospitals, and others.

More than 241 million rubles are being channeled into carrying out social programs.

Thus, outlays for financing social and cultural measures and institutions from the republic-level budget grow by a factor of 2.1 in comparison with 1990.

Most of the institutions in the social sphere are financed from the budgets of the local soviets.

In accordance with the USSR law: "On the General Principles of Local Self-Government and Local Economy" and the draft of the analogous Turkmen SSR law, beginning in 1991, the local Soviets of People's Deputies have been forming, i.e., drawing up, their own budgets independently.

At the same time, the forecast calculations with regard to the draft budgets of the local soviets have shown that the expenditures of virtually all the local budgets, with the exception of the budgets for the cities of Bezmenn and Krasnovodsk, do not show revenues flowing into their budgets.

In connection with this, the draft republic-level budget provides for allocating subsidies to the local budgets totaling 1,032,800,00 rubles.

In order to solve problems of financing urgent measures arising during the course of the year [1991], provisions have been made to form a reserve fund to be under the Turkmen SSR government and to total 35,451,000 rubles.

Every year, and the same time that the draft budget is submitted for the coming year, the Supreme Soviet used to approve the account of the budget performance for the year just past. The account of the performance by the Turkmen SSR for 1989 was approved on 22 May 1990 by a decree of the Turkmen SSR Supreme Soviet. Revenues of 98 million rubles were added as a supplement to this republic's budget, and this allowed us to cover the deficit which had been approved for 1990, amounting to 80 million rubles, and to achieve above-plan revenues of 18 million rubles.

In conclusion, the reporting speaker emphasized that financial measures alone do not correct finances. Success may be achieved only by means of stabilizing the work of the national economy, increasing the output of products, and reducing costs, as well as by really filling the consumer-goods market.

### **Uzbek Ministers Examine Misuse of Cooperative Funds** *914A0394A Tashkent PRAVDA VOSTOKA in Russian* *19 Dec 90 p 3*

[Article: "Financing of Cooperatives Under Strict Control"]

[Text] On 14 December, the cabinet of ministers under the president of the Uzbek SSR examined in detail the question of serious violations of the system for the issue of cash funds to cooperatives. It was noted that despite the decrees previously passed on the regulation of the credit and clearing services for cooperatives, there have been no substantial changes in the activities of the Uzbek republic banks of USSR Zhilsotsbank, USSR Promstroybank, USSR Agroprombank, and USSR Gosbank. As before, here there are serious violations of the procedure for the issue of cash funds to cooperatives and nonspecific application of funds.

The Chirchik section of Zhilsotsbank in Tashkent Oblast, the Mangit section of Agroprombank in Karakalpakskaya ASSR, the Sovetabad section of USSR Promstroybank and many others issued money to cooperatives for wages without mutual coordination of the requests of cooperatives and of the sums shown in the declaration and, in some cases, even without a request that it be made available. There are many cases in which cooperatives that received money for the payment of wages are using it to acquire raw materials and supplies and to make various expenditures.

The formal attitude of banks toward the signing of credit contracts is orienting the cooperatives not toward the production of consumer goods and the provisions of services for the population but toward the fulfillment of orders for state enterprises and organizations. Thereby the cooperatives that carry out cashless transactions with them subsequently turn them into cash with the connivance and lack of control on the part of banking agencies.

As was noted at the meetings of the cabinet of ministers, all of this has a negative effect not only on the state of the monetary turnover in the republic and the increase in the emission of money but also evokes just censure by working people. Note was made of the poor work in this area by the republic Ministry of Finances and its local agencies as well as by the ispolkoms of local soviets of people's deputies, which frequently register the statutes of cooperatives with forbidden kinds of activities, do not study the advisability of establishing some cooperatives, and tolerate shortcomings in the actions of cooperatives. The commissions established under the rayon and city executive committees are practically idle.

Based on the existing situation, the cabinet of ministers under the president of the Uzbek SSR worked out a number of practical measures to establish order in the work of banking and financial agencies involved in the extension of credit to cooperatives. These measures are called upon to normalize the situation in the financial and credit actions of cooperatives and to put a stop to the increase in various negative occurrences. The cabinet of

ministers made a decision to return to this question upon learning the results of the first quarter of 1991. The directors of financial and credit agencies and oblispolkoms will bear personal responsibility for the nonperformance of the decisions made.

The directors of republic ministries, departments, oblispolkoms, large industrial enterprises, and financial and credit institutions participated in the work of the meeting of the cabinet of ministers under the president of Uzbek SSR.



## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Readers' Letters Offer Insights Into Quality of Rural Life

#### Rationing Lamented

914B0081A Moscow SELSKAYA ZHIZN in Russian  
13 Nov 90 First Edition p 1

[Article by V. Taborn: "Hunger According To Coupons"]

[Text] Dear SELSKAYA ZHIZN: I am turning to you since apparently I have no place else to go. It appears that nobody in the state is giving thought to a specific individual. Once again, everybody is standing up for the people. The deputies are striving in behalf of the people and the new parties are defending the interests of the people. But who is defending and furnishing assistance to a specific individual? I am sending along a clipping taken from our rayon newspaper KRASNAYA ISKRA.

"Attention all residents of the city and the rayon! In October, coupons are being introduced into operations in the city and rayon. The daily norm for an individual: bread—300 grams, rolls—100 grams. (For rural residents—a double norm for baked goods). Groats for a quarter: rice—200 grams, wheat—1 kilogram, others—2 kilograms. Vegetable oil for a quarter—800 grams. Tobacco products—5 packs monthly. The following norm is established for supplying products in accordance with coupons introduced earlier: sugar—1.5 kilograms per month, tea—100 grams per month, meat products—0.5 kilograms per month, wine and vodka products—2 bottles per month, and laundry soap—1 cake per quarter. Notes: coupons for baked goods must be traded by the date of the month indicated on the card. All coupons are issued according to the place of residence, and coupons for wine and vodka products and tobacco—according to the place of work."

I lived through the blockade of Leningrad and thus I am not inclined to grumble. However, today I am unable to contain myself and thus have decided to send you a letter. Publish it. Could it be that the government is not aware of these norms? And if it is aware, then let it say why it is that we must endure hunger based upon coupons.

#### Follow-Up: Give Us Tractors

914B0081B Moscow SELSKAYA ZHIZN in Russian  
19 Jan 91 p 1

[Article by P. Konyshv, Igra Station, Udmurt ASSR: "Hunger According To Coupons"]

[Text] I fully support the author of the 13 November article. It is difficult to exist on the product norms which we receive in the stores. But there is a solution. I am 64 years of age. However, I maintain a private plot. We feed

ourselves and we aid our children. We sell our excess milk, meat and potatoes to the state. We could produce more products. But we need a T-25 or T-16 tractor. Yet the private tradesmen are not selling them. The enterprises have equipment that has been written off. The leaders are ready to sell it but they lack authorization. No commands have come down from on high. Thus machines which are worn out are sold for scrap metal at ridiculously low prices. Who profits from this?

#### Incentives for Work in Rural Areas

914B0081C Moscow SELSKAYA ZHIZN in Russian  
16 Nov 90 First Edition p 1

[Article by A. Knyazyan, Candidate of Economic Sciences, Moscow: "Rural Development Fund"]

[Text] Recently there have been many discussions concerning the need to repay our debt to the rural areas. Unfortunately, there have been very few specific proposals as to how to accomplish this.

I appeal to all of our compatriots: let us create an all-union fund for the restoration of agriculture, one that is based upon voluntary contributions by citizens, enterprises, institutions and organizations.

For example, over the course of 2-3 years we are organizing several Saturdays and Sundays each year under the motto: "Everything in behalf of rural areas." And the funds earned and products produced (cement, bricks, lumber and other construction materials) will be employed in particular for satisfying the needs of rural construction.

We are organizing an agricultural lottery, with the list of prizes including goods that are in short supply (motor vehicles, television sets, video tape recorders and others). The funds earned from this lottery will be used on a special purpose basis for satisfying the requirements of rural areas.

We are utilizing on a more extensive scale army construction subunits, student construction detachments and cooperatives in the interest of providing practical assistance and cooperation in the carrying out of rural construction.

Everyone is aware that approximately 500,000 people are moving each year from rural areas into cities. Many of them retain deep roots in the countryside. The new agrarian relationships are arousing in many of them a desire to return once again to their native areas. For them and for all those who wish to return to the countryside from cities, a system of special social guarantees should ideally be created. For example, all citizens who return and again take up residence in rural areas should be extended commercial credit (a cow, young pigs, sheep and so forth), with the condition that once the family begins to "stand on its own two feet," for

example after 2-3 years have elapsed, it will make repayment for the credit obtained in the form of agricultural products.

The mentioned fund could be operated by the country's Peasant Union.

#### Follow-Up Commentary

914B0081D Moscow SELSKAYA ZHIZN in Russian  
19 Jan 91 p 1

[Article by S. Yelesin, Pionerskoye Post Office, Talitskiy Rayon, Sverdlovsk Oblast: "Rural Development Fund"]

[Text] I have a grown family—seven children, of which six are sons. And my fate is such that of the seven only one remains in our village. And what do you think: over the past two years, we built a cottage and outbuildings and we succeeded in fattening four bulls which we turned over for meat purposes. We are feeding two cows and turning the milk over to the state at the rate of 15 liters daily. This is a very profitable area—animal husbandry. A counter-trade must be arranged for such suppliers and workers. A friend of mine needs a vehicle, but where can one be obtained? Our central government must devote some thought to this important question. If the entire world undertakes to restore the rural areas, then I am confident that we will do this.

I recall many construction projects. And the people, especially the Komsomol, completed them. Look what is happening at the present time. The people are contributing funds for the restoration of temples. The will of God—they prayed and when the situation was half satisfied: it was more cheerful and easier to adapt oneself to the task. The people rise to the occasion for sacred work.

#### Space To Live On Or To Work On

914B0081E Moscow SELSKAYA ZHIZN in Russian  
20 Nov 90 First Edition p 1

[Article by O. Brankovskiy, worker at the Gomselmash Production Association, Gomel: "Summer Residents Or Bread-Winners?"]

[Text] At the present time, much is being said and written about the relationship to the land. Truly, how much "ownerless" land lies unused in towns and villages? I can still somehow justify the feeble elderly people and invalids, since at times they simply are incapable of working the tracts of land bordering their homes. But I cannot justify those who use a village or town merely as a place for carefree recreation—a summer place. "Money is available and so what else is needed? Yes, let the land become overgrown with weeds. I am on vacation."

On the other hand, how many citizens attempt to obtain several hundredths of a hectare of land for the purpose of planting vegetable gardens or fruit trees. Thus, why is it not possible to find a mutually advantageous language,

on a strictly legal basis, between those who wish to have land for cultivation purposes and those who themselves are unable to work the land in a timely and high quality manner? And should not an additional lease payment or fine be imposed upon those who have no intention of displaying a thrifty concern for their land?

#### Follow-Up: Cottages Won't Feed Us

914B0081F Moscow SELSKAYA ZHIZN in Russian  
19 Jan 91 p 1

[Article by Vasilyev, Buzuluk, Orenburg Oblast: "Summer Residents Or Bread-Winners?"]

[Text] This article took us by surprise. If some old people remain in a village, should they select land for use as country cottages? This would make it appear that old people are not needed. And is it not the opinion of the author that this would have an effect on the youth? Indeed, they would select land to be used for summer cottages when they become older. But summer residents will not feed us.

#### Second RSFSR Peasant Congress Convenes

##### Preparations, Prospects Viewed

914B0082A Moscow IZVESTIYA in Russian 2 Feb 91  
Union Edition p 1

[Article by V. Gavrichkin: "And Then Came the Peasants: On 2-4 February in Moscow the Second AKKOR Congress Will Be Held"]

[Text] The Association of Peasant Farms and Cooperative Societies of Russia (AKKOR) was formed by the first, founding congress in January of last year. This union unites truly independent peasant farmers, and in its activity, as envisioned in its regulations, it combines political, economic, and scientific-consultative functions.

A year has passed. This is not a long period of time, of course, but it still makes it possible to draw fairly accurate conclusions and outline the prospects for the development of a new kind of unity of peasants. This is actually why delegates from peasant organizations are gathering in Moscow. But while the first congress a year ago was attended mostly by single farmers in the literal sense of the word, today regional AKKOR associations have been created and are operating in almost 60 oblasts, krais, and republics. The number of independent peasant farms has increased from several dozen to 3,500, and there are close to 4,000 small agricultural cooperatives. About 50,000 people have become involved in these forms of management.

These figures are impressive if one recalls that they had to begin from zero, with an almost complete lack of belief in the notion that there are still peasants in Russia who long for the land: in an atmosphere of practically

complete lawlessness and furious opposition from the System to the restoration of the independent peasant.

These figures are catastrophically insignificant or they might seem so in the perspective of our immense Russia. Perhaps it is only against such a stunning background that one can understand the real price of the endless shouting about the threat to the kolkhoz system.

But I am certain that it is still too early for ideologists who think of the peasantry as a lawless herd to draw any triumphant conclusions from this fact. This is a threat for them. The threat of a personal catastrophe. If, of course, they do not understand where, in which direction the peasantry has moved, and that there will inevitably be an unstoppable process of restoration of the rural areas. It has deep economic and socioeconomic roots.

"Feeble attempts at progress and universal well-being through equalization of the distribution of goods, through 'equality in poverty,' have become a part of history," thinks AKKOR president V. Bashmachnikov. "Today there is a stronger social understanding that the society and the state will not be rich until all of its citizens become prosperous. In a renewed society ideas about the sources and content of prosperity change. For along with changes in property relations there are also changes in the sources of the well-being of the family. Now, in addition to wages, a person can also count on having part of the profit. Added to objects for personal consumption are means of production, including the land, that is, people receive the right not only to the results but also to the conditions of their labor. In this respect the farmers can say to their fellow workers—rural and city workers and members of state-appropriated kolkhozes: 'Although we are private owners, we are not your class enemies. Ideologists of the thirties have clouded our minds to this day. It was not the peasant owners who should have been turned into proletarians but you, the workers, who should have been turned into property owners, share and stock holders.'"

This statement is not without a point—it clarifies the essence of the process. For in each zone of Russia there are kolkhozes and sovkhoses which are already being transformed into associations of peasant farmers and small enterprises, into unions of peasant owners. Moreover, tens of thousands of farmsteads are being transformed into commercial farms. Their representatives will also participate in the work of the AKKOR congress. So the figures I mentioned above are conventional in a certain sense: they include only the farmers and agricultural cooperatives which are legally independent, have acquired land, and have their own bank accounts. But in reality the farm movement has a very powerful base and, consequently, good prospects. The package of laws and resolutions adopted recently by the extraordinary Congress of RSFSR People's Deputies, the Supreme Soviet, and the Government of Russia bolsters confidence in this.

The prospects for the development of the peasant movement will undoubtedly comprise the basis for the discussion for which the congress of peasant delegates is convening. Of course, it would be naive to think that simply because of the land reform and farming we will be able to solve the food problem in the next few years. All forms of management will have to be relied upon in order to solve this difficult problem.

### Orel Chairman on Koster Record

914B0082B Moscow IZVESTIYA in Russian 4 Feb 91  
Union Edition p 2

[Interview with L. Peshekhonov, chairman of the Koster Agricultural Cooperative, Orel Oblast, by V. Kononov: "Competition Needed in Agriculture"]

[Text] The second congress of the Association of Peasant Farms and Cooperative Societies of Russia (AKKOR) began its work on 2 February in Moscow. What is bothering Russian peasants today and which problems in the development of the new agricultural system must be solved first? This is discussed by congress delegate L. Peshekhonov, chairman of the Koster agricultural cooperative in Orel Oblast.

[Peshekhonov] We still have our old problems, unfortunately, even though it would seem that considerable changes have taken place in the country's agrarian affairs recently. Union and republic laws and programs have been adopted and funds are being allotted for the development of the new structures. But everything is running into strong resistance both in the center and especially in the local areas. Our Koster Cooperative is a clear example of this.

[Kononov] But is it still surviving?

[Peshekhonov] I understand where that question comes from. I was surprised to learn here in Moscow that there is a persistent rumor to the effect that the Koster Cooperative, about which a great deal has been written in the press, had burnt itself out and departed this life. Obviously opponents of new forms of management would like this very much. But we have to disappoint them. We ended this year successfully. Suffice it to say that the Orel kolkhozes and sovkhoses did not turn in a single kilogram of seed to the oblast seed growing farm. But we did give them three tons of clover, and we can sell an additional 10,000 tons of clover and alfalfa. We completely fulfilled the state order for seeds of perennial grasses. We have paid off our loans. We transferred 45,000 rubles [R] in rent to the leasing kolkhoz. And were it not for the terrible conditions of the agreement with the kolkhoz, our financial situation would be excellent. IZVESTIYA has already repeatedly discussed our relations and conflicts with the lease holders. Our litigation continues and no end is in sight.

[Kononov] You are not the only ones in that position...

[Peshekhonov] That is just it! The peasants who decided to manage independently concluded agreements with their lessors at a time when we did not have the present laws and the new businessmen had no rights. The situation has changed now but the kolkhozes and sovkhoses are holding on all the more tightly to each piece of land, wanting to obtain profit without investing anything. Herein lies the immense danger of the agrarian reforms. For many of the farm leaders are ready to lease the land to whomever wants it, even the latest drunk or shady dealer, as long as they retain control and their right to it. And the land commissions in the rayons, which are comprised of managers, support these actions. So it could turn out that the free (according to the law) peasant ends up with nothing again. Our applications for registration of four farms on the basis of our cooperative, which would take possession of the land, has been lying around in the rayispolkom [rayon executive committee] for almost a year now. But there have been no results.

[Konovalov] Could the AKKOR congress help to solve problems like this?

[Peshekhonov] That is why we are gathering. If there were no hope it would not be worthwhile to undertake the project.

[Konovalov] Will the billion rubles promised by the Russian Government for their development help to establish peasant farms?

[Peshekhonov] Yes, if we are able to defend our right to this money. You know what happens? Until recently many of AKKOR's oblast and rayon organizations have not been recognized by the local authorities. But when they smelled money everything changed. They began to actively introduce apparatus forces into the local AKKOR organizations. The administrative system is trying harder to crush the new structure under its weight and take the money into its own hands so that later it can successfully bury it, as has happened repeatedly in the past. Our congress should say its piece about this as well.

[Konovalov] Will it ultimately be possible to establish between the farmers and kolkhoz-sovkhoz workers relations not of struggle and resistance but of healthy competition and cooperation?

[Peshekhonov] Life itself and fair competition will be our judge. And there is no doubt that we must not break down everything that exists. For the kolkhoz structures, if they are radically reformed, are quite suitable for cooperation of new peasant farms. All we need are the proper conditions so that various systems can really be equal.

