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# ***JPRS Report***

# **Soviet Union**

## ***Economic Affairs***

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# Soviet Union

## Economic Affairs

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Terms for Economic Organizational Structures Defined

904A0118A Moscow *EKONOMIKA I ZHIZN* in  
*Russian* No 1, Jan 90 p 9

[Letter to the editor from reader Yu. Yakovleva, Khabarovsk, and newspaper's response: "The Concern, the Consortium, and the Association"]

[Text] *Often now, one encounters in newspaper articles words like concern, consortium, and joint stock enterprises. I would like to learn about their organizational principles in more detail. (Yu. Yakovleva, Khabarovsk)*

**Concerns, consortiums, and associations** [assotsiatsii] are organizational structures new to our economy, just as are the intersectoral state associations [obyedineniya]. They are distinctive in being extradepartmental or intersectoral structures, and they are created on a voluntary basis. The early experience in the functioning of these production-economic complexes and the prospects for their development were analyzed at the All-Union Scientific-Practical Conference on the Problems of the Radical Economic Reform, which was held in Moscow in November 1989. The materials of the conference described their various types as follows:

The **concern** is an association of socialist enterprises that performs a joint activity on the basis of voluntary centralization of the functions of scientific-technical development and development of production, investment activity, financial activity, natural resource conservation, foreign economic activity, or other activity, as well as supplying services to the enterprises on a cost-accounting (khozraschetnyy) basis.

In order to organize its operation, the concern creates a management system in which its participants voluntarily transfer a portion of their authorities and functions, including the power to represent their interests in relations with ministries and departments, other organizations, and institutions, including questions of placement of the state order and obtaining material resources and capital investments allocated centrally. The participants in the concern may not belong to other concerns at the same time.

State concerns may occupy a particular place in sectors that have basic importance to the vital activity of the entire economy and in those sectors which typically have interrelated technological processes that are entirely rounded off or intensive internal industrial cooperation in the production and sale of the end product.

These sectoral complexes based on cost accounting principles can be formed as state concerns and can function effectively, for example, in branches and production groupings where they cover the entire cycle of extraction, transport, and distribution of gas, in the gold mining and

diamond industries, in petroleum refining, in fertilizer production, and in rendering services in the use of fertilizer.

The **intersectoral state associations** are formed as extradepartmental economic associations of independent enterprises and organizations which are part of the system of one of the country's national economic complexes; they possess economic independence and juridical rights in accordance with the regulation that has been adopted concerning such associations. They are formed from enterprises in different departments engaged in production of a related product and bound together by industrial cooperation or scientific-technical relations, and they are characterized by democratic forms of management.

The **economic association** is a contractual association of enterprises created for purposes of joint performance of one or several production-economic functions. Participation in an association places less rigid restrictions on enterprises than belonging to a concern. The participants in the economic association may join other contractual associations of enterprises without obtaining consent from the other participants.

The **consortium** is created by enterprises as a temporary voluntary association in order to perform specific tasks—carrying out major target programs and projects, including those related to scientific-technical matters, construction, natural resource conservation, etc. A consortium may be created to carry out a state program by the efforts of a group of socialist enterprises in any form of ownership. After performance of the task that has been set, the consortium terminates its activity or is transformed into some other form of contractual association.

The organization and activity of associations of socialist enterprises must be structured on the following basic principles: enterprises join voluntarily on the basis of common economic interests; equality of the participants in joint activity; freedom of choice of the organizational form of the association; self-management of participants and of the association as a whole; and organization of relations among the participants on a contractual basis.

### State Arbiter Interviewed on Changes Needed in Arbitration Process

904A0118B Moscow *EKONOMIKA I ZHIZN* in  
*Russian* No 1, Jan 90 p 15

[Interview with Yuriy Gennadiyevich Matveyev, USSR chief state arbiter, by V. Maleyev and Yu. Yakutin: "According to the Laws of Partnership"; date and place not given]

[Text]

[Question] Yuriy Gennadiyevich! Only a few months have passed since you took up the position of USSR chief state arbiter. But you seem to have already drawn

up a definite program of action to restructure the system of arbitration. What is the gist of it?

[Matveyev] To be brief, the gist of our proposals is to create a unified system of entities to resolve economic disputes in the country. In practical terms, this means transferring to state arbitration the consideration of economic disputes between enterprises and organizations under a single ministry or department, a single cooperative or public system, and interkolkhoz organizations. This should guarantee effective protection of rights which have been violated and legitimate interests of enterprises and organizations under equal conditions, regardless of the department to which they belong.

It is being proposed that the possibility be examined of economic organizations contesting through state arbitration the soundness of sums exacted and taken from accounts when consent is not required by various government entities—financial, supply-and-sales, agencies for product quality control and standardization, pricing authorities, banking authorities, and others. In our opinion, the jurisdiction of state arbitration entities should extend to the consideration of disputes over the exaction of sums up to 100 rubles, which since 1955 have been settled by the superior entities of the debtors.

There is a need to expand the authority of state arbitration in the consideration of requests for nullification of acts of government administrative agencies, cooperative and other public organizations in cases when these acts were issued in violation of jurisdiction or law.

The arbitration process itself is in need of substantial restructuring. It would seem that there should be more democracy and glasnost in it. The principle of arbitration—participation of the parties in the procedure for resolving the dispute—should undergo further development. To be specific, it is being proposed that the operation of this principle be extended to the stage of reviewing the decision on the basis of supervision.

These and other initiatives which have been submitted or are being drafted now in USSR Gosarbitrazh, are taking into account to the maximum the proposals, suggestions, and positions of law professors, practitioners, and specialists which have been discussed in the mass media and the specialized literature. In this respect, we are also counting on possible reaction from readers of *EKONOMIKA I ZHIZN*. I deem it advisable to organize a discussion on the problems of arbitration, and I would be happy to take part in it.

[Question] You are a proponent of doing away with departmental arbitration. Why?

[Matveyev] What I want is for the country to have a single system of entities that take up economic disputes. What lies behind that position? First of all, the requirements of Article 163 of the USSR Constitution, which provides that economic disputes are to be taken up by state arbitration within the limits of its jurisdiction. But in actuality, aside from state arbitration the country also

has a parallel system in which disputes are taken up by the arbitration commissions of ministries and departments, the arbitration commissions and other similar bodies of associations, enterprises, administrations, trusts, combines, fair committees, main administrations, railroads, etc. The system of departmental arbitration entities is so structured that requests for review of decisions go to the heads of ministries and departments, who thereby perform the supervisory function. Unfortunately, this procedure does not guarantee real, objective, and equal protection of the rights of economic organizations. Quite often the decisions issued are arbitrary and contain departures from the law. One could give quite a few examples in which enterprises and organizations cannot get an unlawful decision rescinded. Thus, the departmental arbitration commissions often give an appearance of legality to unlawful and arbitrary actions of ministries and departments. This is a lever for exerting administrative pressure on enterprises and organizations. Is it necessary today? The purpose of creating a unified system for consideration of economic disputes is to bolster legality, to achieve a further strengthening of the legal protection of the rights and cost-accounting interests of enterprises and organizations.

[Question] What in your view are those legal acts now in effect that are doing most to hold back the process of development of economic relations of partnership between enterprises?

[Matveyev] All legislation pertaining to regulation of economic relations in our country is in need of radical restructuring—the Bases of Civil Legislation of the USSR and the Union Republics and the republic civil codes. Much of this subject matter is still at the level of the late fifties and early sixties, when those norms were drafted and adopted.

Recently, to be sure, there have been changes of a partial nature in this area. But quite often they result in contradictions and conflicts that are difficult to resolve. This is manifested most vividly now, when in an aspiration to regulate individual spheres of economic activity—state activity, cooperative activity, leasing, joint ventures, private economic activity—the working out of general and all-inclusive rules is left to last.

Take the problem of the independence of enterprises in choosing their partners in economic activity. At present, this independence is restricted to a certain extent by certain norms of the Law on the State Enterprise (Association), by the Regulation on Deliveries of Products and Goods, and by the Temporary Regulation on State Orders. What is more, the practice of issuing government decrees and orders granting priority to certain consumers (Minenergo, Ministry of Railways, the agroindustrial complex, and a number of others) to conclude economic contracts for delivery of products not distributed centrally regardless of the ties that had been shaped earlier has been reinforced in the past year. And although the establishment of these priorities is justified on sound economic grounds, it is obvious that decisions like this

infringe upon the interests of other consumers, diminish the role of the contract, and have an adverse effect on observance of contract discipline. USSR Gosarbitrazh has communicated to the government its opinion on this issue.

We also include among the acts that undermine contract practice decisions of the government releasing certain enterprises and branches from liability for nonperformance of contractual obligations.

[Question] What are your proposals to resolve the problem of the limited accountability, for example, of the transportation sector to its customers?

[Matveyev] As a matter of fact, many enterprises are in a privileged position relative to those they deal with in the economy either because they belong to a particular branch (Ministry of Railways, Minenergo) or because they have monopoly importance on the socialist market. I would put the transportation charters and code first among the legal acts which have legislated unequal relations between participants in economic relationships. Take this example: The railroad charter provides that losses a customer suffers because the railroad has violated its obligations to supply him transportation equipment are not subject to reimbursement. If a shipment is partially or entirely lost, the railroad reimburses the loss in the amount of the actual value of the freight lost or missing, and it has no further liability, even though the loss or damage of the shipment had an adverse effect on the customer's economic activity, and he has suffered significant losses. At the same time, the accountability of shippers and consignees to the railroad is not limited. In such a situation, one can hardly speak about equal economic relations between partners.

Nor can one find good reason for the decision to the effect that penalties in capital construction for nonperformance of contract obligations envisaged in normative acts are applied only when they have to do with projects included in the state order.

The problem of limited financial liability of partners in economic relations has been repeatedly raised at various levels. Decisions have even been taken concerning it. For instance, Decree No 929 of the USSR Council of Ministers, dated 30 July 1988 and entitled "On Putting Order in the System of Economic (Property) Penalties Pronounced Against Enterprises, Associations, and Organizations," contains an order to transportation ministries to prepare proposals for bringing the transportation charters (codes) now in effect into conformity with the new economic conditions. It also pointed out the need to adopt as the point of departure the principle of equal liability of transportation organizations, shippers, and consignees for violation of mutual obligations. At present, as is well-known, a decision has not been taken in accordance with that order.

In the context of this question, I would like to call attention to the problem of the monopoly position of

certain enterprises which are the country's sole manufacturers of a particular product. The Baku "Konditsioner" Plant, the Moscow "Trud" Fur Production Association, and many enterprises of Minelektronprom—there are hundreds of such monopolists in the country. There is an urgent need for a law restricting monopoly and developing the socialist market. It would seem that that law should envisage measures prohibiting conclusion of price agreements on particular products, on nonshipment of products to certain consumers, and so on, as well as penalties in the form of financial liability for such actions.

[Question] What is the fate of the order of USSR Gosarbitrazh concerning the fact that economic disputes on state orders are not in its jurisdiction?

[Matveyev] As is well-known, under the provisions of the Law on the State Enterprise (Association) the state order must be included in the plan. Unfortunately, quite often this provision does not meet with understanding on the part of some who are supposed to carry it out. The situation is compounded by the numerous failures to meet deadlines for issuing the state order, material and technical supply is not being organized as it should, and entities for material and technical supply are not accountable for the failure to meet deadlines for issuing the planning documents without which contracts cannot be concluded for delivery of centrally distributed products. This is where the legal system must come into play; on the one hand it would safeguard the interests of the state, it would implement the planning principles for development of our economy, while on the other hand it would guarantee protection of the rights of economic organizations.

That is why when I was installed in the position of USSR chief state arbiter I declared that disputes concerning state orders came under state arbitration, which should evaluate the documents on issuance of state orders from the standpoint of their conformity with law and the jurisdiction of the issuing body. On 17 October 1989, USSR Gosarbitrazh sent to state arbitration entities a clarification entitled "On Examination of Enterprise Petitions for Nullification of the State Order." It has also been sent to USSR ministries and departments and councils of ministers of union republics, and it has been published in the journal KHOZYAYSTVO I PRAVO.

[Question] What business is in the jurisdiction of the USSR chief state arbiter? What part of the disputes you receive could quite well have been taken up locally?

[Matveyev] USSR Gosarbitrazh takes up property disputes between enterprises located in different union republics when the value of the suit exceeds 50,000 rubles. Disputes concerning the conclusion, amendment, and dissolving of contracts are taken up by union state arbitration when the face value of the contract exceeds 5 million rubles.

In my view, the jurisdictional distribution of disputes should be altered substantially by considerably broadening the rights of the state arbitration commissions of union and autonomous republics, krays, and oblasts. I would argue that all property disputes with a value up to 500,000 rubles should be transferred to their jurisdiction; at present, they are taken up in USSR Gosarbitrazh. The energies of the central headquarters must be concentrated on raising the level of oversight as to the legality of decisions, on more thorough analysis of arbitration practice, and on working out appropriate recommendations. Disputes in the first instance that actually require examination by a union-level entity because of its exclusiveness must also remain in USSR Gosarbitrazh. One can assume, for example, examination of disagreements concerning disputes that arise in conclusion of interrepublic contracts (agreements) between the administrative agencies of different union republics.

#### Cooperative Activity for 9-Month Period Reported

904A0118C Moscow *EKONOMIKA I ZHIZN* in Russian No 1, Jan 90 p 17

[Text]

[Question] And the last set of questions. How many state arbiters are there in the country? How many cases do they take up in a year? What economic benefit comes from their work?

[Matveyev] The staff of state arbiters in the state arbitration system numbered 958 in 1988. They resolved 772,312 economic disputes.

As for the economic effectiveness of the work of state arbitration, here I would take the liberty of referring to the following figures above all. In 1988, state arbitration entities exacted from enterprises and organizations that had violated obligations under economic contracts 1,480,748 rubles. But I would suggest that the main economic benefit goes far deeper than that. The very fact of liability ensuing for violation of contractual obligations serves as a preventive measure which is most directly related to strengthening contract discipline.

Principal Indicators of the Activity of Cooperatives Over the First 9 Months of 1989

Type of Cooperative	Number of Cooperatives at End of Reporting Period, units		Number of Workers at End of Reporting Period, persons		Fund for Remuneration of Labor Credited to Workers, Including Those Who Combine Jobs, thou. Rubles	Proceeds From Sales of Products (Jobs and Services), thou. Rubles
	Registered	In Operation	Total	Those Who Combine Jobs Alone		
USSR as a whole	236416	171500	4029790	1455978	10767302.4	25981264.3
Breakdown: Cooperatives for the production of consumer goods	41682	28502	657947	212030	1737461.2	4536850.8
Food service	10570	6100	57220	12984	86287.9	369438.1
Trade	1878	998	11877	3812	31420.3	286757.3
Trade and purchasing	10574	6973	69050	17336	160348.1	1491234.2
Cooperatives providing everyday services to the public	45703	32790	569387	206100	1259314.6	2583767.3
Cooperatives for collection and processing of secondary raw materials	3505	2998	86073	28444	292951.2	682874.7
—those associated with regional agencies of USSR Gos-snab alone	2164	1879	56971	18623	206653.6	433483.5
Construction cooperatives (except those included among cooperatives rendering everyday services to the public)	33614	30063	1140202	313844	3536092.9	6923488.3
Cooperatives providing project planning and surveying services for construction	3031	2735	97820	55357	304839.2	462537.3
Other types of cooperatives	85859	60336	1340214	606071	3358587.0	8644316.3

## INVESTMENT, PRICES, BUDGET, FINANCE

### Introduction of Parallel Currency to Facilitate Reform

904A0103 Moscow TRUD in Russian 15 Dec 89 p 2

[Article by A. Zuravlev, people's deputy of the USSR and doctor of economic sciences, under "Economic Notes" rubric: "Price Reform: Already Too Late or Still Too Early?"]

[Text] We are publishing some controversial comments by Aleksandr Grigoryevich Zhuravlev, people's deputy of the USSR, on the problem of the reform of prices and the introduction of a parallel monetary unit. The article's main positions were stated by the author yesterday at the meeting of the section "On Measures to rehabilitate the Soviet economy."

What are our citizens talking about most today? At home, they talk about the increase in prices and the shortage of goods, and at work—let us be frank—they talk about when their wages will be increased. But it was not so long ago that they made fun of themselves, saying: at work we love to grumble about food and at the table we complain about work....

It is no longer a laughing matter: producers playing on the shortages rushed to "make money" through a shameless increase in prices, thereby counting on raising the income of their collectives. But the time of simple solutions is past. "Made money" turns out to be "empty" in the hands of those who sought after it so.

Money, prices, wages, income from production...are the unbroken links of one chain. But can we grab for each of them to pull ourselves out of the state of crisis? To answer this question, it is necessary to take a close look at when the still unresolved stagnation of production in our society began. We stress, not when it was manifested but precisely when it began.

Let us recall the first two five-year plans, the push for industrialization, Magnitka and the Stalingrad tractor and other plants that are glorious even today and that absorbed the advanced world technological experience of the time. But then what? We have been building and expanding but.... The share of manual labor in the country's industry has remained practically unchanged since that time. Two out of every five workers are equipped with only the simplest implements of labor. And as long as our production adheres to manual labor, the style of management will remain far from what the economy needs, merely changing its external appearance and form like a chameleon.

Nevertheless, it must be recognized that our society developed primarily on enthusiasm, the last surge of which was observed during the years 1951-1955, when labor productivity increased by about 50 percent even though wages rose by only 10 percent. As a result, the

saturation of the market with consumer goods at the beginning of the 1960's is remembered as the "brilliant past." During those years, there was one-thirtieth as much money in savings banks as today but people did not yet know how humiliating and offensive the appearance of shortages is for human dignity. The money savings of the population then began to increase rapidly and goods started to disappear just as rapidly from the store counters. This is the "heritage" with which we began perestroika.

But we can no longer count on the next surge of enthusiasm. The society is tired of enthusiasm. Here it is appropriate to recall a thought of L. Tolstoy: "I look at people and they are always getting settled. When will they live?" Indeed, when?

I have no words. We would like for the improvement of living conditions to become perceptible and for our needs to be met, even modestly, and for there to be a balance between supply and demand in the market for necessities. But the bottom of the "consumer basket" is empty. There are more than 100 billion rubles in circulation that are not covered by goods. And along with the growing lines, the true cost of money is declining. The 1985 ruble is equal to 56 kopecks of the 1961 ruble and its current value is 20 to 25 kopecks.

And this is largely explained by the fact that in the transition to cost recovery and self-financing, our producers rely primarily upon an increase in prices, which were and continue to be based directly "on expenditures," as unjustified as they may be. In 1987, the prices for the products of light industry, in Belorussia for example, increased by an average of 4.5 percent. But this means that our wardrobes became more costly by the corresponding amount. But it now costs us even more to dress ourselves.

But there is an ever more resolute demand for an acceleration of the transition to new prices, inasmuch as self-support and self-financing are encompassing more and more branches and regions. It is proposed that we begin with wholesale prices. In the next stage, of course, it is necessary to raise retail and purchase prices accordingly. Under one of the proposed versions, the sum of the first must thereby increase by 110 to 120 billion rubles and the sum of the second by approximately 30 billion rubles. This is what can result from the one-sided orientation toward the resolution of economic problems through prices rather than through the rationalization of production.

But is the all-encompassing reform of prices so irreversible? Let us take a closer look at this problem. And if we limit ourselves to retail prices—those closest to the people—it is obvious that their abrupt increase is quite simply dangerous, for it can lead to negative consequences not only of an economic but also of a political nature. But is this elementary course so attractive for many managers of production?

Its adherents are actually guided by an old formula that has not justified itself, namely that wholesale prices need to be set so that they correspond to the socially necessary expenditures of labor and give normally operating collectives the cost-accounting income that will ensure their work under the conditions of cost recovery and self-financing.

As a result, the price is assigned the role of an "accounting unit" with the help of which production plans are kept in balance. No attention is paid to whether or not this suits the consumer. Through a simple arithmetic calculation the labor collectives adapt the height of economic barriers to their own "size" and take them one by one almost according to the principle: "beauty is when there are none lagging behind among those running first, and marking time suits everyone."

Such a "straightening out of the front" has been undertaken twice in the Soviet economy in the last 20 years. The first time they tried to balance the economy by changing prices in 1967, being guided by the average actual expenditures for production and an average standard profitability of 15 percent with insignificant differentiation in the branches. This "averaging" was actually the source of the next leveling.... The next "averaging" was done in 1982 but it was in fact an act of violence against prices and therefore against the economy. It is now being proposed that this be done a third time but on a much larger scale. Such an abrupt increase in prices may well produce a state of shock in the economy. It is therefore appropriate to recall that in sports the third attempt is considered the last. It might also be the last for those who like to play with prices.

In the first place, the raising of prices does not resolve the problem of the normalization of a totally disrupted monetary turnover. Secondly, it will not help the flow of goods to the market. On the contrary, the purchasing power of a significant part of the population, especially the people who are badly off, declines, which has a depressing effect on production. Nor will compensation through supplementary payments help here: what will be their source, if not the printing press? Thirdly, no one anywhere has ever been able to raise the standard of living by raising prices.

They may object: but they raise prices in other countries. Yes, they raise them and simultaneously compensate for their increase by raising wages to restore the equilibrium between supply and demand. And such a thing is possible when the deviation from the state of equilibrium is not great. We are so far from this that the attempt to utilize the experience of others can turn into a catastrophe in the full sense of the word. A medication that can heal a strong patient may turn out to be poison for a sickly one.

Only very rich countries can play with prices. We, unfortunately, are not among them. In developed countries, an average of only 20 percent of wages goes for food products. Here it is 50 percent and more than that in some categories of the population. A significant part of our citizens has an

average monthly per-capita income of less than 100 rubles. But it is necessary to spend no less than 80 rubles a month per capita under today's prices for the biologically necessary set of foodstuffs. So judge for yourselves what would happen if the prices for food products increased by an average of 50 percent but the compensation for the members of the society who are least well off amounted to the proposed 40 to 50 rubles a month....

The existing system of prices is barely maintaining the consumer market. Try to give free rein here and there will be chaos. Even a regulated increase taking into account the needs of collectives going over to cost recovery and self-financing will turn out the way that we have already seen more than once: producers will continue to pretend that they are giving all their efforts to the work and the state will display concern about the working people.

What should be done? There can be only one way out here: gradually put the entire economy—finances, incomes and along with them prices—in a state of stable equilibrium. Today there are many proposals in this connection—from a specific loan for the purchase of commodities abroad to the introduction of rationing cards, in which it is not prices at all but the standard issue of goods that will play the primary role. I think that one can also examine the following version not of a surgical but of a therapeutic rehabilitation of the economy.

It seems that it is necessary to begin with finances, with that paper money that has now accumulated in circulation. It can be seen as a debt to the population on the part of the state, as a promissory note that must be redeemed from the people. How? By putting "new" money into circulation along with the "old." This is not monetary reform. No, it is a measure similar to that undertaken in the transition to the New Economic Policy, when, in addition to the renowned millions in paper money, they put into circulation hard currency, with the help of which bank notes not covered by commodities were paid off within a few years. New hard rubles can play precisely such a role.

The population will receive them in the form of wages, pensions, stipends and other current payments. There will not be many of them in circulation (initially no more than a few percent of the total volume of money) and their purchasing power will be determined by the fact that primarily the shortages of today will be sold precisely for them. This will be a unique domestic "currency," which, by the way, the state will be able to sell at a special currency auction or exchange for old money, introducing annual quotas for such an exchange and—we stress this—establishing a system for the presentation of a declaration of income by people who want to exchange some particular sum or other.

Let us note that the new cash must also interest producers in expanding the production of output that is in demand. And so that this interest will not cool off, one should establish a sufficiently high upper limit of labor income not subject to progressive taxation. The labor yield and its correspondence to the world standard can

serve as the criterion here. Today, for example, our labor productivity in agriculture is one-fourth of what it is in developed agrarian countries. Wages are low as well—about 200 rubles a month on the average. So let the one who is able to work four times as efficiently receive four times as much without any progressive deductions to the state. He receives 800 new “currency” rubles.

In the process, the increase in prices can be held down above all by the fact that there will hardly be anyone willing to give away hard rubles hastily for more expensive commodities, for there will be little new money in circulation. Let us not idealize the situation, of course, there will be a transition period here as well, in which one may face the choice: either, having the necessary sum of “old” money, wait your turn for goods in short supply or, having exchanged it for “new” money, immediately buy the needed commodity in a special store or department. It is clear that there will also be a need for a state service to identify on a daily basis which goods are in greater demand—a service for economic monitoring, perhaps in the system of the current State Committee for prices.

It would seem that for a time there will also still be coupons for some goods that will be sold for the old money. There will also be a necessary priority in the state's paying off of that same debt in the form of the volume of money that today is not covered by commodities. We believe that it is necessary to begin paying it off primarily with the villagers, selling them building materials and other goods in short supply for the old savings already in existence. And this will be a real repayment of debt to the villages.

We will not hide the fact that defensive measures will also be needed for the fight against possible abuses. Still, such a gradual introduction of new hard money into circulation and the paying off of the old money will help, it appears, to carry out economic reform without those ruptures with which the resolution of our problems through a simply rise in prices is fraught. Only by gradually improving the monetary system and the remuneration of labor without permitting a drastic disruption of their equilibrium with prices will we be able to convince people that it is worth making an effort in their work for the hard ruble.

## REGIONAL DEVELOPMENT

### **IME Principles of Budget Formation, Local Self-Management Detailed**

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[Article by Estonian Academy of Sciences Academician R. Khagelberg under the rubric “Reform in the Economy”: “The Budgets of IME”]

[Text] IME [Self-Managing Estonia] needs a budget system that would provide for the sovereignty of the republic and the economic independence of local self-governments. A number of complex problems must be

solved before the creation of the new system. The author figures that the thoughts and opinions contained in the article could facilitate the solution of these problems and the realization of IME.

### **A System Based on Income**

**The independence and initiative of the budget depends first and foremost on income. The most important task is thus the creation of a stable income base. All income received on the territory of the republic should belong to it, and a certain portion of it would be legislatively allocated to each local self-government.**

The budget is built on income created in the national economy of the republic, from which national income (NI) is formed in accordance with the technique accepted today. It would be expressed more accurately by the concept of the “Gross Domestic Product” (GDP) that is employed in international practice and is not yet used in our statistics. **The correlation of income coming into the budget and income produced determines** (where an overwhelming portion of the income comes in in the form of taxes) **the aggregate tax burden of the national economy.** Its magnitude cannot be arbitrary, it should proceed from the real capabilities of the taxpayers (enterprises, citizens), the fiscal requirements of the state and the local self-governments and, at the same time, ensure that the taxes are used for purposes of economic regulation (ER) arising out of the interests of society as a whole.

The NI being created in Estonia today totals roughly 4.3 billion rubles, and budget income is 2 billion rubles, giving a tax burden of 45-46 percent. We should determine the tax burden in relation to the GDP for comparison. That indicator, according to the rough calculations of the author of these lines, was equal to 34 percent in 1988.

