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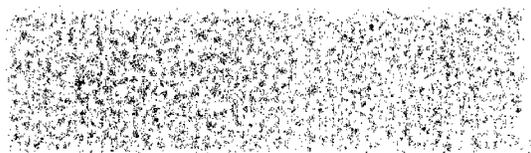
# ***JPRS Report***

# **Soviet Union**

***Economic Affairs***

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# Soviet Union

## Economic Affairs

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30 DECEMBER 1988

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The training of bank personnel in VUZ's should be based on integration of study and work. It is considered advisable to organize in Alma-Ata the branch of a training bank equipped with personal computers for the Alma-Ata Institute of the Economy.

10. The principles of glasnost need to be extended to information on bank activity, including information on the state of the circulation of money. It must be accessible to the public for purposes of study.

11. The departmental journal DENG I KREDIT should have extradepartmental status. In order to guarantee a plurality of opinions, an annual anthology should be published under the sponsorship of the USSR Academy of Sciences; it would be entitled "Theory and Practice of the Circulation of Money and Credit"; and economic scientists and practitioners could publish articles in it on trends in development of banking within the country and abroad.

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someone's taste? In our rayon, the raykom made a survey about this, but the results of it remained unknown to the masses, even though, after all, we have our own rayon newspaper!

[Nikitin] A referendum on the administrative system?

[Kuzmichev] Why not? In the rayon, in the oblast, in the nation....











He stressed that, in order to improve scientific support for agro-industrial production, in addition, four scientific research institutions were transferred to the department. A total of 36 such institutions and 24 experimental stations, whose associates include a big detachment of academicians, corresponding members of VASKhNIL, and doctors and candidates of sciences, now service agriculture and the region's sectors accompanying it.

Vast forces have been activated and they carry out large-scale work. For example, the slump in production has stopped, labor productivity has risen, and the output of farm and livestock products has increased. However, kolkhoz and sovkhos economy continues to be of an expenditure nature. Production costs per 100 rubles of gross output, on the average, have increased by 20 rubles. As before, the share of manual labor is big.

The level of social infrastructure in rural areas of the nonchernozem zone is low. There is a shortage of stores, hospitals, schools, and children's combines. The state of affairs at the key area of farming—the grain field—remains alarming.

Scientists and specialists noted the need, in connection with the transition to cost accounting and self-financing, for the formation of a goal-oriented overall scientific research program and improvement in the coordination of scientists' actions. Advanced, new varieties of agricultural crops and the further selection of highly productive animals are needed.

A. V. Pavlov, secretary of the Leningrad Oblast Party Committee, took part in the conference work.







The defenselessness of the consumer is not simply his personal difficulties. It led to disorder in the state economic mechanism. Judge for yourselves. In spite of the spontaneous growth of prices, it is not possible to balance the effective demand of the population for goods with their production. What has been earned is not being returned to the state through trade. In the savings banks, there is frequently not a penny by the time the labor collectives have been paid their wages. The matter already reaches sharp conflicts. The additional printing of "paper" only exacerbates inflationary phenomena. Do we need such social shocks?

To correct the situation, a new economic mechanism has been called upon. But it has not yet taken shape, and when it starts to work full force, the problems of the protection of consumer rights will remain. The point is not even that then, too, it will be necessary to settle individual cases that arise at the counters. Industry and trade need a worthy partner, with whom it would be possible to discuss any questions. It can also become a public organization which expresses the interests of the consumers.

[Brovkin] In the period of strict political formulations, such a statement of the problem was impossible. Even the attempt to uncover them called forth a sharp reaction: "Under socialism the state protects the individual." This formula chopped off almost all possibilities to make use of the enormous potential of the public in defense of its rights, in particular consumer rights. But, you see, there is always a concrete worker who is responsible for the fact that potatoes have not been brought to the store in time, or the department forces through the next instruction that opposes the interests of the consumer. Hidden from public opinion under the wing of state authority, the simply incompetent administrator, the departmental bureaucrat, and the corrupted "mafioso" felt that they could get away with anything. But what can the public do in the struggle against these phenomena?