### Congress Tackles Issues

914B0082C Moscow SELSKAYA ZHIZN in Russian  
6 Feb 91 p 2

[Article by SELSKAYA ZHIZN special correspondent I. Konovalova: "Notes from the Second AKKOR Congress: The Master Established on the Land"]

[Text] Just a year ago, when the Association of Peasant Farms and Cooperative Societies of Russia (AKKOR) was founded, only a couple dozen of the founders gathered. And this is understandable: there was no kind of serious social base for farming and the new rural structure had just originated. Today 50,000 people in the republic are working on family peasant farms, agricultural cooperatives, and artels. But the main thing is that the movement is growing rapidly and is assuming, in the words of I. Silayev, chairman of the Russian Council of Ministers, a scale somewhat unexpected by the government. Although its products still account for a small share of production. What are the prospects for the new forms of management, in which directions will they develop, and how can we make the process not random but controlled? These were among the topics of discussion at the Second AKKOR Congress held in Moscow.

Participating in it were 775 delegates from 70 oblasts, krays, and autonomous regions. Certain characteristic features of the composition of the congress are remarkable. About 70 percent of the delegates work directly on the land, mastering new forms of management; three-fourths of them own land, and the rest lease it or are shareholders or cooperators; eight percent are workers of agroindustrial management organs; and three percent are party and economic leaders. The average age of the farmers is 42, what one might call an age of maturity and serious, well-thought-out actions. The majority of them have an agricultural education (80 percent), 59 percent of the delegates have completed VUZ's [higher educational institutions], and the rest have graduated from tekhnikum.

Ten percent of the delegates are women and, as a rule, the women are in charge of peasant farms. Fifty-two percent of the delegates do not belong to a party, 30 percent are CPSU members, and eight percent are members of the Peasant Party.

These are a couple of brush strokes from the collective portrait of the congress and, it would seem, of AKKOR as a whole. Participating in the work of the congress were I. Silayev, chairman of the RSFSR Council of Ministers, RSFSR Minister of Agriculture G. Kulik, Chairman of the Republic Land Reform Committee V. Khlystun, Chairman of the Agrarian and Food Committee of the USSR Supreme Soviet A. Veprev, and the leaders of many social movements and parties as well as foreign guests and representatives of business circles. This shows that the new AKKOR organization is being taken quite seriously.

And indeed, as the report of AKKOR President V. Bashmachnikov showed, with the direct participation of the association a good deal has been done in the republic recently to develop a multiple-structure agriculture and establish new forms of organization of peasant labor. The Russian Government has adopted a significant decree concerning support for peasant farms, cooperatives, and associations. It has created the State Committee for Land Reform. Resolutions have been adopted

to form a financial fund called "The Russian Farmer" and also to create a special system of resource support for peasant farms.

Family collectives and cooperatives are multiplying in number. There are already examples of their high degree of effectiveness, to which local AKKOR associations are contributing in no small measure. For example, in Pytalovskiy Rayon, Pskov Oblast, there are more than 80 independent family farms in operation. Last year the scientific laboratory headed by peasant movement enthusiast R. Praust conducted an investigation of them. It showed that the farmers are obtaining 2.2 times more output per hectare (and 1.5 times more per able-bodied worker) than the kolkhozes and sovkhoses on whose territory the peasant farms have been formed. Herein lies one of the reasons why in Pytalovskiy Rayon the average annual growth rates of gross output were more than six percent during the last five-year plan while in Pskov Oblast as a whole gross production dropped by three percent.

Of course, one must not overestimate the economic advantages of farming. This was emphasized in V. Bashmachnikov's report. Only the ignorant or naive would say that the farmers will solve the food problem in the near future, not to mention contrasting farming to kolkhoz-sovkhoz production, which will continue to dominate as before.

It is a pity that the sociologists' questionnaire did not include a question about how many and what kinds of legal ordeals the participants in the congress had experienced. Such a list could be of service to many writers interested in crucial issues. Farmer A. Yezhikov, who was almost completely ruined by the farm's leaseholder, said that after the article about it in the central press, he began to receive literally stacks of letters from people all over the country who had been driven to despair as he had. It was not without reason that almost the most popular figure at the congress was the legal expert, around whom the farmers crowded during the recesses. Among them were many familiar people, including heroes from the pages of our newspaper.

There was A. Suslov, who has been fighting unsuccessfully for three years for land in Lipetsk Oblast. There was M. Dzhalukhyan, about whom SELSKAYA ZHIZN published an essay entitled "Unemployment"—he is unemployed to this day, that is, he is without land. There was the lady farmer from Sverdlovsk Oblast, Z. Silnyagina, who was just emerging from a battle (they had stopped accepting milk from her and she had to sell her cows and switch to fattening heifers) when she became involved in another legal battle with the sovkhos: the tractor with mounted equipment, which, fortunately, she had acquired through immense work and had paid for in full, caught the eye of the sovkhos—well, what good does it do to fight this kind of opponent—they took the vehicle from her yard by force and that was the end of it! And there was L. Peshekhonov from Orel—his family collective, which is renowned throughout the entire

country, pays the kolkhoz R700 per hectare of land, while the kolkhoz itself does not even get R70 of income per hectare...

Incidentally, it is no accident, no accident at all, that sociologists, investigating the same population for the third time in a year, observe a desire on the part of farmers who began with intrafarm leasing and then changed over to "full-fledged" leasing to cut the final strings and have an independent farm. The nerve-racking struggle—first for the tractor, then the land, then just because, just to proclaim and establish the rights of the strong, who needs this? Are the psychologists really right in saying that the only reason for this is our obtuseness and refusal to accept anything that goes beyond the framework of the stereotypes with which we have lived for decades? Someone is living differently from everyone else, well, how do we put him in line! But why, what good does this do anybody?

Obviously, the only advantage to be found is when they manage to arrange extensive and effective interaction between family farms that are not yet strong but are striving for independence and large farms which, alas, the majority of new farmers cannot get along without. I was glad to meet, along with our newspaper's writers, V. Butenko from Rostov Oblast, the director of a sovkhos whose farm was rebuilt with a leasing arrangement, and M. Chertav, the chairman of a kolkhoz which also re-established a farm and, the main thing, he sees in this no threat to his personal or social well-being.

On the other hand, as congress delegates emphasized, there is an urgent need for an independent organizational structure with its own support system, its own financial institutions, agricultural services, and scientific and training centers. The association is being given significant support in this by the Russian Government. I. Silayev, chairman of the Russian Council of Ministers, who gave the welcoming speech at the congress, emphasized that linked to the development of farming are great hopes for the real regeneration of the rural areas and a solution to the food problem in the future. It is with this goal that the government is taking concrete steps to strengthen the financial condition of the peasant farms. As we know, the RSFSR Government adopted a resolution to allot a billion rubles for this purpose.

The discussion of how to use the billion almost reached an impasse. For some people do not know that the farmers are beginning, as it were, from zero, and the need for money to get by on, with which it would be possible to buy technical equipment and mixed feeds even at the contractual price and prepare for spring—this need is immense. But, on the other hand, it would be the simplest thing in the world to squander the billion (the amount is not so great considering the number who are suffering) but then what? Would it not be wiser to put the money into circulation? There was a lot of serious debate about this.

Ultimately this is what they decided: to put a large part of the money into a commercial bank (the newly elected President Bashmachnikov was instructed to determine within 10 days which bank and under what conditions) and to use the rest of the money as an insurance fund, and they are not to spend a single kopek on maintaining the AKKOR management structure. The banked part of the money will be distributed among the regions in order to obtain credit with interest.

There was a no less lively discussion of the question of conducting land reform. Acquiring land is the most painful problem, especially for those who just decided to begin this spring. The chairman of the republic Committee for Land Reform, V. Khlystun, familiarized the delegates with the procedure for redistributing land.

Perhaps the main result of the congress was the establishment of businesslike cooperation between the farmer association and the republic government, the Ministry of Agriculture, and the Committee for Land Reform. In this one can see serious intentions to cooperate, an ability to envision the future, and reliance on creative people with initiative—the new farmers.

The AKKOR regulations were adopted at the congress and the directions for further work were earmarked.

#### AKKOR President Comments

914B0082D Moscow LITERATURNAYA GAZETA  
in Russian No 5, 6 Feb 91 p 5

[Article by Vladimir Bashmachnikov, president of the Association of Peasant Farms and Cooperative Societies of Russia: "The Farmer"]

[Text] A farmer is a person with a strong disposition. This is really true. Recall how they beat up the "Arkhangelsk peasant" Sivkov because he went to work independently. As far as I know there were the same kind of peasants in Povolzhye, Siberia, and the non-Chernozem zone! The weak fell by the wayside and the strong survived.

Our opponents have had various things to say about this: "deviation from the norms of socialism," "how did the farmer get to Russia! There is no land for anybody to take there..." "a temporary diversion thought up by radicals."

No, their predictions did not come true. Judge for yourself. While two years ago in Russia there were only a couple of dozen peasant farms (I am not counting renters) now there are 3,500 of them, and there are also 4,000 interfamily agricultural cooperatives and voluntary artels. About 50,000 people are working for themselves, feeding their livestock, and raising grain, fruits, and vegetables.

That is not very many when you consider the size of Russia! Right. But after all we began from zero, from complete rejection of the very idea of private farming. And this is why I think that, although it is modest, this is

a victory. And our association, our AKKOR, has made its contribution to this. For we literally had to defend everyone who wanted to obtain a little bit of land, to "gnaw" each hectare away from the all-powerful agrarian monopolists.

We are not extremists and we understand our reality quite well. This is why we are trying to avoid large sensations. The main thing is our work. And we have made progress here, especially after the Russian parliament recognized private ownership of the land and an equal right to free entrepreneurship in rural areas. This is by no means a question of one or the other: kolkhozes or farms. We say let us have both kolkhoz-sovkhoz workers and farmers. But without discrimination, without encroachment on their rights, in a friendly atmosphere. Without this we cannot save the countryside, feed the cities, or cure our sick society.

In agriculture the most successful process is to join into one the entrepreneur—the owner; the controller—the manager; and the worker—the one who performs the work. Yes, here we need a special type of worker. There are not many of them but they do exist! And we must whet their appetites to work independently, without complaining, and without constantly being rebuked, we must take maximum advantage of the genotype of the talented rural resident, one which has almost died out, and we must help him in every possible way.

Farmers are the strongest people not only in the rural areas but also in the cities, those who have not yet forgotten what a rooster's crow sounds like. I think they are the ones who will put a stop to the tragic process of the degradation and neglect of the land. Here is one example. In Pskov Oblast there is one "farmer" rayon. Pytalovskiy. More than 80 family farms had been formed there by the beginning of this year. And everything began three years ago. From each hectare the farmers obtain 2.2 times more food than the kolkhozes and sovkhozes of the rayon do. Of course, it will still take years for the voice of the farmer to be heard at full force in the overall chorus of voices. But we are counting on the idea that by the end of the century the "private sector" in the rural areas (including here gardens and orchards of city dwellers and private subsidiary farms of peasants) will produce about 20 percent of all the food.

Many people consider farms to be agrarian backyards. This is not true. With time a whole structure will take form, a system of individual farming with its own self-management, organization of product sales, and services. This cannot be created from within the old structures. Freedom is needed here as well.

The RSFSR Council of Ministers has allotted a billion rubles for the needs of the farmers, for the first thousands of trucks and tractors.

But the most difficult thing is the land. There is the law, and regions with their soviets that have little power or authority so far are unable to fight for reform. And they simply do not want to. The command-administrative

system is still strong and it does not want to be crowded out to make room for the farmer.

We are afraid of the concept of "private ownership," especially when it comes to the land. The belief in the possibility of a free choice of a way of life has been beaten out of the people. The Stalinist model of militarized, impersonal socialism should be relegated to the past. Totalitarian regimes have become strong in places where the majority of the people have been indigent, and economically dependent. But the farmer is a property owner and a master. He cannot be ordered about.

Our peasants are speaking out in favor of private ownership of the land. This will give them a guarantee: it will not be taken away, it will not be de-kulakized, their invested expenditures will not be wasted. But they are also against any kinds of ownership of large landed

estates! The West has accumulated experience in limitation of land ownership. God himself wants us to take advantage of this as well.

When we were preparing the "peasant question" for the Russian congress, people argued for a long time about whether or not we should introduce the foreign, little understood word "farmer." Would it not be better to use the customary peasant and peasant farm? We asked the country people. And they said with one voice: only farmer! That is a free person. For our history has developed a sad image of a peasant plowing his little plot.

Well, let the farmer, a strong person with a strong disposition, work the land in Russia as he does throughout the civilized world.

## POLICY, ORGANIZATION

**Local Reports Show Worker Control in Goods Distribution Still Poor**

914D0140A Moscow IZVESTIYA in Russian  
4 Feb 91 Union Edition p 2

[Article by IZVESTIYA staff correspondents S. Suslikov, Omsk, and V. Kornev, Volgograd: "Worker Control: Yet Another Apparatus"]

[Text] Enough time has elapsed in order to assess whether the decree of the USSR president "On Reinforcing Worker Control With a View to Putting Storage, Transportation, and Trade in Foodstuffs and Consumer Goods in Order" works and yields tangible results. We have asked IZVESTIYA correspondents in two large industrial cities to familiarize themselves with the current state of affairs locally.

**Omsk**

By a decision of the local authorities, state security services have also been incorporated into the system of distributing goods in short supply in execution of the presidential decree. From now on, chekists who have been issued special credentials may perform without hindrance functions that were not properly theirs previously: help worker inspectors put an end to abuses in trade.

The very first inspection organized with the participation of the KGB provided abundant food for thought. The chekists found a secret door inside a regular wardrobe in the small shop No. 33 of the Association for Trade in Textile Goods, Garments, and Footwear. This door led them to "a basement" overflowing with choice imported goods: Turkish sheepskin coats, fur coats and hats, and boxes with shoes that you can only find on the black market. This entire abundance was videotaped and was shown to the journalists of Omsk for an hour: the empty shelves of the store and the so-called stock room overflowing with merchandise in short supply.

I must say that No. 33 is a special store. As conceived by city fathers, it should serve mainly the owners of peasant farmsteads in order to provide incentives for them to bring village calves to the markets of Omsk by way of selling to them goods in short supply. Ideal conditions were created here for the peasants, the providers of food for this city of one million. Peasants coming from far away could wait for their orders in a specially furnished lounge: they could sit on soft chairs, treat themselves to tea, and leaf through magazines... Alas, the inspection found that the lounge and the tea with sugar (they were allocated to the shop free of charge) were in evidence but not for visitors from the countryside. These visitors were not allowed to even come close to the place.

A quite legitimate question arises: For whom were imported goods in short supply meant in this shop providing incentives for meat procurement? As I was

told in the KGB Administration for Omsk Oblast, this question may only be answered after a comprehensive audit of the shop by a large team of well-trained experts. However, there are hundreds of shops, whereas abuses are the same... This means that an entire army of controllers is necessary who are, on top of that, definitively honest, competent, and well-paid. It turns out that it is no longer enough to mobilize the Procuracy, the BKhSS [Department for Combating the Theft of Socialist Property and Speculation], state trade inspectorates, worker inspectorates of the trade unions, and so on, to fight our own state trade. It is time to also create committees of worker control reinforced by the chekists!

Still, relatively low odds are given to the old and new inspectors both by the people and within the community of inspectors themselves. It is no accident that until now not a single group or committee of worker control has been registered in Omsk (meanwhile, a lot of time has passed since the adoption of the presidential decree).

Workers do not want to become inspectors; nobody wants to head committees on a volunteer basis. So, the city executive committee is already mulling the issue of incentives: staff positions for full-time heads of groups, official cars, a staff of technical employees of the committee of worker control... However, we have already had all of this: positions, chairmen, cars, and inspections... There have been thousands of inspections, and at the same time crops have perished five kilometers away from urban stores; the peasants have been kept away from the markets; stock rooms have existed for the chosen few, and empty shops for the majority. We would very much like the most banal truth to dawn on the majority: rubles in the pockets of the buyers are the best controller. However, free trade is necessary for these rubles to function, which will give peasants bringing meat to the city plenty of choice: whether to sell it to a shop, a procurement agent of the rayon union of consumer societies, a restaurant, a cafeteria, or at the market... In this case, the buyers will also face their own problems: where to go and how to spend their rubles. Should it be the place where things are cheaper and their quality is higher? Or is it the place where they greet you in a friendlier manner?

**Volgograd**

"...To set up, in every rayon and city reporting to the oblast, rayon and city commissions for monitoring the status of the consumer market." This is an excerpt from "Recommendations Concerning the Execution of the Decree of the USSR President on Reinforcing Worker Control" developed by the local authorities. I quote further: "It is necessary to allocate premises for the operation of the commissions and groups in question, provide transportation and communications facilities for them, and issue identification documents."

Unfortunately, I cannot give you the total outlay for this purpose; so far, nobody has calculated it. However, it is obvious that maintaining the commissions is going to



cost a pretty penny: There are eight rayons in the city of Volgograd alone, and 33 more in the oblast. Let us add to this the funds that will be spent on the salaries of those who manage the commissions and worker controllers. I have made inquiries: in some places, these so-called full-time employees have already been selected, and elsewhere candidates are being selected. I took an interest in the salaries. Respectable amounts of up to 450 rubles were named.

Chief of the oblast State Trade Inspectorate S. Levin told me: "This is not yet all. I have made calculations, and here is the result."

Levin used for his calculations the average number of worker controllers in just one rayon, between 600 and 700 people. If everyone of them spends one day a month going on inspections an amount of funds lost due to distracting the people from their main occupations will be accumulated that will suffice for the annual salaries of three staff inspectors who are skilled specialists.

S. Levin went on to say: "Volunteers detect one-fourth to one-third of the violations our employees do in the course of inspections."

He showed me documents bolstering what he had said by specific facts. Therefore, having inspected 452 retail outlets in Novoanninskiy Rayon, volunteer controllers detected violations only in four of them. This was, perhaps, the most instructive example. The performance of others was better. However, on the whole the chief of the State Trade Inspectorate is right: the ratio was not at all in favor of volunteer inspectors.

I took a rather extensive survey: I discussed this topic with employees of the Volgograd City Soviet and the oblast Council of Trade Unions, managers of enterprises, and also with worker controllers. As we can see, the people were different, and they represented different organizations. I will quote their opinions further, but I suggest that we hear out a trade employee first. I understand that assessments by this interested party may be received in a biased manner.

Chief of the Volgograd City Trade Administration L. Okhrimenko told me: "Unfortunately, the conviction that trade employees are definitely guilty is characteristic of volunteer controllers. These passions go overboard at times, and it comes to undisguised insults, despite the fact that the effectiveness of inspections ultimately turns out to be low. I am in favor of strict control. Moreover, I believe that accountability for violations should be made stricter by, for example, increasing the amounts of fines. However, I am in favor of lawful control and mandatory compliance with legal norms. You would agree that it is harmful rather than useful when inspectors 'stick up for their rights' proceeding from emotions rather than legislation."