The tax burden in relation to the GDP in developed countries has lately remained within the range of 30-50 percent. This indicator is the highest in Sweden, Denmark and Norway, where the state has taken on extensive social functions requiring greater funds. The tax burden is lower, for example, in Japan, Spain, Italy etc., where state programs of social development are less sweeping.

We must also take into account, when comparing our tax burden with those prevailing around the world, that our budget today contains a large amount of expenses for the national economy (55 percent) that it should be as free of as possible under conditions of economic accountability. The transition to self-financing, however, could in turn lead to the necessity of reducing the payments made to the budget. The abolition—or at least the considerable restriction—of payments that are exacted through departmental channels of redistribution (deductions from profits, depreciation deductions etc.) and burden enterprises today could also serve as an additional reserve.

The tax burden of the national economy to all appearances cannot be increased significantly in the transition to the new budget system. The composite concept of IME in general envisages reductions in the proportionate share of the budget in the redistribution of NI. Growth in the efficiency of the economy and the necessity of expanding the social thrust of social development, allowing somewhat of a rise in the tax burden in the future without detriment to the interests of business, however, is not ruled out. The experience of the northern countries speaks in favor of this in any case—the tax burden in Finland has increased from 30 to 38 percent over the last twenty years.

The tax burden of all principal taxpayers must be analyzed for the institution of taxes. The size of the income remaining at the disposal of the taxpayer, which should provide for normal existence and development, is the criterion for this from the taxpayer's point of view. A unified standard in effect everywhere cannot be established here. It is necessary that the transition to a market economy give rise to a desire for average profits. This would be fostered by the establishment of uniform tax rates for all taxpayers of the same type.

Budget income can come in through a greater or lesser number of channels. (Having in mind here the principal body of income coming in from the principal taxpayers.) A system with few channels—one advantage of which is relative simplicity—is currently in effect, as a rule, in the developed countries. Regulatory counteraction (various taxes affect the activity of the taxpayer in directions that counter each other) can appear with a multitude of channels, which affects the moral climate of economic life in an incorrect direction.

It seems that the IME tax law at first sets the tone of a multiple-channel system anyway as brought about by the institution of various taxes on resources (land, natural resources etc.). This is essential at first: the separate taxation of various resources will probably help to expand the capabilities of economic regulation in effect through taxes, although it entails the danger mentioned above. Taxes on resources should at the same time put an end to the squandering of natural resources, which are now actually under the free use of the producer. We are counting on improving ownership relations in the future in this regard.

#### Mutual Relations With Central Authorities

It is unrealistic for the new tax system to be integral and complete at once. Elements of the old will of course be preserved in it at first. Solid financial relations among budgets must be established so that each budget acquires an independent income base. This relates first and foremost to the budget of the union republic and the union budget at the disposal of the central authorities.

This should be expressed by taking part in compensating, through the so-called union tax on income, for expenses that are essential for the fulfillment of functions delegated to the central authorities (defense of the state, the

basic directions of foreign policy, the maintenance of central bodies of state power and management). The central authorities will then be freed of responsibility for the financial status of the union republic.

According to the data of recent years, roughly 200 million rubles—i.e., a little over 4.5 percent of NI—of the budget resources of Estonia have been at the disposal of the central authorities. This ratio could also become the foundation of the union tax. It is moreover entirely conceivable that we could participate in financing some all-union dedicated programs that are of interest to us and in forming insurance funds, as well as reserve funds, on a contract basis.

There are other calculations as well that proceed from the corresponding expenses as planned in the all-union budget (we have an exceedingly murky notion of them) and the relative quantitative proportion of the residents or workers of Estonia (both about 0.6 percent) or the share of our republic in the formation of the national income of the USSR (0.7 percent). The proportionate contribution of Estonia in that case should exceed the sum that has been paid up to now by at least three times.

But a series of counter-arguments could be cited against those calculations.

First. The central authorities have been able, for a long time, to carry out relatively large expenditures freely thanks to the export of scarce natural resources at high prices (oil and gas, as well as gold etc.). Those times have now passed. Estonia (0.2 percent of the territory of the USSR) was poor in that regard, and even the richest natural resources of the region cannot withstand that burden now. Whence the considerable budget deficit and growth in state debt. We must inevitably put an end to living beyond our means.

Second. The redistribution of resources among the union republics and the contribution of this or that republic to the interests of the union overall has thus far not been limited just to implementation directly through the budget alone. Departmental channels (redistributions of profits, depreciation deductions); the centralization of credit resources, the migration of money, trade relations, the rendering of mutual services (the role of Estonia in transit shipments) and other channels through which the outflow of resources from Estonia has occurred thus far should be taken into account as well. Some of those resources have also been received by the all-union budget through payments of central departments, bank loans etc.

Third. The innumerable investment programs (gigantic water-management projects and the BAM, among others) that to all appearances will not be recouped, even in the distant future, have inflicted a great blow to our economy and budget. The same should also be said of the Chernobyl accident and other such catastrophes caused by the lack of order and responsibility. The poorly thought-out anti-alcohol campaign, which has also

inflicted irredeemable harm, is in that same category as well. The central authorities probably do not have the resources to cover these expenses. It would be completely incorrect simply to shift the burden of these debts onto the union republics all the same. **This means that we must arm ourselves with hidden reserves. I feel that one of the main reserves is the incorporation of a system of economic regulation that would put an end to the ubiquitous phenomena of mismanagement, wastefulness and carelessness, or at least substantially restrict them.** The measures that we are planning within the framework of IME today are aimed namely at that.

It is even understandable to a certain extent that the central authorities do not want to let go of the right to dispose of budgetary income, since after all they would thereby be limited to their own capabilities, functions, influence and role in managing the economy. Whence the impediments in negotiations on this topic. But the time has come to understand that changes are extremely essential in the interests of the national economy of the whole Soviet Union as well—economic accountability at the state level will be simply impossible otherwise.

A number of other **multi-directional corrective measures** are being projected in budget relations with the central authorities. We will not be receiving part of the former income that came in in the form of sales taxes for petroleum products, coffee, tea, bakery products, products of the motor-vehicle industry and other goods, since those values are created outside the boundaries of our republic. We will, on the other hand, be receiving additional income from the export of footwear, confections, electric power, perfumes and other goods.

We will also have to take on part of the spending for health care, primary education, social security, the payment of various forms of compensation etc. that are still covered by the all-union budget or other sources on the territory of Estonia. Our resources will be reduced by over 100 million rubles as a result. The financial situation of Estonia will become more complex in this regard, of course, but an opportunity to resolve issues of the expediency and size of this or that expenditure ourselves will appear at the same time. Our contribution to the all-union budget (direct payments, the taking on of expenses of the all-union budget at their former levels) could remain within the range of 200-300 million rubles as a result, which we will clearly be able to handle.

#### **The Financial Base of the Local Self-Governments**

The mutual financial relations of the republic state budget and the budgets of local self-governments is a separate question. We can assume by analogy with the mutual relations of the all-union and republic budgets that all income should come into the budget of the lowest level and move upward from there, in accordance with the delegation of functions, in the form of a single payment (volost—uyezd—republic). This idea has been

expressed and propagated, but unfortunately this configuration cannot be realized in reality for a number of reasons.

**First and foremost, productive forces are disposed—and income within the boundaries of the republic comes in—in very unsystematic fashion.** The irregularity is being aggravated even more today by the receipt of income from affiliates of lead enterprises located on the periphery through the center. Even the acquisition of independence by the affiliates would not change the picture very much. Less gross income is currently received than is spent through the corresponding local budgets on the territory of Saaremaa, Kھیumaa, Pyarnuskiy, Pylavskiy, Yygevaskiy, Paydeskiy and Raplaskiy rayons. The difference is covered basically via redistributions of the sales tax. Vyruskiy and a number of other rayons are in the critical zone. The income of today's rural councils or the future volosts is distributed even more unevenly.

The issue is also not resolved by reform of the tax system, since we cannot lose sight of the permissible tax burden that was mentioned above. The situation can be righted to a certain extent in the future if shifts occur in the disposition of productive forces, but even that would not bring a complete solution. **Subsidies are issued from the budget of the central authorities to the local self-governments, often with a dedicated purpose, as world practice shows in many countries, including the United States.**

If we compare the distribution of functions between the central authorities of the Union and the union republics, as well as between the central bodies of the republic and the local self-governments, we have to note that **the central bodies of the republic should play a more material role in resolving various economic, social and other tasks.** This is especially clearly visible using the example of a small union republic, where health care, primary education, social security, construction and the general use of major facilities of the local infrastructure can thereby be set up better. This is especially important during the period of preparation and transition to a new administrative system. The expenditures from the state budget per person in the Estonian Republic have totaled roughly 120 krona in recent years, along with roughly 10 krona from the uyezd and volost budgets. The volosts, of which there were roughly 240 on the current territory of the ESSR at the end of the 1930s, performed very limited functions in the realm of education (primary schools), trusteeship etc. A large portion of the spending went for the maintenance of the volost administration and other administration. The basic income was a head tax and a tax on real estate.

The organization of large-scale budget relations at the level of the volost and other administrative entities equivalent to them requires the presence of very strong and competent financial services in the locales that

would be able to take into account and defend nationwide interests as well as the interests of the local self-government in the resolution of all issues. A book-keeping system for the national economy proceeding from detailed territorial divisions would furthermore be needed in that case. All of that cannot be achieved in the near future.

It is thus impossible to employ the method of delegating taxes upward from below at the level of local self-government, at least for now. There is no information on similar experience in world practice useful for us.

**We should consequently construct a system of both republic and local budgets based on individual income or on the partial standards-based distribution of it among echelons of the budget system. It is most important therein that the income affixed for each budget be stable and solidly linked with the activity of the corresponding organ of power. Land or income taxes from the populace should thus without fail come to the budget of the local self-government; as for income taxes on enterprises and taxes on natural resources, we should proceed here from the national-economic significance of the object being taxed.**

#### **The Balancing of Budgets**

The method of composing a budget arising from income has two important advantages:

- it develops economic initiative and impels the search for, and finding of, opportunities for increasing income; and
- it facilitates the better balancing of the budget through the better thought-out utilization of funds.

**Budget imbalances are turning into a global problem today.** The causes of this phenomenon are exceedingly diverse. It is being caused in the Soviet Union principally by large defense spending, growth in social expenditures, the financing of many uneconomical projects, major accidents and a worsening of competitive foreign-trade market conditions. A certain portion of the nationwide deficit falls to Estonia as well through the unified distributive pot, and today it is a little over 100 million rubles a year.

**The internal imbalance, with an independent budget, depends on the correlation of real income and expenses, and loans can also be the sources for a formal balancing.** But the observance of various economic conditions and the presence of certain preconditions can help to balance the budget to a certain extent. We will consider the preconditions that have the greatest significance in our situation today.

The integral nature of the budget is expressed in the fact that it reflects all income and expenses as much as possible. This principle is violated in the composition of special budgets. We have no special budgets at the republic level today. Roughly a quarter of all budget

funds were utilized through special budgets in the Estonian republic in other years, as connected with various dedicated capital and funding (land capital, construction fund for school buildings, construction fund for residential apartments, fund for loans to aid agriculture etc.). **The creation of various dedicated funds is also envisaged here in the future under the conditions of IME. It must be kept in mind therein that this makes the balancing of the budget more difficult even where these funds are not obtained directly from the budget. The funds allocated to these purposes in any case increase the burden on the taxpayers.**

The budget period and the period for the execution of the budget should be in correct and intelligent correlation. Our budget period is the calendar year, for which both expenses and income are calculated. The execution period can be lengthened in such a way that allocations also remain open upon the conclusion of the budget year or are transferred to the next budget. Allocations in the Estonian republic, as a rule, have remained open until August 1 of the next year, while in Finland they go to March 1. This makes the balancing of the budget technically more complicated, but facilitates the better thought-out expenditure of money.

It is easier to achieve substantiation and precision through the calculation of expenses, which eases the utilization of standard principles. Matters are somewhat more complicated with income, and deviations here are often serious ones. The overly optimistic calculation of income, the so-called thin-air planning, does not favor balance.

The promulgation of the budget signifies universal accessibility and the open consideration and discussion of the budget, as well as freedom to criticize. Also important herein is **in how much detail the parliament approves the budget.** It is desirable that the initial data be accessible to all in as much detail as possible, and that the approval itself proceed according to the principle that it permit following it and be generally understandable (not just to specialists). Glasnost increases the **reality of the budget**, and consequently its balanced nature. The possibility of obtaining unrealistic appropriations and the unsubstantiated inflation of income disappears or is reduced significantly.

**Balancing funds** are also employed in world practice to ensure the balancing of the budget. The corresponding reserves are accumulated during periods of economic growth or, in conventional situations, in the form of higher-than-expected income left over and unused appropriations remaining for various reasons. One possibility under our conditions is to begin accumulating a reserve through a cash-turnover fund or some part of it. One cannot create additional budgets frivolously in the formation of a reserve. The funds for the balancing fund could be put into economic circulation via putting them into bank deposits or through liquid and easily withdrawn investments.

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**Estonian, USSR Economic Figures Compared**

18150123 Tallinn RAHVA HAAL in Estonian  
3 Nov 89 p 2

[Article by K. Pollisinski: "Selected Comparisons From the Statistical Report"]

[Text] The third-quarter economic statistics for both Estonia and the USSR have been offered to readers several times and from several different angles. Those who take a closer interest in the matter have undoubtedly already studied the third-quarter economic statistics on their own from the Central newspapers. Today, let us return to these matters once again.

To the extent, of course, to which statistical reports of Estonia and the USSR can be compared.

Before we start lining up the figures, let us point out that the Estonian and the USSR statistics committees have taken different routes to show the dynamics of the economy. Our people show the actual dynamics: nine months of 1989 compared to nine months of 1988, and nine months of 1988 compared to nine months of 1987. The Moscow people are still comparing the third-quarter results of this year to the plan for the same period.

Now, to the figures. The following table shows the growth of indicators in percentages.

	USSR		ESTONIA	
	1989 9 mos. planned growth	1989 actual growth, compared to same period, 1988	1989 9 mos. compared to 9 mos. 1988	1988 9 mos. compared to 9 mos. 1987
National gross product	7	3.6	-	-
National income produced	5.7	2.4	5.0	3.6
Total industrial production	3.0	2.2	0.5	2.9
Production of consumer goods without alcoholic beverages	10.0	5.7	3.0	4.8
among them:				
food items	11.0	3.2	1.4	-0.2
industrial goods	9.3	7.3	4.0	6.2
Social productivity	4.5	2.2		
Increase in compensation funds for the whole national economy	3.2	8.5	3.1	6.1
Average monthly compensation increase for industrial and service workers	3.1	9.5	6.9	9.0
Average monthly compensation increase for kolkhose workers	4.0	8.0	6.8	4.5
Average compensation (in rubles)* for industrial and service workers	216	236	262	245
Average compensation (in rubles)* for kolkhose workers	156	168	297.4	278.5
Average compensation (in rubles)* for cooperative workers		400		400

\*compared to compensation for the same period of the previous year.

**How Is the Work Force Moving?**

The development of cooperatives and individual enterprise has caused mobility of the work force. This applies to both Estonia and the USSR as a whole. The reasons could

obviously also be traced back to the figures in the preceding table pertaining to compensation. Let us look now at how they are distributed for the USSR and for Estonia:

	USSR/people in millions	Percentage of total work force	Estonia/people in thousands	Percentage of total work force
Total of workers in the national economy	over 130		800	
among them:				
industrial and service workers	116.2	89.4	674.5	84.3
kolkhose workers	11.6	8.9	75.8	9.5
cooperatives without job equivalents	2	1.5	10.2	1.28
individual workers	0.3	0.23	5.0	0.63
Change in the number of workers in industry	-0.8		-24.7	
Change in number of workers in cooperatives with job equivalents	+2.8(5X)		+20.8(2X)	
Number of workers in collective enterprises	0.015		1.093	
Number of workers in leadership organs	-0.3			

**How Much Money Comes In, Where Does It Go?**

The first table shows the average compensation for each worker, depending on his position, based on overall statistics. But money is also coming in from the government printing plant. The word has it that the number of fresh rubles released during the first nine months of the

year is up 17.3 percent from the previous year's total. This adds up to 12 billion rubles of money fresh off the press. One must admit that no other branch of industry can show that much progress.

Let's take a look now, what are the possibilities of wasting all of that money in commerce and services.

	USSR/percentage of growth planned	Actual growth	Estonia/9-mo. growth for 1989 compared to 9-mo. growth for 1988	Estonia/9-mo. growth for 1988 compared to 9-mo. growth for 1987
Retail volume	7.6	9.9	7.3	7.7
Paid services	10.5	8.2	4.0	18.4

Figures devoid of feeling, much less responsibility, tell us that trade and services cannot keep up with gains in the productivity of the government's money-printing presses. And that is inflation, something that has been talked about quite a bit recently. Meaning, that there is no place for the money to go.

Union over the first nine months of 1989. That is 22.3 billion rubles (but only 7.8 percent) more than shown for the corresponding period a year ago. (Attention: Look at the growth of compensation!) For Estonia the same indicator went up to 3,112 billion rubles, or by 103 million rubles (3.4 percent). (Double attention: compare with indicators for the Soviet Union!)

The latter statement is also confirmed by data on the production of consumer goods. There were 308 billion rubles worth of consumer goods produced in the Soviet

Here, for your comparison, are some actual groups of commodities:

	USSR		ESTONIA	
	Produced in 9 mos. of 1989	Increase Percent, compared to 9 mos. of 1988	Produced in 9 mos. of 1989	Increase Percent, compared to 9 mos. of 1988
Meat (million tons)	9.6	100.9	0.1173	101
Processed meat products (million tons)	2.9	102.0	0.0359	98
Butter (million tons)	1.4	100.3	0.0253	95
Whole milk products (million tons)	25.9	103	0.308	105
Cheese (million tons)	0.7	101	0.0128	97
Alcoholic beverages adjusted to absolute alcohol content (million dl)	92.8	124	1.1 **	106
Wines (million dl)			0.207 *	113
Beer (million dl)			5.8 *	105
Russian cigarettes, cigarettes (billion pcs)	252	95	3.449	99.4

\*natural sales index

\*\*natural sales index for alcohol and alcohol products

So much for what we call food items.

Regarding the production of industrial goods, things are said to be moving slowly, when looking at the Union-wide situation. In retail prices, the total production was 167.1 billion rubles, which is 11.4 billion rubles more

than the total shown for the corresponding period last year. Proportional growth, however, is 7.3 percent, instead of the projected 9.3 percent. In Estonia, the industrial production of consumer goods reached 1 billion and 756 million rubles, and grew by 67 million rubles (or 4 percent).

The USSR statistics committee gives a listing of these item groupings for which the daily production has gone

down in the third quarter, as compared to the first half of the year:

	Daily production, first half, 1989	Production, third quarter, 1989	Difference
Refrigerators (thousand pcs.)	25.7	24.1	1.6
Washing machines	25.9	25.2	0.7
Vacuum cleaners	19.8	19.0	0.8
Tape recorders	22.2	21.8	0.3
Bicycles	22.4	20.9	1.5
Television sets	39	37.1	1.9
Sewing machines	6.1	5.2	0.9

These figures do not seem big, really, even when multiplied by a thousand, as the unit-indicator suggests. But we are still dealing with **Daily Production**. There are roughly 260 work-days in a year. And the money presses are still running!

#### Back Home

The population of Estonia has gone up by 5,798 people over the last nine months, with 4,281 of them going to the urban, and 1,517 to the rural areas. Natural population growth was 83.6 percent (93.6 percent in the urban, and 55.5 percent in the rural areas) of the total population growth. Due to immigration, the urban population grew by 276 people, and the rural population by 675 people. The population of Tallinn shrunk by 458 people.

Mortality of children is up 15.4 percent (18.2 in the urban, and 9 in the rural areas). Mortality per 1,000 of newborn children is 16 in the urban areas, 11 in the rural areas and 18 in Tallinn.

#### Crime Is Increasing Everywhere

In the Soviet Union, there were 1.8 million crimes registered over the last nine months (a growth of 1.33 times). In Estonia 13,560 (a growth of 1.8 times). The number of serious crimes is increasing in the Soviet Union at a rate 4.4 times faster than crimes "less harmful to the society." In view of the overall rise in crime rates, it has been found necessary to identify those republics where this is most conspicuous, namely:

Estonia	80 percent
Lithuania	52 percent
Kirgizia	40 percent
Armenia	39 percent
Belorussia	37 percent
Turkmenistan	36 percent
Ukraine	35 percent

In the remaining republics it is supposedly below the average for the Union. It seems that civil wars down South have had little effect on crime statistics, because no separate accounting of battle activity has been offered.

Now, about crime at home. There were 1,198 serious crimes registered over the last nine months, an increase of 1.6 times. More than half of them have been committed in a state of inebriation. These included 72 cases (up 36 percent) of voluntary manslaughter or murder attempts, 49 cases (up 23 percent) of rape and attempted rape, and 457 cases (up 52 percent) of criminally punishable hooliganism.

Property theft of all kinds has more than doubled, thefts of personal property have gone up 1.6 times in frequency, compared to last year.

Minors have committed 1,234 crimes (up 9.6 percent). Areas standing out for these are the Lenin-district of Tallinn and the Pärnu, Kingisepp and Tartu regions.

There were 1,478 (up 9.6 percent) traffic accidents over the three-quarters of the year, 238 of them (up 38 percent) due to drunken drivers. Fatalities number 248 persons, injuries 1740.

#### The Nature Around Us

The total of pollutants released into the atmosphere in the Soviet Union has been reduced by 2.8 million tons (close to 7 percent). For Estonia, this amount is 8,400 tons (2.2 percent).

Among industrial centers with reduced atmospheric pollution are Irkutsk, Novokuznetsk and Lipetsk. Tallinn would also fit this category where, according to statisticians, the total of harmful effluents into the atmosphere has been reduced by 1,800 tons (5.8 percent).

The Union-wide statistics also show that more than 9,000 enterprises have started to pollute more than previously, by a combined total of 1.6 million tons.

Apparent disasters have occurred in Arhangelsk, Jerevan, Volzhsk, Tcheljabinsk, Dneprodzerzhinsk, Dushanbe and other cities, where pollutants escaped into the atmosphere in concentrations exceeding 10 times the allowed limits. The owners of these guilty enterprises are mostly the Central ministries of metallurgy, chemistry and forest industries.

In conclusion, it would have been interesting to compare these gloomy figures with some of the happier ones that

have recently been established by the USSR state national economic plan for the coming year. More of that in the future.

### **Baltic Claim to Property Rights Questioned**

904A0054A Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 44, Oct 89 p 8

[Article by B. Plyshevskiy, Doctor of Economic Sciences:  
"What Kind of Property Do We Create?"]

[Text] The extension of republics' property rights to cover all resources and the capital and property of enterprises and organizations on their territory is being persistently put forward as a condition for their economic independence and ability to pay for themselves.

But let us not forget that by acting on this proposal and extending it to all union republics we would inevitably wind up abolishing the all-union form of socialist property. In this case, it would be fully transformed into republic property. It would further follow that only union republics have sovereignty in the crucial area of economic life of the country.

As to the USSR, its property rights over its natural resources and means of production would be taken away from it. In the economic area, union entities would mainly draft general proposals on economic policy and laws which could lose their status of compulsory acts. All this, as was pointed out many times when the concept of economic accountability proposed by the Baltic republics was discussed, contradicts the Constitution of the USSR as a single federal state. The course to full replacement of union property by republic property in essence means transforming the union economy into a confederate one.

One would think that this historical stage has already been passed. State property did not emerge under Soviet power but existed even in pre-revolutionary Russia. State property exists also in developed capitalist countries, even though their economic system is based on private, not public property. Nor do other socialist states built on a federal principle give away their state property to their constituent republics. In other words, the concept of economic independence and economic accountability put forward by the Baltic republics should hardly be considered a model for all Soviet republics and for application in the country as a whole.

Criticism can also be made of the premise that it would be impossible to have an efficient economy without transferring all enterprises and economic organizations to union republics. The exaggeration that is made here can be shown by citing the history of domestic and international economic thought.

Even under capitalism with its free competition, a differentiation is made between the right of property (ownership) and the right to use industrial capital and other property. The recognition of the objectivity of such

division is the basis of the theories of industrial and finance capital, division of profits into entrepreneurial income and interest, share capital and land rent developed by Karl Marx. A new stage in differentiating between the right of ownership and utilization was reached with the emergence of monopoly finance capital and creation of large international corporations whose activities far transgress national borders in the postwar period.

Greater complexity in the issue of property increased rather than decreased the efficiency of the capitalist economy. Experience shows that self-sufficiency is not contingent on making the ownership of all capital on its territory the property of the state.

The Draft General Principles of Perestroika in Economic and Social Management in Union Republics, prepared by central economic authorities, stressed that regional economic accountability would be based on different forms of socialist property, with state property as a main form supplemented by cooperatives, lease contracts, individual labor activity and various types of mixed enterprises. Economic independence of union republic would be provided by broadening the scope of their economic management, transferring all industries related to consumer goods and services production to republic agencies, developing local industrial and social infrastructure, managing most construction industry entities and controlling the exploitation of nature. Their financial base would be bolstered by transferring to the republics' revenue streams most taxes collected from enterprises and organizations reporting to them (based on stable 5-year schedules), income tax revenues and a portion of profits of enterprises reporting to union-level agencies, and by allowing enterprises to engage in independent external trade transactions.

Union entities would retain control mainly over basic sectors of heavy industry, machine building, joint national transportation, communication and information networks, external commercial activities and development and implementation of national economic and social policies. Union entities would not have the right to build or rebuild enterprises without consulting the republic. In accordance with their constitutions, union republics would rule on procedures for applying union laws on their territory, including all issues of economic policy: planning, labor and finance and credit laws. Much attention would be paid to broadening the rights and increasing the responsibility of associations (enterprises) for their results, as they are the main link of the economic accountability system.

Thus, regional economic accountability can be founded on a conceptual basis that is different from the one proposed by the Baltic republics, namely on separating property and economic management and differentiating whenever useful between property rights and rights to manage property.

The proposal to transfer all enterprises reporting to union authorities to republics is flawed from the practical point of view, as well. These enterprises either are part of single all-union production associations (such as energy or oil supply ones) or have such close production ties with their partners that it would be generally impossible run them efficiently within the confines of a single republic. Lack of stable market channels, which are only starting to emerge, complicate the work of those enterprises still further.

In my opinion, the concept contained in the General Principles is the best thought-out one. However, as the USSR Supreme Soviet passed a resolution allowing the Baltic republics to shift to economic accountability and economic independence, we would need to work out compromises to take into account the draft laws on the General Principles of Economic and Social Management in Union Republics and the General Principles of Local Self-Management and Local Economy in the USSR. Different proposals have emerged on this subject.

If they insist, we could agree to transfer enterprises and organizations which will report to republics to their ownership. It would be possible to effect such a transfer of union property to republics free of charge.