[Yarovikov] In answering this question, one should, perhaps, consider several factors. The first, for example, is the real experience of consumerism—the movement to protect the rights of consumers in the countries of Western Europe and the socialist countries. How can we not try to extract what is useful that can prove useful in our conditions as well? The second is the available, though at times local, experience of already existing formal and informal associations of consumers in our country. The third is the real needs of including the public in the processes of the formation of the commodity market and distribution.

[Brovkin] Then let us conduct further the discussion according to this scheme. Tell us, even though concisely, what you saw when you were abroad and to what conclusions you have come having studied the specialized literature.

[Yarovikov] I shall dwell on the most important. In the United States, let us say, the movement for the protection of consumer rights, especially during the period of its flourishing, encompassed not only the consumers themselves, but also legal associations, the press, the trade unions, and even state organs. The demands and petitions of the consumer associations have the ear of the legislators, who are supporting their initiative in the struggle for the saturation of the market with goods, for the harmlessness and high quality of articles and products. The manufacturers turn for practical advice to cost accounting consultations of associations that conduct research into the needs of various groups of the population for goods, taking into account their demand and wants with respect to prices. Here are the sources of marketing—the control of the processes of satisfying the demand for goods, the creation of new products, and their movement to the consumers.

In the socialist countries, the movement for the protection of consumer rights for the time being is young. It is focused basically on the struggle against concrete cases of the infringement of consumer rights. The All-Polish Federation of Consumers is conducting a struggle for the high quality of products, extends legal advice assistance to consumers, and defends their rights in court. The federation tries to secure from the ministries and departments the adoption of serious measures in the sphere of design and manufacturing methods when massive defective output is discovered, or changes in the rules of trade that do not satisfy consumers.

The All-Union Council of Consumers, which has created branches throughout the country, organizes public control over the supply of outlying regions with food products and over retail prices.

[Brovkin] What, in your view, are the prospects for the creation of consumer associations in our conditions? Who should show initiative?

[Yarovikov] The entire practice of distribution in our country in the conditions of command and administrative methods, as a rule, was oriented at state forms. Even in the consumers' cooperative societies, which, as it were, were based on their shareholders, the governmentization of economic activity has practically taken place. The ruling apparatus has not listened to the opinion of the shareholders. Trade in the village thus has remained dozens of years out of the way. There is no point in talking about the prices. They are frequently higher than the state prices. Could, with good proprietors and the observance of democratic principles, things be conducted so demonstratively against the interests of the villagers? The economic methods of management, the approval of which has become the policy of the party, are creating completely different conditions also for the distribution processes. It would seem, the role of the public in them can only grow. Thus, objective conditions are being created for the work of the consumers' societies.







to insure various projects in the USSR which are being built with the cooperation of foreign companies, to offer our own types of insurance, and to eliminate the monopoly, which has become a brake on the insurance business.

[Yefimov] Speaking of the harm of monopolies, it would be only fair if Gosstrakh, too, ceased being the "tsar" in the insurance system. It would be only natural to set up insurance cooperatives. What do you think?

[Shakhov] Setting up cooperative agencies would indeed mean a certain demonopolization of insurance services. Conditions would appear for healthy socialist competition. Incidentally, in Moscow an insurance cooperative, "Kaissa," has already been organized. But we are not afraid of competition on the part of cooperatives. On the contrary, we are prepared to cooperate on a long-term and mutually advantageous basis.

[Yefimov] And that's it?

[Shakhov] With the introduction of khozraschet in the economy enterprises become fully responsible for the profitability of their operations, while the state is in no way liable for their performance. We are thinking of

offering industrial, transportation, construction and communications enterprises insurance for accidental losses of fixed and liquid assets. Take, for example, an explosion at a mine, a railroad accident, a leaking water dam, all of which can entail huge material losses. By establishing a centralized insurance fund in Gosstrakh we could free state budget resources, which otherwise would be spent on compensating for such losses, on financing major social tasks.