I visited the trade departments of the city. Indeed, it is hard to disagree with L. Okhrimenko's arguments. Here are just some of the facts. When a group of worker

controllers inspected a confectionery shop it sold virtually nothing for two days. The inspectors even suggested that a TV camera crew be called in; this is how convinced they were that they would collect evidence of wrongdoing there. As a result, the amount of candy was found to be precise to the kilogram after they reweighed it. In another store, inspectors began to inspect bags and purses with personal belongings without any ceremony. Was this an inspection or a search without a warrant? Incidentally, at this point trade employees called in the BKhSS Department themselves: please help the volunteers to inspect us in keeping with legal norms.

As any business, trade has its specific technology. For example, chickens delivered to a shop may be laid out on the counter after they thaw out. According to trade rules, TV sets should sit on the shopping floor for a day before they are sold and should warm up. What about the movement of goods and their bookkeeping system? Even highly experienced OBKhSS employees have difficulty finding violations in this sphere.

Functionary of the Volgograd City Soviet V. Simoshin summed it up: "In general, it would be better to augment professional control instead of creating a new volunteer control structure."

Chief of department at the Oblast Trade Union Council A. Yemelyanenko carried on his idea: "Besides, worker control of trade unions existed and still exists; nobody has abolished it. Its controllers are quite numerous as well. Regulations on it were adopted in May 1989 by a decree of Chairman of the USSR Supreme Soviet M. Gorbachev. Explanations were required after the decree of the president on worker control was adopted in November of last year."

I read the explanations that were distributed by the central trade union organs. They said that the presidential decree should be viewed as an act aimed at reinforcing worker control and complementing the previously adopted regulations on worker control by trade unions from the point of view of expanding its rights and the sphere of its operations. The oblast Council of Trade Unions even published a special booklet in which the documents of both the center and the local authorities were collected so that the worker inspectors could sort out the existing situation.

I will specify that rayon inspections of the worker control of trade unions used to be managed by one person and, remarkably, on a volunteer basis. There used to be up to 100 inspectors working under him. Understandably, enterprise managers with whom I happened to meet were not enthusiastic about the number of controllers now increasing greatly. After all, volunteer work cannot always be done without leaving one's main job. Many worker controllers treat the duties they have been entrusted with as a not quite voluntary workload.

One more point. Could the worker controllers also succumb to "petty" corruption this time, taking advantage of goods in short supply at "their" shops (at present,

literally everything is in short supply) and turn a blind eye to violations that occur in them? There have already been such cases. I have been told about them, but I do not refer to them because they are hard to verify.

What suggestions can be made? I have said above that it is necessary to augment professional—I stress, professional—control. The following fact also testifies in favor of this. During our conversation, A. Yemelyanenko took from a drawer of his desk and showed me an ID card confiscated from a volunteer worker controller. The individual took advantage of his rights for personal gain. So what? Losing his ID card was no big deal. A staff employee would have been treated differently. There are other penalties for the abuse of official positions. An idea voiced by S. Levin also merits attention. As shortages mount, consumers become more and more defenseless. However, there is not a single law that would guarantee and defend their rights. That is to say, this once again has to do with actions taking legislation into account. Meanwhile...

S. Levin said: "I attended a rayon soviet session at which the issue of setting up a worker control commission was discussed. A speech by the contender for the position of its chief was memorable. He said that he would call this an emergency commission. He would pick some brawny fellows, issue weapons to them, and shoot trade employees who have committed violations on the spot. This is his approach..."

## FOOD PROCESSING, DISTRIBUTION

### Estonian Price Freeze Decision Reported

914D0142A Tallinn VECHERNIY TALLINN  
in Russian 15 Jan 91 pp 1, 3

[Article by E. Osa: "The Government of the Estonian Republic Informed Yesterday: All Retail Prices Are Being Frozen!"]

[Text] Before the government information hour started, I asked what some of the Supreme Soviet members thought about this issue. They have received the corresponding information from Prime Minister Edgar Savisaar.

Enn Leisson, "Independent" deputy: "We should have followed the Ukrainian example from the very beginning. I suggested it as early as the beginning of the preelection campaign. The monthly production of goods—not the gross national product, but the material production for the month—should be covered by what we call "white money" or by coupons. People can use them to buy necessary commodities at government established (low) prices and thus they would not add to the monies in circulation. An increase in allowances leads to nothing but redistribution. Let us remember that during the times of the Estonian Working Commune both a scientist and a servant girl were paid 500 a month. Is this what we want to achieve?"

Vello Pokhla, "Green" deputy: "The price increase was just as natural as a law of nature and its observation. It is a pity that we are so slow in understanding the laws of nature. Freezing prices is a usual political maneuver necessary for a successful conduct of policies. Free prices are a natural condition and a prerequisite for democracy. The government has to decide how to prevent a part of the population from becoming beggars."

Freezing retail prices and payment for service rates cannot be permanent and this fact is well-known to economists. As a usual response, enterprises start working for storage and they tend to sell less. This state of things lingers for a while but the consumers suffer.

Thus, in case of a price freeze we can be talking days or weeks but not months. The USSR raised wholesale prices but not the retail prices yet. So, we are going to wait for that. It seems that our neighbors to the east will not last past 1 February; this fact has been also recognized by the economists in the east. The reason lies in the absence of any way to obtain the R100 to R150 billion in subsidies... (During the information hour this issue was discussed by Minister of Economy Jaak Leimann, Prices Department General Manager Peeter Tammistu, and by government adviser Ivi Proos).

People came to Toompea today to protest against the high prices as a whim of the Estonian Government meant to torture the population. The radio has already informed about the Toompea events and by the time this newspaper is ready for print we will know whether the Minister of Internal Affairs Olev Laanjarv manages to prevent a repeat of the 15 May events. The organizers of the protest, on their part, have promised to do everything tactfully.

### The Government of the Estonian Republic Has Worked Hard for Two Days in a Row

On Sunday and Monday, apart from the price freeze and emergency measures they, of course, discussed other issues also. The prime minister had a number of important meetings and conversations (in the Supreme Soviet yesterday, as well as with the USSR high military command). For that reason the government session was chaired by Minister of Economy Jaak Leimann.

On Sunday the government was discussing the following issue: Where can we find the money to pay the union tax which, it seems, we would not be able to escape? The USSR, for instance, is not ready for unsubsidized payments for crude oil, gas, and coal; our hydrometeorological service is also paid from the USSR budget, etc. Why have the Union payments not been taken into consideration before? It was not possible because the budget of the Estonian republic was being designed at the time when nobody knew anything about the all-Union budget. For us this is primarily an economic problem, not a political one.

It is not quite clear either where we can find the money to increase the retirement pensions. Can it be done by

increasing the percentage of the social tax? However, the minister of economy thinks that he would have made voluntary payments to the social fund if he were the manager of an enterprise whose reputation he would want to upgrade. How about managers of other enterprises?

At what price are we going to sell meat, milk, and eggs to the union fund in order to receive various fodders, fuel, etc.? It does not seem appropriate to sell all these cheaper than to our own people. As prices are quite dynamic the agreements can only be concluded for a term not exceeding three months. These issues we will have to negotiate with Moscow.

The government made an attempt to analyze the efficiency of our social sphere. Unfortunately, the social sphere economics was not included in the economic science of socialism. The requirement to increase salaries becomes sensible only when there is a certain correlation with the salaries of people working at comparable positions. In the developed countries federal employees are divided into "wage" groups that depend on the social expenditure required to train one or another employee. But in our country a metalworker is paid more than a linguist. In connection with the enforcement of the law on police, we should also bring some order into the salaries of people working in education, health care, culture, etc.

#### Narva: A Free Economic Zone?

The government considers it possible. This status is sought by other cities also but Narva seems to have every opportunity for promising foreign economic activity. Take, for instance, Baltiyets—an ordinary medical equipment factory with a comparatively good level of both mechanical and electronic technologies. The manager Chetvergov displays readiness. They have a partner—U.S. Polaroid. The Kregolmskaya Manufaktura is another potential exporter. Is it possible to give Narva some tax relief?

At its meeting yesterday the Estonian government analyzed how well the horizontal agreements with nine other republics were fulfilled. The government gave its consent to the government minister Raino Vare who prepared negotiations with the Ministry of Defense representatives.

Since yesterday the vacancy of the deputy minister of economy has been filled. The former deputy minister, Hindrek Merist, went to work for the state control. The new deputy minister is Mart Opmann, 1956, a mathematician and economist, a graduate of Tartu State University. Since 1981 he has been deputy general manager of Flora. So, the deputy of Mr. Leimann is a young and practical person.

The deadline for mandatory sale of hard currency has been extended till 15 February. That, of course, concerns only our institutions and enterprises that receive hard currency profits.

## GOODS PRODUCTION, DISTRIBUTION

### Belorussian Official on Consumer Industries, Trading, Coupon System

914D0136A Moscow *TORGOVAYA GAZETA*  
in Russian 24 Jan 91 p 3

[Interview with D. Sivitskiy, chairman of the Belorussian SSR Supreme Soviet Commission on Consumer Goods, Trade, and Services to the Population, by A. Suslov, *TORGOVAYA GAZETA* special correspondent: "In the Currency of 'Enforced Measures'"]

[Text]

[Suslov] The practice of distribution is being practiced increasingly widely in trade. We divide up flour, cereal, sugar, and soap for purchasers, and for this we print vouchers, checkbooks, and shopping permits, inasmuch as production of many goods, especially food, lags behind demand. But does not this "distribution boom" itself contribute to the development of panic buying? And what must be done to return to normal trade?

[Sivitskiy] Your question also contains part of the answer. The situation, of course, is paradoxical. From one month to the next we report an increase in the production of consumer goods, particularly food, and at the same time we increasingly depend on a system of strict distribution. We are already examining a proposal for the introduction of coupons.

What is the reason for it?

Agreements have stopped being fulfilled and components and raw materials routinely come in from other republics. Extortion flourishes when some enterprises (the suppliers) demand from others (the consumers), in addition to monetary payment for contracted work, that return sale of consumer goods be ensured. Yielding to that pressure, it becomes necessary to ship a part of the finished output to other regions—over and above that which was agreed upon in trade transactions on interrepublic trade markets. The practice of shipping goods out in unorganized fashion has increased. And once they began to dismantle the goods market of a republic by both organized and unorganized means and the people began to receive more money than they could expend by buying goods, panic buying began. People began to buy up goods and things for later use, and the shelves emptied out. Operators on the shadow economy did not let the opportunity pass either. They created their own "wholesale bases" to which goods migrate from the state stores and bases.

It has not gone unnoticed. However, at the Union level everything has been reduced to conversations about whether prices should be increased or not. When they began to carry out active protective measures in the Baltic region, the government of the Belorussian SSR in turn took actions to protect its own consumer market.

[Suslov] What do those actions consist of?

[Sivitskiy] We must guarantee each resident of the republic the opportunity to receive a minimum of the most necessary items. Presently that cannot be done without a clear system for regulating distribution and strict control over its implementation. Therefore, we have introduced just such a system. We expect to maintain it until each resident of the neighboring republics has a guaranteed minimum and an increase in the production of goods permits us to satisfy both domestic demand for consumption norms and external demand for exchange of goods on interrepublic markets.

There is no appeasing the hunger for hoarding, even by increasing supply, if the stock of goods and monetary income are not balanced. That could be carried out with the aid of monetary reform that would permit the ruble to become freely convertible. Incidentally, monetary reform, if it had been conducted at the beginning of perestroika, would have permitted denationalization and demonopolization to be carried out without total privatization, and it would have permitted private enterprise to develop parallel to the preservation of state ownership of property.

Today only one road to saturation of the market remains: increase output of consumer goods any way possible.

[Suslov] What is being done in the republic to increase the stock of goods?

[Sivitskiy] Our common misfortune, as you know, consists of the fact that, having destroyed vertical forms of administration of the national economic complex, we have not succeeded in creating a system of horizontal economic ties that would guarantee the stable functioning of the country's economy. Today, in order to guarantee production of the finished output to the consumer market, the leaders of the republic at all levels are rushing about the country pasting together and tying together that which formerly was firmly united.

In December, at the third session of the Belorussian SSR Supreme Soviet, a "State Plan of Economic and Social Development of the Belorussian SSR for 1991" was approved. It stipulates production of consumer goods worth 25 billion rubles. While discussing the basic provisions of the plan, people repeatedly asked what the volumes of production should be in order to satisfy consumer demand. The main problem is that there are not enough raw materials for the planned indices of production.

Taking into account the existing situation, our commission is working out and implementing programs of foreign-currency self-sufficiency for light industry enterprises. The example of the Mogilev clothes factory imeni Volodarskiy is interesting on this level. The factory was technologically refitted using modern German equipment. Once the factory is supplied with Western parts

and high-quality fabrics, its output will be fully competitive. But for this it is necessary to give a factory the opportunity to work on a contract with a foreign firm. This can be a real road to foreign-currency self-sufficiency.

[Suslov] What is your view of such a phenomenon as the group egoism of production collectives?

[Sivitskiy] The law on enterprises gave freedom to industrial enterprises and entrepreneurs, and they did not fail to use it. Naturally, they used it first and foremost in their own interests. My opinion is that industrial enterprises should sell whatever they produce over and above the plan abroad; however, the foreign currency that is earned should be directed not only toward satisfying the immediate demands of the collective but in great measure toward the development and improvement of production. In the opposite event they risk turning from producers into consumers, with all the ensuing consequences. In a literal sense they will "eat up" their resources and end up bankrupt. Group egoism is dangerous specifically because of this tendency.

[Suslov] How widespread are barter transactions in the republic? Is there any benefit from them? Does it not happen that they are increasingly exchanging good for bad?

[Sivitskiy] Last year, in accordance with their rights, many of the republic's enterprises carried out independent barter operations. And they will continue to be engaged in them in the future as well. However upon an analysis of the variety of goods, it became apparent that for the most part refrigerators, pianos, tires, furniture, sheets, and other goods that are in short supply on our republic market are going out, and less significant items are being observed coming in.

Frequently the prices of the goods being brought in are not equal to their real value. This is explained by the incompetence of the specialists connected with foreign trade operations, the absence of the necessary information on existing prices for individual groups of goods on the world market, and of course those same egoistic groups interests. Taking into account the expanding ties of enterprises with foreign partners, we consider it necessary that the assortment of goods for export-import operations be coordinated with the Belorussian SSR State Committee for Foreign Economic Relations.

However, barter in general, in my opinion, is a necessary and temporary measure that should be used cautiously and only for blazing a path to the foreign market and studying the "traffic laws" on it. But we should be taking the "high road"—developing scientific and technical progress and refitting production with modern equipment and technology.

[Suslov] And so for the time being instead of trade in goods it is necessary to undertake their distribution. How long will that last?

[Sivitskiy] Until our entire financial system is improved and until the ruble becomes sound, that is to say freely convertible. Only under these conditions will the wholesaler have the opportunity to choose where and from whom he will purchase goods, and only under these conditions will the average Soviet consumer have the opportunity to choose where and how to spend his wages.

### Trade Unions Against Higher Medicine Costs

914D0141A Moscow TRUD in Russian 5 Feb 91 p 1

[Interview with N.D. Podshibyakin, head of the department for protection of the socioeconomic interests of the workers of the USSR General Confederation of Trade Unions Council, by TRUD political observer V. Golovachev: "Now—Medicines?"]

[Text]The USSR VKP [General Confederation of Trade Unions] protests against possible price increases for medicines without preliminary and complete compensation to the population.

The situation with medicines in the country, as we know, is extremely alarming. Sometimes it is difficult to find even the most elementary medications in the drugstores. The situation has been exacerbated even more in recent days. The drugstore administrations are beginning to refuse to accept medications from the manufacturing enterprises. What has caused this? What is the position of the trade unions here? This is discussed by N.D. Podshibyakin, head of the department for protection of the socioeconomic interests of the workers of the USSR VKP [General Confederation of Trade Unions Council].

[Podshibyakin] The situation with medicines is another example of the poorly thought-out, disjointed decisions on the part of the former central government. As early as October the USSR Council of Ministers adopted a decree permitting enterprises, including those of the medical industry, to apply contractual wholesale prices for the products they produce beginning 1 January 1991. Naturally, wholesale prices rose sharply. And what happened? Cost accounting associations that supply drugstores with medicines are buying up the medicines at high contractual prices and the drugstores are selling

them to the population at low retail prices, which are sometimes even lower than the wholesale prices. Naturally, somebody stands to lose. This is why there were, as the USSR Ministry of the Medical Industry reports, mass rejections of medical preparations and items that are in such short supply.

[Golovachev] Could you give just a couple of examples?

[Podshibyakin] Wholesale prices were raised, and significantly, for, say, nitroglycerin (more than five-fold), penicillin (2.5-fold), validol (more than two-fold), and a number of other medicines, and also razors, gauze, cotton... According to the announcement of the Ministry of the Medical Industry, for example, the Kustanay Oblast Farmatsiya production association, two Moscow drug warehouses, and others are refusing to accept and pay for medications. The rejections total many tens of millions of rubles.

[Golovachev] What can the trade unions do in this situation? What, in your opinion, is the solution—to raise retail prices or to introduce subsidies for medications?

[Podshibyakin] It is quite clear that the planned increase of retail prices for medications and items for medical purposes will be a heavy blow to the population, and above all children and the elderly, who need medications more than others. I emphasize that in this case we are speaking about medications on which the health and even lives of people depend. The USSR VKP has a firm position here: at the present time raising retail prices for medications is unacceptable. If this decision is made in the future when conducting a reform of retail prices, it will be necessary to think out in detail a system of compensations that must be paid when the reform is introduced, before the new prices are introduced. This must be done in such a way that no Soviet people, especially sick ones, will suffer from it.

Of course, it would be even better if we managed to find R10 billion from the budgets of the republic and the center. In any case the USSR VKP is using all of its opportunities and authority in order not to allow even the slightest encroachment on the interests of the workers in such an extremely important sphere as medical preparations and items.

## ENERGY COMPLEX ORGANIZATION

### Wind's Potential as Alternative Energy Source Examined

914E0054A Moscow KRASNAYA ZVEZDA in Russian  
16 Jan 91 First Edition p 4

[Article by M. Rebrov, under the rubric, "Problems of Power Engineering": "Work, Wind!"]

[Text] All the benefits of civilization, all the material spheres of man's activity—from laundry work to study of the Moon and Mars—require the consumption of energy, those very kilowatt-hours of which we do not have enough. And as time passes, the more that is needed. Professor L. K. Oshchelkov estimates that throughout all history mankind has expended about a million billion kilowatt-hours. Three-fourths of this energy has been spent in our century. What next?