In my opinion, a different approach should be used in transferring the ownership of entities which currently report to union organizations. Two solutions are possible. The first is contained in the CPSU Program "The Party's National Policy under Current Conditions" which was approved by the CPSU Central Committee's September Plenum. It entails introducing joint union and republic forms of property. But if union republics insist on becoming owners of all enterprises on their territory, another solution could be adopted, making republics purchase those enterprises.

A similar proposal outlined in the article "Federal Union" was sharply criticized by USSR Supreme Soviet deputies from the Baltic (see PRAVDA, 12 July and 26 July). The criticism was justified in part, as far as enterprises reporting to union republics or joint union and republic property were concerned. But the demand to pay for enterprises that were meant to remain under union control was not as extreme as is often suggested: those enterprises were built using central capital investments and in some cases foreign loans, which in the final analysis also means at the expense of the state. There is another important consideration: relations between union republics and the USSR should be governed by the principles of equality, economic responsibility and voluntary contractual agreements, all of which is stressed by the Baltic republic's proposals. Incidentally, international experience has many examples of state property being bought out when it is privatized and of compensation being paid to private owners during nationalization of assets.

Foreseeing continued debate, we should now start developing the methodology and theory of these issues, both

their legal and economic aspects. Let us mention several problems in assessing the compensation value of transferred enterprises. They include methods and means of computing depreciation, expenditures on repairs, present and replacement value, time period in which investments are recouped, compensation for losses and for the loss of government revenues from such enterprises, etc.

It will probably take a long time for union republics to be comfortable working under the conditions of regional economic accountability, self-sufficiency and self-financing, since they are presently at different stages of economic development. For some it will be shorter and for others longer. The exact time will depend on how well republics, union ministries and central economic agencies responsible for developing the mechanism and economic tools of regional economic accountability are prepared for the new conditions.

Many union republics, primarily ones whose national income does not cover all areas of their consumption and savings funds, will need help from the union government and economically more developed republics such as the RSFSR, UkSSR and BeSSR. Resources for such assistance are currently limited due to the fact that economic growth has been allowed to slacken. Consequently, when preparations to shift to economic accountability are made locally, the main attention should focus not on asking for larger subsidies, funds and supplies from the state (which are often provided by means of redistributing existing resources among republics), but on increasing national income in every republic.

Hopes to learn to live with economic accountability by means of using various channels for redistributing national income are unsound not only from the point of view of the self-sufficiency concept but based on economic reality as well. The main way to increase resources remain higher productivity and reduced losses and unproductive spending. Yet, in a number of economic regions, intensification of production gains very slowly and efficiency is not increasing. For instance, during the years of the 12th five-year plan, in four republics—the UzSSR, KiSSR, TaSSR and GeSSR—labor productivity has not increased. The modest rise in national income they did achieve was due exclusively to expansion. Serious deficiencies in economic performance persist in other republics as well.

The shift to regional economic accountability makes the issue of improving economic work and the quality of economic management especially urgent. This refers to the activities of both central and local entities in improving the financial situation in the economy and mastering economic management methods. The most important among the many problems in this area is, in my opinion, the task of neutralizing and containing another wave of inflation as the new regional policy is implemented. As is well-known, the transfer of enterprises to self-sufficiency and self-financing is accompanied by a burst of inflationary processes.

Currently, special measures of anti-inflationary regulation are being developed; they include reducing the state budget deficit, establishing an efficient taxation system and bringing the system of consumer income and business profits in line with actual results of enterprises' business activities. These measures, developed taking into account special conditions at each union republic, are meant to dampen the likely desire on the part of some local entities to attain self-sufficiency at the expense of the consumer, by raising prices and getting unearned profits and wages.

### **Estonian Economic Legislation Published**

#### **Budget Law**

904A0108A Tallinn SOVETSKAYA ESTONIYA in  
Russian 5 Dec 89 pp 1-2

[Law of the Estonian Soviet Socialist Republic on the Budget, signed by A. Ryuytel, chairman of the Presidium of the Estonian SSR Supreme Soviet, and A. Almann, secretary of the Presidium of the Estonian SSR Supreme Soviet; Tallinn, 17 November 1989]

[Text]

#### **Chapter I. General Provisions**

**Article 1.** The State budget and local budgets enter the budget system of the Estonian SSR as individual independent parts.

**Article 2.** The Estonian Soviet Socialist Republic has an independent State budget, consisting of the revenues and expenditures of the State for one year.

**Article 3.** Each unit of local government has an independent budget, consisting of the revenues and expenditures of the given unit of local government for one year.

The interrelations of the State and local budgets, as well as of the budgets of various levels of local government, are regulated by this Law and other legislative acts of the Estonian SSR.

**Article 4.** The budget year of the State and units of local government begins on 1 January and ends on 31 December.

**Article 5.** The statistical combined budget and the combined report, the procedure and periods for compiling of which are established by the Council of Ministers of the Estonian SSR, are formed from the independent budgets of the budgetary system of the Estonian SSR and the yearly reports on utilization of the budget, after their approval, through summing up the revenues and expenditures.

**Article 6.** Taxes and other forms of revenues entering the State budget and the budgets of units of local government, as well as their delineation between the State budget and the budgets of the units of local government, are determined by the Estonian SSR legislation on taxes.

**Article 7.** The revenues and expenditures included in the budget are divided in accordance with a unified list for the subdivisions.

The list of revenues and expenditures of the budget is established in accordance with the procedure specified by the Council of Ministers of the Estonian SSR.

**Article 8.** Financial assistance may be given from the State budget to carry out a purposeful regional policy and cover the deficit in revenues for the budgets of local government.

**Article 9.** In case the Supreme Soviet of the Estonian SSR or the Council of Ministers of the Estonian SSR, after approval of the budget, adopt normative acts, in accordance with which there is an increase in expenditures or decrease in the revenues of the local budgets, the corresponding sums are reimbursed from the State budget. In case of a reduction in expenditures or increase in revenues, the corresponding sums will be transferred to the State budget.

**Article 10.** The drafts of the State budget and budgets of the units of local government, the approved budgets and reports on execution of the budgets are published for general information.

#### **Chapter II. The State Budget of the Estonian SSR**

**Article 11.** The revenues of the State budget are:

- 1) revenues from State enterprises, institutions and organizations, as well as from property;
- 2) receipts from taxes and other revenues in accordance with the legislation of the Estonian SSR on taxes;
- 3) receipts from bonds of loans issued by the State and from holding lotteries;
- 4) loans obtained by the State;
- 5) loans returned to the State and interest paid on loans;
- 6) funds allotted from the State budget of the USSR.

Other revenues of the State budget are receipts and payments transferred to the State budget in accordance with the legislation of the Estonian SSR.

**Article 12.** Expenditures of the State budget are:

- 1) appropriations to finance republic target programs in economics, environmental protection, social problems, science, culture, etc., as well as to form funds of capital for a specific purpose;
- 2) appropriations for other needs of the Republic economy;
- 3) appropriations to finance Republic social-cultural institutions and measures;

4) funds to maintain State authoritative bodies and State administration for the Republic, courts, notary offices and other bodies specified by legislation;

5) payments to the Union budget of the USSR, specified in accordance with contractual procedure;

6) appropriations to form a reserve fund;

7) funds to form special extra-budgetary funds for the State;

8) funds to return loans obtained by the State and pay loan interest;

9) financial assistance to the budgets of units of local government;

10) loans issued by the State.

Other expenditures specified by the legislation of the Estonian SSR may also be made from the State budget.

**Article 13.** The amount of the reserve fund is determined by the Supreme Soviet of the Estonian SSR, and is at the disposal of the Council of Ministers of the Estonian SSR to cover unforeseen expenditures, with a report given before the Supreme Soviet of the Estonian SSR on the use of these funds.

**Article 14.** A circulating balance in hand is formed in the State budget above the specified expenditures, through the remainders of the budgetary funds, at the beginning of the planned year. The amount of the circulating balance in hand is determined with the approval of the State budget.

The circulating balance in hand may be used during the year to cover temporary cash gaps and should be restored in the same budgetary year up to the amounts established when the budget is approved.

**Article 15.** Compilation of the draft of the State budget is organized by the Council of Ministers of the Estonian SSR, which establishes the procedure and periods for compiling the draft of the State budget.

**Article 16.** The draft of the balanced State budget with the corresponding draft of the law, explanatory documents and other necessary materials, is presented by the Council of Ministers of the Estonian SSR to the Supreme Soviet of the Estonian SSR by 1 October of the year preceding the planned one.

**Article 17.** The State budget is examined and approved in the form of a law by the Supreme Soviet of the Estonian SSR.

**Article 18.** Execution of the State budget is organized by the Council of Ministers of the Estonian SSR.

**Article 19.** The Ministry of Finances of the Estonian SSR opens loans to cover the expenditures specified in the State budget and keeps a record of the execution of the State budget.

**Article 20.** Utilization of revenues additionally received in the course of executing the State budget, as well as of the amounts of increase in revenues over expenditures, formed at the end of the year as the result of overfulfilling revenues or saving expenditures, is decided by the Supreme Soviet of the Estonian SSR.

**Article 21.** Additional budgets are drawn up to implement additional expenditures in cases when the appropriations from the State budget are insufficient, and also in cases when the corresponding appropriations are not specified.

Additional budgets of the State are drawn up, examined and approved in accordance with the same procedure as the State budget.

**Article 22.** The yearly report on execution of the State budget is compiled by the Minister of Finance of the Estonian SSR and presented to the Council of Ministers of the Estonian SSR in accordance with the procedure and periods established by it.

**Article 23.** The Council of Ministers of the Estonian SSR reviews the report on execution of the State budget and presents it to the Supreme Soviet of the Estonian SSR for approval.

### Chapter III. Local Budgets

**Article 24.** The revenues of local budgets are:

1) revenues from enterprises, institutions, organizations and property of units of local government;

2) revenue returns from local taxes and nontaxable revenues, in accordance with the legislation of the Estonian SSR on taxes;

3) revenue returns from local taxes and nontaxable revenues, established by the organs of local government within the limits of their competence;

4) revenue returns from bonds for loans issued by the organs of local government and for holding lotteries;

5) loans obtained by the organ of local government;

7) financial assistance from the budget of a higher level;

8) loans returned and loan interest paid.

The revenues of local budgets also consist of other receipts and payments, transferred to the local budgets in accordance with the legislation of the Estonian SSR.

**Article 25.** The expenditures of local budgets are:

- 1) appropriations to finance local target programs on economics, environmental protection, social problems, culture, etc., as well as to form funds for capital for a specific purpose;
- 2) appropriations for other needs of the local economy;
- 3) appropriations to finance social-cultural institutions and measures of units of local government;
- 4) funds to maintain organs of local government;
- 5) appropriations to form a reserve fund;
- 6) funds to form extra-budgetary funds of units of local government;
- 7) loans issued by organs of local government;
- 8) funds to return loans obtained by organs of local government and payment of loan interest.

Other expenditures, specified by the legislation of the Estonian SSR, may be made from local budgets.

**Article 26.** The amount of the reserve fund is determined by the Council of the unit of local government, and it is at the disposal of the ispolkom of the corresponding unit of local government to cover unforeseen expenditures and a report is made before the Council on utilization of these funds.

**Article 27.** A circulating balance in hand above the specified expenditures is formed in the budgets of units of local government through the remainders of the budgetary funds at the beginning of the planned year. The amount of the circulating balance in hand is determined by the Council of the unit of local government when the budget is approved.

The circulating balance on hand may be used during the year to cover temporary cash gaps and should be restored in the same budgetary year up to the amounts established when the budget is approved.

**Article 28.** Compilation of the draft of the budget for a unit of local government is organized by the ispolkom of the unit of local government, which establishes the procedure and periods for drawing up the draft.

The draft of the budget is examined and approved by the Council of the unit of local government.

**Article 29.** Execution of the budget of a unit of local government is organized by the ispolkom of the unit of local government.

**Article 30.** Utilization of funds additionally obtained in the course of executing the budget, as well as the amounts of increase in revenues over expenditures,

formed at the end of the year as the result of overfulfilling revenues or saving expenditures, is decided by the Council of the unit of local government.

**Article 31.** Additional budgets are drawn up to implement additional expenditures in cases when the appropriations from the budget of the unit of local government are insufficient, and also in cases when the corresponding appropriations have not been specified.

Additional budgets are compiled, examined and approved in accordance with the same procedure as the budgets of units of local government.

**Article 32.** When the budgetary revenues are insufficient, the organs of local government may obtain loans for necessary expenditures.

**Article 33.** The yearly report on execution of the budget of a unit of local government is compiled by the ispolkom of the unit of local government in accordance with the procedure and periods specified.

**Article 34.** The yearly report on execution of the budget of a unit of local government is examined and approved by the Council of the unit of local government.

### Law on Enterprises

904A0108B Tallinn SOVETSKAYA ESTONIYA in Russian 5 Dec 89 p 2

[Law of the Estonian Soviet Socialist Republic on the Enterprise; signed by A. Ryutel, chairman of the Presidium of the Supreme Soviet of the Estonian SSR, and A. Almann, secretary of the Presidium of the Supreme Soviet of the Estonian SSR; Tallinn, 17 November 1989]

### Chapter I. General Premises

**Article 1.** The tasks of the Law on the Enterprise

(1) The Law on the Enterprise determines the types of enterprises in operation in the Estonian SSR, the procedure for founding and registering the enterprise and its legal position; the bases for the activity of the enterprise, principles of origin and cessation of its activity.

(2) The procedure for founding individual types of enterprises, their legal position and activity are regulated by normative acts, established in accordance with this Law.

**Article 2.** The concept of an enterprise

(1) An enterprise is an economic unit, engaged in entrepreneurship and recognized in the procedure specified by law by a legal entity.

(2) Entrepreneurship is any economic activity having the purpose of obtaining revenue through producing goods or rendering services. Work in accordance with a labor contract is not entrepreneurship.

This Law does not regulate any forms of entrepreneurship except for enterprises.

**Article 3. The economic principle of an enterprise**

An enterprise is based on the State, municipal, cooperative property of the Estonian SSR, the property of national enterprises, public organizations and movements, private property and their various mixed forms, and within the limits determined by the legislation of the Estonian SSR, also on the property of the USSR, other union republics and foreign countries and their legal entities and citizens.

**Article 4. Types of enterprises**

(1) An enterprise may act as a state, national or municipal enterprise, cooperative, partnership, joint stock company, leased or other enterprise in accordance with the legislation of the Estonian SSR.

(2) The creation of unions and associations of enterprises, etc. and their legal position and activity are regulated by the laws of the Estonian SSR and other normative acts.

**Article 5. The sectors of activity of enterprises**

(1) An enterprise may carry out its activity in industry, agriculture, construction, transport, communications, forestry, trade, banking matters, everyday service, state insurance and in other spheres, with the exception of those which are prohibited by the normative acts in operation in the Estonian SSR.

(2) The activity of an enterprise should answer the purposes and sectors of activity listed in its Rules and other founding documents.

**Chapter II. Founding an Enterprise**

**Article 6. The founders of an enterprise**

(1) The founders of an enterprise may be a state organ of the Estonian SSR, an organ of local government, an enterprise, public organization or public movement, a group of persons or an individual.

(2) An enterprise is founded by one or several founders.

**Article 7. The procedure for founding an enterprise**

An enterprise is founded in accordance with the procedure specified by this Law and by normative acts, established for individual types of enterprises.

**Article 8. The founding documents of an enterprise**

(1) The founding documents of an enterprise are its Rules and permission to found, as well as, depending on the method of founding, a contract on founding, leasing or joint activity.

(2) The founding documents (with the exception of the permission to found) determine the purposes and sphere of activity of the enterprise, the principles and organization of management and inspection, the principles of distributing profits and investment as well as other conditions for the founding and activity of the enterprise

which are additionally considered necessary and which do not contradict the normative acts of the Estonian SSR.

The founding documents also determine the relations between the founder and the enterprise in case they are different persons.

**Article 9. Permission to found an enterprise**

(1) Permission to found an enterprise is issued by the organ of local government of the first level, on the territory of which the enterprise is founded. Permission for founding may be issued for a certain period.

(2) To found an enterprise, the rules of which are approved by an organ of local government, or with which the organ of local government concludes a contract on founding or leasing, permission for the founding is issued upon the approval of the regulations or conclusion of the appropriate contract. In all remaining cases, when petitioning to found the enterprise, a declaration of the appropriate content and founding documents should be presented to the organ of local government.

(3) An organ of local government must make the decision to issue permission for the founding of an enterprise within a period of 30 days from the day of presenting the declaration and founding documents, properly filled out.

(4) After obtaining permission for founding, it is forbidden to introduce changes in the founding documents without the consent of the organ of local government issuing permission for founding.

(5) The organ of local government, if necessary and agreed upon in accordance with the established procedure, may use additional documents (permission of environmental authorities, sanitation authorities, etc.) to permit the founding.

**Article 10. Refusal to issue permission for founding**

(1) An organ of local government may refuse to issue permission for founding in cases:

1) when founding the enterprise will be detrimental to the interests of the corresponding administrative territory or environment;

2) when the rules of the enterprise or other founding documents do not meet the existing normative acts;

3) when individual spheres of activity of the enterprise are prohibited by legislation;

4) when founding the enterprise violates a procedure established by law.

(2) In making the decision to refuse to issue permission to found an enterprise, the provisions of the legislature or conditions contradicted by the founding of the enterprise and its founding documents must be indicated.

(3) In the cases indicated in part 2 of article 9 of this Law, refusal to approve the rules and to draw up the appropriate contract or other document serving as the basis for founding the enterprise, is at the same time the basis for refusing to issue permission for the founding.

(4) The founder has the right, within a 30-day period from the day of receiving a negative decision, to appeal it in accordance with the procedure stemming from the Law of the Estonian SSR on the bases of local government and other normative acts limiting the jurisdiction of the organs of local government and the procedure for appealing their decisions.

#### **Article 11. Conditional permission for founding**

An organ of local government may determine, when issuing permission to found an enterprise, the basic conditions which should be fulfilled for a specific period, and if the enterprise does not fulfill them, the permission for founding, issued by the organ of local government, may be revoked.

### **Chapter III. Registering an Enterprise**

#### **Article 12. The principles for registering an enterprise**

(1) An enterprise is subject to compulsory registration before the start of its economic activity. Economic activity of an unregistered enterprise is prohibited.

(2) An enterprise is registered in accordance with the Law on Registry with the organ of local government, on the administrative territory of which it will be founded. An enterprise is considered founded and acquires the rights of a local entity from the moment of its registration.

#### **Article 13. Procedure for registering an enterprise**

(1) To register an enterprise, the following documents are presented:

- 1) a declaration of registration, signed by the founder or founders, with the information necessary to enter in the register;
- 2) the founding documents, properly filled out;
- 3) a State license to engage in the given activity, if it is specified in the Estonian SSR;
- 4) information on payment of State duty.

(2) The enterprise is registered in the 10-day period after all the documents necessary for registration are presented.

(3) In registering an enterprise, the holder of the register enters the enterprise into the register and announces the registration in the republic and local press.

(4) Changes and supplements in the founding documents of an enterprise and information on the enterprise

entered in the register should be filled out in accordance with the procedure indicated in the first three parts of this article.

(5) If an enterprise, in the course of the year after permission has been received for founding, is not registered, permission for founding loses its force.

#### **Article 14. Refusal to register an enterprise**

(1) An enterprise may be refused registration only if the documents specified in part 1 of Article 13 are lacking.

It is impermissible to refuse to register an enterprise for other reasons, including for motives of the inexpediency of founding it.

(2) A copy of the decision to refuse to register an enterprise is directed by the registering organ to the person who has turned in the declaration on registration, in a period of 3 days from the day the decision was made.

(3) If an enterprise has not been registered in the specified period, or if there is an unsubstantiated refusal to register, the person who has handed in the declaration on registration has the right to appeal to the court with a demand to register the enterprise and compensate for the damage.

#### **Article 15. Reregistration of an enterprise.**

All enterprises operating on the territory of the Estonian SSR before this law goes into effect are subject to registration or reregistration in accordance with the procedure established by the Council of Ministers of the Estonian SSR.

### **Chapter IV. The Principles of Activity of an Enterprise**

#### **Article 16. Permission for the activity of an enterprise**

(1) In cases specified by the Council of Ministers of the Estonian SSR, starting the activity of a founded enterprise requires permission for its activity.

(2) The procedure for issuing permission for activity and recognizing it as invalid is specified by the Council of Ministers of the Estonian SSR.

#### **Article 17. Regulation of the activity of an enterprise**

(1) The activity of an enterprise is regulated by this Law, other normative acts of the Estonian SSR, the founding documents, the decisions of the organs of State administration and local government and contracts.

(2) An enterprise, with the exception of a State and municipal enterprise, has no higher organ.

#### **Article 18. The relations of an enterprise**

(1) The relations of an enterprise with State organs and organs of local government are regulated by laws and contracts.

(2) The relations of an enterprise with the State budget and the budgets of units of local government are regulated by the Law of the Estonian SSR on Taxes. Enterprises are obliged to present a declaration of revenues to the tax service in accordance with the established procedure.

(3) The procedure for the use of natural resources by an enterprise is established by normative acts of the Estonian SSR.

(4) The relations of an enterprise with orders issued by State organs and organs of local government are regulated by contracts.

(5) The relations of an enterprise with other enterprises and citizens are regulated by laws and contracts.

#### Article 19. Management of an enterprise

(1) The procedure for the formation and jurisdiction of the managing organs of an enterprise, as well as the organization of the management, are determined by the rules of the enterprise.

(2) The director of an enterprise is appointed to the position and released from the position by the owners of the enterprise.

(3) The director of an enterprise organizes all the activity of the enterprise and bears the responsibility in accordance with the laws of the Estonian SSR and the rules of the enterprise.

#### Article 20. Labor at an enterprise

(1) Labor at an enterprise is carried out on the basis of a labor contract or membership.

(2) Labor relations arising between an enterprise and a worker on the basis of a labor contract are regulated by the labor legislation of the Estonian SSR.

(3) Relations at an enterprise arising on the basis of membership are regulated by the rules, internal labor regulations and other acts for the internal use of the enterprise.

#### Article 21. The principles of economic activity of an enterprise

(1) The economic activity of an enterprise is based on cost accounting.

(2) The activity of an enterprise and the products, services and goods produced by it on the domestic market, as well as the packaging and its markings, should meet the standards, norms, regulations and agreements between the producer and the consumer in force in the Estonian SSR.

(3) An enterprise sells its products and property and also renders services at its discretion, if this does not run counter to the procedure established in the Estonian SSR. The prices for them are determined either by the enterprise or by agreement with the other party, if not otherwise specified by the law.

(4) An enterprise is supplied with raw material, fuel, completing items and other means and property necessary for economic activity on the basis of contracts concluded with supply organizations and directly with the suppliers.

(5) The State regulates the activity of an enterprise with respect to import and export licenses, tax and customs legislation.

(6) An enterprise may obtain bank loans and issue and obtain loans.

(7) An enterprise has the right to issue stocks and buy and sell stocks and other securities in accordance with the procedure established in the Estonian SSR.

(8) The cost recovery of an enterprise, depending on the natural-geographic location and the benefits of the land, may be regulated by lease payments or by price differentiation.

(9) The foreign economic activity of an enterprise is regulated by the appropriate laws of the Estonian SSR.

#### Article 22. The records and monitoring of an enterprise

(1) An enterprise must perform complete accounting of economic activity in accordance with the regulations established for accounting and present the statistical records to the statistics organs in accordance with the established procedure. The authenticity of the accounting of the enterprise is monitored by auditing.

(2) An enterprise must permit verification of its activity by State controllers.

#### Chapter V. Cessation of the Activity of an Enterprise

#### Article 23. The principles of ceasing the activity of an enterprise

The activity of an enterprise ceases:

1) upon completion of the period of founding, leasing or other contract or founding act, serving as the basis for founding the enterprise;

2) in case a court recognizes as invalid the founding acts of the enterprise;

3) on the bases specified in the rules;

4) in case of the economic bankruptcy of the enterprise;

5) in case of the continuation by the enterprise of an activity, after the period established for cessation of this activity, forbidden by the legislation or contract;

6) on other bases specified by the legislation of the Estonian SSR.

#### Article 24. The procedure for ceasing the activity of an enterprise

The activity of an enterprise ceases in accordance with the procedure indicated in the founding documents.

### Progress on BSSR Shift to Self-Financing Reported

904A0068A Minsk SOVETSKAYA BELORUSSIYA in Russian 17 Oct 89 p 2

[Article by A. Cherkasskiy, deputy chief of the Belorussian SSR Council of Ministers Economics Department: "The Republic on Cost Accounting"]

[Text] The processes of perestroika taking place in our society have penetrated deeply and have very clearly revealed the unacceptability of the previously applied management methods. Despite certain shifts the country has not yet emerged from its crisis, and, in certain fields, the crisis processes have even become worse. This also pertains to our republic, even though we must give our working people their due; under the complex conditions of converting from administrative-command methods to those of economic management, they have made sure that the plan is fulfilled.

A positive influence on the achieved economic results has also been exerted by that reorganization of the administrative organs which was carried out in accordance with the implementation of the economic reform. Thus, 8 ministries and departments have been abolished, the number of administrative personnel has been reduced by 50 percent on the republic level and by 30 percent on the oblast level. This allowed us to eliminate many intermediate and duplicating organs, as well as to bring the administrative structures directly closer to the production line.

At the same time it must be admitted that those hopes which were placed on the radical economic reform have not yet been justified, since, during the present transition period, the old and the new management methods are still running parallel to each other, and the obsolete administrative-command system, which fetters people's initiative and their entrepreneurial spirit, has not yet been completely eradicated.

A genuine leap forward in the economy may be achieved solely based on a motivated interest by employees in the results of economic management. The following principle must be put into practice everywhere: the better one works, the better will he live. Moreover, this pertains not only to the labor collectives, but also to rayons, cities, oblasts, and to the republic as a whole.

All of us complain quite frequently about the fact that our economy suffers from excessive centralization, and that the increase in the power of the sectorial ministries and departments is far from always justified. Having revealed the situation which had evolved, perestroika and democratization at the same time created the necessary conditions for correcting it. Above and above, this entails decentralizing the administrative management of the national economy; expanding the powers and strengthening the independence of the regions in their socioeconomic development on the basis of a close

economic cooperation with the enterprises and organizations located on the territory; their labor collectives are coming, to an increasingly greater degree, the masters of production; strengthening and reinforcing the possibilities of the soviets of people's deputies by genuine budgetary-financial and material resources.

Furthermore, the essence of the matter does not lie in somehow sharing sectors between the union and republic levels. The principal criterion is increasing production efficiency and providing a new quality of life for people.

A certain amount of work along these lines has been accomplished in the Belorussian SSR. Thus, the year 1988 witnessed the development and implementation by the USSR government of a draft concept for restructuring the management of the economy and the social sphere based on the principles of self-rule and self-financing. The positions set forth therein were supported and have basically become the general principles of restructuring the management of the economy and the social sphere in the union republics, based on expanding their sovereign rights and self-financing.