#### Editors' Commentary

Insurance companies all over the world are risk enterprises. But given a vast number of insurance services covering the most diverse circumstances they rarely "go under" and usually earn stable profits. As a rule, insurance companies are not directly subordinate to their countries' ministries of finance. But Gosstrakh's subordination to the USSR Ministry of Finance dooms it to paying the latter a huge "tithe" instead of reinvesting to offer people scores of necessary services. After all, Gosstrakh handles 17 billion rubles, which could be increased many times over by increasing the range of accident coverage.











goods which is caused by the fact that their supply lags behind the constantly growing demand and places industrial enterprises in a more favorable position than that of trade. The very mechanism for forming commodity resources when there is a shortage of them, when the funds are sent down "from above" contributes to this.

Under these conditions industry can impose its own assortment policy on trade, one which frequently differs greatly from the demands of the population. The influence of the consumer who motivates a change in the assortment to improve the quality of the goods that are produced is still very weak: in essence, today there is still no guarantee of sales, and the agreements frequently reflect simply that which the managed manufacturer has thought up. Therefore real prerequisites for eliminating the dictatorship of the supplier are created only if the market is saturated.

The delivery agreement is intended to be in the full sense of the word the basic instrument that determines the relations between the suppliers and the consumers. Production plans can and should be established only on the basis of agreements that have been concluded. Their authority is increasing in more than just the legal sense. Socioeconomic programs of the party and government for a fuller satisfaction of the needs of the Soviet people for material and also spiritual goods should be implemented through the agreement. The restructuring of the economy requires the radical restructuring of the work for concluding agreements and checking on their fulfillment. This is especially important for agreements concluded at trade fairs.

Trade and industry should stop protecting departmental interests; they should be reoriented toward businesslike operational cooperation for the good of the population and the society. The interest and responsibility of the store and factory in observing contractual commitments are increasing sharply. It has long been time to curtail mutual amnesty which harms the cause of supplying the population. On the contrary, requirements for increasing the role of agreements and control over their fulfillment should be strengthened. There is an immediate need to revise all the normative documentation regulating the relations between the parties concerning deliveries and to develop new provisions on the delivery of goods.

We are speaking about a question of immense socioeconomic significance. The main sign of a vigorous, flourishing economy is the lack of a deficit and the saturation of the market with good commodities. And, conversely, poor quality of work and trade and a shortage of these commodities is the most dangerous kind of waste of public labor and in general of all of our national property.

#### Footnotes

1. ARGUMENTY I FAKTY, No 44, 1987, p 6.

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The third section did not get and is not getting what people need: an administrative-service building at the Eastern station, a cafeteria, boiler station, road equipment garage, a production-technical service depot at the Eastern station and other objects. It is especially important because the depot is needed at the project. Thirty four conveyors, 4 bucket wheel excavators, 6 reloaders, 3 sorter-loaders and other equipment are now operating at the pit. Much of this requires constant improvements and repair. However, the pit does still not have repair areas needed for metalworking, forge and press, lift and other equipment.

The kombinat has not prepared for construction. It pleads that there is not enough concrete. At the same time, in one of the depot bays mine builders have organized the production of ferroconcrete blocks for their own needs. This has had a deplorable effect upon the floor and walls. The ventilation rooms are not being built. Some of the work was inacceptably sloppy.

All this caused big difficulties at the pit. There have been repeated extensions of deadlines for repairing mining and haulage equipment, the accident rate is increasing.

"Not having repair areas means that our equipment will not be highly productive," says Vladimir Ustinovich. "This means we cannot fulfill the coal extraction plan. Construction workers answer our requests by saying that they may be able to convince the ministry to extend the date for the depot completion to 1988. In other words, find the next loophole. We, of course, are against any sort of delay."

The difficulties are also compounded by the pit not getting many kinds of equipment for the first three start-up complexes. It is a long list: a cable shop, drills, cranes and lines, welding equipment, bulldozers, excavators and many other items.

With help from superior organs, construction workers are attempting to push uncompleted projects. The association and kombinat party committees are also ignoring the situation at the uncompleted projects. This year the kombinat collective will probably hand over the pit's fourth section within the deadline. There can be few doubts that this time too, the labor victory will be exaggerated.



































































