Some figures are the best answer to the question. About 60 million kilocalories per year—this is the price of a man's comfort in the industrially developed countries. This much energy can be obtained by burning 8-10 tons of the best coal. Each year the number of us—we earthdwellers—is increasingly large (the number of people living on the planet is increasing by three persons per second). Statistics claim that the generation of electricity on the planet redoubles on the average each 10 years. According to estimated forecasts, by the year 2050 the demand for energy on the globe should increase 8-fold to 10-fold. Meanwhile, the Earth is not a bottomless barrel. Its stores are rich, but there is a limit to its wealth; the explored reserves of oil, coal and gas are gradually running dry. Suffice it to say that right now mankind burns in just one day as much fuel of fossil origin as nature can synthesize in a thousand (!) years.

However, the threat of a catastrophic choking of the biosphere by combustion products, as well as "heat" pollution, which is fraught with the "greenhouse effect," cause no less concern than the fact that the reserves of chemical fuels are being reduced. Sulfur dioxide, the product of the combustion of coal and oil at numerous electric-power stations, boiler houses, and heating installations, is recognized as the number one enemy. The world's discharge per year is more than 130 million tons. This is why the search for new energy sources is now dictated not only by interests, particularly consumer interests, but also by the necessity for conserving nature.

One of the branches of the Vetroek Science and Production Association has been based in the windiest region near Moscow—Istra, about 50 kilometers from the capital. Here scientists, design developers, and workers are united by one purpose—to compel the wind to work. But....

Attempts to harness the wind's energy were started at least a thousand years ago or even earlier, and the good old reliable windmill that puts grinding millstones into motion was chosen as the "harness" (sailing ships were

not considered). After entering the epoch of steam machinery, and then of fueled power engineering, people are in a rush to reject the service of the wind. However, in many countries of the world today, the wind's force is being viewed as a reliable base for developing power engineering.

It was not the passion for exotica that compelled attention anew to Nature's air streams but the generosity of the "sea" of winds. If all the wind "rivers" that flow over our country's land were combined in a single stream, a whole ocean of power would be obtained, with capacity totaling more than 100 billion kilowatts. This is according to very modest estimates.

However, paradoxical as it may be, it is not always economically advantageous to use all these riches. The fact is that only the wind itself is free, while taming it requires no few efforts and resources. From this come the skeptics' doubts: will the expenditures be repaid? Yes, the capacity of the nuclear reactor or the TETs is beyond comparison with the indicator for domestic (and foreign) windmills. On the one hand are one million kilowatts, on the other from 4 to 30 kilowatts—which is exactly what NPO [Science and Production Association] Vetroek wind installations produce. All talk about desirability apparently are and should be ended on this basis—the scales, they say, are not comparable!

It is all true. But we shall not rush. For comparison, let us examine what "others" are doing, those who are bold enough to count money better than we do. Denmark has promoted intensive construction of wind electric-power stations in order that in 4-5 years it may get four billion kWh of additional electricity per year through wind-power resources—this is about half of Estonia's level today.

Sweden, France, the U.S., Japan and other countries have state programs for the wide enlistment of wind-power in their power-engineering inventory. There is a program for developing alternative power also in the USSR, but its financing is irregular and not on the scale which the interests of the matter require. Meanwhile, wind installations are in a position to provide an energy supply for shepherds, reindeer breeders, geologists, meteorologists, and other power customers in regions that are distant or difficult of access (and many of them are military). Moreover, wind-power units can find application in the cathodic protection of trunk pipelines and of offshore oilfield facilities from corrosion, for charging batteries, and for many other things.

Specialists of USSR Goskomitet [State Committee for Science and Technology] whom I have met were assigned to research which would enable 150,000-200,000 wind units to be introduced in the country in the near future. The capacity of each one is not so great by itself (tens of kilowatts), but all together these "low-power" windmills will be able to create a powerful electrical flow.

And such installations already exist. These are the Romashka wind-and- mechanical water-lifting system,

the AVE-4 windpower unit, the VUV-M2 installation, the AVM-4 windpower unit, and the AVE-100/250 brainchild of the NTO [Scientific and Engineering Society] Yuzhnoye, which will have a capacity for generating 100/250 kilowatts of electricity....

Of course the wind is an extremely capricious element. It can change direction unexpectedly, die down or pound with sharp gusts. This compels the designers to resort to various engineering ingenuities, to rely on the windmills with a self-adjusting capability and self-tuning for an optimal regime. The "wheel" is supplied with special devices so it can "find," "grab" and "hold" the stream.

Much that is interesting can be seen today at Vetroen and other design bureaus and scientific-research institutes. Increasing the area for catching the wind can force even hurricanes to work for man. And all wind power and wind engineering are just at the start of the road. Today, new approaches for creating modern designs for wind converters—for increasing their efficiency, reliability and economy—are needed.

We have many good ideas. Comparatively recently a design for a unique complex, a windpower ring system for the Kola Peninsula, was developed.

The ring is a closed loop 40 kilometers wide. Joined together in the loop are 238 windpower groups, the capacity of each of which is one million kW. The windpower units are singular in that they are mounted on a rotary tower which supports at once two windwheels 50 meters in sweep. The units of this design have a capacity of 5,000 kW.

Another design is intended for the Finnish Gulf Region, a shallow-water body which possesses enormous windpower resources (about 150 billion kWh per year).

In just one region: on the island of Kotlin is the town of Lomonosov, where the average annual wind speed is 8.4 meters per second; about 25 billion kWh per year can be obtained by means of modern wind installations. This is approximately the annual generation of the AES at Sosnovyy Bor, near Leningrad.

The design calls for the creation in the Finnish Gulf of a windpower station of about 1,000 MW capacity. The station is a complex of a number of one-rotor windpower units (with a capacity of 0.3-2.5 megawatts) and two-rotor windpower units (with a capacity of 0.6-5 megawatts) with a wheel diameter of 30-70 meters.

An original design was proposed also for the Chukotskiy Peninsula. It was proposed that windpower units of great capacity be sited in the Shelag Cape area, where windpower installations can generate 660 million kWh of electricity per year.

And still another basically new area for windpower engineering is the creation of wind-and-hydrogen electric-power stations. A calm does not threaten them

because they use wind energy to decompose water electrically into oxygen and hydrogen, thus accumulating the changeable energy of Nature.

Specialists have estimated: one kilowatt-hour of electricity generated by means of fossil fuel in regions difficult of access costs the state (taking into consideration the cost of the fuel and the cost of delivering it) about one ruble. Windmills enable costs to be reduced 5-fold to 10-fold!

There is a legend which contends that it is not difficult at all for the sorcerers of New Guinea tribes to summon the wind. All that is required for this is a special "wind rock" and a stick. The whole trick is in knowing how to strike the rock correctly with the stick.

And what do we require? To look for a special "wind rock"? Or to compel the wind to work for us?

Wind energy comprises 1-2 percent of all the energy used in the world. Business based on windmills of the 20th century will become increasingly advantageous. Thus, last year the aggregate sales of windpower units in the world market exceeded 2.5 billion dollars. It must be stated with regret that the USSR is in 67th (!) place in the world in generating ecologically clean energy. Yet indeed we do have enough wind. Today the main thing is to see to it that it is a favorable wind.

### Armenia's Energy Problems Viewed

914E0056A Yerevan GOLOS ARMENII in Russian  
11 Jan 91 p 2

[Interview with Germes Rubenovich Santuryan, director of the Razdan GRES, by special correspondent V. Asriyan: "Just About Power Engineering"]

[Text] **The shortage of energy—more exactly the appetite for it—is one of the most dangerous ones, and it is being felt especially severely in our republic, for various reasons. The current complicated situation in Armenian power engineering, its problems and prospects for development, and the way out of the crisis were mentioned during an interview by V. Asriyan, special correspondent of GOLOS ARMENII, with G. R. Santuryan, Honorary USSR Power-Engineering Worker, Distinguished Engineer of the Republic, and director of the Razdanskaya GRES [state regional electric power station.**

[Asriyan] Germes Rubenovich, how do you, one of the veterans of domestic power engineering, evaluate the status of today's Armenian power system?

[Santuryan] It is obsolete and worn. Judge for yourself. The Sevanskaya GES [hydroelectric power station] is already 42 years old, the Atarbekyanskaya 31, the Tazgevsckaya 20, and the Shakinskaya GRES's age has passed the half-century mark. The equipment at the stations is old and inefficient. This leads to the need to burn much more fuel than the standards specify in order to get one ton of steam. There are no gas-scrubbing

structures, and the design of the existing boiler units is such that it is very difficult to adapt any kind of gas-scrubbing system to them.

Here is another important fact. The equipment at all stations, without exception, does not correspond to those norms for earthquake resistance that were established for our region in April and May 1989 by the USSR Academy of Sciences. Both the equipment and the buildings are designed in the best case for 8 points, but 9-point resistance is required. This is why, at the time of the December 1988 earthquake, the tremor of 7.2 points' force that was felt in Razdan caused serious destruction at the Razdanskaya GRES.

Incidentally, about this station, which now produces about two-thirds of all the electricity generated in the republic. It was built in 1966, that is, a fourth of a century ago. It is middle-aged. The average operating time of some power units is 8,000 hours per year. It is natural that with such a workload there is entirely too little time left for overhaul and preventive maintenance.

[Asriyan] And so the system is obsolete. Apparently, it must be modernized?

[Santuryan] New power facilities must be built and old ones gradually closed down. It is complicated to restore worn equipment, it is better to use new and highly effective facilities. There are now boilers equipped with scrubbing systems. They must be bought for reequipping. In order to provide an average European level of consumption of electricity, Armenia needs 3,500 MW of new capacity. What can be used to bring this about? Expansion of the Razdanskaya GRES will yield 1,200 additional MW. New capacity can be put into operation on the Armyanskaya AES's [nuclear electric power station] land. There are no examples yet of changing the mission of nuclear power stations in world practice, but the use of a number of buildings and structures of the former AES for the construction of a thermal electric-power station is completely realistic.

[Asriyan] And what role could nontraditional energy sources play in solving our power problems?

[Santuryan] We still do not have an inventory of winds in Armenia, so it is rather premature to speak definitely about the prospects of windpower engineering. As for solar energy then, of course it must be developed—for we do have regions—Sevan and Dilizhan, for example—where there are up to 300 sunny days per year. But in just what direction should our solar energy be developed? Today there is only one commercial heat station that uses solar energy. The capacity of this station, in the state of Kentucky (U.S.), is 30 megawatts. It takes up an area of 340 hectares and operates 12 hours per day. Seven hundred ninety million dollars were spent on its construction, and the generation of one kilowatt-hour of electricity costs 28 cents. This is somewhat expensive. But the trouble is not even so much its high cost, although that is included. Of all the figures named, the one that frightens me the most of all is the 340 hectares.

This is an enormous area, especially for our little Armenia. So it is that the creation of solar power stations in our environment is scarcely realistic. We should use solar energy, in my view, for heating water, which will reduce consumption of the fuel that is now being burned for this purpose. For example, in Kirghizia solar installations are sited on the roofs of rural housing. They are adopting solar heat and they use it for heating. Experience has shown that such a path is extremely suitable and efficient. And we should travel it.

[Asriyan] Speaking about problems of power engineering for the republic, one must not remain silent about the problem of Sevan....

[Santuryan] Sevan is a whole complex of problems, both of power engineering and of the ecology. In order to preserve the ecology of Sevan its level should be raised by six meters. The lands near the lake must not in any case be cultivated with toxic chemicals, for they will collect at the bottom of the Sevan. Releases of water from the lake must be reduced or closed off entirely. The Sevan-Razdan cascade of GES's must operate only on the natural flow of the Razdan river. It is right here that one of the pioneers of Armenian power engineering, Iosif Andreyevich Ter-Astvatsatryan, who supervised the design and construction of the Sevan-Razdan cascade, got his way. Alas, his point of view was considered mistaken, and he himself was shot in 1937. Decades had to pass before people were convinced of Ter-Astvatsatryan's correctness.

Armenia is a mountainous country, rich in mountain streams. They should be used to the maximum for hydropower engineering. Small GES's must be built wherever doing so is possible and expedient. Right now we should plan the dates for putting them into operation and determine the approximate power to be generated. It can be pointed out that small GES's are scarcely capable of significantly influencing the republic's power supply. However, they can probably yield several hundred million kilowatt-hours of electricity annually. Of course, these small stations will operate seasonally, but in any case their contribution to our power-engineering piggy bank should not be underestimated. The benefit of small GES's will not be small by any means. It is estimated that starting them up will enable about 180,000 tons of fuel to be saved annually.

[Asriyan] You recalled Ter-Astvatsatryan and the mistakes that were made during construction of the Sevan-Razdan cascade. Most likely, many erroneous decisions were made in the history of Armenian power engineering, the consequences of which we are feeling today?

[Santuryan] Many mistakes were made. In 1974 the question of continuing construction of the Razdanskaya GRES was taken off the agenda. Were it not for this decision, which was called for by the plan for creating an AES, right now we would have a completely reliable power-engineering base. Holding up construction of the



500-kV LEP [power transmission line] that would connect Armenia with the European part of the USSR was still another miscalculation. And how useful this LEP would be to us today!

Obviously, the construction in the republic of a number of power-intensive production facilities, such as the Kanaker Aluminum Plant, whose raw material—alumina—was imported from the Kola Peninsula and other remote parts of the country, thousands of kilometers from Armenia, should be considered a mistake. The consumption of electricity with the introduction of these production facilities was sharply increased, but it was considered that the Sevan cascade would cover all the power consumption. They wanted to create new production facilities through the life of the Sevan. So that you will be able to see realistically what the Kanaker Aluminum Plant cost us from the standpoint of power engineering, I say that this enterprise required 720-730 million kilowatt-hours of electricity per year. I think that we should not have expanded the Kirovakan Chemical Combine—also a very energy-intensive facility. Although, of course, intensive development of the chemical industry as a whole was dictated by the specifics of our raw-material resources. In brief, the development of the republic's industry was not oriented entirely correctly because it did not take the power system's potential into consideration. And this was also one of the factors that led to today's difficult situation.

[Asriyan] It is being aggravated by the blockade....

[Santuryan] Yes, Azerbaijan's blockade, which has now become chronic, is paralyzing the power system's operation. For basically, fuel transported into Armenia comes right through Azerbaijan. From the direction of this neighboring republic we get mazut from Grozny, Makhachkaly, and Kuybyshev. As director of the Razdanskaya GRES, I can say that there are cases when fuel for two or three days remains for operation of the

station and it is just about to ready to be stopped. It is not difficult to see what this prospect threatens.

[Asriyan] You have spent almost half a century of your life in power engineering. Not only have you operated but, as chief of the Transcaucasus Installing Administration, which you supervised from 1948 to 1970, you have also built stations. You built stations in Armenia, Georgia and Azerbaijan....

[Santuryan] And I have invested much labor in the power-engineering construction of Azerbaijan, and it is all the more a pity, and it is bitter, to see how the leadership of that republic is repaying Armenian power builders for their help. For I built practically all the largest stations in Azerbaijan—the Ali-Bayramlinskaya and the Severnaya GRES's, Sumgaitkaya TETs-2, and the Mingechaurskaya GES....

[Asriyan] You are well acquainted with not only Soviet power builders but also foreign specialists. Several times you have visited the latest power facilities of Britain, Iran, Italy, the U.S., France, the FRG, and other countries, studying their operation of thermal and hydroelectric power stations and AES's. What foreign experience can be used for Armenia?

[Santuryan] Our republic's environment is very specific and has hardly any counterparts. So it is that it must be developed with these peculiarities in mind, and I have already mentioned the paths for development that are most optimal, from my point of view. In speaking about the use of foreign experience, we should apply widely modern imported equipment and, above all, scrubbing systems, which avert environmental pollution. It is not easy to do this. For example, there are very good gas-scrubbing systems, but they have many carcinogenic elements, which require careful burial. And special burial grounds are needed for this purpose. In brief, there is a whole technological chain in which the absence of even one link will lead to a full breakdown. Nevertheless, complicated as it may be, it is necessary to introduce ecologically clean power-engineering technology and to observe it strictly.

### Director Details Moscow Labor Exchange Activities

914F0129A Moscow PRAVDA in Russian 1 Feb 91  
Second Edition p 2

[Interview with I. Zaslavskiy, general director of the Moscow labor exchange, by PRAVDA correspondent N. Mochalina: "We Want to Know Everything About a Person: That's How They Talk on the Labor Exchange"]

[Text] Could such words—the market, unemployment, labor exchange—really have occurred in our vocabulary a few years ago? Today everyone's talking about them. How problems of the employment of the population and the social protection of people are being resolved was recounted in the article "Unemployment or a Labor Market," published in PRAVDA on 19 January 1991. How is the labor exchange, which made its appearance quite recently in Moscow, immediately setting up its work? The conversation with I. Zaslavskiy, general director of the exchange, is about this.

[Mochalina] An entire generation of Soviet people has grown up and grown old without having the slightest idea about a labor exchange. What sort of an institution is it, Igor Yefimovich? Obviously one where they register the unemployed, assist them in getting a job, and grant and pay them benefits?..

[Zaslavskiy] Speaking in present-day language our establishment is a regulator of the supply and demand for manpower under market economy conditions.

We would like to see a domestic model labor exchange in the form of a unique socio-economic association. You see it is a question not only of social protection from unemployment, help to the unemployed and of giving them temporary work but also of new spheres. For example, of regulating the territorial exchange of manpower, including interregional and international. The fact is that the job placement system in our country, which existed before the labor exchange, operated "to accommodate a vacancy." The labor potentialities of a specific person were of little interest. We want to know everything about a person: what kind of a specialist is he; where did he work before; what are his potentialities. Therefore we begin the conversation with him with a question about his fitness for a trade. We conclude a contract-agreement with an enterprise and send the person to work if, of course, it suits him. Under market conditions, if you don't have a normal skill, there is no normal work. And there is no suitable wage and, therefore, no normal conditions for life. When such a system is set up, under which it will always be more advantageous to work than to receive benefits, we will have a really normal efficient economy!

[Mochalina] Now many quite good specialists in the not too distant past suddenly often find themselves in the position of the unskilled. In the West there is a different level of vocational training. But, you see, we are

intending to organize direct relations with foreign firms, we are talking about privatization... How is one to keep pace with the time?

[Zaslavskiy] Yes, you're right, the quality of the work force, a high level of skill and the mastery of new knowledge is now coming to the forefront. For example, a joint enterprise is operating on the basis of Western technology and there people of an up-to-date level are needed. Young, as a rule, energetic. But where to get them? That is why we propose engaging not only in job placement, protection from unemployment and manpower retraining but also in the creation of new jobs.