Taking into account the objective requirements for accelerating further economic and social development, the Belorussian SSR has come up with a proposal for converting to the principles of self-rule and self-financing to begin in 1990. It would do this so as, prior to the beginning of the 13th Five-Year Plan, to have time for developing and fine-tuning a new system of territorial administration, for preparing the necessary normative and legal acts and accumulating an admittedly modest yet important amount of practical experience. The republic's central economic organs, scientific institutions, and leading scholars have taken part in this work.

As a result, a model of regional cost account was developed wherein, to our way of thinking, we have found the optimum combination of the republic's interests and those of the entire Soviet Union, based on equitable cooperation.

At the beginning of this past September the USSR government adopted a decree entitled "On Top-Priority Measures for Converting the Belorussian SSR Beginning in 1990 to the New Management Conditions Based on Self-Rule and Self-Financing." It provides for concentrating under this republic's administration the direction of the agro-industrial complex, the production of consumer goods, as well as socio-cultural and other sectors of the service field, the production infrastructure of regional significance, the construction complex (including the production of building materials), environmental-protection and other types of activity directly connected with the everyday life of the population.

Certain enterprises in machine building, the chemical and petrochemical industry, the light and timber industry, construction, the building-materials industry,

trade, and others were transferred to republic-level jurisdiction. The ministries of light industry, the timber industry, the bakery-products industry, land reclamation and water resources, as well as the State Committee on the Press were transformed from union-republic organs to the corresponding republic-level organs. Next year almost half of industrial output will be produced by enterprises under republic-level jurisdiction instead of 7 percent as at the present time. Of course, the work of transferring enterprises to the jurisdiction of republic-level organs does not end here, but will, as specified in the decree, be continued.

Planning is also being restructured. Next year this republic's Council of Ministers will be accorded the right to independently formulate a comprehensive plan for economic and social development. Such a plan will be developed on the basis of proposals from the oblispolkoms and the Minsk Gorispolkom. That is, the republic's plan will rely on the plans of enterprises and rayons. The plan will be not so much a directive as a regulator, utilizing financial, price, planning, credit, and other levers and mechanisms. Emphasis is being placed on developing the social sphere.

The State Plan for the Country's Economic and Social Development to the Year 1990 will only include for this republic indicators characterizing the republic's participation in solving nationwide problems, as well as for strengthening the country's integrated national-economic complex. Thus, the state order [requisition], which is mandatory for inclusion in the republic's plan, provides for the delivery only of the most important types of industrial and agricultural products, foodstuffs and other consumer goods to the All-Union stocks (including the inter-republic deliveries), putting into operation (by means of state-centralized capital investments) the most important production capacities and environmental-protection projects of All-Union value, as well as those connected with fulfilling our international obligations regarding environmental protection, and for this republic's participation in carrying out nationwide programs.

Along with the state order, limits are being placed on the centralized distribution of material-and-technical resources, state, centralized capital investments and construction-and-installation operations, as well as limits on contractual projects in which capacities for state orders have been created.

In connection with the reduction of the positions of the state order, more extensive use will be made in the practice of this republic's territorial management of mutually profitable deliveries of products, as well as the carrying out of projects and services.

A stop is being put to the practice of establishing for the republic a state order for the volume of carrying out paid services, retail-goods turnover, the putting into operation of facilities in the social and cultural sphere, municipal utilities, and the reproduction of timber resources.

The republic's Council of Ministers has been granted the right to independently determine the directions for utilizing capital investments, to be financed by means of the republic-level budget. Sub-departmental, contractual-type, construction organizations have been granted permission to establish a republic-level, state order for putting into operation facilities of a social and cultural type.

In order to improve the administrative management of social development, there is an expanded use of scientifically grounded norms and normatives, characterizing the needs and provision of the population with the principal types of everyday goods and services.

The most important principal in developing plans at all levels of administrative management is to ensure a good balance between the material and financial resources. The plan for the economic and social development of the republic, oblasts, and the city of Minsk has worked out consolidated financial balance sheets, including the formation, distribution, and use of the financial resources of the population, enterprises, and organizations situated on their territories, as well as balance sheets of material, labor, and other resources.

In order to develop the intra-republic division of labor and the development of production of national economic importance, provision has been made to employ a system of economic incentives, privileges, and subsidies for ensuring the motivated interest of the territories in deploying and increasing the appropriate production facilities.

The original planning data has been brought to the enterprises under Union jurisdiction by the USSR ministries and departments after their coordination with the BSSR Council of Ministers. The republic has the primary right to conclude with enterprises under Union jurisdiction situated on their territory contracts to deliver consumer goods, products of production-engineering importance, as well as to perform work (services).

The concept of regional cost accounting requires some refinement of the planning organization at the oblast, rayon, and city levels. Thus, the oblispolkoms and the Minsk Gorispolkom will define the composition [mix] of the original data and the procedure for conveying them to the ispolkoms of the city and rayon soviets of people's deputies for planning the economic and social development of the economic organization subordinate to them.

Converting this republic to self-financing requires fundamentally new approaches to the formation of its budget—the principal source of outlays for social and cultural purposes and for those national economic needs the financing of which are feasible to be carried out by means of republic-level sources. Because, after all, how has the budget been formed up to now? First, the expenditures were determined and coordinated with the central authorities, and compared with the revenues being planned.

Now the situation is changing. In order to break out of the vicious circle, we must, first of all, precisely delineate the revenues coming into the republic-level budget and the Union-level budget, as well as the outlays to be made in each territorial unit within the limits of the earned funds.

The change in the formation of this republic's budgetary revenues affected a great deal. For example, if previously enterprises under Union jurisdiction contributed from one to ten percent of their profits (revenues) to the republic's revenues, beginning in 1990, all the Union-type enterprises situated on the territory of Belorussia will contribute to the republic's budget up to 20 percent of their profits (revenues). Or payment for labor resources—enterprises under Union jurisdiction contributed 50 percent of the payment involved to the republic-level budget, whereas, beginning next year, it will be contributed completely to the republic-level budget. The above-indicated types of revenues from the enterprises under Union jurisdiction will constitute more than 700 million rubles, or 6 percent of the total State Budget of this republic, as contrasted respectively to 179 million rubles and 1.5 percent of the present-day budget.

There is an improvement taking place in the mutual relations among enterprises under republic-level jurisdiction with republic-level and local budgets. Under the existing conditions these enterprises contribute from 5 to 10 percent of their profits and 50 percent of their payment for labor resources to revenues of the local budgets. The total size of these contributions constitutes 181 million rubles, or 5.4 percent of the amount of the local budgets. Beginning in 1990, enterprises under republic-level jurisdiction, will already be deducting and contributing 20 percent of the payments from profits and 100 percent of the payment for labor resources to the revenues of the local budgets, which amounts to 574 million rubles, or 10.3 percent.

If, for example, nowadays payment for water by associations and enterprises are contributed to the budget revenues proceeding on the basis of their jurisdiction, beginning next year they will be contributed completely to the revenues of the local budgets in the amount of approximately 9 million rubles.

These and other measures are directed primarily at making sure that all associations and enterprises, regardless of their jurisdiction, take part in forming the revenues of the local budgets.

This republic has been accorded the right to establish for enterprises of a sub-departmental economy the setting of taxes on profits as well as the norms for payments for labor resources, land, and water, along with the right to introduce new and eliminate existing local taxes and to specify the procedure for their introduction or abolition.

What will the republic spend its funds on under the conditions of economic independence, whereby we do not need to coordinate our own decisions, settle them,

and force them through? Above all, on the construction and expansion of production facilities of sub-departmental economic entities and the infrastructure of republic-level and local types, urban transport (including subways), republic-level highways and local roads, apartment houses, preschool institutions, schools, hospitals, polyclinics, and other facilities in the social field. We also need to maintain and repair our housing stocks, institutions for health care, science, education, and culture, social security, subsidies for agriculture, as well as spending funds on maintaining organs of administration, education, and reserve stocks.

At present the republic-level budget has the following situation with regard to its structure of expenditures: about 63 percent is spent annually on financing the national economy, and 35 percent—on the social and cultural field (education, health care, physical education, and social security). As the self-financing of enterprises develops, the proportion of outlays on the national economy will decrease relatively, whereas they will increase relatively on the social field.

Within the limits of the funds earned, it will be possible to increase expenditures (above the nationwide, guaranteed level) on maintaining institutions of health care, education, culture, social security, and sports, to introduce bonuses and supplementary payments to the salaries of those persons employed in the social field. We will also be able to increase the guaranteed levels of social benefits (except for the sizes of pensions), as established in the nationwide procedure, introduce additional privileges and facilities for increasing aid to the population, to expand the list of occupations and positions which provide the right to obtain pensions in the full amount.

The republic's government can now independently set, on the basis of standardized, nationwide principles, prices and rates on all kinds of everyday, communal (including apartment rents, payments for the use of municipal and automotive public transport), as well as other paid services rendered to the population on the territory of this republic.

Implementation of the principles of self-rule and self-financing will require the development of a fundamentally new scheme for managing this republic's national economy, since, if nothing is to change within the evolved structure of administration and the economic mechanism, we must not expect any substantial shifts. What we have in mind here is to provide incentives for creating new structures, based on voluntaristic principles: associations, extra-departmental formations, intersectorial, territorial production associations, etc. During the course of this work we must carry out the modernization of management in the republic, oblast, and rayon units, ensuring the effective development of the territories involved. In a number of sectors where the market mechanism will support stable and dynamic development, the saturation of effective demand and state intervention will prove to be superfluous. The ministries and departments being retained at the present stage in

the system of republic-level management will be transformed into a new type of organs, keyed on saturating the market, organizing the management of scientific and technical progress and product quality.

We must work out new proposals on the role and place of oblast- and rayon-level administrative organs, their structure and functions, transferring to their direct jurisdiction those sectors of the national economy which at the present time have a dual subordination, as well as enterprises and organizations whose products are in demand in the localities.

The main thing is not a replacement of the signboards, but rather the functions of the newly formed organs. It seems that they must change radically. The time of the command-administrative style of leadership is passing. The administrative organs should not interfere in the operative business of enterprises. Their basic function will be channeled into the economic regulation of production and circulation with the aid of prices, finances, credit, taxes, subsidies, and norms.

### Uzbek Supreme Soviet Restricts Cooperative Activity

#### Ukase Issued

904A0051A *Tashkent SELSKAYA PRAVDA in Russian*  
5 Oct 89 p 2

[Ukase of the Uzbek SSR Supreme Soviet Presidium on Banning Certain Forms of Cooperative and Individual Labor Activity on the Uzbek SSR Territory, issued 27 September 1989]

[Text] The Uzbek SSR Supreme Soviet Presidium notes that the cooperative movement in the republic has created the necessary conditions for meeting demand and reducing shortages of food, consumer goods, industrial and technical goods, domestic help and services.

At the same time, the reduction of the overall share of cooperatives producing consumer goods and the rapid growth of trade and resale, scientific research and other types of cooperatives lead to a switch of funds from noncash to cash balances and thus caused disruptions in the entire system of money and credit, inflationary processes and difficulties in ensuring timely payment of wages.

Due to the absence of systematic control on the part of the republic's Council of Ministers, ministries and agencies—especially the Uzbek SSR Ministry of Finance, the Uzbek SSR Ministry of Retail Trade, specialized banks of the republic, the Council of Ministers of the Karakalpak ASSR, oblast ispolkoms and the Tashkent city ispolkom, city rayon ispolkoms and local financial and credit and law enforcement agencies—acts passed earlier by the republic's government to terminate certain types of cooperatives engaged in banned activities have not been carried out.

Crime related to speculation, theft of state and cooperative property, bribery and extortion is rising, cooperatives and their regulatory agencies are becoming more closely linked with each other, the shadow economy is becoming legalized, the living standard of the population is declining and the ground is being prepared for social conflicts.

The Uzbek SSR Supreme Soviet Presidium resolves:

#### 1. To ban the following cooperative activities:

- producing any form of weapons, ammunition, explosives and pyrotechnic products, as well as repairing any type of weapons; teaching karate and other forms of combat for which a permit from relevant authorities is required; and carrying out drilling work using explosives;
- producing and selling narcotic, strong medicinal and poisonous substances;
- planting, cultivating and selling plants containing narcotic, strong medicinal and poisonous substances;
- engaging in brokerage activities, including brokering trade transactions and dealing in any product;
- engaging in a public catering business without own material resources to raise and feed cattle and poultry as well as preparing and selling public catering products in private homes and backyards;
- producing and selling products made from pelts of valuable fur animals obtained by hunting and subject to surrender to the state and not bearing a state seal (brand), and from pelts of carnivorous animals which citizens are not allowed to keep;
- producing and selling alcoholic beverages and pastry products;
- providing editorial and publishing services to organizations which have the right to engage in editorial and publishing activities, including producing printed and advertising materials; printing forms, labels, menus and instructions; and producing paper and stationary products;
- engaging in publishing activities by issuing works of science, literature and art and giving paid lectures;
- producing cinema and video output, brokering exchange, offering for sale or rent and showing in public cinema and video works as well as engaging in foreign trade activities associated with this business;
- duplicating films, videos and programs on video cassette recorders and engaging in all forms of activity related to it;
- servicing technical equipment of the country's joint automated communications network and transmitters for image and sound radio and cable broadcast;

- organizing and running paid concerts, discotheques, creative meetings, theatrical productions and entertainment programs;
- producing, copying, and selling records, tapes and recordings using other forms of equipment and selling printed material;
- setting up and keeping gambling houses, taking bets on athletic and other competitive events and organizing and holding lotteries;
- carrying out any form of transactions involving foreign currency; accepting on commission or buying goods belonging to foreign nationals; and assisting in organizing foreign tourism;
- producing and using registered trade marks and company names of domestic and foreign companies without their consent;
- keeping pawn shops;
- buying and selling goods produced by state enterprises or imported by the state from abroad (consumer cooperative networks are not covered by this prohibition);
- producing and restoring icons, church paraphernalia and objects of religious imagery and used in services and manufacturing candles (excluding decorative ones);
- producing, buying and selling goods made of precious metals and precious stones or made using such materials (including manufacturing dental prostheses using precious metals);
- providing the following forms of medical assistance: treatment of cancer patients; treatment of communicable diseases, including venereal and communicable skin ailments; treatment of drug addiction; treatment of psychiatric patients whose condition requires urgent hospitalization; issuance of opinions concerning psychiatric condition of patients; supervision and treatment of pregnant women; exploratory and corrective surgery; other forms of surgery, including abortions; periodic and preliminary examinations of citizens on disability leave;
- producing and selling medicines;
- engaging in activities to determine acceptable chemical content of in water, air and soil;
- designing, repairing, installing, adjusting and servicing automatic fire fighting equipment, security, fire and fire security alarms as well as servicing and repairing consumer electronics, automated control systems for technical operations and electronic equipment for precision machinery with digital programmable control systems;

- engaging in design, modeling and scientific research activities, writing computer programs, providing consulting services for projects and budgets, and establishing any consulting centers for implementing economic reform, economic accountability, etc.;
- and establishing general education schools.

2. To ban persons engaged in individual labor activity from producing and selling any food products, excluding baking bread and making traditional Eastern candies.

3. Managers of institutions of state power and state enterprises, agencies and organizations and employees of agencies regulating cooperative activities do not have the right to join cooperatives or to work for them on a contract basis.

4. The present Ukase applies to cooperatives formed in other regions of the country functioning on the territory of the Uzbek SSR.

5. The present Ukase is effective 1 October 1989.

Based on the present Ukase, the Karakalpak ASSR Council of Ministers, oblast ispolkoms, the Tashkent city ispolkom and rayon and city ispolkoms must ensure that by 1 January 1990 the statutes of cooperatives are revised and liquidate cooperatives or, if need be, convert them to other forms of activity. For this purpose, they must set up liquidation commissions with the participation of local soviet deputies and experts from finance, banking and law enforcement agencies.

While carrying out these tasks, they should make sure they do not create overly diversified cooperatives engaged in several unrelated forms of activity.

6. The Uzbek SSR Council of Ministers must amend its acts in accordance with the present Ukase.

*Chairman of the Uzbek SSR Supreme Soviet Presidium  
M. Ibragimov*

*Secretary of the Uzbek SSR Supreme Soviet Presidium L.  
Bekkulbekova*

#### **Action Called 'Illegal'**

904A0051B Tashkent KOMSOMOLETS  
UZBEKISTANA in Russian 19 Oct 89 p 6

[Article by Sergey Braginskiy: "Against the Law: Republic Legislative Bodies Acted Illegally When They Put a Do-Not-Enter Sign on the Way of the Cooperative Movement's Development"]

[Text] On 27 September, Chairman of the Uzbek SSR Supreme Soviet Presidium M. Ibragimov and Secretary of the Presidium L. Bekkulbekova signed the Ukase on Banning Certain Forms of Cooperative and Individual Labor Activity on the Uzbek SSR Territory. The Ukase was published 6 October.

The philistines may heave a sigh of relief. At last, those money-grabbing underground millionaires and accursed speculators are being squeezed. Conservatism has triumphed: everything will stay the same. We will no longer have the rich and the poor; henceforth, we will all be poor. History repeats itself, like coils of a spiral: remember the demise of Lenin's New Economic Policy.

The current Ukase is not the first act of repression against our young cooperative movement, which unfortunately will have no hope of maturing now. Last year's New Year's Eve surprise, when taxes were sicked on cooperators like dogs on a hare, is still fresh in memory. Now we have an even more drastic, decisive measure which is just like using cannon to shoot sparrows.

The share of cooperatives in the republic's economy is less than 1.5 percent, but this drastic ban seriously means to put an end to "disruptions in the entire system of money and credit, inflationary processes and difficulties in ensuring timely payment of wages." How easy it is!

The act is singular in its amazing lack of precision and proof; a mass of surprised question arises even when a non-specialist reads it.

Let us analyze the text: "Crime related to speculation, theft of state and cooperative property, bribery and extortion is rising, cooperatives and their regulatory agencies are becoming more closely linked with each other, the shadow economy is becoming legalized..." This is correct, but only in part. Cooperatives and the underworld do grow closer, this is doubtless true and even our newspaper has written on it. But would it be just to level wholesale accusations against hundreds of cooperators who are now being squeezed? Should they all without exception be investigated by law enforcement agencies? Those agencies already have their hands full. The rise of crime must be stopped immediately, but it is naive to think that our mafia would be unable to replace cooperatives in laundering its ill-gotten gains, engaging in speculation and expanding the shadow economy. Cooperatives which are guilty of ties with the underworld should be investigated by militsia, the Department for Combatting Theft of Socialist Property and the prosecutor's office; and those who engage in illegal foreign currency operations by the KGB. But the decision was made to go the path of least resistance: to close down everything. I doubt very much that such measures would benefit society.

But once the decision had been made to close everything indiscriminately, at least it would not have come amiss if the Ukase had cited the number of criminal cases involving cooperatives, the sum total of stolen rubles, the number of victims, etc. The act sorely lacks such information.

To quote the text further, "the living standard of the population is declining and the ground is being prepared for social conflicts."

Excuse me, do we live as badly as we do because of cooperatives? Their share in the republic's economy is so minuscule that to claim this is indecent, to say the least. To use the old claim of "protecting the interests of the people" is a familiar trick. It was enough to mention in passing that cooperators bought up all the sugar and meat to change the people's attitude toward entrepreneurs to anger and distrust. Now, the people will only be grateful for this Ukase, which yet again celebrates the omnipotence of the administrative command system.

The list of forms of cooperative activity that was banned is long and strange. It starts with "producing any forms of weapons, ammunition, explosives..." If such cooperatives do exist (although it would be interesting to know how the ispolkom registered the statute of a cooperative bent on making sawed-off shotguns and shrapnel grenades) they should be quickly closed. But this is the task of internal affairs agencies. Even if one or two such militaristic organizations were uncovered, it would be wrong to close all other cooperatives. Let us imagine that it came to light that people were illegally making weapons at the Tashkent Aviation Association. Should the entire enterprise be closed down?

Those who drafted the Ukase would have found it easier to list the forms of cooperative activity which remain legal. Very few of them are left.

Brokerage services were banned. Wait a while, comrades. Do you think that once we closed down purchasing and resale and brokerage cooperatives, life would become prosperous once again? That the store shelves would come crushing down under the weight of tasty and diverse items? That shortages would disappear together with speculators?

But there will be no fanfare. By getting rid of the middleman we will get rid of the first shoots of the free socialist market which alone can save the country's economy from the senile embrace of centralization and monopolies.

The production of copying equipment was banned, as were editorial and publishing services and publishing and lecture activities. But it was rather rash on their part. Or, rather, too late.

It was rash because the USSR Supreme Soviet is preparing the Law on the Press, and nobody knows what it will be like. One hopes that it will be democratic. This means that instead of glasnost with all its limitations the country will have freedom of speech, giving every individual the right to print, publish and disseminate information.

It was too late because unofficial and often samizdat newspapers and journals have always existed and, no matter what, will continue to be published. Freedom of thought can not be banned.

The Ukase banned the production of films and video works. All right. It banned copying films and television

programs. All right. It banned exchange, rental and showing of films and video works. All right, we can live without seeing Antonioni's "Zabriski Point" or Fayziyev's "Siz Kim Siz?" But what harm was there in "organizing and running paid concerts, discotheques, creative meetings, theatrical productions and entertainment programs"? Creating cable television networks was also deemed harmful, although it is strange that someone should be against this step into modern civilization.

I am far from suggesting that among today's icon painters there is an artist similar in stature to Andrey Rublev. But let us imagine for a moment that the great pilgrim had been banned from painting on the pretext that his work lead to "disruptions in the entire system of money and credit". It is not even funny. However, this excuse was used to ban the production and restoration of icons, church paraphernalia and other religious images and objects used in services. Why? If thousands of people, believers and not, are willing to spend their money on crosses or small icons, what is wrong with it? Or was it another blow struck for militant atheism? What do you think of this suggestion?

All of the above refers to the Ukase's imprecise and arbitrary nature and haste that can be read between its lines. What else?

The subject of free medical care must be treated with utmost caution. What it caused us is well-known. One fears what else free medical care can yet do to us. How many more dirty hypodermic needles, wrong diagnoses, rude shouts and filthy bed sheets await us in our outpatient clinics and hospitals? How many more children and mothers will yet die? How much more suffering—all free of charge—awaits us given the lack of necessary medicines? If medical cooperatives have one measure of each of the above less, the ban on providing medical care is arbitrary and harmful.

This is my view, even though I myself have never used those cooperatives. I am sure that those who were ever cured in such a clinic—albeit for pay—would have been more eloquent.

Cooperatives were prohibited by the Ukase from working for state enterprises and organizations, and there is no explanation for it. At least the Ukase offers none. I know many people—both suppliers and users—who were extremely happy with this arrangement. Sometimes we have a situation when imported equipment costing thousands of dollars stands uselessly in factory yards. Neither domestic nor visiting experts can make this equipment work. All of a sudden, clever installation engineers and smart computer programmers come along and put this equipment to use in a week's time. What is wrong with it? True, cooperatives charge enterprises more, but their work is faster, better and more reliable. Yet, it was banned. In this case, envy against other people's profits overwhelmed even reasons of state.

It would have been good for those who drafted the Ukase to mention how much equipment stands idle in the

republic's shops and how much it costs, how high are state enterprises' non-production expenses, how large are their losses resulting from poor quality products being produced and how much gets lost due to spoilage. These figures should have been placed side by side to the sums paid to cooperatives for their services. I have reason to believe that such a comparison would have shown the futility of accusing cooperatives of leading to "inflationary processes and difficulties in ensuring timely payment of wages."

It is now clear that we will never have paid education, private schools and lyceums. This is truly tragic. The Ukase condemned education to general and boundless mediocrity and greyness; education will forever be in the vice of the school curriculum which has Demyan Bednyy and does not have Osip Mandelshtam, which contains hypocritical "ethics classes" but lacks even a hint of sex education. In short, we are condemned to universal literacy and will never have universal education or good upbringing.

And finally, the most important point. The Uzbek SSR Supreme Soviet Presidium passed a ukase violating a law which is in force on the entire territory of the country. There are strictly defined rules according to which a cooperative may be shut down—and there is no other way. Those rules were ignored. This is at odds with our protestations that we want to build a law-based society.

However, at the Supreme Soviet session, Nikolay Ivanovich Ryzhkov said that the right to decide on the future of the cooperative movement was shifted to the local level. In our republic, that right was used rashly and clumsily. Uzbekistan led the crusade against the cooperative movement.

Who benefits from this, law enforcement agencies? If the number of cooperatives is reduced, their work will not get smaller, this much is clear. Ispolkom officials do? By 1 January they must finish a huge, detailed task of reviewing cooperative statutes and they will come under enormous pressure. Maybe the republic's citizens do? But these bans will not put any more money in their pockets or more goods on the shelves.

No, there was no need to ban anything. The froth which rose on the potent wave of the cooperative movement, all those producers of spun sugar, would have certainly disappeared on their own accord having failed in a tough competitive struggle with true businessmen and real entrepreneurs. And there was absolutely no need to blame the cooperative movement for all our ills for, I repeat, its contribution to the republic's economy is far too small.

The time was passing but the cooperative movement was falling short of expectations. There were good reasons for it. Difficulties in acquiring raw materials, equipment and space, protection racket and extortion on the part of corrupt officials did not allow it to mature, to gain

strength and to acquire experience. It needs help. Yet, the Ukase stated that the liquidation must take place by 1 January 1990.

It is easier to destroy than to build. To liquidate is a much easier than to create normal economic relations, to cleanse the movement of dirt and to beat down the froth. It is all the more pleasant to liquidate since the action yet again demonstrates the omnipotence of the apparatus and the solidity of the administrative command system. This system did not bother with proof that its decision was correct; the people were not consulted and the other side was not given a fair hearing.

To liquidate, period. Stalin's methods are alive and well.

The cooperative movement as a component of perestroika in the republic has failed. Which is the only fact left to state.

### **Economic Losses Due to Strikes in AzSSR Reported**

904A0093A *Baku BAKINSKIY RABOCHIY in Russian*  
19 Nov 89 p 1

[Report by AzSSR Goskomstat [State Committee for Statistics]: "Who Suffers from a Strike?"]

[Text] The AzSSR Goskomstat has summarized data on the social and national economic losses in the republic from the strikes and destabilization of railroad transport operations. This has resulted in serious damage to the dynamics of the processes of perestroika in the republic and to implementation of the high-priority social and economic programs that have been received with widespread approval among the people.

In the period from January to October, Azerbaijan's national economy received over 53,000 railroad cars of the most important national economic freight (2.6 million tons) less than it should have. So each day the republic did not receive 30,000 tons of freight. In September and October alone, losses in the republic's national economy (not counting agriculture) amounted to 450 million rubles. As a result, the positive shifts in different areas of the economy and the social sphere that had been achieved in the republic were noticeably slowed down.

The national income declined by 150 million rubles compared with the same period last year.

Over this period the gross social product for each republic resident was 73 rubles less and the national income was 25 rubles less.

On the average, each family received a wage of 30 rubles less. And the total losses for the wage fund in the area of physical production amounted to nearly 40 million rubles.

There was also less opportunity to provide the public with consumer goods and foodstuffs. On the average,

each republic resident was unable to buy 0.7 kilograms of meat and nearly 3 kilograms of sugar. Some 4,500 families did not acquire a television set, over 2,000 did not obtain a radio, 500 did not obtain a refrigerator, 1,500 families did not acquire a recorder, and nearly 4,000 families did not obtain a washing machine or a vacuum cleaner.

The provision of foodstuffs for the republic's rural residents has become worse. In October alone, rural residents received 7,500 tons of sugar less, 8,500 tons of potatoes less, 300 tons of fish less, and 900 tons of salt and other products less, for a total of 13.7 million rubles.

Of the most important national economic resources, 135,000 tons of rolled metal, more than 103,000 tons of cement, 113,000 cubic meters of lumber, and 13,000 tons of pipe were not received from different regions of the country. All this created problems in the construction complex and in carrying out the program to build projects in the social sphere. Here are the figures: the cement that was not received in September and October would have been enough to build 6,000 apartments with a total area of 355,000 square meters, which would have made it possible to fulfill the annual program for commissioning dwellings by 77 percent, not the 50 percent that was actually fulfilled. The lumber that was not received would have been enough to build 200 schools, and the rolled metal that was not obtained would have been enough for 20 dwellings and 17 schools.

All this is seriously hampering fulfillment of the intensive "Zhilye" [Housing] program which was advanced by the AzSSR Communist Party Central Committee and has widespread support among the people.

A serious situation has taken shape in oil refining. Because the finished product was not taken out in September and October and the first 10 days of November, the "Azneftekhim" Association was unable to refine 1.13 million tons of oil, which led to a profit loss of 1.5 million rubles.

The Ministry of Light Industry will not receive 2 million rubles in profit because it did not receive raw materials, chemicals, and materials from its union suppliers and through imports. At the same time, after it broke off delivery of products, the ministry itself was compelled to pay 1.2 million rubles in fines.

The republic's machine builders have not received hundreds of units of different equipment and sets of items and 1,883 tons of rolled metal. In this connection, they produced basic petroleum equipment valued at over 8 million rubles less. The "Azneftemash" Association was deprived of 1 million rubles in profit.

The raw material which the "Orgsintez," "Khimprom," and "Sintezkauchuk" Production Associations in the chemical sector did not receive was valued at more than 30 million rubles. As a result, the losses in commodity production for the associations amounted to 10 million

rubles, and they were deprived of 2 million rubles in profit after paying fines of 500,000 rubles to their customers.

The "Sumgaitbytkhim" Association produced 3,700 tons of detergent less in the existing shortage. The collective was deprived of 50,000 rubles in wages.

There are serious losses in the system of ministries for grain products and the building materials industry, in the "Aztsvetmet" Association, at superphosphate and refrigerator plants, and the Baku plants producing fixed deep-sea foundations.

Altogether in September and October, consumer goods valued at more than 68 million rubles and foodstuffs valued at nearly 40 million rubles were not delivered to the public.

As a result of the strike from 4 to 9 September, the losses in work time totaled 685,500 man-days; because of this, products valued at 94.7 million rubles were not delivered. As a result of the mass absence from work and strikes in the NKAO [Nagorno-Karabakh Autonomous Oblast], more than 1 million man-days were lost over a 9-month period and industrial and building products valued at 75.5 million rubles were not produced.

Calculations show that we cannot compensate for this lag before the end of this year. Because of the blocking that has been in effect on the Azerbaijan Railroad, the republic has irretrievably lost a significant amount of the physical resources it needs so much.

As a result of the situation that has taken shape, the republic will not receive from 30 to 40 percent of the output allocated to it under the limits for 1989; this unquestionably will have an adverse effect on fulfillment of this year's program and development of the appropriate inventory for 1990.

Can we allow further deterioration in the state of affairs? Whose purpose does this serve? Each citizen in the republic should ask himself these questions, and answer them honestly and in accordance with his conscience.

## MODELING, ECONOMETRICS, COMPUTERIZATION

### Improved Statistical Reporting Methods To Aid in Economic Analysis

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[Article by Yu. Ivanov, candidate of economic sciences and head of the Department of Statistics of the CEMA Secretariat, and B. Ryabushkin, candidate of economic sciences and deputy chief of the National Economy Balance Administration of the USSR State Committee for Statistics: "Integration of the Balance of National Economy and the System of National Accounts"]

[Text] One of the main problems of further developing Soviet statistics is improving the methods of balance macroeconomic calculations. The scheme of balance of national economy, which has taken shape over the course of many years and is in effect today, is a system of interlinked tables, each of which reflects individual and most fundamental aspects of the economic process: reproduction of social product and national income by in kind and material composition and value (consolidated material balance, inter-branch balance, consolidated financial balance, balance of money income and expenditure of the population), reproduction of labor resources (balance of labor resources), reproduction of national wealth and fixed assets (balances of national wealth and fixed assets), and others.

The schemes of reproduction of Marx, developed by V.I. Lenin, served as the theoretical basis of structuring the balance of national economy. The fundamental tenets of this model of economics are as follows: delimitation of the two spheres of national economy—the material production sphere and the non-production sphere. Within material production there is a division into production of means of production (subdivision I) and production of objects of consumption (subdivision II); a division of the aggregate (gross) social product: (a) by value—into transferred value and into newly created value, setting apart the necessary and surplus product and (b) by in kind and material composition—into compensation fund (production consumption), consumption fund (non-production consumption), and accumulation fund; modeling of proportions in the corresponding component elements (by value and by in kind and material composition), reflecting the mechanism of reproduction of a material product on a simple and an enlarged scale.

Over the course of many years, the balance of national economy was continually improved. The methodology being used today is the result of summing up the experience of Soviet statisticians in the field of balance operations since the beginning of systematic computation of summary indicators, the results of the debates of the 1920s and second half of the 1950s, and to a certain extent the experience of socialist countries in the recent period. The inter-branch balance of production and distribution of product as well as the formation of republic balance statistics occupied a prominent place in the postwar history of statistics. In the late 1960s, the balance of national economy (BNE) as the international standard in CEMA was recognized in the United Nations as an equal system of summary calculations on a par with the system of national accounts (SNA)—the international standard in the United Nations. In the late 1970s, social indicators were developed. The balance of non-material services began to be compiled, the indicator of the total volume of consumption of material goods and services by the population began to be introduced in phases, and the social aspect of a number of standard of living indicators began to be intensified. In the second half of the 1980s, monthly calculations, regional balance statistics, statistics of inter-territorial

economic ties, and new modifications of the inter-branch balance began to be introduced.

It must be said that the current system and methodology of structuring the reporting balance of national economy as a whole makes it possible (from the position of the primacy of material production) to obtain extensive and quite valuable economic and statistical information on the mechanism of socialist reproduction and the most important economic proportions in the national economy. At the same time, the concept of consolidated calculations requires further development, particularly in conditions of radical restructuring of management of the economy and conducting radical economic reform. The limited nature of the traditional approach is manifested in many things. There is no overall assessment of the results of activities for the entire national economy or reflection of the flows of products and services between all economic units. Flows of incomes and expenditures are not considered in the framework of organizational structures. Economic categories such as state budget, wage fund, capital investments, finance resources, credit, results of activities of the social infrastructure, the overall volume of material wealth and services, and many others are either not at all included organically in the modern structure of consolidated divisions of the balance of national economy, are included in a reduced form, or are calculated outside the system.

Introduction in 1988 of the gross national product (GNP) indicator, based on the principles of the UN system of national accounts, into the statistical practice of the USSR is of special importance for creating a more complete and comprehensive system of balance calculations. This not only facilitates international comparisons of the rates and levels of economic development, but also makes it possible to intensify and expand the traditional analysis of macroeconomics using balance of national economy indicators and also to analyze the economic process through the prism of an "expanded" concept of the production sector that is typical for SNA. It is based on a recognition that, on the one hand, the difference between goods and services is important and is subject to careful study and, on the other hand, that it basically has a technological nature, and therefore there is no reason to exclude services from the aggregate result of economic activities for the national economy as a whole.

Using gross national product for economic analysis makes it possible to encompass different but interrelated aspects of the economic process. Above all, it characterizes the results of production: its scope, physical and sectorial structures, and dynamics of physical volume. In this context, GNP serves as the value of goods and services produced during a given period, less raw materials, materials, fuel, energy, and other material resources expended in the process of the activities, and also as services provided to economic units. Thus, GNP is "gross added value" reflecting the volume of end product produced. Although depreciation of fixed assets

by its economic content represents an element of production costs both on the macro and micro level, nevertheless, according to the SNA, it is not excluded from GNP<sup>1</sup>, because countries using the SNA usually experience difficulties with supplying reliable data on depreciation of fixed assets. In principle, however, the net national product indicator (i.e., GNP minus fixed asset depreciation) may also be of certain interest for economic analysis.

Data on GNP is also important for studying the process of income distribution. In this context, GNP reflects the sum of incomes arising in connection with the production and sale of goods and services and depreciation deductions. The latter here serves as a source of financing capital expenditures. Among the most important types of primary incomes encompassed by GNP we should note wages, net output of subsidiary farms of the population, net income from individual labor activities, deductions for social insurance, profit and income equated with profit, and turnover tax minus subsidies and state grants.

Finally, data on GNP can serve as the basis for analyzing the structure of using the produced product for various purposes: consumption and capital investments, education, health, management, and so forth.

Supplemented with data on expenditures of labor and fixed assets, and energy and metal costs, the gross national product can be used for analyzing various aspects of economic efficiency.

Needless to say, an appropriate information base is needed to calculate GNP. The method used by the USSR State Committee for Statistics (Goskomstat) to calculate the gross national product is based on a system of conversion tables in which GNP estimates are obtained by making appropriate adjustments to data on national income calculated by the BNE methodology. However, in the future it is advisable to switch to a system approach, developing a system of balance tables interconnected by coordinated concepts, definitions, and classifications. It will make it possible to obtain broader and intercoordinated information for economic analysis on the macro-level. Its implementation is possible by developing an integrated system of macroeconomic indicators which, depending on the analysis requirements, would make it possible to determine the most important characteristics of the economic process both on the basis of BNE and SNA. Developing such a system, in turn, is possible by harmonizing the corresponding classifications and groupings of the system of national accounts and balance of national economy, setting apart those elements of income, expenditure, output and cost which are calculated differently in both systems. A fundamental diagram of integration of balance of national economy and the system of national accounts (within the framework of a consolidated balance table) is presented below by the conceptual matrix.<sup>2</sup>

## Conceptual Matrix of an Integrated System of Macroeconomic Indicators

				1	2	
Production and inter-mediate consumption	Goods and services	Material wealth		1		
		Non-material services		2		
	Groups of producers	Cost-accounting enterprises and organizations	In material production sector	3	a <sub>3,1</sub>	
			In services sector	4		a <sub>4,2</sub>
		Budget organizations		5		
		Public organizations		6		
	Income and expenditures	"Gross added value"	Wages		7	
Deductions for social insurance			8			
Profit and turnover tax			9			
Depreciation deductions			10			
Expenditure for end consumption		Population's expenditures for consumption		11		
		Population's consumption of non-commodity services		12		
		Society's consumption of services as a whole		13		
Redistributed payments and income receipts		14				
Groups of economic units		Population		15		
		Enterprises of the material production sector		16		
		Cost-accounting organizations of the services sector		17		
		Budget organizations of the services sector		18		
Accumulation and sources of its financing		Accumulation (gross) of fixed assets		19		
	Increase in material current assets		20			
	Redistributed flows of a one-time nature		21			
	Finance requirements		22			
	Groups of economic units in accumulation calculations		23			
Export (import) and other flows			24	a <sub>24,1</sub>	a <sub>24,2</sub>	





It presents the overall structure of an integrated system of indicators, its basic sections, groupings and indicators, and also their interrelationships. It is not hard to see that the matrix (more precisely, the integrated system of indicators which the matrix describes), depending on the analysis requirements, makes it possible to obtain both BNE and SNA indicators.

For example, national income (NI) using the BNE method can be presented based on income data:

$NI = a_{7,3} + a_{8,3} + a_{9,3} + a_{2,3}$ ; (1) or on end use data:

$NI = a_{1,11} + a_{1,4} + a_{1,5} + a_{1,6} + a_{10,4} + a_{10,5} + a_{10,6} + a_{1,20} + a_{1,10} - (a_{10,3} + a_{10,4} + a_{10,5} + a_{10,6}) + a_{1,24} - a_{24,1}$ . (2)

Gross national product can be presented based on income data:

$GNP = a_{7,3} + a_{7,4} + a_{7,5} + a_{7,6} + a_{8,3} + a_{8,4} + a_{8,5} + a_{8,6} + a_{9,4} + a_{10,3} + a_{10,4} + a_{10,5} + a_{10,6}$ ; (3) or on end use data:

$GNP = a_{1,11} + a_{2,11} + a_{5,12} + a_{5,13} + a_{6,12} + a_{6,13} + a_{1,19} + a_{1,20} + a_{1,24} + a_{2,24} - a_{24,1} - a_{24,2}$ . (4)

It should be emphasized that the estimates of national income and GNP obtained based on the integrated system will be strictly coordinated, since they are compiled from elements of an internally coordinated, balanced system, and that the structure of the integrated system reflects the general characteristics uniting the SNA and BNE as well as their particular features. Let us briefly note the main ones:

- differences in the content of production indicators caused by the different approach to determining the sphere of creating national income (product) and also the resulting differences in the content of indicators of consumption (intermediate and end), distribution and redistribution of incomes, and foreign trade;
- differences in the approach to the treatment of finance flows (loans, credit, etc.). In the BNE they are considered forms of temporary redistribution of national income; in the SNA they are considered a type of investment of individual sectors of the economy;
- differences in the approach to the classification of incomes and expenditures, and also in determining categories of savings. The SNA clearly differentiates one-time and current incomes and expenditures, and the later are balanced using the "savings" item, which is then considered a source of financing capital expenditures. The BNE does not provide for such a clear division of incomes and expenditures (particularly redistributive flows) into current and one-time; therefore, there is no "savings" item reflecting the difference between current incomes and expenditures. At the same time, individual types of savings (for example, an increase ready cash, an increase in bank deposits, etc.) are considered forms of redistribution of national income.

In our view, integration of the balance of national economy and the system of national accounts should be accomplished in phases; the demands for information support will also change accordingly. Above all, let us note that a considerable portion of the information needed for developing an integrated system exists in the form of flows of data being collected and processed for the purpose of compiling the BNE.<sup>3</sup> Consequently, the main task is to provide, first of all, certain additional information concerning primarily services; secondly, a certain modification of the classification and groupings, and separate the elements in them that are calculated differently in the SNA and BNE; and finally, strive to link organically data collected for the BNE with data on services and other elements in the SNA.

Now let us examine in more detail issues of information support as it applies to specific sections of the integrated system of indicators (see matrix).

#### Production and Intermediate Consumption (matrix lines and columns 1-6).

First of all, we must resolve the question of the groupings of economic units, with respect to which it is advisable to have in the integrated system data on production of gross product, "gross added value" and its basic components, and intermediate consumption.

We believe that, taking into account the tasks which the integrated system must carry out, it is advisable to adopt the following grouping of producers of goods and services:

- enterprises of the material production sector (arranged by sectors);
- cost-accounting enterprises and organizations of the services sector (arranged by sectors);
- budget organizations of the services sector (arranged by sectors);
- public organizations.

This grouping reflects the difference between the SNA and BNE in defining the sphere of production of national income (product) and also between cost-accounting and budget units, which is important both for economic analysis and from the standpoint of methods of evaluating the indicators.

To ensure sector classification of national income and GNP as a unit of classification, in our opinion, it is advisable to use a subdivision of an enterprise (organization) relatively uniform in composition of product produced and on which there are statistical data.

This approach is in keeping with the practice of compiling the BNE and corresponds to the tasks and structure of the integrated system. When developing the balance of production, consumption, and accumulation of social product and national income, the basic sectors of material production are determined by singling out

from an enterprise its subdivisions engaged in various activities and attributing them to the appropriate sectors. For example, agriculture encompasses the production of agricultural products not only by kolkhozes and sovkhozes, but also by subsidiary farms of industrial and construction enterprises; at the same time, the industrial production of kolkhozes and sovkhozes is classified as industrial production.

As far as problems of a purely informational nature are concerned, as it follows from the above, they are most critical with regard to data on the production of sectors engaged in providing services. It is not particularly difficult to obtain information on the earnings of cost-accounting organizations in the services sector in view of the availability of corresponding reporting. To determine the value of services of budget organizations in this sector, one can use their reporting data on current costs; however, *estimates of fixed asset depreciation in these organizations should be added in a centralized manner*. If budget organizations partially finance their costs by payments by the population or enterprises, it is necessary to have data on this, since payments by the population must be included in the population's consumption of material wealth and services, and the remaining portion of the value of services of budget organizations should be classified under a different item of use of GNP.

The task of determining the value of services of a social and cultural nature provided by the appropriate subdivisions of enterprises and organizations to their workers and employees is more or less complicated. In carrying out this task, one should take into account only those subdivisions for which independent accounting of income and expenditures, fixed and current assets, and employment is conducted. These are usually fairly large plant polyclinics, stadiums, culture clubs, and so forth. The value of services provided by these economic units can be equated with the sum of the corresponding current costs, including fixed asset depreciation. As regards comparatively small first-aid stations, gymnasiums, and so forth, it is not recommended to calculate the value of their services, and as follows from the above, their expenditures for purchase of goods and services should be included in intermediate consumption associated with the output of basic products of enterprises and organizations.

Obtaining data on the value of services of a social and cultural nature assumes a certain modification of the reporting of enterprises and costs for production. Reporting should contain not only data on the total sum of current expenditures of these non-production subdivisions of enterprises, but also their grouping by types of services (in the area of culture, health, and so forth).

In order to calculate the value of services provided by way of individual labor activities to various groups of consumers (the population, enterprises, organizations), it is advisable to have gross and net income data. Data from tax statistics and sample surveys can be used for this purpose.

In order to determine the value of "housing services" provided themselves by owners of a dwelling, it is necessary to have available data on the value of housing that is the personal property of the population, its annual depreciation, and the amount of housing space and the amount of its remuneration in the cooperative sector. In turn, this can require data on the classification of housing as personal property depending on the availability of communal conveniences in them (running water, bathroom, etc.).

As we know, the value of bank products is determined in the SNA based on a conventional procedure. It requires data on payments of various groups of clients for bank services and on the sums of interest both paid and received by the banks.

Detailed information is necessary on the activities of insurance organizations (on insurance premiums and reimbursements). The reporting must show the differences between insurance of the population and enterprises and organizations, and between life and property insurance.

To calculate the *intermediate consumption*, it is important to provide information on the expenditures of various groups of producers for *purchase of non-material services* (for example, on payments for leasing facilities and equipment, advertising, legal consultation services, and so forth). Such data should be obtained basically by inserting the appropriate headings in the reporting of enterprises and organizations on costs for production.

**Incomes and Expenditures** (see matrix lines and columns 7-18).

When determining the primary distribution of incomes, much attention should be given to data on wages. Reporting on wages does not require any significant modifications in connection with calculations of GNP. It is important, however, to have data not only on the *credited wages* but also on the total financial obligation for them. It is desirable that reporting has data on payments of funds for business trips, which in the SNA are treated as intermediate consumption. This is also possible based on periodical selective inquiries.

With respect to data on redistributive payments and income earnings, the main task is in classifying the latter into current and one-time flows. For example, data on revenues for financing current operational expenditures of budget organizations should be *isolated* from data on financing their capital investments. For the population, data on redistributive earnings received on a regular basis (pensions, grants to mothers of many children, hospitalization payments, stipends) should be isolated from data on one-time payments (if they are relatively large), for example, advance payments in connection with relocation and so forth.

At the basis of the calculation of consumer expenses of the population as an element of GNP are data on statistics of retail goods turnover as well as on balances

of agricultural products on purchases at kolkhoz markets and on consumption of products of the population's subsidiary farms. These data must be supplemented by information on payments of the population for consumer services gathered in connection with compiling the balance of money incomes and expenditures of the population.

**Accumulation and Sources of Its Financing** (matrix lines and columns 19-23).

The concepts of accumulation of fixed assets and increase in material working capital in the SNA and BNE are very close. Therefore, all the basic data necessary for calculating these indicators of the integrated system can be "borrowed" from the corresponding sections of the BNE.

Some difficulties may arise in connection with providing data on the acquiring of financial assets and making of financial commitments by the main groups of economic units (in the matrix they are represented by one position, line and column 23).

In principle, most of the data on financial requirements are provided for by the diagram of the balance of production, distribution, redistribution, and end use of national income (financial balance). However, in practice the sections of financial balance encompassing redistributive flows, including financial requirements, are usually not elaborated in sufficient detail. The task of providing data on financial requirements is not a priority task in connection with GNP calculations. But carrying out this task in the future would make it possible to deepen analysis of the sources of financing capital investments of the main groups of economic units. The indicators of accumulation and sources of its financing by groups of economic units combined in the sector "Population" can be presented as shown in the table.

Sources of Financing	Accumulation
1. Savings	1. Accumulation of non-production fixed assets (purchase of homes and dachas, construction by one's own forces)
2. Amortization deductions (depreciation of fixed assets)	2. Acquisition of financial assets (less financial obligations)
3. Redistributive earnings of a one-time nature—balance	Including: a) increase in bank deposits, b) increase in cash on hand, c) acquisition of bonds, stock shares, etc.
Total	Total

**Exports (Imports) and Other Flows** (matrix line and column 24). Calculation of export and import indicators in the context of GNP calculations requires data on the export and import of non-material services which basically, for the time being, are not encompassed by foreign trade statistics, but are included in the corresponding items of the payment balance. Since GNP, by definition, includes profits and similar income received by one

country from capital investments abroad and also the wages of its citizens working abroad, but does not include similar incomes of foreign enterprises and citizens of other countries received in this country, the need arises to obtain data on these flows of income.

Calculations of GNP in comparable prices for the purpose of studying the dynamics of physical volume also require resolving a number of questions of information support. In this regard, problems of re-estimating the services of budget organizations in comparable prices poses the greatest difficulty. The thing is that, by its nature, the value of these services is difficult to break down into quantity and price components. Therefore, it can be re-valued in comparable prices based on using conventional methods.

As a rule, data on dynamics of expenditures are used for this purpose in international practice. For example, in some countries the "gross added value" of sectors providing services (not taking on a commodity form) in comparable prices is calculated by means of extrapolation of data in current prices using indices of employment dynamics in corresponding sectors. In other countries, the value of services (not taking on a commodity form) is re-valued in comparable prices according to expenditure elements using appropriate price and tariff indices. The main shortcoming of both approaches is that they do not permit taking into account changes in the quality of services and labor productivity. In some countries, attempts are being made to make adjustments to these calculations for changes in productivity. One of these adjustments can be presented in the form of an index of change in capital-labor ratio. This merits independent and more detailed examination. Methods of elaborating traditional price indices also require improvement for the purpose of calculating GNP and other indicators of the integrated system in comparable prices. One important direction in this area is the elaboration of technical methods making it possible to separate a price change, proportional to the improvement of the technical and economic characteristics of goods and services, from inflationary price changes.

Integrating the balance of national economy and the system of national accounts means a radical modernization of macroeconomic calculations. The idea of it is to shift the emphasis from statistical observation primarily of material production to analysis of the movement of resources of material wealth and services in the national economy (viewed as an interaction of two equal sectors—material production and non-material services) and the circulation of flows of income and expenditures (for example, between economic units, on the one hand, and the state, on the other) and to more comprehensive statistical observation of the social infrastructure, the finance and credit instrument of economic management, and foreign economic ties. This change is the result of the requirements of a radical reform on the basis of socialist production relations in the conditions of introducing a realistic mechanism of commodity-money relationships,

social reorientation of the Soviet economy, and intensification of international cooperation.

Implementation of this program is possible based on the integration of two systems of consolidated calculations that are equal in international statistics—balance of national economy and the system of national accounts, adapted to the peculiarities of the Soviet economy. The proposed integrated system of macroeconomic indicators presents the main sections and indicators of the balance of national economy. In this combination, the balance of national economy and the system of national accounts are not alternative systems of consolidated calculations, but are statistical models of macroeconomics that supplement and mutually enrich one another.

It is natural that the integration of the two systems of consolidated calculations affects not only the upper level of macro-analysis, but also imposes special demands on the system and technology of gathering information, beginning with the primary levels of the economy, that is, enterprises, organizations, and institutions. Here it is necessary to coordinate two classification principles—"the enterprise as an economic unit" and "the enterprise as a type of activity." We must overcome the one-sided approach in which the emphasis of balance structures is placed on the latter of these two classification principles.

Serious modernization is proposed with respect to organizing statistical observation. Today, a program is being implemented for a sharp reduction and rationalization of primary statistical reporting, increasing the role of one-time and periodic, intermittent (including selective) surveys, and also tax declarations as the starting information base for the integrated system of balance indicators being formed.

As a result of development of the Soviet balance statistics, the role of intersectorial balance is increasing. It will be compiled according to an expanded diagram (singling out both material production sectors and sectors providing non-material services).

It is planned to reorganize accounting in the primary economic unit, which will make it possible to ensure not only compatibility of classification principles in the necessary instances, but also formation of macro-indicators within the framework both of the traditional delimitation between national economy spheres and of the broad concept of production.

The expediency of using for analytical purposes the balance of national economy as a component part of the integrated system of macroeconomic indicators results from the fact that the basic proportions being studied using this system objectively exist regardless of the level of economic development, the type of social formation, the organizational forms of management of the

economy, the commodity-money relationships, and the scale of the country's participation in international economic cooperations.

At the same time, the experience of countries using various modifications of "national accounting" in structuring accounts of income and expenditures by various sectors, various types of classifications and methods of measuring income, financial flows and assets, services, and the results of foreign economic activities is of unquestionable interest.

Development of an integrated system of macro-indicators will make it possible to take a qualitatively new step forward in analyzing the country's economic development. Its incorporation into the system of consolidated calculations will make it possible to obtain interlinked statistical information for making a comprehensive analysis of the various aspects of socialist reproduction, working out a national economic strategy, elaborating foreign trade and financial policy, assessing and analyzing the reasons for international differences in the levels of economic and scientific and technological development, and searching for innovative forms of participating in the international division of labor, and also to expand the system of summarizing indicators of international statistical comparisons. All this will help increase the effectiveness of functioning of the national economy, its turn to the consumer, and orientation on the social needs of society. The transition to developing an integrated system of indicators will also make it possible to take a step forward in carrying out the task placed before Soviet statistics by the USSR Congress of People's Deputies—to ensure compatibility of indicators of economic development with the corresponding indicators adopted in international practice.