More specifically? Please! We intend to create a small enterprise and privatization center. There are people who want to be bosses. We will help such people and give them legal, organizational and even material assistance, by acting, let's say, as a guarantor to the bank. We are prepared to create small enterprises that produce products which in the future will have large sales markets. Precisely those people whom we have trained will work at these enterprises. In turn, these enterprises, production units, firms will transfer funds to the exchange so that we could help the unemployed and the poor and finance retraining.

[Mochalina] But will not the main, as it appears, purpose of the exchange, social assistance and protection, be lost in the search for the new forms of your activity?

[Zaslavskiy] Besides the small enterprises the Moscow labor exchange intends to create a social assistance center. An overnight rooming house, a unit for everyday assistance in giving handouts to poor people, and a free canteen will be opened under it. It sounds grim. But what is one to do, one needs to look the truth in the face. The fact is that part of the people will not be necessary for production or will be necessary only occasionally. But we don't have the right to write them off. One needs to treat them humanely, to give them if only a minimum, but a chance for a proper life. We have now come up against the fact of chronic poverty. Especially in the capital, which has become a transfer point for refugees. By the way, there will be a refugee camp under the exchange. Several premises are being handed over to us for the temporary housing of people until a permanent place of residence is determined for them.

[Mochalina] Will you formulate your work "from what has been achieved" or will you be able to forecast the situation?

[Zaslavskiy] The exchange will engage in a study of the labor market. We need forecasts if only for a year, a half-year. We must know what kind of situation is developing on the labor market.

[Mochalina] Who finances you? Through what funds do you intend to give help to the unemployed?

[Zaslavskiy] Mixed sources of financing are envisaged by the decision to create the exchange. First, through a state

employment assistance fund. Precisely such a fund will be formed, as is called for by the legislation on employment. One has to finance job placement, personnel training and public works using it. This fund will consist of a state and a city part.

The second source is self-financing. In other words our own activity, which is to be paid for on the basis of agreements with enterprises, in selecting personnel for them through ads and information. It is not to be ruled out that we will get some money from those who are working but want to find work that is more profitable for them.

The third source is philanthropy. It is difficult to struggle with poverty and unemployment without bringing in the public.

[Mochalina] What work of the exchange is even now yielding results?

[Zaslavskiy] We are conducting unusual fairs in the city's rayons, we gather together enterprise representatives and cooperative members, and we circulate ads and information. Some 500-700 people get good work in two or three days. The fair is set up on the principle of a large auction and that is how competition emerges both among the enterprises and among the workers. They choose the best and the rest brace themselves. On the first day everyone tries to get fixed up with a job in the cooperatives and there is a line for them. Then the state enterprises begin to increase the pay for the specialists they need. The people are satisfied and it's good for the enterprises.

[Mochalina] But still, as I have understood, the exchange as yet doesn't have any funds available? You have no money either for yourselves or for those whom you intend to place in jobs?

[Zaslavskiy] Yes, we don't have any money. And therefore we must earn it ourselves. Commercial enterprises have opened under the exchange which are beginning to expand their activity. They will make payments to us. With this money we intend to acquire computer equipment and to create a fund.

[Mochalina] Name one such enterprise.

[Zaslavskiy] The Luch association.

[Mochalina] What does it produce?

[Zavslavskiy] They make hand-painted toys there. By the way, they are exported, to Canada. Mainly pensioners and disabled persons are engaged in producing the toys. And other of the enterprises under our guardianship make cinder blocks for garden projects, they contemplate the production of other building materials, and they publish books. So far the percentage of payments is small. We want the enterprises to stand on their own feet.

[Mochalina] Explain where a person looking for work needs to apply?

[Zavslavskiy] To the city center, the rayon branches. We give complete information concerning vacant positions. The exchange has a job bank.

[Mochalina] Okay, but what if a person without a Moscow residence permit comes to you?

[Zaslavskiy] Then we will offer him work which Muscovites are not very willing to consent to. Let's say, work connected with unloading and loading.

[Mochalina] How does one find out if there are positions available?

[Zaslavskiy] We have created an information system. The enterprises send in the orders. We process this information and communicate it to each rayon. However, this is far from being a complete bank. Some enterprises as yet conceal many vacancies because they are not especially interested in our services. We place great hope on an information publishing center which has been created on a commercial basis.

[Mochalina] Tell us in more detail about the informational aspect of the matter.

[Zavslavskiy] We issue bulletins about the existence of available jobs and of a network of training courses. They contain information about where one can be retrained and how much this will cost an enterprise which sends a worker for training. We want to publish a labor market information newspaper where complete information about people offering their services would be given and the ads of the enterprises would be published. Moreover, information would be given not only about what manpower they need but also what the living and social conditions are there. We will publish announcements about the interregional exchange of manpower.

[Mochalina] Are the joint enterprises collaborating with the exchange?

[Zaslavskiy] A great number of joint enterprises are now being created in Moscow. Some of them are already cooperating with us. The joint enterprises have an acute problem: the technology is Western and the workers are ours. For example, the Moscow Meat Combine has concluded an agreement with a German firm about the production of a very necessary product. However, the German technology differs critically and specialists are essential. A training center is being created within the framework of the exchange and the combine is sending people for retraining. There they will learn the necessary speciality. It's convenient and beneficial.

We are only at the very beginning of the journey. I realize that there will be very many more obstacles and barriers. However, we look to the future with optimism. One cannot expect favors from anyone; one must achieve everything oneself. Some will help us and some will hinder us. However, this isn't terrible. It is important that people should understand: a labor exchange is necessary both for the market economy and for they themselves.

**Lithuanian Pension Law Detailed**

914F0134A Vilnius EKHO LITVY in Russian  
23 Dec 90 p 3

[Article by Yu. Palyulene, chief of the department of pensions, grants, and stipends of the Ministry of Social Security: "Pensions: For Whom? For What? How Much?"]

[Text] EKHO LITVY regularly publishes laws adopted by the legislature. Our readers have been informed of all of the law "On Improving Pension Support for the Republic's Population" as well. Having affected the interests of a considerable number of citizens, it evoked a large flow of letters with questions to the editorial office. A need has arisen for additional commentary, for which we have turned to the Ministry of Social Security. It is published below.

And so, beginning 1 October 1990 the procedure was changed for calculating old-age and disability pensions, pensions for World War II veterans and people on the same footing, and also for rehabilitated individuals who have been in exile or jail and participants in the resistance. In the first place, the average monthly payments are established according to new rules. In the second place, a different mechanism is being introduced for calculating the amounts of pension. In the third place, higher increases and increments to pensions have been envisioned.

Let us begin with the average monthly earnings. As before, it is taken from the last 12 months of work in the two years prior to the application for a pension or before the cessation of employment (for individuals who were not working at the time they applied for their pension). At the request of the future pensioner, the average monthly earnings may be established for any five years in a row during the last decade before the time the pension is applied for. Moreover, to calculate the pension one uses a sum not in excess of 10 times the amount of the minimum wage, which at the present time is 70 rubles [R]. Earnings not in excess of four times the amount of the minimum wage are used when a full pension is calculated. For each subsequent proportion one uses the following amounts: five times the minimum wage—85 percent, six times—70 percent, seven times—55 percent, eight times—40 percent, nine times—25 percent, 10 times—15 percent. The sum thus obtained is considered to be the earnings from which the pension is calculated.

This can be seen more clearly from the following table:

Amount of actual earnings	Calculation of earnings considered	Total earnings considered
R280 (R70 X 4)	100 percent	280
350	R280 + (R70 X 0.85 percent)	339.5
420	339.5 + (70 X 0.7)	388.5
490	388.5 + (70 X 0.55)	427
560	427 + (70 X 0.4)	455
630	455 + (70 X 0.25)	472.50
700	472.50 + (70 X 0.15)	483

After the average monthly earnings are determined the pension is calculated. Old-age pensions for handicapped persons and participants in the war and also people on an equal footing with them are calculated in the amount of 55 percent of their earnings. For each full year of work in excess of 25 years for men and 20 years for women it is increased by one percent of the earnings. But the amount of the pension may not exceed 75 percent of the earnings.

For rehabilitated persons who were in exile or prison and participants in the resistance as well, the old-age pension is calculated in the amount of 55 percent of the earnings with a one percent increase for each full year of work in excess of 25 years for men and 20 years for women. But the amount of their pension must not be less than R120 or more than R300.

The law envisions the following increments to the pensions calculated from the earnings:

- for nonworking pensioners with disabled family members (for each disabled person), in the amount of the social pension envisioned for the corresponding category of disabled persons;
- for single pensioners who have reached 80 years of age (to care for them), in the amount of the social pension.

And, finally, the old-age pension is also increased:

- for handicapped veterans of the war and the army and persons on an equal footing with them and for rehabilitated persons who became handicapped during the period of their exile or prison and handicapped persons involved in the resistance—by R120 for handicapped persons of groups I and II and by R60 for handicapped persons of group III;
- for other participants in the war who served time in the army, for rehabilitated persons who were in exile or prison, and for participants in the resistance—by R20.

**Let us consider some examples.**

A handicapped person of group II who became handicapped as a result of an illness suffered during military service applies for a pension. He has been working for 35 years. His average earnings are R200. He is still working. He has a disabled wife who is not receiving a pension. The calculation is done as follows: 65 percent of R200—R130—plus the increase to the pension of R120. The total is R250. After his employment ceases he will be eligible for an increment for his disabled wife in the amount of R40. Then the pension will be R290.

**Another example.** A rehabilitated person who has spent 15 years in exile and has become a group II handicapped person applies for an old-age pension. He worked for 34 years after returning home. His average earnings were R180. Taking into account the fact that three times the

amount of time he spent in exile is included in his work tenure, his overall work tenure is 79 years. The pension would be calculated as follows: 109 percent (55 percent plus one percent for each year of work over 25 years) of the earnings of R180—R196.20 plus an addition of R120. The total is R316.20.

It is more advantageous for many handicapped persons and participants in the war to increase the old amount of the pension and to calculate the new amount established accordingly for handicapped persons and participants in the war.

**Example.** For a group II handicapped person who participated in the war an old-age pension was assigned at the beginning of 1970 on the basis of average monthly earnings of R140. His work tenure is 35 years. The amount of the pension with the 20 percent increment for continuous work tenure and other increases before 1 October 1990 amounted to R142.50. During the 20 years he was on the pension this sum increased by R30 and it increased by R120 for a group II handicapped person who participated in the war. The total was R292.50. But the amount of the pension calculated according to the new norms would be only R200.

There have been certain changes in the procedure for calculating the tenure, on which the old-age pension for disabled persons and participants in the war, and also rehabilitated persons, depends. Thus the time rehabilitated individuals spent in exile or in prison is included threefold in their work tenure. Active duty in the army is also included threefold as is the time of work of individuals sent for compulsory labor, to ghettos, and to other places of incarceration during World War II. The time of work in Leningrad during the period of its blockade is included threefold. The time of work, including as a civilian, in military units during the war years is doubled. The time of study in higher and secondary specialized educational institutions is included in the work tenure regardless of whether or not the given individual worked before entering school. The work tenure also includes the time spent caring for a group I handicapped person or a handicapped child under 16 years of age and also an elderly person over 80 years of age. It also includes the time nonworking mothers spend caring for young children but not after each child reaches three years of age (with an overall total of six years).

The law has established a new procedure for assigning pensions for handicapped persons who participated in the war and rehabilitated individuals who became handicapped in exile or prison and also handicapped people who participated in the resistance. Pensions for handicapped persons will be assigned as follows: for handicapped persons of groups I and II—75 percent, and for handicapped persons of group III—50 percent of their earnings. The minimum amounts of pensions for the handicapped as follows: for handicapped persons of groups I and II—R120, and handicapped persons of group III—R60.

For handicapped persons who have been rehabilitated whose handicap is not related to their being in exile or jail, participants in the war whose handicap is not related to their having been at the front, and participants in the resistance whose handicap is not related to the resistance, pensions are assigned as follows: for handicapped persons of groups I and II—55 percent, and handicapped persons of group III—30 percent of their earnings. The minimum amount of the pension for handicapped persons of groups I and II is R85, and for handicapped persons of group III—R40. Moreover, added to the pensions (including to the minimum amounts) of the aforementioned disabled persons are increments for caring for a disabled person. Added to the pension of a handicapped person of group I is an increment for care in the amount of R80. The same amount of increment for care is added to the pension for a handicapped person of group II if the handicapped person lives alone and needs outside help. Nonworking handicapped persons who have disabled family members as dependents are given increments for them in the amount of the social pension established for the corresponding category of disabled person.

Pensions for handicapped persons who participated in the war and rehabilitated persons are increased by another R20.

In the event of the loss of the breadwinner, pensions for members of families of deceased military servicemen and rehabilitated individuals killed or missing during exile, prison, or the resistance, are assigned in the amount of 40 percent of the breadwinner's earnings for each family member. The minimum amount of the pension is R80. In the event of the loss of a breadwinner who was a participant in the war or a rehabilitated person, pensions are calculated in the amount of 30 percent of the earnings of the breadwinner. The minimum amount of the pension is R60 for each family member. At the same time it was established that in the event of the loss of the breadwinner who was in the aforementioned categories pensions are paid to students in vocational and technical schools, secondary specialized schools, and higher educational institutions until they complete their education but not beyond the time when they reach 23 years of age.

Beginning on 1 January 1991 all kinds of pensions assigned before the law went into effect are being increased. The increases are made as follows: by R10 if the person was on a pension for up to 10 years (inclusive), by R15—if he was on a pension for from 10 to 15 years, by R20—from 15 to 20 years, by R30—from 20 to 25 years, and by R40—for 25 years and more.

Minimum amounts of all kinds of pensions are being increased. The minimum amount of the old-age pension has been set at 80 percent of the minimum subsistence level, that is R80. The minimum amounts of pensions for handicaps for workers, employees, kolkhoz workers, students, and other citizens have been set at: for handicapped persons of groups I and II—80 percent of the

subsistence minimum, and for handicapped persons of group II—50 percent of the subsistence minimum. The minimum amounts of pensions in the event of the loss of a breadwinner who was a worker, employee, kolkhoz workers, student, or other citizen for each family member is no less than the social pension established for the corresponding category of disabled person.

In the event of the loss of the breadwinner, pensions for orphans will be calculated on the basis of the overall sum of the earnings of both deceased parents in the amount of 30 percent for each family member, but no less than double the amount of the social pension established for the corresponding category of disabled person.

In the event of the death of the breadwinner pensions for persons who have been handicapped since childhood as a result of wounds, concussions, or injuries sustained during the years of World War II or the aftermath of this war are increased by R12.

**Additionally, beginning 1 January 1991 the following rules go into effect.**

Mothers of persons of groups I and II handicapped since childhood or children under 16 years of age of handicapped persons who have reared these children to the age of eight will have their old-age pension assigned when the mother reaches 50 years of age and she has a work tenure of no less than 15 years. And if the work tenure includes time caring for a disabled person of group I from childhood or a child under 16 years of age of a disabled person, a 20-year work tenure is required. Incidentally, the amount of the pension for these mothers will be calculated from the earnings determined in the same way as for disabled persons and participants in the war. The pension will be calculated in the amount of 55 percent of the earnings for each full year of work in excess of 20 years.

All additional conditions for assigning pensions for incomplete work tenure are abolished. Partial pensions will be paid to disabled persons in proportion to their work tenure but in an amount no less than the social pension established for the corresponding category of disabled person.

Social pensions will be introduced for nonworking disabled persons regardless of whether or not they have work tenure. The amount of the social pension depends on the category to which the disabled person belongs (handicapped, elderly, minor child, mother of many children). Social pensions for all handicapped persons of group I, handicapped persons of groups I and II from childhood, and handicapped children under 16 years of age will be assigned in the amount of R80 per month. Handicapped persons of group II (except for persons handicapped since childhood), individuals who have reached 60 years of age (men) or 55 years of age (women), and every child under 18 years of age who has lost his breadwinner will receive R40. Handicapped persons of group III will receive R24. Mothers 55 years of age who have given birth to and reared five or more

children will receive R80. For mothers who have given birth to and reared fewer than five children the amount is 20 percent of the minimum old-age pension for each child (R16) but the total must be no less than R40.

Pensions for children who are orphans will also be paid for the period when they are fully supported by the state. Other children on full state support will be paid 25 percent of the assigned pension.

In the event of the death of the pensioner the stipend for burial will be twice the amount of the pension.

At the same time the Lithuanian Republic Supreme Soviet has instructed the government to prepare a draft law on state pensions. After its adoption, pensions will be recalculated for all other pensioners who were not affected by the law of 28 July 1990. It is planned to put the law on state pensions of the Lithuanian Republic into effect at the beginning of 1992.

**From the editors:** The brief comments on the law characterize only the basic principles of the changes in the sphere of pension support for the population and encompass far from all possible variants of calculations. Life is extraordinarily multifaceted and many additional questions may arise when the law is applied to a particular individual. For concrete answers to them we recommend that you go to the social security department in your place of residence, whose workers will determine the variant of the calculation of the pension most advantageous in each case. The editors themselves are not able to do this.

#### **Income Index Introduced in Kirghizia**

*914F0130A Moscow TORGOVAYA GAZETA  
in Russian 2 Feb 91 p 1*

[Article by TORGOVAYA GAZETA correspondent L. Orlova: "The Order Is To Survive!"]

[Text]

#### **To Consumers...**

##### **Indexing of the income of the population has been introduced in the Republic of Kirghizia.**

The objective of this measure is to alleviate the difficulties that price increases in the course of a transition to the market entail for all strata of the population, especially the least affluent strata—retirees, students, and families with many children.

Proportionate increments of the retirement benefits, scholarships, and wages of all people will be added every time for a corresponding period, if the growth of prices during this period exceeds five percent. It is planned to implement the indexing of prices and corresponding income revisions in the republic on a monthly basis beginning in March.

It was resolved to compensate incomes in full. However, they should not exceed two times the subsistence minimum which, according to the preliminary estimates of economists, comes to 100 rubles [R] (rather than R70, as the USSR Goskomstat [State Committee for Statistics] believes). Therefore, the amount of full compensation will be calculated on the basis of a R200 cap. Incomes exceeding two times the minimum will also be indexed, but on a different scale.

Profits (interest) on the deposits of the population in savings banks are also subject to indexing.

The Republic State Committee for Labor and Social Security was instructed to establish a precise level for the subsistence minimum. These calculations should be completed before 1 March.

Between R100 and R125 million are provided in the republic budget for the implementation of this program. The intention also is to use a segment of enterprise profits to this end. A point on the protection of income (indexing) should be included in collective contracts from now on. This will boost the role of the trade unions in developing and implementing social policies.

#### **...and to the Market**

Simultaneously with the Decree on Indexing Incomes, President of Kirghizia A. Akayev issued another decree on regulating the consumer market.