#### Footnotes

1. Hence the term "gross."
2. For simplification, some sections of the matrix are given in aggregate, abbreviated form. For example, the groups of economic units in the section "Accumulation and Sources of Its Financing" are arbitrarily presented by one position. The sum of entries in each line of the matrix is equal to the sum of entries in its corresponding column. In the matrix, the first number in the subscript indicates the line number; the second indicates the column number.
3. Although main attention in the balance of national economy is given to studying the flows of material wealth, this does not mean that it does not contain any data on services. Actually, the BNE does have information on many indicators characterizing the services sector (for example, on payments for services, on wages, on material costs, and others). However, certain data are absent (for example, on profit in the services sector), and treatment and classification of others require modifications in accordance with the tasks of the integrated system of indicators.

## LIVESTOCK AND FEED PROCUREMENT

### Director Discusses Work of USSR Poultry Production Association

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[Interview with V.I. Fisinin, people's deputy of the USSR, member of the Academy of Agricultural Sciences and general director of the All-Union Scientific Production Association "Soyuzptitseprom," by VESTNIK AGROPROMA correspondent P. Shcherbakov: "'Soyuzptitseprom.' Specialization, Complexity, Stability"]

[Text]

[Shcherbakov] Vladimir Ivanovich, the reason for this meeting would seem to be festive, the 25th anniversary of the All-Union Scientific Production Association "Soyuzptitseprom," one of the few subdivisions of the agroindustrial complex that is working stably and efficiently. Nevertheless, the numerous failures of our economy, the increasing shortages and the lack of congruency between preliminary plans and real results have largely cured us our triumphant attitudes of the recent past. So that our conversation probably deals more with problems than with achievements?

[Fisinin] Indeed, it seems improper, at least to me, a people's deputy, to inundate the reader with a mass of figures stressing our progress at a time when food store counters are generally empty. Still, I would be dissimulating and, as a scientist, I would be going against the truth if I failed to note this fact: today one can buy the output of poultry farming—meat and eggs—in practically any city and settlement in the country. The average per-capita consumption of eggs was 275, which corresponds to the scientifically based standard recommended by the Nutrition Institute of the USSR Academy of Medical Sciences. There was also a noticeable increase in the consumption of meat from poultry. Today every Soviet individual, from suckling infants to the very old, eat an average of 11.5 kilograms of it annually. True, in this indicator we are still lagging significantly behind most countries with developed poultry farming but the positive changes here are also quite substantial: 25 years ago, per-capita consumption of meat from poultry was only 3 kilograms. And the prospects for a further increase in the production of poultry products are being pursued seriously.

[Shcherbakov] This fact, as they say, is apparent to everyone and is pleasing. This is why today, in a period of reforms and restructuring of the economic mechanism, it seems that the experience of the work of "Soyuzptitseprom" would benefit many....

[Fisinin] In general, there are no particular secrets in the work of the association. From the very beginning, we took the course of specialization of production—the social distribution of labor within the branch and within

enterprises. Specialization helped to introduce highly productive equipment, to maximize the mechanization and automation of labor and to raise its productivity. Since 1965, the capital-labor ratio on enterprises in poultry farming increased by a factor of 15 and the amount of labor expended for the production of 1,000 eggs declined from 16.5 to 2.0 man-hours and from 16.0 to 3.8 man-hours for a quintal increase in live weight of broilers.

All of this, of course, contributed to a sharp and—the main thing—stable increase in the production of output. For the branch as a whole, it increased by a factor of 6.8 per worker, or from 4,000 to 27,400 rubles. Labor productivity exceeded the increase in wages during these years. The average annual wage per worker increased from 935 to 3,063 rubles.

It must be said that the production cost of output had a tendency to decline during all these years despite the fact that prices repeatedly increased for mixed feed, technical equipment, building materials and other material and technical means. This was primarily the result of the systematic introduction of highly efficient industrial methods and the replacement of some kinds of poultry with more productive kinds. In my view, however, the decisive role was played by the universal introduction of intraorganizational accounting and the standard planning of expenditures. Thus, the association's average production cost for 1,000 eggs declined by 10 rubles and amounted to 62 rubles last year. Under stable retail prices, our poultry farms obtain 57 kopecks profit per ruble expended on production from the sale of eggs and 24 kopecks from the sale of meat.

Over the 25 years, 28 billion rubles were spent on the development of the branch and the profit from its operations amounted to 37.2 billion rubles. The profitability of poultry farming increased from 14 to 34.5 percent.

[Shcherbakov] These general figures speak of the good "state of health" of Soyuzptitseprom. But this is overall. What is the state of health of the organism's individual components?

[Fisinin] Soyuzptitseprom is made up of almost 2,000 large specialized poultry farms, poultry sovkhozes, pedigree stock farms and poultry incubating stations. To ensure their normal functioning, 4.5 billion rubles were spent on the construction of housing and facilities for social, cultural and domestic services. At the present time, our farms and enterprises provide 83 percent of the commodity eggs and 85 percent of the poultry meat in the public sector. We have rebuilt a broiler industry that produces more than half of the dietetic meat.

Speaking, as you put it, of the "health" of our production, its state is improving primarily through intensive factors—raising the productivity and safety of the birds and reducing the expenditure of labor and feed per unit of output. The average egg yield of the hens at our farms is 244 eggs and it increased by 16 eggs just in the years of

this five-year plan. The average daily weight gain of broilers increased by 4 grams and there were increased weight gains for other kinds of meat poultry as well.

Three research institutes and five zonal experimental stations with experimental farms provide for the scientific-technical progress of the branch. In addition, the association has three specialized poultry farming stations subordinate to RSFSR Gosagroprom, the Nonchernozem Zone of the RSFSR and Georgia.

About 1,600 people work in the scientific organizations of the All-Union Scientific Production Association Soyuzptitseprom, including 650 scientific associates. Of them, 14 are doctors of science and 256 are candidate doctors of science. This scientific potential is aimed at resolving the prospective and priority tasks facing poultry farming.

In the last 10 years, scientists have put into production 14 crosses of egg and 12 crosses of meat hens, 4 crosses of ducks, 3 crosses of turkeys and 2 crosses of geese and developed an intensive technology for keeping and feeding poultry as well as a system for the general and specific prevention of diseases and an efficient organization of labor. The four-line cross "smena" developed by the breeders B. Avdonin and M. Annekova at the All-Union Research and Technological Institute of Poultry Farming along with the workers L. Tuchemskiy, G. Gladkova and I. Zhuravlev at the pedigree poultry plant "Smena" makes it possible to obtain broilers with a live weight of 2 kilograms at an age of 7 weeks with feed expenditures of 2.1 kilograms per kilogram of weight gain. The broiler crosses "Broiler 6," "Irtysk-2" and others also have high indicators of productivity.

The crosses "Belarus-9," "P-46," "Zarya-17" and "Progress" have become most widespread in poultry farming for eggs. Their productive potential is 280 to 300 eggs annually per average layer with feed expenditures of 1.45 to 1.5 kilograms for 10 eggs.

Highly productive line and hybrid birds are kept in practically all of public production as well as on private plots.

Production technology has undergone fundamental changes. Specialized farms acquire pedigree and industrial flocks of birds several times a year and keep them in spaces with regulated temperature, humidity and light with an optimum density of placement.

The veterinary protection of poultry farms against infectious diseases has been improved and has become more reliable. At this time, practically everywhere they are applying the principle "all full—all empty," under which spaces and entire zones are filled with birds of one age and at the end of each cycle are freed for 2 or 3 weeks for cleaning, washing and disinfection.

[Shcherbakov] Countries with developed poultry farming are paying particular attention to the improvement of technology from the point of view of economy

and the rational utilization of resources. How does domestic poultry farming look in this connection?

[Fisinin] Our scientists are assigning priority importance to the development of resource-saving technologies. In particular, the collective led by Professors T. Stoller and N. Pigorev proposed a method for the limited feeding of young replacement stock and adult birds, the introduction of which made it possible to reduce expenditures of feed by 20 to 30 percent and to raise the egg yield of hens by 10 to 15 percent. Research has been concluded on the limited watering and intermittent illumination of birds, making it possible to reduce the consumption of water by a factor of five and that of electric power by a factor of 2 to 2.5. Soviet poultry farmers are ahead of analogous work abroad in some directions of scientific developments and their practical utilization. Special note should be made of the development of a method for the artificial impregnation of birds. It is difficult to overestimate the role of this technical procedure in the caged maintenance of kinds of poultry for meat.

Of course we would hardly be successful in introducing all of these innovations into production on an operational basis without the support of machine builders. For this reason, despite the prevailing stereotype of attributing all shortcomings and failures to subcontractors, I want to express to them words of thanks. For it was largely to their credit that in a short time the material-technical base of poultry farming was established and the series production of incubators, batteries of cages and other technological equipment was organized. Almost the entire young replacement stock of egg breeds and more than half of the broilers are now raised in batteries of cages and the caged maintenance of pedigree birds has been introduced extensively. The level of the comprehensive mechanization of production processes in the branch is 92 percent. In the last 25 years, about 385,000 people have been conditionally released merely through mechanization and automation.

[Shcherbakov] Integration processes and a transition to economic methods of management are a characteristic feature of the reforms that have now affected the agroindustrial complex. In poultry farming, as far as we know, these processes seem to be taking place naturally and did not require any significant breakdown in the existing of production relations.

[Fisinin] This is so to a certain extent. Purposeful specialization and complexity in the resolution of production and social problems was a dependable and I would say a logical basis for the restructuring and improvement of interrelationships between pedigree and industrial farms. The organization of scientific-production and production systems has become widespread in the last 2 years. The essence of these systems is the association of pedigree and industrial farms on a strictly voluntary basis under the methodical leadership of research institutions and state pedigree poultry plants for the purpose of attaining the highest final results. Twenty production and 4 scientific-production systems

uniting more than 200 pedigree farms that provide more than half of the broiler meat and one-third of the hen's eggs in the country have already been established. The next task is to complete in a short time the establishment of the full structure of production systems on the basis of the experience gained in all republics. They must include not only pedigree plants and reproducers of the first order but also reproducers of the second order and industrial farms so that through the introduction of highly productive poultry, intensive technologies and advanced achievements in the area of veterinary prevention the head enterprises will actively contribute to the continual improvement of the qualitative and economic indicators for the production of eggs and the meat of poultry. It is very important that the organization of systems makes it possible to preclude completely the irregular delivery of pedigree output, which is fraught with a complication of the veterinary and epizootic situation on the farms.

Definite changes have also been noted in the processing of poultry. Whereas just a few years ago mainly half-gutted carcasses were delivered to the store counters, last year 58 percent of the meat of poultry was sold in a gutted form. They released 150,000 tons of poultry in a packaged form and 55,000 tons of semifinished and culinary products.

A new direction in our work—company trade—is gaining strength. Along with the sale of output, we consider one of its main tasks to be the study and formation of customer demand to better satisfy the needs of the population for high-quality products of poultry farming in a broad assortment. Company trade is the calling card of the branch. Buyers judge the course of perestroika in the branch in accordance with its state, quality and assortment. Such a form of trade benefits the buyer and the seller. The buyer obtains high-quality output and the seller receives additional profit through a reduction of commodity shipments. At the present time, poultry farms have a balance of more than 250 company stores. It is expected that their number will increase to 340 by the end of the year and the commodity turnover will be 184 million rubles.

[Shcherbakov] Company trade was always a unique showcase of production. And whereas previously, for example, all domestic hens were of one "face" for the Moscow buyer, some pleasing changes have now taken place in this situation. Thus, Muscovites very eagerly shop in the company stores of the Stavropolskoye Association, where there is a rich assortment of high-quality poultry products. In these stores (unfortunately, there are still only two of them), moreover, one can not only buy a whole chicken or its parts, giblets or culinary products but also taste new poultry dishes at the grill bar.

[Fisinin] To this one can add that the Stavropolskoye Broiler Production Association has 11 company stores in the country. It is planned to open another four stores in the near future. Their commodity turnover will increase to 19.1 million rubles as early as this year. The poultry

farms of the Uzbek SSR have 35 company stores, 18 of which are operating with grill bars.

The Voronezhskoe Production Association is expanding its company trade. In this connection, it has the full support of the oblast council of people's deputies. There are 13 company stores in the oblast and in Voronezh. This year they will sell 5,000 tons of poultry meat and products from it, or almost five times as much as last year.

Company stores are successfully operating in Tallinn, Frunza, Dushanbe, Perm, Chelyabinsk, Krasnodar, Penza and Sverdlovsk. Unfortunately, however, it is not so everywhere. They are just getting started in some places. As yet not a single company store has been opened in Leningrad, Omsk, Vilnius and many other major cities.

[Shcherbakov] Vladimir Ivanovich, in conversations with economic managers, journalists usually ask the traditional question about production reserves....

[Fisinin] There are still considerable such reserves in poultry farming. Thus, in broiler production, these reserves are found above all in raising average daily weight gains. In Belorussia, the Baltic republics, Kirghizia and in Sverdlovsk, Perm, Volgograd and Tyumen oblasts, for example, there are farms where the average daily weight gains reach 28 to 34 grams. And feed expenditures per quintal of weight gain do not exceed 2.45 to 3 quintals of feed units. At the same time, weight gains at half of broiler enterprises do not exceed 23 grams and there are those where they obtain only 15 to 18 grams a day. But raising the average daily weight gain by 1 gram during the entire period of the raising of the broilers makes it possible to produce an additional 72,000 tons of meat annually.

A second important reserve is the improvement of the condition of the poultry. On the average in the country, 8 to 10 percent of the young stock perishes annually, whereas losses do not exceed 3 to 4 percent on the best farms. In particular periods, especially in the spring, there is a shortage of incubated eggs. At the same time, no more than 75 percent of the young birds survive on the average. At advanced farms, 82 percent survive. But these, it is said, are our problems and we know how to resolve them.

At the same time, much depends upon related ministries and departments. Poultry farmers have serious grievances against the workers of the mixed feed industry. It must be said frankly that in recent years there has been a serious worsening of the quality of feed. On the average, 50 to 60 percent of the need for full-ration mixed feeds for broilers is being met. Most of the republics are not issuing full-ration feeds for laying hens. We are already tired of saying that the mixed feeds are short of such irreplaceable amino acids as methionine and lysine. They are meeting only half of the need for most vitamin compounds, 40 to 45 percent of the need for microelements and 10 to 15 of that for antioxidants. For a long

time now, the Khimprom Association in Cheboksary has not been able to reach its projected capacity for the production of santokhin. Coccidiostatica and antimold compounds are not being included in mixed feeds. According to laboratory research, 1 out of 5 quintals of mixed feed is seeded with conditionally pathogenic and pathogenic microflora and is contaminated with mold and therefore is toxic for the poultry. All of this reduces productivity and significantly raises feed expenditures per unit of output.

The dramatic increase in the production of mixed feeds in the form of granules and small particles could become a serious obstacle to these undesired processes. This is quite realistic from our point of view, especially because beginning this year all specialized poultry farms have been assigned to mixed feed enterprises. This decision should also be supported by effective interaction locally, providing in contracts for the supplying of material incentives for workers of mixed feed enterprises in accordance with the final results of the work of the poultry farms.

There is still another serious reserve and that is the technical reequipment of the branch, for more than half of the equipment at our poultry plants is obsolete. Meanwhile, specialists of the Ministry of Agriculture Machine Building with the participation of our scientists have devised several types of new cage equipment that has successfully undergone state tests and was recommended for serious production. But this recommendation remained on paper.

[Shcherbakov] The reasons?

[Fisinin] As always, they are objective, with references to a shortage of metal and completing items.... To be fair, however, it is necessary to say that for years the plants of this ministry have been receiving hundreds of thousands of square meters too little of galvanized wire screen for the manufacture of cages and also too little electric equipment for incubators. USSR Gosnab can and must help the plants in this complex situation.

With the transition to wasteless technology, our enterprises are experiencing an acute shortage of equipment for the thorough processing of poultry, which in essence is restraining company trade with a broad assortment of products. Conveyor lines with a productivity of 500 to 3,000 half-gutted birds an hour with a mechanization level not exceeding 30 percent are still the basic technical equipment of enterprises. At most farms, the process of complete evisceration is done by hand or by machines manufactured directly at the poultry plants and allowing the performance of particular operations only.

[Shcherbakov] The conversion that is now taking place in the defense complex is to a considerable extent orienting heavy industry toward the technical reequipment of the processing branches of the agroindustrial complex. This probably involves poultry farming as well?

[Fisinin] Yes. A number of enterprises of the defense branches of industry have been involved in producing equipment for the processing of poultry. Thus, the USSR Ministry of the Defense Industry began to develop equipment for the slaughter, primary processing, evisceration, refrigeration and packaging of poultry carcasses. Representatives of this department declared, however, that no less than 4 to 5 years will be required to put the new equipment into series production. The work in the USSR Ministry of the Aviation Industry to build equipment for the sorting and packaging of eggs is proceeding extremely slowly. And by no means must this work be delayed. For one-fifth of those at our enterprises working directly in aviculture are employed in the processing of eggs. Even at the best poultry plants, labor input for this operation has begun to exceed the labor spent for the production of the output itself.

The situation with respect to packaging materials for the packing of eggs remains extremely unfavorable. Only one-third of the requirement for paper interlayers is being met and just half the need for corrugated cardboard is being satisfied, whereas no packing material at all is being produced in series for packing small quantities.

[Shcherbakov] Vladimir Ivanovich, in our conversation, we have touched primarily on problems having to do with the production of eggs and meat from just one representative of poultry—chickens. But Soyuzptitseprom also pays considerable attention to the raising of other kinds of poultry.

[Fisinin] Soyuzptitseprom sees its task not only in increasing the production of poultry output but also in the variety of the assortment of dietetic products. For this reason, our scientific and production collectives are involved in the breeding of new highly productive crosses of geese, ducks, turkeys and even quail. We are organizing this work somewhat differently with respect to production, however. We consider it advisable to involve the population extensively in the joint raising of ducklings and goslings on a cooperative basis. We are paying particular attention to the breeding of geese as a major reserve for increasing the production of meat as well as such valuable products as feathers, down, foie gras and fat. All of these are also important export items.

In the last 2 years, the stock of geese in the country has increased from 2.5 million to 3.3 million birds. This work is proceeding especially well in the Ukraine and in Novosibirsk Oblast, where 11 reproducer goose-breeding farms have been organized on the basis of poultry incubating stations. Still, the attitude toward goose breeding is still cool in the country as a whole. Can it really be considered normal that the population is sold only half a goose per farmstead?

There have been positive changes in the development of duck breeding, especially in the breeding of crosses of musk ducks. These birds are distinguished by meat of high quality with an insignificant fat content. But much

work must still be done here, in particular in the dissemination of the advanced experience of the poultry breeders of Omsk and Ivanov oblasts and a number of farms in Kazakhstan and Belorussia. Much also has to be done in the raising of turkeys and the expansion of specialized factories for their breeding.

[Shcherbakov] Serious difficulties with the sale of eggs arose this year in most regions. This is linked with the aggravation of the salmonella infection. True, there has been less and less talk of this recently. Have any additional measures been taken?

[Fisinin] First of all it must be said that the problem of salmonella is a problem in all of animal husbandry. We have taken effective veterinary measures that make it possible to issue guaranteed output from the point of view of sanitation. To be fair, it must be stressed that we did not get by without unhealthy speculation here. Several poorly thought-out decisions of the health and trade authorities contributed to its outbreak. As a result, poultry farms suffered losses amounting to many millions and the population did not get a large quantity of dietetic output that it should have received.

But to prevent this in the future, we should have organized the supplying of poultry farms with disinfection agents, especially chlorine compounds and caustic soda, Formalin, coccidiostatica, furan compounds, laboratory equipment and different nutrients for the carrying out of diagnostic investigations.

Unfortunately, the corresponding agencies have generally begun to pay less attention to the development of industrial aviculture. Whereas average annual capital investments in production construction reached 1.32 billion rubles in the 10th Five-Year Plan, they declined to 1.084 billion in the 11th. They amounted to only 888 million rubles in the first 3 years of the current five-year plan. This kind of approach to the needs of the branch is a mistake. Poultry farming—the state and kolkhoz-cooperative sector as well as the people's private plots—can and must now and in the near future make a more significant contribution to the resolution of the country's food problem.

## MACHINERY, EQUIPMENT

### Improvements Called for in Machine Building Support for Farming

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[Article by A.I. Nelyubov, general director of the Scientific-Production Association for Agricultural Machine Building: "Methods for Improving Technical Support for Farming"]

[Text] The country's farmers are issuing many complaints regarding the quality and organization of supply

operations for agricultural equipment. The agricultural machine building branch is called upon to improve this situation.

Modern agricultural production requires a high level of technical support. A chief concern here is that of carrying out constant improvements in agricultural machine building. In recent years (1981-1988), more than 1,150 new and modernized technical items of equipment have been developed for agriculture and approximately 600 have been mastered by industry. During this period, the rates for the development of new equipment increased by a factor of 1.5 and for industrial adoption—by twofold.

The productivity of the more important types of agricultural machines for field crop husbandry has been raised by 20-55 percent, specific material intensiveness has been lowered by 6-12 percent and reliability has been increased by a factor of 1.2-1.6.

However, by no means are the requirements of consumers being satisfied completely either in terms of the nomenclature, the volumes of equipment being produced or the technical level or quality of the serially produced machines. Thus, reliable machine operation throughout the course of a season has not been ensured, labor intensiveness and low quality technical servicing and repair work are still considerable and crop losses caused by harvesting machines are high. The level of hydrofixation and machine automation is also inadequate and proper working conditions have not been made available for machine operators. Practically speaking, there is no small-scale equipment available for leaseholders and private plots. Very little attention is being given to the creation of ecologically safe agricultural equipment.

Such a situation requires basically new approaches in the development of strategy and tactics and a technical policy for the rural areas. During the March (1989) Plenum of the CPSU Central Committee and the 1st Congress of People's Deputies of the USSR, the country's machine builders were assigned the task—of urgently solving the problem of creating improved systems of machines for farming and animal husbandry, such that it would become possible during the next few years to complete the all-round mechanization of agriculture and make the work of a peasant more productive, more creative and more attractive.

It bears mentioning that a machine system has been in operation in the country's agriculture for more than 30 years that is promoting solutions for a number of important technical tasks in farming and animal husbandry. However, large-scale shortcomings in the methodological approaches for the formation of this machine system resulted in the system containing an excessive number of basic models with a low degree of standardization. Because of this fact, the production costs for the machines and accordingly their prices have to a large

degree been increasing constantly and the organization of series production for new equipment has become complicated.

What is holding up the development and production in adequate amounts of the not very expensive high quality equipment that is needed for farming and agriculture on the whole?

First of all—there is the absence of a system of zonal production technologies. There are many agrotechnological institutes and centers in the country's agricultural production system. Their operations lack a clear organizing principle and completeness. It is for this reason that many possible directions lack completed technological solutions.

Only with the existence of zonal technological systems can the machine builders develop appropriate standard-size series of agricultural equipment based upon the progressive modular-unit design principle. This will make it possible to lower the production and operating costs for equipment considerably, reduce the nomenclature for the basic machines and increase the number of modifications to the amount needed.

With zonal production technologies at their disposal, the machine builders will be able not only to improve radically and standardize the designs for machines, but in addition they will be able to ensure complete equipment deliveries (including power systems) to the consumer in keeping with his orders.

Another reason for the delay in technical progress in farming—insufficient specialization in agricultural machine building in the development and production of working organs, drives, working systems, hydraulics, automation systems and others. In my opinion, the path for radically improving technical support for farming and for agriculture on the whole consists first of all of combining the development and production of new equipment, its advertising, deliveries to the consumer, servicing and supplying spare parts. I consider it advisable, based upon the technical scientific-research, design and machine building institutes and also machine building and repair enterprises of the former USSR Gosagroprom [State Agro-industrial Committee] system, to create ZNPO's [zonalnyye nauchno-proizvodstvennyye obyedineniya; zonal scientific-research production associations] by zones (rayons) for providing technical support for agriculture and for them to be included in the Minavtosekhomash [Ministry of Automotive and Agricultural Machine Building].

The principal functions of these associations must be the following:

- scientific justification for the development of agricultural mechanization in a zone (region) and for the structure of the machine-tractor pool;

- the development and production of specialized zonal equipment and working organs in response to consumer orders;

- the participation and development of zonal production technologies;

- the testing of experimental models of new equipment, a study of the demand for machines and the organization of advertising;

- the sale and technical servicing of machines for a consumer;

- personnel training.

Here we have in mind the fact that ZNPO's for providing engineering and technical support for agriculture must enter into cooperative cost accounting relationships with the large-scale (of union importance) plants of Minavtosekhomash, which are engaged in the production of basic agricultural equipment, for the purpose of achieving close interaction in all of the required operational directions in the interest of agriculture and the machine building industry. Direct business-like contacts between the ZNPO's with agricultural enterprises and local technological scientific institutes and their economic interdependence are making it possible to weaken the dictates and monopoly of large-scale industry as they affect the rural areas and to raise all-round technical support for agriculture to a high level.

True, an alternative proposal exists which consists of creating specialized scientific-production associations (MNPO's) for the development of machine technologies in agriculture, equipment and its series production at appropriate scientific-research institutes, design bureaus and machine building plants of various APK [agro-industrial committee] departments (for example, MNPO's for the development of technologies, equipment and its production for the cultivation of grain crops). In this instance, the integration of scientific-technological, scientific-technical and machine building potentials in the APK is achieved and beyond any doubt this possesses many advantages for accelerating scientific-technical progress in the agro-industrial sector of the national economy. However, in this instance the principal shortcomings of the existing system for the development, production and supplying of agriculture with equipment—the monopolization of production—is retained and even aggravated. In my opinion, the first proposal (the creation of ZNPO'S) is more promising, since it makes it possible to solve the problem of technical support for agriculture in a more complete manner. The integration of both proposals is obviously possible.

Let us now pause to discuss those questions associated with raising the technical level of serially produced agricultural equipment. The chief concern here—ensuring a high reliability for the machines and implements. Towards this end, an appropriate branch system of measures has been developed in agricultural machine building and this system is already being implemented.

First of all, it includes the extensive use of computations on the durability of units, parts and machines during their design and also the introduction of bench tests for reliability. Towards this end, work has commenced in the branch aimed at equipping institutes, design bureaus and plants with modern bench equipment. For example, an experimental automated complex for the bench testing of grain combines, soil cultivation, sowing and other machines has been created in our NPO and is now in operation. A powerful bench facility has been created at Rostselmash [Rostov Agricultural Machinery Plant], at the Kirovograd PKI for sowing machines, at the Lvovkhimselkhoz mash GSKB [state special design bureau] and at a number of other organizations and enterprises. The equipping of the branch's NII's [scientific research institutes] and KB's [design bureaus] with benches by the end of the five-year plan will make it possible to study the reliability of more complicated and basic machines and reduce the time required for field testing, while providing at the same time functional and agrotechnical evaluations of the machines.

In the system of measures for ensuring the reliability of agricultural equipment, an important place is occupied by an expansion in the use of highly durable and wear-resistant materials and back-up technologies, particularly for the production of working organs for soil cultivation, sowing and harvesting machines.

The structure of the materials being employed is not satisfying the modern requirements. The proportion of low alloy steel in the overall volume of rolled ferrous metals being employed amounts to slightly more than 6 percent (abroad—18020 percent), plastics—in all 0.4 percent, and the branch's requirements for dyes, powdered materials and ceramics are not being satisfied. More than one half of the equipment rejections involve completion products supplied by other ministries and departments. It is hoped that the suppliers of completion products and particularly the metallurgical and chemical branches of industry will be able in the immediate future to supply agricultural machine building with adequate quantities of the needed new construction materials.

The improvements in the technical level of agricultural machines must be directed towards reducing their energy intensiveness. The following principal paths for solving this task can be singled out:

- improving the engines of power equipment in the interest of achieving economies in fuel consumption;
- improving the working organs of mobile machines and implements (particularly those used for soil cultivation) by reducing the tractive forces (a change in the geometry of working organs, covering them with materials which lower friction and others);
- the development of energy conserving technologies, the creation of appropriate new machines and their introduction into operations (minimization of soil working operations, recirculation method for the drying of grain and others);

- the creation of wide-swath machine-tractor assemblies and multiple-purpose machines and implements;
- the creation of machine complexes having common disengaged power engineering equipment;
- the automation of technological processes;
- optimization of the structure of the machine-tractor pool, with more complete and efficient use being made of the power engineering capability.

In addition to lowering the energy intensiveness of agricultural equipment, equal importance is being attached at the present time to its ecological safety. In this regard, the prevention of soil degradation (extreme packing down and pulverization) by equipment is considered to be a most urgent task at the present time. The chief task here—lowering the weight of machines and improving their undercarriage systems, employing broad profile low pressure tires, flexible caterpillar tracks and others.

The catastrophic development of soil erosion requires an acceleration in the creation of zonal complexes of anti-erosion equipment. A great deal has been accomplished here and yet there are still many unresolved tasks.

Many urgent problems remain in connection with ensuring the ecologically safe use of chemical agents in agriculture. Equipment is already being created for pesticide conserving technologies, for example boom-type machines for low-volume spraying, devices for dosed applications of toxic chemicals and others.

A new and progressive trend for raising the technical level of agricultural machines is the use in them of electronic equipment. For example, the use of microprocessors and miniature computers in automatic control systems serves to ensure maximum machine productivity and high quality work while facilitating the work of the machine operators and lowering their fatigability. It is expected that efforts will be directed first of all at automating, with the aid of electronic equipment, control over the deep working of soil, the norm for sowing seed at an assigned depth, applications of the established dosages of fertilizer and pesticides and the operating regimes for harvest combines and grain cleaning and drying units.

Certainly, a high technical level for the agricultural equipment implies the availability of very favorable working conditions for the machine operators. Recently, positive progress has finally been noticed in this regard in domestic agricultural machine building. Substantial improvements have been noted in the designs for the cabins of new tractors and combines and, as a result, there is less vibration, reduced levels of gas, dust and sound conditions and an overall improvement in the microclimate. The positioning of the organs of control is more convenient. However, there are still many unsolved problems here. A great amount of work still remains to be carried out by the planners, designers,

engineers and other specialists if they are to achieve comfortable working conditions for the machine operators.

In discussing the methods for lowering output losses, it must be emphasized that complete success is possible here only on the basis of joint efforts by the machine builders and the agricultural science, particularly the plant breeders who are engaged in developing new varieties of agricultural crops. High quality harvest operations require non-lodging varieties of grain crops and flax, corn hybrids with cobs which are equally distant from the soil's surface, tomato varieties which ripen simultaneously and which are resistant to damage, other vegetable crops and berries and potato varieties having short growing seasons and resistant to mechanical damage and diseases.

In conclusion, it should be noted that only an overall approach for the creation of new and highly efficient equipment, one which takes into account all aspects of scientific-technical progress in agricultural production, will make it possible to solve rapidly the assigned tasks and to ensure the all-round mechanization of agricultural production.

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### **Vegetable Production Retarded by Lack of Suitable Equipment**

904B0072A Moscow VESTNIK AGROPROMA in Russian No 43, 20 Oct 89 p 3

[Article by V. Khvostov, doctor of technical sciences and laboratory chief of the scientific production association of the Agricultural Machine Building Research Institute: "What Is Slowing the Vegetable Conveyor?"]

**[Text] The last vegetable season is over. Has there been an improvement in the provision of the population with tomatoes, cucumbers and other garden products? The consumer answers: no. What are the reasons for the chronic backwardness of the most important branch of the agroindustrial complex?**

A rather strange situation has now developed in our country's vegetable growing. On the one hand, about 800 varieties of vegetable crops have been bred, including many with high yields that are resistant to disease. The most fertile soils in river floodplains are dedicated to vegetables, often to the detriment of ecological interests. There are staffs of highly qualified breeders, agronomists and civil engineers. In addition, technologies and machines that exceed the best foreign analogies in a number of indicators have been developed for the industrial production of vegetable crops. On the other hand, however, the assortment, quantity and quality of fruit and vegetable products on store counters do not stand up to any criticism. Every year hundreds of thousands of people (soldiers, students, school children and workers in industrial enterprises) are separated from their basic

occupations for the performance of heavy manual labor in the cultivation and harvesting of vegetables.

It is no accident that the problem of the uninterrupted supply of the population with fruits and vegetables has been causing more and more concern of late. "Machine building monopolists" are most often the target of criticism, which is largely justified. But are they alone guilty here? And can the machine builders resolve this problem (even if they really want to) by themselves? Unfortunately, this question can be answered only unequivocally in the negative: no, they cannot.

In speaking of the reasons for this depressing situation in vegetable production, one must not fail to name objective factors as well. They include, of course, above all the difficult climatic conditions in many regions where vegetables are produced: a rainy fall with early freezes that allows only 15 to 25 relatively favorable days for a mechanized harvest and a severe and prolonged winter that complicates the storage of output. The vegetable growers in many European countries, for example, have two or three months at their disposition (right up to December) for harvesting with relatively stable weather. In addition, the mild climate allows them to leave part of the root crops unharvested in the fields over the winter and to harvest them in the spring, freeing them of outlays for their storage.

One can also name a number of other objective reasons that are holding back the development of vegetable growing. There is the inadequate attention from higher authorities, the professional incompetence of many managers, the flagrant mismanagement and voluntarism in planning, the predominance of monocultures in the crop rotation.... But they do not free us of the responsibility for resolving this urgent problem.

In our opinion (and this is graphically confirmed by the experience of foreign firms), the main root of the evil is nonetheless something else—the lack of a comprehensive approach to the resolution of the problem taking into account agrobiological, engineering and economic aspects. At the present time, no one in the country is responsible for the problem of vegetable growing as a whole. Breeders are interested in the development of new varieties and they are not very concerned about the extent to which these varieties are suitable for mechanized harvest and prolonged storage. The task of agronomists is to grow the maximum harvest (to provide a plan for gross output). But whether this harvest can be fully gathered and stored is not their concern.

Machine builders are interested in increasing the volume of production of their own output. They are concerned only with the production of large-series equipment, which does not include, for example, vegetable-harvesting machines. Until now, unfortunately, not only has there been no integration of all forces involved in the resolution of the problem of vegetable growing but we are also observing cases of unjustified specialization that aggravates the situation even more. Thus, at the head

Vegetable Farming Institute (NIIOKh), they eliminated laboratories that previously dealt with comprehensive research on the technology for the production of basic vegetable crops through the reorganization of the department for industrial technologies. In exchange, they established laboratories for sowing and harvesting machinery, etc. under the pattern of industrial organizations. As a result, they are duplicating the corresponding subdivisions of the head institute of the Ministry of Automotive and Agricultural Machine Building VISKhOM [Institute for Agricultural Machine Building] and no one is now dealing with the technology for the production of cabbage, carrots and other vegetables.

What will the lack of a comprehensive approach lead to? Only 10 percent of the 800 varieties of vegetable cultures in the arsenal of our agriculture meet the requirements of mechanized harvesting and storage, and even there by no means fully. The work to create new varieties is being done without coordination with machine builders and, as a rule, without evaluating these varieties in accordance with the main criterion—their suitability for machine harvesting. But machine builders often do not have normal soil preparation even in the acceptance tests for new machines, although in building them they are guided by agrotechnical requirements affirmed by the customer. In contrast to them, breeders have heretofore not had consistent requirements on vegetable crops suitable for machine harvesting and lengthy storage.

Even those rather modest requirements that were worked out and coordinated by specialists of the international society Agromash in 1985 taking into account the real possibilities of breeders have not yet been officially legalized because of the departmental ambitions of individual workers of the Commission for the Testing of Cultivars. As a result, the number of varieties of vegetable crops in our country is continually growing but their qualitative composition is not changing for the better. With leveled hybrids of cabbage of foreign breeding, for example, domestic cabbage-harvesting machines can yield 100 percent commodity heads without additional manual labor. In working with our varieties, besides these machines we need complex and expensive processing lines after harvest. An analogous situation is also developing with respect to varieties of tomatoes, cucumbers and peas.

Can one harvest tomatoes with a potato-harvesting combine? Despite the apparent absurdity of such a question, do not be in a hurry to answer in the negative. Our domestic tomato-harvesting combine CKT-2 differs from the potato-harvesting combine only in its larger size. It essentially performs the same technological process: it digs up a layer of soil along with the plants, mixes the fruit and stems with the soil and then separates them mechanically (using grates) and manually (with the help of sorting workers). All of this is accompanied by a cloud of dust that creates unsanitary conditions for the operating personnel. Most foreign combines cut the bushes above the soil line and thereby greatly simplify the problem of separating the fruit from extraneous matter.

But combines of this type are simply inoperative on domestic varieties (that lie down and fall) and on an unlevel ground).

Machine builders have been given a complex but urgent task: to raise the level of domestic agricultural machinery to the level of the best foreign models. It would be correct to give an analogous task to breeders and seed growers. Everyone knows about the deplorable state of affairs in seed growing (there is a shortage of seed not only of the first grade but even of the second grade and in general of substandard grades). It is also well known that the notorious gross plan forces vegetable growers to do extensive irrigation before harvest and to apply large quantities of mineral fertilizers to the plantings. Then half of the produced output rots in the vegetable storage places but the plan is fulfilled!

Perhaps it is better not to expend any manpower and material resources on the production of that part of vegetables that is inevitably lost in urban vegetable storage places? Should not money be spent on transportation to move the vegetables and to haul out wastes? In such a case, however, it is necessary to store vegetables where they are produced and to have a differentiated price depending upon the time of storage.

I would like to touch on still another question that is more narrow, primarily involving underground vegetables.

The practice in our country of growing vegetables (in particular, root crops for food) on heavy floodplain soils in combination with the difficult weather conditions during the harvest season precludes the possibility of the efficient utilization of harvesting machinery of the digging as well as the pulling types, especially in the later period (end of September to the beginning of October), when the yield of produce reaches a maximum. In other countries, they try to grow root crops primarily on light soils.

Thus, according to scientists in the GDR, the best results in the cultivation of carrots occur on light diluvial soils that ensure a favorable combination of a whole series of factors. They include a high yield, a good quality of output, good storage qualities of root crops with a low level of contamination and lower expenditures of working time and production expenditures per quintal of commodity output. The transfer of most plantings of carrots in the GDR to light and medium soils made it possible at the beginning of the 1970's to eliminate manual labor completely during the harvest while simultaneously increasing the sown area by a factor of about three and obtaining large stable harvests of 500 to 600 quintals per hectare. It would be advisable to study and utilize this valuable experience in our country as well, especially since the plowing of river floodplains near large cities and the growing of vegetables there put an additional burden on regions that are already ecologically depressed.

But it would be unfair to put the entire blame for the existing situation on the former USSR Gosagroprom, especially since there have been real achievements. Above all note should be made of the promising technology developed by the NIIOKh for the industrial production of vegetables with a basic track of 1.8 meters and the Astrakhan technology founded by the All-Union Research Institute for Vegetable Growing and Cucurbit Cultivation. Many original technical solutions have been developed within the walls of the institutes of the former USSR Gosagroprom and utilized in the development, together with organizations of the USSR Ministry of Automotive and Agricultural Machine Building, of machinery for vegetable growing.

One can also include among the achievements the fact that all machines for the cultivation and harvesting of vegetable crops were developed not only for the existing technology for the production of vegetables with a basic track of 1.4 meters but also for the prospective track of 1.8 meters. And these machines are characterized by a rather high technical level. Some of the developed designs are manufactured by industry.

This, unfortunately, concludes the merits of the organizations of the Ministry of Automotive and Agricultural Machine Building in the resolution of the problem at hand and the unfinished work is making the situation more dramatic. Above all it involves inadequate volumes of production and, the main thing, incomplete deliveries of equipment for the mechanization of work in vegetable growing. Thus, the cabbage-harvesting machine UKM-2 can be used efficiently only with a UDK-30 line for work after harvest. But the machine is produced in series and the line is not. The onion-harvesting machine LKP-1.8 is also manufactured but the complex of machinery for the cultivation of the onions under the technology with a track of 1.8 meters has not yet been mastered by industry. And there are no prospects that it will be in the near future, for there is no tractor of the class 2.0 for aggregation. What does the lack of even one machine mean in the technological chain for the industrial production of vegetables? Just about the same thing as the lack of a bridge linking two parts of a railroad line.

The situation is even worse in the mechanization of work in seed growing.

It would seem that under the conditions of the functioning of the new economic mechanism, with the introduction of cost accounting and the related reduction of the demand for agricultural equipment, industrial enterprises must compete for new developments of progressive machinery and more quickly assimilate

their mass production. This is not taking place, however, precisely for machines for vegetable growing. Even with an empty order book, the enterprises not only are in no hurry to take on technical innovations but are trying to exclude them from their plan at the first opportunity. Such a situation was also observed under command methods of administration but it was even further aggravated under the conditions of the economic independence of enterprises.

The fact is that for large plants with an annual volume of production amounting to hundreds of millions of rubles (and precisely such plants predominate in the Ministry of Automotive and Agricultural Machine Building) the production of machines for vegetable growing for which there is an annual need for at a few hundred essentially only provides for additional cares and excess expenditures for tool engineering, warehousing space, etc. And this is all the more reason why no enterprise is interested in taking on additional responsibility for putting together sets of machines.

The only way out of the existing situation, in our view, is to establish interdepartmental firms or joint-stock companies capable of taking responsibility for all questions having to do with technical progress in vegetable growing, from the preparation of sowing material to the issue of small batches of machines and their delivery to the farms. It is necessary for all links in this system to work for a single final result. Along as breeders, agronomists and engineers pull their harnesses in different directions, as in the fable, the cart will not move.

Perhaps initially such a firm can equip 10 to 20 specialized farms. But let it supply them fully with everything needed: high-grade seed, fertilizers, herbicides and the entire set of up-to-date machinery necessary for the introduction of industrial technologies. This will be a first step forward rather than the endless marking of time or the rushing from place to place as takes place in the reproduction of various foreign machines. Let us recall the joint program of the former USSR Gosagroprom and USSR Ministry of Agricultural Machine Building for the reproduction of French machines, many of which had not even been really tested in our country. At the same time, the drawings of domestic equipment that successfully went through acceptance testing have been gathering dust on the shelves since 1985 and some, in particular for the MMT-1, since 1980.

I am certain that domestic equipment for the production of vegetables in conjunction with progressive technology will make it possible for the workers in the fields to obtain harvests no worse than in foreign countries but at lower costs. The organization of its series production requires the joint purposeful efforts of all interested departments.

## AGROTECHNOLOGY

### Environmental Concerns in Agricultural Production, Plant Protection

#### Balanced Plant Protection

904B0065A Moscow ZASHCHITA RASTENIY in Russian No 10, Oct 89 pp 6-9

[Article by A. F. Kosenko, director of the administration for plant protection of Soyuzselkhozkhimiya [All-Union Agricultural Chemical Association]: "Integrated Protection: Condition and Prospects"]

[Text] As agricultural production intensifies the economic and ecological importance of protecting plants from pests, diseases and weeds increases. A number of urgent problems arise related to changes in zonal farming systems and to the phytosanitary situation in general, and to the improving conditions for the development and dissemination of individual types of pests and weeds. These and other factors have made considerable changes in the strategy and tactics of protective measures, have provided the justification for the transition from combatting individual species to an active management of populations of pests with the aid of methods and capital that have a minimum effect on useful entomofauna and on the environment and that will enable us to keep the number of pests below the threshold of harmfulness.

Systems of integrated plant protection, including the development of a high level of agrotechnology, the cultivation of stable varieties, methods for preserving and activating entomophages and other useful organisms and the wise use of chemical and microbiological preparations correspond to the principles of environmental conservation.

Last year protective work was carried out on 192.4 million hectares, which comprises 86 percent of the extent of recommended measures. Moreover, 167.8 million hectares (87 percent) have been cultivated with the help of chemical agents. This is less than last year. The remaining volume is taken care of by biological agents.

With the transition of agricultural enterprises to cost accounting and self-financing, conditions are created for the more efficient utilization of resources. In 1988 the volume of pesticide supplies (excluding copper vitriol and sulphur) comprised 308,000 tons, which is 71,000 tons or 15 percent less than 1987 levels. Without curtailing protective operations, the service of the green cross decreased the expenditure of pesticides and consequently contributed its mite to the protection of the environment and the health of man. The curtailment of pesticide deliveries occurred primarily by means of ineffective preparations: hexachloran, industrial chlorophos, sulphur, zinc dithiocarbamate, preparation 30, as well as due to some decrease in imports. This year this tendency continues; the use of a number of pesticides has been forbidden (isophene, and preparations with a base

of hexachlorbenzol, copper trichlophenolate, phenitourame, trichlormetaphos-3, trichlorol-5, industrial chlorophos, DDVF and others).

Direct ties between suppliers—enterprises of the chemical industry, and consumers—kolkhozes and sovkhoses, are expanding. Under these conditions it is essential to strengthen controls over the phytosanitary status of crops with the goal of a more well-founded use of pesticides and a decrease in the proportion of chemical treatments in the total number of protective measures.

A decrease in the proportion of pesticides is facilitated by the expansion of agrotechnical and biological measures to combat harmful organisms and by the introduction of progressive methods and techniques. Last year such methods (low-volume spraying and UMO [ultra low-volume spraying], kray and local treatment, the use of tub mixtures of preparations) were used on 50 million hectares, and by 1995 it is intended to increase this volume to 100 million hectares. The use of liquid insecticides on a base of carbofuran (furadan, adifur, difuran) for centralized pre-sowing treatment of sugar beet seed enabled us to do without 4-5 chemical treatments of this crop in all beet-sowing zones of the Ukraine and the Russian Federation. It is also important to establish, in a well-founded manner, the norms for the expenditure of preparations and to try to utilize minimal doses (of the doses recommended) when possible.

In enterprises, protective measures are planned on the basis of a projection of the distribution and development of harmful organisms with a consideration of the economic thresholds of harmfulness. Nevertheless, weather conditions have a considerable influence on changes in the phytosanitary condition of crops. For example, last year they resulted in a prolongation of the period of development of most pest species and facilitated an early manifestation of Fusarium wilt in grain crop spikes, leaf blight on the leaves of cereal grasses and phytophthora infection in potatoes and tomatoes.

Much work was created by the unforeseen outbreak of meadow moth, especially of its first generation, in the Ukraine, Moldavia, a number of oblasts of the TsChR [Central Chernozem Zone], the Northern Caucasus and the Lower and Central Volga regions. The undulating distribution of imago and the different ages of caterpillars in the first generation of the moth significantly complicated the struggle against them and made repeat treatment necessary. The number of caterpillars in some crops amounted to 200, reaching 3,000 per square meter. Protective measures have been carried out on 11.3 million hectares against the first generation, which surpassed the predicted volume by a factor of 8.5. The meadow moth was dealt with and the moth was not permitted to destroy crops; only on a small area of land was damage to corn, vegetables and sugar beets noted. However, the extent of treatment without losses could have been decreased by at least one third if the directors and specialists of the service and of enterprises had

demonstrated efficiency in studying crops and in carrying out protective measures with a consideration of their expediency based on the economic thresholds of harmfulness.

In order to prevent the danger of such outbreaks of the meadow moth we need to more thoroughly study its biology, laws on the development of pest populations and factors that facilitate their multiplication and to develop new effective methods for predicting outbreaks and combatting them. But right now this type of research is developing slowly and leading scientific institutions are giving little attention to dealing with this problem.

Rodents pose a great threat to crops, especially in the Northern Caucasus, in the southern and central regions of the Ukraine and in Moldavia. Here we have an average of 150 (maximum up to 3,000) burrows per hectare of winter crops and perennial grasses. During the past fall and winter period several million hectares were cultivated against rodents but it was noted that under conditions of intensive multiplication and a large population the biological agent bactorodenicide has not always been adequately effective.

Last year it was necessary to increase the predicted work volume to combat locusts, the number of which (especially non-gregarious varieties) increased in Kazakhstan, the republics of Central Asia, Siberia and the Transvolga. Capricious weather during the period of breeding of larvae resulted in their late and prolonged development, which in a number of regions caused late initial and repetitive treatment.

The protection of grain crops from pests such as the chinch bug, leaf beetle, grain carabide, gray grain cutworm, cereal aphid, cereal fly and intrastem pests remains a serious problem. For example, the harmfulness of the leaf beetle is not decreasing despite the annual increase in use of pesticides against this variety, especially in Krasnodar Kray. Meanwhile, U.S. scientists who have studied useful entomofauna in Krasnodar and Stavropol krays have taken useful insects from here to the southern states to hold back the number of leaf beetles, and have practically solved the problem of combatting these pests there. Precise organization of phytosanitary control, the timely implementation of a complex of protective operations with a mandatory consideration of economic thresholds of harmfulness and the activities of entomophages are needed.

We should also pay attention to the distribution in a number of regions of the Turkmen SSR of a dangerous pest—the cotton (tobacco) whitefly. It infests cotton, melons and other crops and is a carrier of viral diseases. In order to organize an effective struggle against the whitefly we must study its developmental biology, establish its economic threshold of harmfulness, single out a complex of parasites and beasts of prey and find methods and means for regulating their numbers. We must also take measures to limit the pest's areal.

In many regions favorable conditions have been created for the development of diseases in agricultural crops. Powdery mildew has become widespread on grains. In the Northern Caucasus it has infested wheat and barley to a greater degree, and the infestation of Fusarium wilt has increased on rye spikes. Considerable losses have been tolerated. The harmfulness of Fusarium wilt was strengthened first and foremost due to the absence of stable varieties, the saturation of crop rotations with grain crops, violations of agrotechnology (surface soil cultivation, shallow placement of plant remains) as well as because of the application of fertilizers that are not balanced in nitrogen and phosphorus.

In recent years there have been more frequent cases of the appearance of causative agents of disease in grain crops that are resistant to the systemic preparations bayleton and benlat, which are extensively used in our country. In connection with this it is essential to develop new tactics for fungicidal treatment, but the problem is complicated by the fact that with the absence of native highly-effective systemic fungicides an equivalent replacement of the preparations used previously is difficult.

In practically all zones of potato farming we have noted a shortfall in the harvest of potatoes due to their infection with late blight. Moreover, in addition to the regular form of the disease the stem form has also become widespread. At the same time one sees the increase in resistance of the causative agent of the disease to ridomil, which is due first and foremost to the incorrect use of systemic preparations (unjustified increase in use norms, in the number of treatments) in enterprises. To control the phytosanitary situation nine monitoring laboratories have been created in various NII [Scientific research institutes]. Today we have at our disposal data on the scale of resistance to ridomil in the basic potato-growing zones, on the basis of which we are developing tactics to combat late blight of the potato. However, the situation is complicated by the fact that infected tubers are used for planting. GOST is also not limiting the spread of the disease because it allows for the presence of up to 2 percent of tubers with late blight in seed material. It is essential to organize the treatment of tubers with a film-forming compound containing preparations everywhere for the suppression not only of late blight but of other diseases as well.

There are also many unresolved problems in the organization of protecting cotton from pests, diseases and weeds. Thus, with the prohibition of the production and use of copper trichlorphenolate and phenthiurame—preparations for pre-sowing treatment of cotton seeds against bacterial blight—we have practically nothing with which to protect sowing material. The only bactericide that is permissible for this purpose is bronokot, 12 percent dust, produced by the Shering firm—a relatively costly agent. In connection with the more urgent ecological situation in Uzbekistan and in other cotton-sowing republics it was forbidden to use butiphos for the defoliation of cotton, but the contemporary assortment of

native defoliant, consisting of magnesium chlorate, calcium chlorate-chloride and butyl-Captax, does not secure the essential preparation of plantations for machine harvesting of cotton. The aforementioned preparations do not result in the complete falling away of leaves and only burn them, as a result of which raw cotton becomes very dirty.

In improving plant protection systems the development of the biological method of combatting harmful organisms is important. Measures are being taken to expand the network of biological laboratories, to strengthen their material-technical base and to expand scientific research in this direction. To supplement the Biotekhnika VNITs [All-union scientific research center], laboratories for the normative facilitation of biological methods of TsINAO [Central Institute of Agrochemical Services to Agriculture] and the department of introductions of VNIKR [All-union scientific research institute for [further expansion unknown]], which were created in 1987, 1988 saw the creation of problem scientific-research laboratories in the Leningrad and Tashkent SKhI [Agricultural institutes], the branch scientific center on the biological method in Odessa, and the republic laboratory of biological methods in the Ukraine and Turkmenia. A new support point of VNIIBMZR [All-union scientific research institute for the biological method of plant protection] was opened in Frunze; sections for the installation and servicing of biotechnology were opened in Baku and Ashkhabad. The organization of republic biological laboratories is being completed in Uzbekistan and Azerbaijan.

The area on which the biological method was used last year increased by 3.2 million hectares in comparison with 1987 and reached 24 million hectares. Moreover, on an area of 10 million hectares chemical treatment has been cancelled—entomophages are being used there. The area protected by means of the biological method has increased in the Russian Federation, in the Ukraine, in Uzbekistan, Kazakhstan, Turkmenia and Moldavia. As before, the basic agents are the entomophages that are reproduced in biological laboratories—Trichogramma, brakon, aphis lion, phytomiza, kriptolemus and others. They make up more than 70 percent of volume of biological agents used. Trichogramma is used to protect 10 crops on 16.8 million hectares, brakon—on 1.8 million hectares, the aphis lion—on 400,000 hectares, and phytomiza—on 165,000 hectares.

About 30 percent of the area protected by biological agents is treated with biological preparations. Basically this includes bacterodencide, which is used to combat rodents on 5.3 million hectares. Ninety two percent of what biological laboratories produce is biological agents and only 8 percent of the work is carried out with the aid of industrial biological preparations of lepidocide, bitoxibacillin, dendrobacillin and gomelin. Unfortunately, their production remains at previous levels; meanwhile in enterprises located in resort and water protection zones as well as in the private sector the need for these preparations is increasing.