From 1 February until a special order (the document says "temporarily"), shipping gold, gems, mumiye [medicinal tar], sea-buckthorn and briar oil out of the republic for exchange and trade, even at contract prices, will be absolutely forbidden. Shipping out all other raw materials and subcontracted and finished products manufactured in the republic will be allowed only by permission of the Cabinet of Ministers and mainly in exchange for materials, products, and merchandise that the industry of the republic needs to operate normally.

In addition, the present decree makes requirements for trade more stringent. It is proposed that additions and amendments be made in the appropriate articles of the republic codes of statutory violations of law, and stiffer penalties be envisaged for the storage of goods for longer periods and in larger quantities than norms specify in warehouses and shops, their illegal shipping out of the republic, sales of limited-sale goods above the norm, price gouging, and sales from warehouses and stock rooms.

Unlike the Decree on Indexing, the prohibitive provisions of the second, essentially antimarket, decree on regulation drew immediate criticism in the republic, all the more so because similar measures have not produced the desired results in the past either.

This attempt to "rein in" trade in the environment of omnipresent shortages was met with skepticism.

## CIVIL AVIATION

**Donetsk Conference Examines Flight Safety Issues**

914H0095A Moscow VOZDUSHNYY TRANSPORT  
in Russian No 6, 4-10 Feb 91 p 4

[Article by S. Belogorodskiy, professor and doctor of technical sciences: "Don't Wait for the Thunder Clap"]

**[Text] A two-day seminar on flight safety problems will be held for senior civil aviation cockpit personnel in Donetsk during February. Together with an analysis of the situation that has taken shape today, the conference will discuss flight methods work, the influence of the human factor on safety improvement, and professional personnel training.**

The rapid processes of perestroika could not help but affect our civil aviation as well. Numerous strong and prosperous aviation enterprises are seeking to free themselves from the custody of the administrations or else break away from them entirely by establishing direct contacts with the ministry, customers, industry, and the outside world. In general this is a positive trend, inasmuch as it leads to the development of initiative and the mobilization of resources, which will lead ultimately to an increase in aviation services.

But this is the question: what kind of flight safety will there be in this case? Won't the level of flight safety, which even now does not suit us very well, decline even further? The breakdown of the current system of flight methods in operating aircraft, which is weak as it is, is one of the main reasons for such apprehensions.

According to statistics in recent years, 60 to 80 percent of accidents are the fault of cockpit personnel, which clearly attests to substantial shortcomings in the flight service. The ministry collegium and the Flight Safety Council have adopted many decisions and recommendations, but alas, many of them have proved to be ineffective and some of them have not been carried out at all.

It is common knowledge that there has been a staff reduction in the ministry, including the flight service administration, in recent years. The number of lead pilots is now several times less than the number of airplanes and helicopters. Figuratively expressed, the "master" of a specific type of aircraft has disappeared. Naturally, there is no question of any effective methodical supervision by the GlavULS [Flight Service Main Administration] under these conditions in the operation of a specific type of airplane or helicopter. The administration sees its most important task today as the development of requirements and standards which regulate flight operations, as well as the compliance (certification) of elements in the system with these requirements and standards.

Well, who will organize and ensure fulfillment of the standards and requirements that are developed? The

ministry responds that this will be the concern of the production workers from now on. So flight methods support will also be transferred to the production enterprises.

Now with regard to scientific support for the flight service. The Civil Aviation Academy was the main scientific center dealing with problems of flight operations 15 to 20 years ago. Later on it became the Ulyanovsk CEMA Civil Aviation Center. It was assumed that the use of experience in flights at the center itself and closer ties with production would contribute to this. But the level of flight methods support for operations continued practically the same as before. And this despite the fact that the Ulyanovsk Center received considerable support not only from the ministry, but the airlines of CEMA member countries as well.

It is apparent that these responsibilities are considered of secondary importance at the academy as well as the Ulyanovsk Center, inasmuch as the principal assignment of these institutions is to train personnel.

And here is another factor. It is very strange, but true nevertheless, that there is not one department in the sector's leading institute, the GosNII GA [State Civil Aviation Scientific Research Institute], in which the problems of methods support for flight operations are characteristic of its subject matter. The institute even deals with the scientific generalization of experience in flight operations from case to case. Let us point out for comparison that the specialists from four divisions, which include over 10 departments, are working on maintenance problems.

The lack of proper scientific support for the flight service is leading to the point that there are serious problems associated with flight safety even on aircraft that have been in service for a long period of time. Some 20 years after Aeroflot's most widely used aircraft, the Tu-154, made its appearance on air routes, rough landings continue to be an unresolved problem. Unfortunately, there are numerous examples of this. And unless steps are taken as soon as possible to develop a really new and effective system of flight methods support, we can expect a surge in the number of accidents caused by cockpit personnel in the very near future.

But who will develop this system? The ministry has been referring such functions "below." At the same time, fragmentation is under way at the sector's lower levels; so the organizations and enterprises whose attention to flight methods work has not been increased have been weakened.

But how are we to resolve the problem of generalizing the experience in operating specific types of aircraft in the sector as a whole now? This involves extremely important aspects such as flying technique and methods; the shortcomings of aircraft which have an effect on flight operations; flight documentation; the programs, methods and aids used in training cockpit personnel; the facilities for collecting flight information; generalization



and analysis of materials on air accidents and incidents; and a number of other aspects.

And more: how do we finance operations that are important throughout the sector? Moreover, there are many other questions as well. Only it is not yet clear who will be responsible for them.

And it may turn out that several years will elapse before the ministry develops requirements and normative documentation, and the level of flight methods work at production enterprises will decline in the meantime. The enterprises will begin looking for a way out of the situation through cooperation with each other. They will be enlisting the aid of persons from various kinds of scientific research organizations and industry to resolve the problems that have arisen. And if this cooperation proves to be successful, other enterprises will be joining it in time as well. But inasmuch as production enterprises have no experience, correct solutions will often be sought by the method of trial and error; this will involve unjustified expenditures, overlapping, and most importantly, a very slow pace.

For that reason, it is absolutely essential that development of an effective system for flight methods support under the new economic conditions be begun without delay, and of course, this work should be carried out in an organized manner, in accordance with a definite plan. At the same time, we must do everything possible from the very start to ensure that production enterprises are interested in carrying it out.

For this we must define the range of tasks that are most urgent, first of all. Secondly, we must ensure that they are carried out quickly and with high quality and then put into practice, and thirdly, we must determine the most expedient financing procedure.

It is most expedient to begin implementing these measures by organizing a flight methods council for a specific type of aircraft; aviation enterprises which operate the same type of aircraft are most likely to have common problems and interests. It must include representatives of the flight service of all—or at least most—of the enterprises which operate a given type of aircraft. It is essential that the council include representatives of the GlavULS, the GosNII GA, the NETs AUVD [Scientific Experimental Center for Air Traffic Control Automation], the Ulyanovsk Center, and the academy, as well as the OKB [experimental design bureau] and the series plant. It is important that such a council be invested with extensive rights, and its functions could be quite broad. This entails generalization of the results of a test in operating a given type of aircraft and recommendations on steps to improve it. And review of the flight manual for an aircraft and supplements to it. This includes suggestions to improve the design and various systems which have an effect on flight operation, as well as changes and supplements to flight and in-flight documentation.

Finally, the council could determine the subject matter and review the contracts for scientific research and experimental design work associated with improvement in the aircraft's operation and cockpit personnel training.

In order to carry out the day-to-day work to generalize experience in flight operations, prepare various proposals, and implement the council's decisions, a permanent working organ must be established—a flight methods center (group). It would be advisable to include one or two pilots, a flight engineer, a navigator, and several other specialists and associates in the organ.

As a discussion of these matters with a number of flight managers at different levels indicated, it is expedient to organize the flight methods council and center at one of the strongest UTTs [training centers] for a given type of aircraft. This UTTs should be given the status of the leading center. Then assemblies for purposeful skilled training of instructor personnel for subunits in the entire sector could be conducted here, as well as conferences for the exchange of the most valuable experience in instruction work, which is being covered poorly at present, unfortunately.

When necessary, the center's cockpit personnel could provide practical assistance firsthand in the subunits. Pilots, navigators, and flight engineers at the center could be considered the lead instructors for given types of aircraft. And a central data bank on the operation of a specific type of aircraft could be developed on the basis of information received from subunits. All the enterprises and organizations concerned could make use of this bank. In addition, it would become possible to systematically prepare all sorts of information bulletins.

It is expedient to single out the leading flight detachment for an operational evaluation of the changes made in the design of an aircraft and in its flight documentation. In principle, the work of the flight methods council and center could be organized at the leading detachment.

Now on the financing. Under the new conditions of economic operation, it is evidently most expedient through shared contributions from the production enterprises. Certain operations very likely will not be financed by all enterprises, but only those concerned with them. This is how additional services such as training for a specific enterprise may be paid for, as an example. If the centralized financing channels for NIR and OKR [scientific research work and experimental design work] are retained, appropriate funds may be directed to the flight methods center as well.

Locating the flight methods councils and centers as close as possible to production facilities will ensure that they are successful. The isolation of such cells from production facilities has been one of the main reasons for failures to organize flight methods work in the past. Through their active participation in the work of the flight methods councils with regard to specific types of

aircraft, the GosNII GA, the NETs AUVD, the Ulyanovsk Center and the academy should ensure the high level of the work carried out by regarding these councils and centers as their strong points and analyze and generalize the experience of their work. They are the ones that should resolve the problems which are common in the operation of different types of aircraft.

The sector's leading institute could provide overall coordination of scientific work in flight operations which are sectorwide in nature. The scope of other work of this type should be substantially expanded in the GosNII GA for this. At the same time, along with the solution of today's problems, we must develop a scientifically grounded program to develop the flight service in civil aviation up to the year 2000 under the new conditions of economic operation.

And finally, the very first step in organizing flight methods work on the new basis: we must hold organizational conferences of the representatives of production enterprises and the other organizations concerned, and flight methods councils must be created at them for each type of aircraft. Later on, the councils themselves will perform the work necessary to organize the flight methods centers. It would be best if the preparation and conduct of organizational conferences are headed by the Flight Service Main Administration of the Ministry of Civil Aviation.

### **Yak-58 Business-Class Aircraft Production Viewed**

*914H0097A Moscow VOZDUSHNYY TRANSPORT in Russian No 6, 4-10 Feb 91 p 7*

[Interview with S.A. Yakovlev, chief designer of the OKB [Experimental Design Bureau] imeni A. S. Yakovlev and son of the OKB's founder, by VOZDUSHNYY TRANSPORT correspondent V. Dubovoy: "A Personal Aircraft? No Problem!"]

[Text] **The press has carried reports on the development of executive aircraft in our country. The Yakovlev, Ilyushin, and Mikoyan OKB's are working on them... An earnest request [was received from] V. Saakov to report on these aircraft in more detail on the pages of VOZDUSHNYY TRANSPORT.**

[Dubovoy] Sergey Aleksandrovich, what was the incentive to begin developing executive aircraft? After all, it is common knowledge that this is not typical of the work at your design bureau.

[Yakovlev] The conversion has affected all sectors in our country. And us as well, naturally. So we turned our attention to this kind of aircraft. To an aircraft which would be both economical and simple to fly. Well, its modern design is different as well, of course.

[Dubovoy] So the Yak-58 has made its appearance?

[Yakovlev] Generally speaking, it is new only for our country. There are tens of thousands of such aircraft in the West. So the Yak-58 is designed for business and official flights. It can be used for training purposes and for patrolling forests, oil and gas pipelines, and power transmission lines. It will also be well suited as a liaison and mail aircraft. The cabin is arranged so that the aircraft can be reequipped in ambulance, training, and cargo versions.

[Dubovoy] Sergey Aleksandrovich, to the best of my knowledge, the main feature of the "Yaks" is the comfort.

[Yakovlev] Let us begin by saying that seating is comfortable in the aircraft, it has its own microclimate, and noise and vibration have been reduced significantly. The power plant is a piston engine with a three-bladed, variable-pitch pusher propeller; it is located in the aircraft's tail section, which provides for excellent visibility from the cabin and increases comfort for the pilot and passengers.

Compared with foreign aircraft of this type, the Yak-58 has its own distinguishing feature—the aircraft has a geared engine, and engine noise from the blades is insignificant for this reason.

The aircraft has three entry doors, and the pilot has his own separate door, incidentally. The main one is a sliding door, which makes it possible to use the cabin for parachute jumps, fire watches, and so forth. We decided on a nontraditional design by using the pusher propeller, which naturally determined the configuration of the empennage. But we did not want to have a "canard" configuration (with a foreplane) and we decided in favor of the classic arrangement. Which does not rule out the addition of a foreplane in the future, of course.

[Dubovoy] So the design is unconventional, it appears.

[Yakovlev] You know, what is unconventional is that the work was begun without any state order, without orders from above. A group of developers undertook the job at their own risk and responsibility. The idea for the aircraft was worked out, and only afterward did we begin looking for a customer.

As surprising as it seems, a great many regions of the country have responded to our proposals. They include enterprises, private individuals, and departments, and even public organizations, which led us to the conclusion that we have a vast consumer market for this type of aircraft.

Incidentally, we concluded that the demand exists for two types of aircraft. The first one is the type of our Yak-58 air taxi with good takeoff and landing characteristics, and the second one is a fast executive aircraft, that is, a jet.

There is no question that there have been difficulties. In order to surmount them, we proceeded to establish the "ATIS" joint stock company to search for cofounders.

This will give them the right of ownership and to take part in the profits. All the work is expected to take two years. A mockup of the aircraft has already been made. Design work is under way. The prototype will come next. We decided to do this in a way that is not traditional: not to develop the prototype at our OKB, but to build it in a series plant. This will enable us to save time and expenses on manufacturing.

[Dubovoy] How do you intend to "register" your light aircraft at the country's airports if there are no airworthiness standards for such types of aircraft?

[Yakovlev] Unfortunately, this is our common problem. Standards of this kind exist in other countries—the FARM-23. We are taking advantage of them for the first time for this reason. But efforts are being made to draft and adopt domestic airworthiness standards for these aircraft so that they can be put in operation by the time they are certified.

[Dubovoy] How much will the aircraft cost and who will be able to acquire it? Has the MGA [Ministry of Civil Aviation] made attempts to begin contacts with you?

[Yakovlev] The Yak-58 will cost roughly 350,000 to 400,000 rubles, although it was planned initially to set the cost at no more than 250,000. The reason is that the estimates for all the possible materials and services had increased.

Everyone will be able to purchase the light aircraft—both organizations and individuals. We have already received a number of offers from cooperatives, incidentally.

As far as the Ministry of Civil Aviation is concerned, it has not demonstrated any interest to us at present. Unlike the the ministry's administrations. There are several of them: the Tajik, Latvian, Lithuanian, and certain other administrations.

[Dubovoy] And this. Let us assume that I want to obtain an aircraft for my personal use. To whom do I apply?

[Yakovlev] Directly to the OKB imeni A. Yakovlev.

## RAIL SYSTEMS

### Financial Section Chief Interviewed on Railway Status

914H0094A Moscow GUDOK in Russian 26 Jan 91 p 2

[Interview with V.F. Pryadko, chief of the Central Accounting and Finances Main Administration, by N. Davydov: "Where Does the Price Dictate Lead"]

[Text] The situation in which railroad transport has now found itself is truly critical. An extremely important sector of the country's national economy is on the brink of financial failure. Because of the introduction of new wholesale prices, beginning on 1 January 1991, for the transport products needed, the shortage of funds to finance production and social development of the sector,

not counting the increase in transport tariffs, was about 11.5 billion rubles. Even at the beginning of the stage of preparing for the transition to market relations, the MPS [Ministry of Railways], with the support of the USSR Ministry of Finance, asked that the right be granted for independent establishment of the tariffs for freight and passenger transport. Gosplan [State Planning Committee] and Goskomsen [State Committee on Prices], however, did not agree to this. Now the sector has found itself in a financial cul-de-sac.

We asked V.F. Pryadko, chief of the Central Accounting and Finances Main Administration, to explain to the readers how transport has come to such a pass.

[Davydov] Viktor Fedorovich, have the problems that have arisen been accumulating through the years or have they been engendered only by the transition to the market?

[Pryadko] For over 20 years, transport has not had the necessary degree of opportunity to renovate and update its productive potential. The reasons? The constant shortage of resources allotted for its development and the inadequate, in quantity and quality, supply of new equipment. The growth rates of the production funds are just a little less than half those as a whole for the national economy.

In just the last decade, railroad workers were short-supplied 151,400 freight and 3,200 passenger cars, 1,600 electric locomotives and 2,200 mainline diesel locomotives, 1.3 million tons of rails and over 30 million ties. As a result, 170,000 freight and 8,000 passenger cars that are now in operation have a service life that has long elapsed. Almost half of the electric locomotives and one-third of the diesel locomotives operated have been serving for over 20 years, and 30,000 kilometers are urgently in need of replacing on the polygon. The reserves for increasing the throughput and carrying capacity on the most important routes of the network have been virtually exhausted.

In the last two years, due to a disruption in the normal rhythm of the work of the roads as the result of international conflicts and natural disasters in individual regions of the country, transport has lost about a billion rubles of profit and 800 million of the economic incentive funds. This fund now, calculated per worker in our country is almost half that at industrial enterprises.

[Davydov] The statistics are dismal. Are there, though, some ways of achieving a balance in the financial plan of the MPS for this year?

[Pryadko] Let us again return to figures, which we still cannot do without. Since 1 January, tariffs for freight transport have increased by 25 percent, and the sphere of application of contractual tariffs has expanded. This has made it possible to reduce the shortage of funds to approximately 6.3 billion rubles. Passenger tariffs, however, which have not been revised since 1948, cause this transport to be unprofitable. The losses from passenger

transport in 1991 will be about 2.2 billion rubles. We appealed to the government with a proposal, incidentally, agreed upon with the central economic departments, to raise passenger tariffs in order to put an end to the loss factor in passenger service.

In this case, however, the problem of the shortage of funds has not been completely solved. It does not matter that there will be a shortfall of almost five billion rubles, and counting the tax from the sales, the total will increase to six billion.

True, Gosplan and the Ministry of Finance specify allotting us this year, from the all-union economy stabilization fund, approximately 3.4 billion to acquire freight cars and containers and to construct a number of very important projects, including the development of the Moscow subway. Even then, the deficit will remain over 2.6 billion rubles.

January is ending, but, despite repeated verbal and written requests, the MPS has not obtained a single ruble, neither from the union budget, nor from the all-union economy stabilization fund, which has not yet been formed. A minimum of a half-billion rubles is needed for January, on the basis of the yearly deficit. We are not paying the suppliers' account for the new railcars, locomotives and other equipment, and we cannot count on the contractors to perform construction and installation work. Despite the fact that railroad transport is all-union property, and the railroad workers, as you can see, are not to blame for the shortage of funds that has formed, the central economic departments are not hastening to find a solution for the problem. We are essentially left alone with the market element, and with fixed tariffs established for most transport.

This is not all, though. The constant rise in wholesale prices for the products used by transport worries us a great deal. The suppliers are substantiating their position by the rise in the cost of completing items, which are mainly sold at contract prices. The directors of the railcar building plants and the Ministry of Heavy Machine Building have already stated that they cannot supply railcars, even at a price 1.5-fold higher than last year's, since this is unprofitable for them. As a result, instead of the two billion rubles specified to acquire railcars and containers, according to the last estimates, we need 2.6 billion.

Moreover, on 16 January, that is, after the approval of the country's budget, Goskomtsen established an additional payment to be added to the cost of railcars produced by the Azovmash Production Association (from 8,000 to 13,500 rubles), after which their cost jumped to 76 million rubles.

There is an analogous situation in locomotive building. Here, the economic dictates have brought a rise in prices, which threatens to turn into a deficit of almost a half-billion rubles. The contracting construction organizations are pushing requirements for compensation through the purchaser's funds—over the estimated cost

of construction—of all actual expenditures related to acquiring materials, fuel-energy resources and other products at higher or contractual prices. They also require compensation for all the other expenses, right up to compensation for losses due to operating housing and municipal services.

With this sort of economic pressure from the contractors, the estimated cost of building projects will sometimes double and more. We are not in a position to finance construction at these prices, and will have to cut back work on developing the sector's material-technical base and considerably reduce the construction of housing and other objects of the social sphere. That is what the price dictate leads to.

[Davydov] Can a growth of revenues from transport be counted on in the present situation?

[Pryadko] Hardly. Because of the economy's transition to market relations, a tendency to cut back production in a number of sectors of industry has been noted. Under these conditions, a reduction in the transport volume is taking place in many divisions. The revenues, conversely, will be reduced, and it is not ruled out that difficulties in ensuring people's wages will arise....

[Davydov] In this case, though, conflicts in the railroad worker labor collectives are inevitable. Is there, perhaps, a way of insuring against undesirable excesses?

[Pryadko] In the last three or four years, in the sector, just as in the country as a whole, an increase in the incomes of workers and employees has been taking place. Cost accounting and leasing have also played their role. The enterprises are even competing to set up various funds, additional pay, and so forth. For railroad workers, these payments have also increased, as personnel in the leading occupations have been recruited: workers of the locomotive brigades, track workers, conductors, and others. Maintaining this trend will make it impossible for our enterprises to form, at the beginning of the year, the necessary consumption fund, and to put it bluntly, a situation could arise in which there will prove to be no funds to pay wages.

Therefore, in order to create the conditions for the stable work of railroad transport and the subways, we turned to the USSR Cabinet of Ministers with these proposals. In the first place, grant the road divisions and associations of industrial railroad transport and subways, when reducing the work volume (incomes) over the corresponding period last year, for reasons not based on their activity, the right to issue funds directed toward consumption, within the limits of a base amount increased by four percent, and do not collect taxes from them. In the second place, permit the enterprises, associations and organizations of the MPS to correct, by quarters, last year's base level of expenditures for wages.

[Davydov] The last question. When the law "On Taxes from Enterprises, Associations and Organizations" was put into effect, it did not specify setting up centralized

funds and reserves in the sectors of the national economy. How, then, will railroad transport be developed?

[Pryadko] The MPS cannot function if it has no reserves. The point is not only that it will be unable to give special help to roads that have fallen upon unforeseen situations (snowdrifts, floods, earthquakes and other natural disasters). Centralized funds and reserves must go primarily to acquire rolling stock, for proportional and comprehensive development and intensification of the lines, electrification of entire routes, devices for mainline communications, construction of large classifying stations and other important projects. There must also be funds for scientific-research and experimental design work with all-sector significance. So we have asked the government to permit the formation of this type of fund through having the roads deduct part of the profit and amortization deductions. Let us hope that our request will be answered satisfactorily.

### **Progress Report on High-Speed Rail Line Planning**

*914H0094B Moscow SOVETSKAYA ROSSIYA in Russian 30 Jan 91 First Edition p 2*

[Article by T. Pashkova: "Let Us Start!: Russia's High-Speed Mainline Takes a Running Start"]

[Text] How does man's independence primarily make itself felt? In the ability to make a decision. And the Republic? In the ability, not only to make a decision, but also to put every effort into putting it into practice. Today, more and more insistently, one hears support for the project of a high-speed mainline between the two largest cities in Russia—Moscow and Leningrad. The Commission on Transport, Communications and Information of the Supreme Soviet of Russia discussed it recently and, after recommending a search for non-traditional forms of financing, decided to support the program.

"We will do everything to begin research work in 1991," V.A. Gololobov, deputy chairman of the commission, reported. "Russia will not stand aside. The republic is extremely interested in this mainline, for after all, we must look into the future: only modern transport will give a leap forward to development of the republic's economy. I am sure that the line will justify itself. We will try to allot at least 40 million rubles for a start. We have sent our decision to the republic's Council of Ministers and we hope that the answer will be favorable."

"And the opinion of the country's Gosplan?"

"I would like to assure you that our viewpoints coincide, but even if they do not coincide, we will not abandon the project...."

It must be confessed—the preliminary cost of the high-speed mainline, Leningrad-Moscow-Center-South—18

billion rubles—frightens many specialists, like an electric current. Today, however, talk is only about the main section, between the two capitals of Russia, between Leningrad and Moscow, the cost of which will be 2-3 billion rubles. The time en route will be 2.5 hours.

Boris Gidasov, first secretary of the Leningrad Party Obkom, and Anatoliy Sobchak, chairman of the Lensovet, despite a mass of conflicts on policy, were uncommonly unanimous on this question—the high-speed mainline was necessary. Both of them gave assurance that both the Leningrad Party Organization and the Lensovet would give every assistance in carrying out the decisions.

The new train will be completely unexpected—a double-decker railcar, which will make it possible to accommodate more passengers. There will be almost no stops (only three from Moscow to Leningrad), and therefore boarding and exiting from the second deck will not be burdensome. The work is already in progress, and there is hope that a test consist will be ready in 1995. On the whole, the line will go into operation by the year 2000. Let us not be frightened by these figures, for time goes by very quickly. It is distressing that not all the ministries within the framework of the conversion support the project.

The main thing is that we must not forget that about 2,800 high-speed kilometers are in operation in the world today, and by the year 2000 they will be 9,000-10,000 kilometers in extent. A great deal now depends on USSR Gosplan [State Planning Committee], where the plan for the mainline is being examined by experts.

### **Line Maintenance Difficulties Scored**

*914H0086A Moscow GUDOK in Russian 23 Jan 91 pp 1-2*

[Interview with N.F. Mitin, chief of the Lines Main Administration, Ministry of Railways, by V. Gitkovich: "Wooden Ties Are as Essential as Air to the Railroads"]

[Text] Seven out of 10 letters to the editorial staff from railroad workers are sure to mention the shortage of parts in the line superstructure, primarily wooden ties. Most of the PMS [track machinery stations] which have not carried out their major repair assignments refer to this reason. It is also preventing the line subdivisions from performing proper day-to-day maintenance of the track.

Hence the unavoidable consequence of an increase in the number of warnings to reduce train traffic speed, and what is worse, the increase in the number of accidents, and even wrecks.

Transportation has reached or nearly reached a critical point because of the condition of the track: we cannot retreat any farther! In the meantime, the transition to a market economy is having an effect on the production of ties as well. Timber industry workers are looking for

opportunities to sell the timber at more profit. This is why 1991 has brought railwaymen only uncertainty about tomorrow. All this has a detrimental effect on the railroads' work, and hence, it will also have an effect on the status of the entire country's economy unless urgent steps are taken on a national scale.

When will we have the ties?" I put this simple question to N. Mitin, chief of the Ministry of Railways' Lines Main Administration, and I received a candid, laconic response:

"Unfortunately, I do not know."

But his expansion on this took quite a lot of time, and it will be interesting not only to railwaymen, but everyone who uses this form of transportation, in my view. We would also very much like to see the country's government interested in the detailed response.

"You are far from the first person to be interested in knowing when we will have enough ties, rails, and rail fasteners," Nikolay Fedorovich said. "Not to mention the railwaymen themselves, many deputies of the USSR Supreme Soviet and the supreme soviet of the RSFSR and other republics are interested in this."

They are asking the Ministry of Railways to help the railroads, the divisions or individual subdivisions which are in their electoral districts. They are demanding materials for the track superstructure, and the ties and beams for switches first of all, of course.

We would be pleased to provide such assistance, especially as we ourselves are well aware that it is necessary. But unfortunately, the Ministry of Railways cannot allocate additional ties because it has none.

The provision of ties on the railroads has gotten much worse in recent years. And now a real threat to train traffic safety is developing on a number of sections, not to mention disruptions in the traffic flow. At present, 16 percent of the ties laid are defective, and even more of the beams for switches—27 to 28 percent—are unsuitable.

The entire system is being provided poorly with ties, but an absolutely intolerable situation has developed on individual railroads because of failures to adhere to contract commitments in recent years. Some 18 to 25 percent of the ties are defective on the Azerbaijan, North Caucasus, Transcaucasian, Moldavian, Baltic, and October Railroads. The situation with respect to switch and bridge beams is even worse. There are six to seven times more defective ties than allowable for safety conditions on the railroads mentioned and certain other mainlines.

Railwaymen have been forced to reduce speed on many open lines. However, in spite of this, there were more than 3,000 derailments in 1990 and there were four wrecks and six accidents. A continued reduction of

traffic speed is required in many sections with the current railcar axle loads, traffic density, and train weights.

This is not surprising, for in the percentage of defective ties today, the track is in a condition similar to what it was in 1946. And the reason then was the same—a sharp reduction in deliveries of ties during the war (from 33 million in 1936 to 12 million in 1945-1946); the Ministry of Railways at that time was forced to submit a special report to the country's leadership, characterizing the lack of ties as critical, requiring emergency measures in the interests of the national economy and the country's defense capability.

They were adopted. Beginning in 1947, the deliveries began to increase. In a year the number of ties had already reached 25 million, and in 1953 they totaled 30 million. Later on, the deliveries of ties were reaching 26 to 26.5 million every year up to 1966; this made it possible to provide for stability and reliability in the production of ties until the mid-1970's (no more than 10 percent of the ties and 8.3 percent of the switch beams were defective).

Unfortunately, the supply of ties began to decline sharply in the early 1970's, which eventually brought the production of ties to the level of the first postwar years.

[Gitkovich] But why has the ministry reconciled itself to this situation?

[Mitin] But it has not reconciled itself to it. At our insistence, the CPSU Central Committee and the USSR Council of Ministers adopted special decrees on three occasions in the past 15 years to reinforce the railroads' facilities. However, the annual targets set on the basis of USSR Gosplan estimates have never been fulfilled. In just the period from 1980 to 1990, the railroads received 41.5 million ties and 67,100 switch beam assemblies less than the number set by the targets.

The number of ties delivered annually for the needs of transport have again dropped to 12 million and the number of switch beam assemblies delivered has dropped to 6,800, although over these 10 years, the number of wooden ties has practically not declined because of the construction of new lines and second tracks, and the number of switches even increased from 247,000 to 332,000.

If the provision of wooden ties and beams is not radically changed, traffic will slow down even more on many sections in the coming years. Some 10,000 to 20,000 kilometers on which traffic speed will have to be limited to 25 to 40 kilometers per hour because of rotten ties and beams will be added to the 60,000 kilometers where traffic speeds are restricted because of rail condition. Passenger train traffic will have to be discontinued altogether on a number of sections for reasons of safety.

[Gitkovich] So we have arrived, as they say. We can go no farther.

[Mitin] Unfortunately, it may be even worse. After all, under the program to modernize railroad transportation, our ministry is to deliver 22 million ties annually, which would enable us to reduce the number of defective wooden ties each year by 0.3 percent. But it is planned to deliver no more than 12 to 14 million ties in 1991. But this will inevitably lead to further deterioration in the supply of ties. And then we will really have nowhere to go.

Under a government order, our ministry was given the right to activate an All-Union state order for wooden ties and switch beams beginning in 1991. The Ministry of Railways was thereby made responsible for providing this product to all customers in the national economy.

An analysis made of the supply of ties on industrial rail transport lines, including routes of the Minmet, Minuleprom, Mintyazhmash, Minoboronprom [Ministries of Metallurgy, Coal Industry, Heavy Machine Building, and Defense Industry] and other most important sectors of the national economy showed that there are more than 60 million defective ties there, but the percentage of unsuitable ties is higher than on Ministry of Railways routes.

While the overall requirement of the country's economy this year is for 44 million ties and 36,000 beam assemblies, timber enterprises of the USSR Ministry of the Timber Industry and Ministry of Internal Affairs and the RSFSR Goskomles [State Committee for Forestry] have been given the resources for just 22 million ties and 12,500 beam assemblies. These quantities are actually below the average annual plans for deliveries stipulated by the program to modernize railroad transportation.

It follows from this that the resources allocated do not enable us to meet even the minimal requirement of the industrial ministries and the transportation construction workers or the operational needs of the railroads. We will have to discontinue building new rail lines and second tracks and renovating stations and junctions.

[Gitkovich] Yes, you have painted a dismal picture.

[Mitin] I agree with you, but the problems do not end here. We have hardly mentioned the bridge beams. The situation is no better here. The program provides for 33,000 cubic meters of bridge beams to be delivered for railroad transport each year. This is the estimated requirement. But the item was not included in the state order. But we cannot conclude contracts directly with timber industry enterprises this year. These items are not profitable for the timber workers.

So the number of defective bridge beams, which is now at 12 percent, will increase drastically. But these are bridges, after all! Expensive structures and the most important sections of a line, and there should be no defective beams here for reasons of safety and the soundness of the structures themselves!

But the timber enterprises are not concluding contracts in the full amount for the limits that have been set, either. They signed documents for only 11 million of the 22 million ties and only half of the switch beam assemblies. The "Primorsklesprom," "Zabaykalles" and "Kemerovoles" production associations refuse to sign contracts. The situation that has developed is essentially leading to disorganization of work in the country's entire transportation system.

[Gitkovich] And what do you intend to do?

[Mitin] We are doing a great deal. In particular, I want to appeal through your newspaper now to the deputies of soviets at all levels.

**Dear elected representatives of the people! I have told you without reservation what the facts actually are, I have laid all my cards on the table, and I beg you—each one of you, do not ask for your personal "share." Think together how to help railroad transport get out of the abyss it has rolled into. This is also very important because it will drag the entire economy of our motherland there after it: it cannot survive without its steel arteries!**

In addition, our minister is stressing the issue of tie deliveries to the country's government. This problem was reviewed more than once last year in the USSR Council of Ministers. Specific instructions were given to the USSR Gosplan, the Ministry of the Timber Industry, and other departments concerned.

This year the Government of the USSR has also instructed the sides concerned to work out in detail the methods for increasing the output of this product and delivering it to the Ministry of Railways.

In our opinion, a solution can be found if annual deliveries are brought up to 38.2 million wooden ties and 28,500 switch beam assemblies.

According to Gosplan estimates, our timber industry has these capabilities. We need its desire and understanding that railroad transportation is not only a railcar to carry freight and passengers and not only a worker in commerce who takes a bill of lading from a shipper; it is a reliable supply line, but it cannot be reliable without the ties.

And if there is no such line, we will not be bringing oranges to the forest regions from Georgia, or wine from Moldova, or metal from the Urals. Nor will we be carrying out the timber felled by those same timber workers for other customers.

### **Estonian Railroaders' Problems Highlighted**

*914H0086B Moscow GUDOK in Russian 22 Jan 91 p 3*

[Report by GUDOK special correspondent A. Turbin from Narva, Tapa, and Tallinn: "Do Not Leave Us in the Lurch!"]

[Text] What is a market? What should we expect from it? Estonian railwaymen asked me these questions quite often. I frankly did not know how to answer. Until I had dinner for four rubles [R] in the dining room of the Narva station. Multiplying this sum by three, I realized that my travel allowance would not be enough for several days.

My uneasiness was increased by a meeting with the brigade at the technical maintenance point at the Tapa depot. Everyone, beginning with foreman G. Mazanov, brigade leader N. Kharlamov, and mechanics A. Minayev and A. Mukhin, began speaking about one sore point: "How do we continue to live? The prices are rising unchecked, but wages remain at the previous level. The division demands—here is the plan, but how do we fulfill it when the diesel engines have practically fallen apart and they are no longer delivering spare parts for the Czechoslovak locomotives..."

The conversation continued the following day at a special trade union conference to hear reports and elect officials, where A. Petyev, chairman of the trade union committee, asked to be relieved of his position. His reason: I do not want to do poor work, but the work is not turning out well. Before the next price rise for essential commodities, he said, they sent a letter addressed to the minister asking that a subsidy of no less than R100 per person per month be added to their wages. In response they received one-time assistance, and even that was less by half.

"I went to Tolyatti to 'shake out' several passenger cars for the collective. They did not refuse us there, but only in exchange for timber and metal. But we do not have enough timber and metal ourselves. I tried to offer them tours of our republic. But this is not a 'commodity' in demand now.

"And it is this way with every question. No matter where you go, they do not really refuse you anywhere, but they do not give anything, either. Although I was educated as an engineer, the situation has come to a point that I have begun working to obtain matches and canned food..."

A great many offensive words were directed at the trade union employees that evening. People had lost their faith that anything could be changed. And when candidates were nominated for the post of chairman, most of them were immediately rejected. In the intermission during the voting, I could hear: we have been discussing the same questions for decades and...nothing is of any use. Many persons were puzzled why no one from the division or the rayprofsozh [rayon committee of the Railway Transport Workers Trade Union] appeared at the meeting.

I left Tapa in low spirits. I was depressed by a kind of hopelessness. Who will be able to answer the questions asked by the workers in each collective?

"There are three cities in Estonia where red flags are still flying." This is how Chuykin, chairman of the Narva

City Soviet of People's Deputies, began his account. "Basically the Russian-speaking population—over 200,000 people—resides in this territory. Including the railroad workers, who have turned out to be a state in a state today. They have not appealed to us until recently. But we have given all the pensioners, including those who worked in transportation, a subsidy of R84 each for three months. But after all, a new price increase is planned, and the railway workers' situation will become worse."

Nevertheless, I can understand the city's mayor. Thus far it has not been entirely clear just how much will be transferred to the city's account from the republic budget. Previously, the city authorities had R8 million at their disposal, but less and less funds have been allocated each year, and the city fund amounted to just 4.5 million in 1990. The other day they had difficulty in averting a strike by teachers who were demanding that their wages be raised to R250.

My path in search of an answer to the disturbing question led me further to G. Zalekeshin, chairman of the Estonian Division Rayprofsozh. He told me:

"On 15 October last year—the day that prices were raised on basic commodities—railroad workers made the decision to hold a strike. We supported the workers' collectives. The strike was averted, and the minister of railways assured us that the Estonian railwaymen would not be abandoned. Though the assistance turned out to be a meager R800,000. How is this to be divided among 16,000 workers? We decided not to leave anyone out and gave each person R60."

"There is nothing to be happy about," added Ya. Leshkin, chief of the Estonian Division, who made a frank admission. "I try not to meet with labor collectives, because it has become difficult to respond to direct questions. In order to patch up the hole created in the financial budget somehow, they raised the prices for local train service by 30 to 50 percent. They raised the cost of services provided to enterprises by several times as much. So we managed to provide railwaymen with a subsidy of R60 each in November and December. But the passengers are dissatisfied and overrunning us with complaints: 'Why is it that prices have been raised, but there has been no improvement in the quality of service?' But what are we to tell them if we have nothing with which to repair the rolling stock or the track that is completely worn out? While we managed to restore 60 to 65 kilometers per year previously, last year only 25 km were normalized and even less—19 km—were planned for 1991. The same situation applies to railcar maintenance. The national government's attitude toward transport must be fundamentally changed; otherwise we cannot avoid major shocks."

As if to confirm the division chief's words, the editorial staff received a telegram from the railwaymen's collective in Tallinn, which categorically states the necessity of doubling the wage fund compared with 1990. Otherwise, they threaten to stop work.



I was curious to find out what V. Demidovich, a chief specialist in the Estonian SSR Ministry of Transport, thinks about this.

"We should return to 1963," Vera Vasilyevna said, "when the Estonian Railroad existed, and start everything from the beginning. I call your attention to the fact that matters in our division have been getting worse and worse ever since they formed the Baltic Railroad. By processing 250 to 300 railcars each day in the port of Novotallinsk, we do not have the foreign exchange to acquire the same spare parts for the diesel engines. The division does not have its own PMS [track machinery station], and I am not even mentioning a computer center. The question of establishing an Estonian Railroad is 'an old one,' as they say. If it had been settled, there would have been no problems with paying railway workers. How, you ask? First of all, we are now carrying passengers practically free, so the rates will be raised. And second and no less importantly, the republic government would be able to allocate R10 million for development of the Estonian Railroad. Of course, that is not the same money that can be used for construction and electrification—all this will remain the prerogative of the Ministry of Railways. But we are confident that we will begin operating better. As a result, the monthly budget for a railway worker will be increased to at least R150, which will reduce the social tension, and to a certain extent, the political tension, in transport. Judge for yourself: the chief of the Estonian Division now receives a salary of R330. All the directors of the republic's large enterprises receive no less than R1,000."

But what are they saying about this in the republic press? As an example, SOVETSKAYA ESTONIYA reports in one of its issues: "Thus far, the railway workers have not enjoyed the opportunities of production reorganization and adjustment of wage conditions granted to them by the laws of the Estonian Republic and government decisions... Estonian Minister of Transport T. Vyakhi is instructed to discuss the independence of Estonia's railroad and a fair adjustment of their wage conditions with the appropriate USSR departments."

Another article states that participants in the special trade union conference of workers in the Estonian Division applied to the leaders of the the USSR Ministry of Railways and the republic's Ministry of Transport with a proposal to introduce the railroad's new status as an independent enterprise. An agreement supposedly was prepared between the Estonian Government and the Ministry of Railways on relations in the field of rail transportation. The essence of it is as follows: beginning 1 July 1991, the Estonian Railroad should function as an independent cost accounting enterprise. The receipts from transporting freight and passengers, as well as the provision of other services within the boundaries of Estonia, will go directly to the Estonian Railroad. The receipts from transportation service between republics and transit passenger and freight service will be handled as before in the procedure established by the Ministry of Railways, that is, they will go into centralized funds. All

financial activity of the EZhD [Estonian Railroad] will be conducted through Estonian banks. The enterprise should be taxed in accordance with the republic's laws.

We contacted A. Vaygel, chief of the Organizational Structures Improvement Department of the Ministry of Railways, and asked him to comment on this proposal.

"Indeed, the leaders of the Estonian Republic have repeatedly raised the question of establishing an Estonian Railroad. But based on the unity of technology in the work of railroad transportation, we believe such a step is economically unjustified under the conditions of a shift to the market, since this will lead to unwarranted expenditures to maintain additional management staff and new production capacities."

So the circle is closed. The Estonian railway workers have been left one on one with their fate. The only thing that offers even a little hope is the assurance by the division chief that each railway worker will henceforth receive a monthly subsidy of R60, but again, under the condition that the plan is fulfilled.

**When this report was being put together, it became known that the government of E. Savisaar was forced to suspend a further increase in prices under the pressure of growing public dissatisfaction with the excessively high cost of living. But even without this, the situation in transportation remains complicated, and too many urgent problems are not being resolved.**

## MARITIME AND RIVER FLEETS

### Protests Against Nuclear-Powered Vessels Continue

914H0096A Moscow VODNYI TRANSPORT  
in Russian 29 Jan 91 pp 1-2

[Interview with RSFSR People's Deputy Albion Vasilyevich Brechalov by V. Ivanov: "Will Nuclear-Powered Ships Be Going Into Dudinka?"]

[Text] Dudinka-Krasnoyarsk—Last year our newspaper carried several pieces on the wave of mass protests by inhabitants of the Taymyr Autonomous Okrug involving the crew of the new shallow-draft nuclear-powered icebreaker Taymyr. The northerners were demanding then and are demanding now that the operation of this and similar ships be banned in the estuary of the Yenisey River and along a line from Murmansk to Dudinka.

In these last months increasingly frequent calls have been heard for total closure of year-round navigation along this sector of the northern sea route.

When I was in Dudinka recently, I heard many charges leveled at VODNYI TRANSPORT that we are publishing on the pages of our newspaper only the opinions of those who support nuclear-powered vessels and the idea of winter navigation in the ice.

After I returned to Krasnoyarsk, I conscientiously looked through the VODNYY TRANSPORT files and was convinced that this is not so. In all the pieces published on this subject the main thought was that before reaching any particular decision it is necessary to weigh it thoroughly. Not only from the positions of the territories or departments but also from state positions. It is essential to appoint independent ecological and economic expert commissions for these problems. It is necessary to eschew emotion and operate only on verified facts and figures.

But so that the editor will not henceforth be similarly reproached, I interviewed one of the sponsors of the campaign that has been developed, A. Brechalov, editor of the rayon newspaper SOVETSKIY TAYMYR, a deputy of the RSFSR.

[Ivanov] Albion Vasilyevich, before starting our interview I would like to familiarize you with a letter from the crew of the icebreaker Taymyr in which the seamen, who regularly read your newspaper, note a certain tendentiousness in coverage of this subject. They write that more often than not your writers rely not on facts and knowledge but on emotions, and that a large proportion of the pieces published have been prepared by opponents of nuclear-powered ships and navigation, while the supporters are, so to speak, "left ashore."

[Brechalov] Well, there are as many opinions as there are people. Perhaps we really are not publishing very many of the opinions of the supporters in SOVETSKIY TAYMYR. But letters from them very rarely arrive in the editorial offices. Incidentally, we published this particular letter in full.

At the same time, however, our rayon newspaper should be the first to defend the interests of the local inhabitants. I am deeply convinced of this.

[Ivanov] That is clear. But let us return to our subject. During the last 18 months SOVETSKIY TAYMYR has published much material concerning the icebreakers Taymyr and Vaygach on the Yenisey River, and about other nuclear-powered ships in the Arctic, along with nuclear detonations on Novaya Zemlya, the use of isotope power sources by hydrographers for ranging marks... In short, we have to think that the okrug is preparing to declare itself a nuclear-free zone...

[Brechalov] Evidently everything is moving in that direction.

[Ivanov] But how have events unfolded since the newspaper statements?

[Brechalov] Let me start to answer your question by emphasizing once again why we are concerned. Although the essence of it lies on the surface—the potential danger that nuclear power carries within itself. The terrible catastrophe at Chernobyl convincingly confirms this. If such a thing were to occur in the North, in the Arctic, the consequences could be just as severe. It is even extremely

complicated just to take people out of this area immediately. Only aviation can do it. But how much would be required?

To the point, we are perfectly well aware that the Novaya Zemlya test site is more dangerous than nuclear-powered ships. Today, the main efforts of the people of the North and their people's deputies at all levels are directed toward eliminating it. I am sure that this subject is also of concern to seamen working in the high latitudes. For when they are in the western region of the Arctic, they are in the immediate vicinity of Novaya Zemlya.

As far as ships with nuclear power plants are concerned, we are to some extent overcautious. I know from the press, from the experts, that theoretically the reactor installed on the Taymyr is safe. But only theoretically. For the Arctic is the Arctic. And the seamen know better than I do about its changeable character. It is no secret that the number of emergency situations with the fleet is incomparably higher here than in the open water. Neither can we ignore the limited possibility for ships to maneuver as they come up the river. So there is a theoretical possibility for an accident. It may be only one percent, perhaps half of one percent, but it does exist. And no kind of insurance against a "fool" can guarantee that a "fool" will not appear. And the experts do not give a 100-percent guarantee from the technical standpoint.

[Ivanov] Well, what if we imagine that the experts can nevertheless give you this guarantee?

[Brechalov] Here I would like to remind you why this campaign was initiated. In the summer of 1989, an editorial entitled "Five Questions Point-Blank" was carried in SOVETSKIY TAYMYR. We were interested in guarantees of accident-free shipping, radiation safety, safety at the piers in Dudinka port, the effect of so many large ships on the flora and fauna of the Yenisey River, and the economic advisability of winter navigation.

We asked those questions primarily of the Norilsk Mining-and-Metallurgical Combine, in whose interests the new fleet is being built to engage in year-round navigation. And of course, the Murmansk Maritime Steamship Line and the USSR Ministry of Maritime Fleet. Unfortunately, we have still not received precise, convincing responses, with figures, from them. Even though representatives of the Murmansk Maritime Steamship Line went to Dudinka, and our delegation went to the Taymyr, but...

I am convinced that the seamen themselves are largely to blame for the growth of this campaign. The impression is being created that they learned nothing from the story of the nuclear-powered LASH [Lighter Aboard Ship] Sev-morput in the Far East. They are still not resolving issues in dialogue with the northerners. For we are waiting not only for representatives of the fleet, but also from science, and ship and reactor designers, veterans from nuclear-powered ships, ecologists... But they do not come. Even though all this should be done in good time rather than by doubting the truth of our intentions and

showing us that we are incompetent. We are aware of that. But as the inhabitants of this place, we want to know that the entry of the Taymyr and the Vaygach into our area will not bring danger to us, and that it will not adversely affect the already damaged natural resources on the peninsula, which the Norilsk combine is assiduously trying to destroy.

[Ivanov] Albion Vasilyevich, it is understandable that more scientific studies will be required to conduct a repeat study of the issues that you are raising, is this not so?

[Brechalov] Undoubtedly.

[Ivanov] Then I would like to ask you this as a deputy of Russia. From where will this funding come? And major funding, at that.

[Brechalov] Well, I have to work up to this.

Today we know that winter navigation will involve the region in certain losses. For example, the ships' screws tear up fishing nets and kill fish... An ice channel holds up transport for a long time between the shores, and the state farms located on the Yenisey have additional expenses for air transport. Finally, equipment and people fall into the ice channels. When we posed those five questions the seamen and the metallurgical workers asked us to give a precise figure for those losses. But how can we do this? Who has calculated it? How can we quantify a drowned fisherman, an eroded river bed, or a dead fish? Then the okrug executive committee took an extreme step and adopted a decision banning nuclear-powered ships from entering the Yenisey.

At the same time our soviet appealed to all interested parties, proposing that funding be allocated to finance scientific studies.

And here we have a strange situation, and common sense dictates that payment should be made first and foremost by whoever gives the orders to the fleet. That is, Norilsk combine and Norilskiy Nikel Concern. Then the seamen. And then the okrug. But, strange as it may seem, the metallurgical people are not giving even a kopek, explaining their behavior by saying that they are already doing a great deal for the region. That is so. Most of the housing in Dudinka has been built by the Norilsk people. But a significant number of the inhabitants of the city work at the combine. And they also help the countryside. But why confuse the one thing with the other? Let me repeat it: How do we quantify the rivers, lakes, and tundra ruined by the emissions from the factories?

This is why we are talking about a special-purpose allocation of funding for scientific studies. But our appeals have remained unheard. As far as the seamen are concerned, the Murmansk people have found the money for this. Although the sum collected is obviously inadequate.

[Ivanov] Why is this happening?

[Brechalov] It is because of our system. Who has previously taken the autonomous formations into account, and when? What does Norilsk give the country, and what does the Taymyr give? Hence everything that follows. But the protest against the nuclear-powered ships and winter navigation is the first real attempt to force a well-to-do neighbor to take our interests into account. For sometimes it even goes as far as a basic kind of blackmail. The steamship line sold three diesel-powered icebreakers—the Kiev, the Murmansk, and the Krasin—in the Far East that have traditionally operated in winter in the White Sea and the Baltic. Now icebreakers of the Kapitan Sorokin class do that work, and they have usually piloted ships on the Yenisey. And what are we left with? The Taymyr and the Vaygach. But no one asked us what our attitude was toward all this. What can you call this? Departmental diktat. Moreover, it is sometimes possible to hear this: If you do not want to allow the nuclear-powered ships in then go without supplies. A fine situation, is it not?

I would like to add one more not unimportant detail. The port of Dudinka, Dudinka, and the entire okrug are not prepared to accept ships with nuclear power plants. Moreover, I am sure that in twenty or thirty years mankind will have abandoned atomic power. For the risk in using it is too high.

#### Note From the Author

When this interview with RSFSR People's Deputy A. Brechalov had already been prepared, I contacted the headquarters for maritime operations in the western region of the Arctic, in Dikson.

"This winter navigation is proceeding normally on our sector," the headquarters chief, V. Ugryumov, told me on the telephone. "The nuclear-powered ships Sovetskiy Soyuz, Rossiya, and Taymyr are piloting ships along the route. The nuclear-powered ship Vaygach is operating in Yeniseyskiy Zaliv. New channels have been made several times, reaching dozens of kilometers up river. But these have been one-time, short visits. The main work on the Yenisey and off the shoulder of Dudinka—at Ostrov Sibiryakova—is being done by the modernized diesel-electric icebreaker Kapitan Sorokin."

#### Lighter Carrier Operations, Losses Scored

914H0091A Moscow VODNYI TRANSPORT  
in Russian 22 Jan 91 p 2

[Article by P. Loburenko: "Imaginary Sizes"]

[Text] On 6 October last year VODNYI TRANSPORT published material by special correspondent A. Mikhasenko entitled "The Lighter Comes in for a Landing" about the lighter carrier system in the Far East. In particular, it stated that the nuclear-powered LASH (Lighter Aboard Ships) ships Aleksey Kosygin and the Sevmpot, leased from the Murmansk Maritime Steamship Line, were sustaining losses of millions. At the same time various kinds of expensive experiments are being

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conducted, as, for example, unloading nuclear-powered LASH ships with the aid of helicopters! There is another proposal to move LASH ships from Vladivostok to Magadan on railroad cars. Meanwhile, the operating costs for one of these giants is 70,000 rubles [R] each day.

This is the response to the article that we received from the chief expert in the Main Administration for the Dry Cargo Fleet [Glavflot] section for lighter systems and ferries, P. Loburenko.

The presence of a nuclear power plant aboard the Sevmorput LASH ship has attracted to that ship a large number of people who love "hot material." As a result, odious and subjective and sometimes simply absurd articles about the ship have appeared on the pages of central and local newspapers. And whereas the technical incompetence and simply deliberate lies are not being accepted by the expert and serve merely to annoy him, the ordinary reader has a more tolerant attitude toward this information. In this way it is possible to shape public opinion, not only here in our country but also abroad. The realization that by using this guileless method it is possible of fool people abroad also has for some reason led to great ecstasy among the authors of such articles.

The ban on the entry of the Sevmorput nuclear-powered LASH ship into the Socialist Republic of Vietnam was the direct result of pieces published in the Soviet press, not the "year of the tourist" in Vietnam. Tourists are not afraid of the nuclear-powered ship. They have been quite happy to use the nuclear-powered icebreaker the Rossiya on a voyage to the North Pole, and have not let slip an opportunity to visit the Sevmorput nuclear-powered LASH ship purely for the purpose of getting to know about it.

In general, the irresponsible and incompetent articles about nuclear-powered ships and the lighter system have done considerable economic harm and created artificial and sometimes insurmountable barriers even for a ship as powerful as the Sevmorput.

Operations with the Murmansk Maritime Steamship Line lighter system, with their high degree of professional skill, were described in an article written by the chief of the Glavflot lighter system and ferries, A. Bobov,

published in the journal SOVIET SHIPPING, No. 1, 1990. The article covers all aspects of the activity of the lighter system in a simple and understandable way, and also explains the problems involved in its operations, and we therefore believe that there is no need to offer yet another explanation of the obvious truths touched upon in A. Mikhasenko's article.

It is, however, necessary to note that last year the nuclear-powered LASH ship the Sevmorput efficiently completed all its voyages along the Arctic coast, and all credit for this goes to her captain, V. Konoplev, and the entire ship's crew. So what about the other LASH ships? The assertions of A. Mikhasenko notwithstanding, they are operating at a profit except for periods when the ships are put in for lengthy planned repairs; naturally they are not profitable during those times. This year the LASH ships Indira Gandhi, Le-Duan, and Ernest Che Guevara of the Black Sea Steamship Line have been operating very efficiently.

Essentially, the Glavflot chief expert sidestepped the question of economic efficiency in the Far East lighter system. But here are the figures obtained by A. Mikhasenko from the acting chief of the lighter section of the Far East Steamship Line, Ye. Mel:

The nuclear-powered LASH ship the Sevmorput has been operating on lease in the Far East Steamship Line since 19 May 1990. Over the six months that she has been carrying cargoes for the Far East Steamship Line the LASH ship has earned R6.5 million. Navigation costs and costs to service the LASH ship amounted to R7.5 million during this time. In addition, almost R14 million were spent in 1990 to maintain ships that are totally operated by the Murmansk Maritime Steamship Line.

Without the state subsidy and given existing freight charges, operation of this ship will never be profitable. As far as the LASH ship Aleksey Kosygin, belonging to the Far East Steamship Line, is concerned, it brought in about R1 million of profit, but sustained a loss of R1.5 million in the previous year.

As a supplement to this, there is another piece of material that analyzes the operation of the LASH ship in the Murmansk Steamship Line.

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