The proportion of biological agents in the total effort to combat pests and diseases comprised 21 percent in 1988. As before, this level is exceeded only in four republics—Uzbekistan and Turkmenia (68 percent each), the Kirghiz SSR (29 percent), and the Ukraine (23 percent). It is somewhat lower in Moldavia (18 percent), the RSFSR (17 percent) and the Tajik SSR (13 percent). In the rest of the republics it is less than 10 percent and in Latvia, Lithuania and Estonia—less than 1 percent. According to the assessment of scientific institutions, with the present assortment of biological agents, the extent of use of biological methods can reach a total of 40-50 percent throughout the country, and in cotton republics and the Transcaucasus—70-80 percent. In order to achieve these indicators we must expand the use of practically all biological agents and first and foremost brakon, metaseilyus, aphidophages and biological preparations.

It is especially important to introduce biological protection in the hothouse-hotbed enterprise. Right now work in this direction is being carried out by almost all republics with the exception of Azerbaijan and Turkmenia. The use of biological agents in protected ground reached 142.8 million square meters in 1988. In comparison with 1987 work volume doubled in Belorussia, Uzbekistan, Lithuania, Latvia and Estonia. It increased by a factor of 1.5 in Kazakhstan and Moldavia, and threefold in Georgia. Biological agents are being used more extensively to combat the web mite, the whitefly, thrips, root rot and powdery mildew. In general the use of biological agents to suppress aphids has doubled, the output of the aphis lion has increased several times over and that of gallitsa—by a factor of 1.7. Many combines in Belorussia, Estonia, Moldavia, Latvia and some oblasts of the RSFSR and of the Ukraine are making a transition to the comprehensive biological protection of plants. Some of them have been able to preserve the harvest practically without the use of pesticides during the plant's vegetative period.

In recent years systems of integrated protection have been more extensively utilizing pheromones, which either independently or in conjunction with other means enable us to regulate the number of harmful insect species on an economically-impalpable level. Their advantage over traditional insecticide preparations include a high level of activeness with use of small quantities, a pronounced species-specificity which enables us to carry out directed protection without negatively affecting other elements of biocenosis, and a relative harmlessness for man and warm-blooded animals. In the practice of protecting plants pheromone preparations are used primarily to locate pests, to determine their number and to establish the time and expediency of pesticides treatments or the use of entomophages. Traps with pheromones have been tested and recommended for use and are being supplied in the republic for eight species of pests (apple, plum and eastern moths, steppe and planting click beetles, grape-like and biennial leaf roller and the boll worm). Undergoing testing and receiving approval under production

conditions are pheromones for the pea moth, the cabbage, heart and winter grain moths and a number of species of leaf roller in the fruit orchard as well as seven species of quarantine pests (potato ermine moth, Comstock scale, San Jose scale, kaprovoy beetle, peach moth, cotton ermine moth and Asian boll worm). In the country as a whole methods are being developed for the synthesis and practical use of pheromones for over 40 pest species.

While noting positive aspects of the development of systems of integrated protection we must mention the considerable shortcomings in work organization. Efficient and qualitative controls have not been organized over the phytosanitary condition of crops and over rules for using pesticides, biological preparations and other means of plant protection. The result is untimely and poor quality treatment, an unfounded increase in the number of treatments, overexpenditure of preparations and thus a growth in expenditures and environmental pollution. Plant protection stations use the rights of state inspectors poorly in bringing order and in controlling the timely and unconditional fulfillment of the technology of protective operations. There is an urgent shortage of chemical and biological plant protective agents for agriculture in the necessary assortment; the need for insecticides is satisfied by the home industry by 70 percent, and the need for herbicides—by 50 percent. Only four types of preparations are produced.

In order to decrease the negative effect of pesticides on the environment we must concern ourselves with not only decreasing the expenditure of preparations but also with the strict fulfillment of the technology for using them. At the present time about 50 percent of treatment is carried out with a rating of "unsatisfactory," especially as concerns crop dusting from airplanes. Test unit regulation of crop dusting is not implemented everywhere by far.

A serious hindrance, as before, is the shortage of apparatuses and equipment for the application of pesticides. The production of granulated and microgranulated preparations has not been assimilated, nor has that of preparations for small-volume and ultra small-volume spraying. There is a shortage of modern broad sprayers and of spare parts for them, as well as of units for the preparation of working mixtures. Provision with sprayers comprises 33 percent, with disinfectants—70 percent and with units for preparing active solutions—50 percent.

Extensive tasks face scientific-research institutions. It is essential to develop:

—a single system for predicting, diagnosing and signaling the appearance of pests and diseases of agricultural crops and weeds in order to have a foundation for the assortment of pesticides, for determining the efficient volume and schedule for carrying out protective measures;

—progressive regional technologies for the efficient use of pesticides and biological agents, securing minimum environmental pollution;

—a national system of controls of pesticide residue on the basis of developing data bases using computers.

#### VASKhNIL Secretary on Organic Farming

904B0065B Moscow SELSKAYA ZHIZN in Russian  
21 Nov 89 p 1

[Interview with A.S. Shapkin, deputy senior scientific secretary of VASKhNIL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin] and candidate of agricultural sciences conducted by Yu. Yudin: "Food Without Dirty Tricks"]

[Text] The VASKhNIL Presidium decided to create the Association of Supporters of a Movement to Produce Ecologically Clean Agricultural Products as well as to organize research on so-called "organic farming."

Our reporter is talking to A. S. Shapkin, deputy senior scientific secretary of VASKhNIL and candidate of agricultural sciences.

[Yudin] Aleksandr Sergeevich, can we congratulate you with good news?

[Shapkin] It is news only to us. Within the international agricultural world the International Federation Movement for Organic Farming, which unites over 100 collective members from 50 countries and which has a total membership of about 100,000 persons, is already operating.

[Yudin] What does the term "organic" or "alternative" farming mean?

[Shapkin] These are agricultural systems which avoid or exclude to a significant degree the use of synthetic fertilizers, pesticides, growth stimulants and feed supplements. Instead they make extensive use of biological methods for increasing the fertility of the soil, and to combat weeds and crop pests.

[Yudin] Will we be using foreign experience or do we already have our own?

[Shapkin] Both foreign and our own. The fact is that representatives of the International Federation recently visited VASKhNIL, and already today we should think about joining as a collective member. As for domestic experience in organic farming, it is still small. Within the country we have some uncoordinated research on basic directions of this profile. Some agricultural enterprises are attempting to organize, with initiative, the production of ecologically clean products. A number of enterprises of the processing industry are producing dietetic food products from them, primarily for children. For this reason the decision of the academy's presidium bureau on expanding research in this area is considered to be very important. Scientists N. Z. Milashchenko, A. N. Kashtanov, I. P. Makarov, I. P. Ksenevich and a number

of others have been given the assignment to prepare proposals on this question and to foresee in them an independent draft for a scientific-technical program.

[Yudin] But ecologically clean products will probably cost much more than those that are produced on the border of the outer limits of tolerated levels of harmful substances?

[Shapkin] Of course. However, the development of research in this area will undoubtedly be directed at decreasing cost. Moreover, initially the association has established a goal of providing clean products for children and adults suffering from various problems. In this plan we can count on financing or subsidies from the national Charity and Health Fund, the Children's Fund and other similar public organizations as well as on incentives for producers of such products from state enterprises, institutions and organizations. After all ecologically clean fruit, vegetables, milk and berries can be ordered by any organizations for their departmental children's facilities, boarding schools and other sanatoriums.

On the other hand, together with city authorities it would not be a bad thing, following the example of a number of

developed foreign countries, to plan to open networks of specialized stores for trading in such products. Perhaps the opportunity will arise to order such products through pharmacies for those who need them very much.

[Yudin] Who can become a member of the association?

[Shapkin] Any kolkhoz, sovkhos, or agricultural cooperative and processing trade enterprises. But also individual collectives of leasees for which it will be more advantageous to produce such products, and various social and especially ecological organizations can become members. Now organizational questions related to the formation of the association are being dealt with and these specific matters must be discussed.

[Yudin] The question that many people probably have on the tips of their tongues is: Is it appropriate to found a movement for the production of ecologically clean produce when our markets are not rich even in the contaminated kind?

[Shapkin] We must begin anyway. We must make our contribution to protect the environment and the health of our people.

## POLICY, ORGANIZATION

### Militia Colonel on Crime in Cooperative Sector, Trade

90UN0465A Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 23 Nov 89 p 4

[Interview with Militia COL A. Filatov by correspondent A. Baranovskiy: "The Cooperative System, Speculation, and the Racket"]

[Text] Wherever you look nowadays, there is a reduction in forces. But the USSR MVD is becoming enlarged. Newer and newer departments and administrations are appearing in the ministry: the preventive service, the fight against organized crime, and the legal support of the activities of the internal-affairs agencies. Recently, under the main administration of BKhSS [Combating the Embezzlement of Socialist Property and Speculation] a new department was created: the Department for Organizing the Fight Against Crime in the Cooperative Sector of the Economy and in the Sphere of Foreign-Economic Activity. Our correspondent met with its chief, Militia Colonel A. Filatov.

[Correspondent] Anatoliy Georgiyevich, I am probably correct in stating that for a long time we have not had such heated discussions as those that deal with the cooperative system. People are arguing about it everywhere—on the streets, in the Supreme Soviet, on the pages of newspapers and magazines. The opinions differ: from triumphant "in favor of" to categorical "against." What is your personal attitude toward this movement?

[A. Filatov] I feel two ways about it. On the one hand, I realize that this is a necessary thing that has to be done. On the other... I cannot reconcile myself with the fact that certain cooperative members are shamelessly swindling the nation. The cost of their commodities and services can simply blow your mind! And those stupendous earnings! I am convinced that, in exchange for identical labor results—and I am speaking specifically of the results, rather than monkey's work—there should be identical payment in the cooperative system and in the state sector. But today a miner or a steel worker receives much less than any shashlik vendor. Are we really supposed to consider that to be just? Of course, people can object to what I am saying by claiming that there are objective reasons for all of this. I agree. It is for that reason that, in our work, we are not guided by emotions: however high the prices are, whatever terms are proposed when concluding deals, if there is nothing criminal in the actions taken by the cooperative members, that is no concern of ours.

[Correspondent] I would like to believe that objectivity. But many people are getting the impression that there has been a deliberate wish to discredit the cooperative system as a movement.

[A. Filatov] Recently we were asked that question by People's Deputy Academician Tikhonov. We carried out

a comparative analysis—we computed how many thefts there are per 10,000 persons working in trade and in the cooperative sector. It turns out that the amount stolen from state granaries is actually three times greater—12 instances as compared with 4. But as soon as it came around to thefts in especially large amounts, the cooperative members immediately dashed ahead—with regard to this indicator, they have surpassed their competitors by almost four times. There is another statistic that is interesting: the total amount of losses per million rubles of proceeds in the cooperative system constituted 450 rubles, and in state trade 62. And one last thing—the number of bribes. The number of bribes per 100,000 cooperative members is 3.9, but 2.1 for the same number of shop workers. And this is so when the number of persons employed in state trade is almost twice as large.

Once again: during the entire past year, in the cooperative sphere, 1500 crimes were committed, but during only the first nine months of the current year, there have already been 5700.

[Correspondent] You mentioned bribes. But the cooperative members are simply forced to offer them. People demand money of them for everything—for registration, for accommodations, for being supplied with materials and products. In an open letter to OGONEK, A. Fedorov, chairman of the board of the Moscow Union of Cooperatives, made no attempt to conceal the amount of money that had been used to bribe state and nonstate individuals—31 million rubles.

[A. Filatov] We had a meeting with him. We told him: if you have specific facts, please cite them. But we did not get any reply. It is a strange picture that develops: the cooperative members complain about excessive fees, but they themselves remain silent about instances of extortion. How, then, are we supposed to fight bribery?

And where did that 31 million rubles come from? I think that this is how they got that figure. They computed the income and expenditure, and they couldn't make both ends meet. Where had that money gone? Obviously, it had been used to pay bribes. But those millions also include money that was appropriated by the dishonest cooperative members themselves. For Moscow alone, during the first nine months of this year, thefts with a total amount of 1.8 million rubles were discovered.

[Correspondent] A bribe is offered on a one-to-one basis, and it is difficult to discover such a bribe. But certainly one can also understand the cooperative members who are in no hurry to give depositions against the extortioners. The authorities are far away, but those on whom your fate depends are right here, next to you.

[A. Filatov] We are ready to examine any statement. And, irrespective of the position that the bribe-taker occupies, steps will be taken. Obviously, it does no good to take to the militia rayon station a complaint about the chairman of the rayon ispolkom. But a person could go

to the oblast level. In addition, giving oneself up completely frees the statement maker of any criminal responsibility.

But there are also other reasons why the cooperative members are in no hurry to come to us. In exchange for the bribes, they receive output that they subsequently resell at a stupendous markup. For example, the deputy chairman of the Tikhvin City Ispolkom was arrested recently. In exchange for a goodly recompense, he had supplied the cooperative members with sugar. In Tula Oblast, the deputy general director of one of the production associations was caught red-handed—he had been supplying detergents to cooperative members. They, in turn, had been repackaging it and selling it at increased prices.

In general, I must say that bribes have begun reaching tremendous size. They are already computed in the hundreds of thousands of rubles.

[Correspondent] Am I correct in thinking that the people who are causing you a lot of trouble are the “nonstate” extortioners—the racketeers?

[A. Filatov] For some reason, many people think that they are the ones who are basically feeding like parasites on the cooperative system. But here is a statistic. During the first six months of this year, 2427 instances of extortion were recorded. Among those who were victims of extortion, cooperatives constitute only 11 percent; and individuals, 5 percent. Incidentally, I have to dispel yet another myth—the laundering of money in the cooperative system. In all this time I have never encountered any instances of this.

[Correspondent] Anatoliy Georgiyevich, with the appearance of the cooperative sector in the economy, hasn't there also been some kind of change in the nature of the crimes committed? Because, no matter what you say, our people are ingenious. Every now and then you hear about schemes that Ostap Bender could be envious of.

[A. Filatov] In principle there is nothing new—everything is as old as the world. But there is something else that is surprising—the scope with which the swindlers act. In our department we have even created a data bank about the largest and most typical crimes. We input into it all the information that comes in from the outlying areas. For example, we recently received a report from Tula, and then from Kalinin, that cooperative members were buying up in banks the certificates and bonds for the 1982 3-percent state-loan lottery. Why? We began investigating. It turned out they were transferring large sums by non-cash transactions to savings banks, using that money to purchase securities, and then, in any other cash office, selling them and getting “live” money in their hands! That is, they had bypassed the RSFSR Council of Ministers decree that prohibits the issuance of cash to cooperative members other than for wages or the purchase of agricultural output. In Tula alone they intended to purchase bonds with a total value

of almost 10 million rubles. But the total value sold in the city was 2 million a year. Obviously, we reported these operations to Gosbank, and they were discontinued.

[Correspondent] Wouldn't it have been easier to authorize the free use of the funds that were being held in the cooperative members' accounts?

[A. Filatov] Everything is not that simple. As of 1 April 1989 the cooperative members had been issued 3 billion rubles in cash. Only 400 million rubles were returned to the cash offices of savings banks. For example, in RSFSR the cooperative members returned to the banks one-tenth of the money that had been taken from there, and in Lithuania, one twenty-first. Approximately 29 million rubles of a loan for banks were lost irretrievably. There are also objective reasons here—the earthquakes in Armenia and Tajikistan. But increasingly frequently we encounter instances of deliberate fraudulent bankruptcy. For example, people have come together, registered a cooperative, received a loan, and contrived to transfer it to cash, and then split up. All of it disappears! No one gets anything. And there is just one answer: “The cooperative took it. Why am I supposed to take it on the chin?” But we are talking about millions of rubles. We propose introducing responsibility for fraudulent bankruptcy. At one time there used to be a debtor's prison. So it is necessary to take steps immediately, or things will reach the point of absurdity. Here is an example. An enterprising wheeler and dealer, who had previously been sentenced for swindling, while serving out his so-called sentence in a special komendatura in Arkhangelsk Oblast, organized the fictitious Byt [Personal Services] Cooperative. One of the local residents was registered as its chairman. They bought up agricultural produce with a total value of 280,000 rubles, sold it, and then declared that they were both bankrupt. After, of course, appropriating all the proceeds.

[Correspondent] I cannot get rid of the thought that the state itself encourages the cooperative members to take the criminal path. Temptations and seductions are all around—all you have to do is reach out your hand, and you've got money in your pocket. If, from the very beginning, all the questions about the cooperative system had been thought out properly, there probably would not have been any need for your department, and the Supreme Soviet could have devoted more time to other matters...

[A. Filatov] Please excuse the comparison, but an efficient manager first makes a corral, and then releases the sheep into it. But we have done it just the opposite way. And so now we have begun building chaotic fences, as though trying to prevent the wheelers and dealers from getting around the law. But they keep on finding holes in the fences.

Definitely, before giving the "green light" to the cooperative system, we should have studied the foreign experience properly, should have created a powerful monitoring mechanism, and reinforced the tax service.

[Correspondent] Incidentally, concerning the financial auditing system. About two years ago I attempted to find out from its representatives how they were building their relationships with the cooperative members. Other than learning that they accept the income declarations on faith, I did not succeed in learning anything. Whatever question I asked, the financial auditors dumped everything on you, on the BKhSS.

[A. Filatov] The situation is changing. Recently we received, for refinement purposes, the USSR Law Governing the Single Tax Service. The tens of thousands of persons engaging in this work will receive high salaries. In any case they will receive not 120-130 rubles each, as they do today, but a minimum of 300-400 each. In my opinion, this service should possess the rights of inquest agencies—that is, they should be able to carry out investigations, and to transfer materials to the law-enforcement agencies. For example, in all the civilized countries, the tax police has been given operational-investigative functions. Why, then, shouldn't we follow the foreign experience? This service also will engage in the collection and the verification of the income declarations.

[Correspondent] But what is your attitude toward the thesis that it is shameful to count the money in someone else's pocket?

[A. Filatov] It is one thing if an outsider is counting that money, but another thing if the state is counting it. Moreover, it is not the money that the state should count, but the income. Nevertheless the chief proceeds paid into the treasury come from taxes levied on citizens, enterprises, and cooperatives. So, things should not be allowed to move along under their own steam. The tax policy itself must be flexible, with a system of benefits. For example, if you manufacture wheelchairs, or if you produce materials that are scarce, you get a rebate. But if you engage in some middleman activity that probably also cannot be banned, don't complain about an increased tax.

[Correspondent] But today trading and purchasing activity has been banned. And if the cooperative members engage in it again tomorrow, what sanctions will be applied to them?

[A. Filatov] I recommend viewing this as speculation and holding them criminally responsible. But the people in Ministry of Justice object. They say that it is necessary to close the cooperative. But those cooperatives have been closed, the wheelers and dealers have split up, but,

once again, a single deal could bring millions to them. So, what have we done—punished them or encouraged them? It is necessary to observe the law precisely without any shilly-shallying. So it turns out that the chairman of the Yabloko [Apple] Cooperative in Moscow has purchased in the stores 3 tons of sausage. Then he has sold it at twice the price at railroad stations in the capital. But so far no suit has been lodged against him. Instead, they are arguing as to whether or not this is speculation.

As you can see, we have more than enough awkward resolutions, difficulties, and instances of obscurity in our work—our heads are spinning. And newer and newer worries are being dumped on us. For example, gambling business.

[Correspondent] I didn't mishear you, did I?

[A. Filatov] No. And we are talking not about underground roulette-game organizers or shell-game operators, or about card sharks, but about big-time official business which, in all probability, our department will have to monitor. The first casino has already been opened in Moscow—in the Savoy Hotel. True, it is only for foreigners. It is also planned to make wide use of gambling slot machines, which we used to call "one-armed bandits." If they are installed in an area measuring 30 square meters, in the course of a year it is possible to get an income of \$60,000-80,000. By way of an experiment, in 1988 Goskominturist [State Committee for Foreign Tourism] installed 226 such slot machines in ten hotels. And this is the result—as of today, approximately 3 million rubles of profit has been received. Once again, foreign firms have shown an interest in this—they propose installing and servicing the slot machines free of charge. Obviously, for a share of the proceeds. According to estimates given by the Goskominturist chairman, this can provide the treasury with 4 to 5 million rubles worth of foreign currency and 5 to 6 billion of our own.

Whichever side you look at this from, it is a profitable enterprise. But a large number of questions arise: how does one tax the income from gambling business? Won't organized crime get entangled in that business? I think that in any case this situation should be monopolized by the state.

So we have a lot of things ahead of us—we will barely have time enough to turn around.

But there is something that I would particularly like to emphasize. We are not against the cooperative system, or joint enterprises. The people who have gone into them are, for the most part, honest and energetic people, but, unfortunately, there are also enough "bad apples" that are discrediting the new movement. Getting rid of them, I think, would be in our common interests.

## FOOD PROCESSING, DISTRIBUTION

### Long Lines, Absent Employees Plague Retail Trade

904D0014A Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 44, Oct 89 p 19

[Article by V. Golovachev: "The Price' of the Line, or the Results of an Investigation of 9,000 Stores"]

[Text] Most of population can see on a daily basis the fact that in our country trade is "limping on both legs." The progressive disappearance of many items from store shelves is no longer anything new to us. But I think that the quality of trade services is deteriorating at an even more rapid rate. Here is what a recent summary of a 1988 investigation by USSR Goskomstat [State Statistical Commission] of 9,000 stores showed. Let us note that a similar survey was conducted in 1983.

On the day of the survey 10 percent of the salespeople in food stores were absent from work, as compared to 4.6 percent in 1983. Whereas in 1983 storage areas were found to contain goods received "for their own people" in every 30th store, 5 years later it was every 10th store. The following figures are also unsatisfactory: in half of the food stores and in one of five non-food stores in 1988 public controllers discovered violations of trade regulations.

The operating schedule of trade enterprises is the "ceaseless pain" of all consumers. It practically coincides with the beginning and end of the work day of workers. To be more specific, today 90 percent of non-food stores and one-third of food stores within the state trade network open after 9 a.m., and 75 and 41 percent of them respectively close by 8 p.m.

Stores that sell lumber and building materials are included in "record shifts" here. Almost all of them (97 percent) work according to a one-shift regimen. Moreover, half of them work only until 6.30 p.m. and until 8 p.m. only every seventh day.

The reception of glass containers has been very poorly organized. It is rare that a person has not suffered on line with bags full of bottles. Moreover, the march to the cherished reception point begins with finding out whether it is open, whether the receiver is there and whether there are containers available. I will note that no one pays serious attention to the table with the work hours of this trade "representative" any longer—no one trusts the schedule.

In addition, the number of people who want to submit glass containers is increasing, industry is in dire need of the containers, but the number of state trade reception points is decreasing. In 1986 there were 19,400 of them and in January 1989—only 16,300.

Surprisingly, instead of ministry of trade points for the reception of glass containers their cooperative colleagues are sprouting up like mushrooms. Moreover, often your

bottle worth 20 kopecks is "officially" assessed at 10 kopecks here. Yet the trade "fathers" promised us in 1986-1988 to increase the "capacities" of reception points for glass containers and to provide quality and uninterrupted services to the population.

I would like to know who is responsible for this curtailment, especially in Uzbekistan. After all, the areas that are available there for the reception, sorting and storage of glassware satisfies the needs of the population by only 3 (!) percent. The situation involving the delivery of glass containers is just slightly better in Azerbaijan, Georgia, the Turkmen SSR and Tajikistan.

In this situation the positions of many trade directors, including those of the highest rank, seems very strange. Appearing in the press and in other means of mass information they blame all trade problems on industry and on suppliers of equipment and goods. They say that the lines are their fault. It seems that this is the way trade is trying to get out of the firing range.

The feeling of humbling ourselves before the "priests" of trade is something all of us inherit. Entire generations of Soviet citizens have grown up who began their lives waiting in lines in their baby carriages. We are so used to lines that sometimes we do not pay any attention to their cause. Yet the causes are really quite interesting. Here, for example, is what the new statistics show.

In self-service stores consumers spend most of their time (65 percent in food stores and 50 percent in non-food stores) waiting to get into the store (or department or section) and in lines for the controller-cashier. Moreover, as a rule this is due not to the shortage of cash registers but to the shortage of cashiers.

Thus, in the self-service food stores surveyed during the first and last hours of work on the day of the survey not many more than 60 percent of the cash registers were in operation. During the hours of the greatest influx of consumers (from 5 to 7 p.m.) one out of five cash registers was not in operation.

Also telling is the result of a survey of 730,000 consumers by USSR Goskomstat. One-third of them rated the level of trade services as unsatisfactory. What were the main reasons for complaints? I think that the table will explain everything.

Many store workers will not like these statistics. Nevertheless, this "bitter pill" will have to be swallowed. Until now some trade directors basically just complained about everyone and everything and fed us promises. However, somehow we are not experiencing a palpable improvement in services to the population.

What does USSR Mintorg think about this? I would like to have an answer without complaints about the suppliers of goods and equipment, transportation workers and builders. You will agree that it is possible to be rude and to violate labor discipline when the stores are full too.

Reasons for Complaints	Food Stores		Non-Food Stores	
	In percent of total number of consumers dissatisfied with the work of stores	Reference: according to research data for 1983	In percent of total number of consumers dissatisfied with work of stores	Reference: according to research data for 1983
Standing in line for a long time to reach controllers-cashiers (salespeople)	76	37	24	17
Rudeness of store employees	15	9	9	5
Inattentive attitude of store personnel toward consumers	20	8	23	10
Incompetency of salespeople in areas of quality and features of goods	6	3	10	3
Absence of working salespeople (cashiers) at the work place	14	8	10	3
Cases of sales of goods in increased demand with obligations	8	5	8	3

## PERSONAL INCOME, SAVINGS

### New Column Focuses on Social Concerns

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[Editorial Report] Moscow RABOCHAYA TRIBUNA in Russian on 5 January 1990 carries on pages 1,3 an announcement of a new column entitled "From Paycheck to Paycheck." The introduction states that it will focus on the day-to-day material concerns of families, including "inequality in both wages and per capita living space." The column will determine which social problems are most critical and seek solutions for them. The first column focuses on food, clothing, and vacation expenditures of an engineer's family living in Frunze, KiSSR.

### Personal Savings of Urban, Rural Residents Compared

904D0031A Moscow SELSKAYA ZHIZN in Russian  
26 Nov 89 p 4

[Article by V.I. Solovov: "How Much Money People Have"]

[Text] "Even managers of rural enterprises often say that the countryside is overflowing with money. Is it true? What does this problem mean and how much money do rural residents have?"

Signed: A. Rezvyakov, Kostroma Oblast

V.I. Solovov, Candidate in Economic Sciences, deputy chairman of the board of the USSR Savings Bank, answered this question.

Indeed, radio, television and the press often give contradictory estimates of monetary holdings not only on the countryside but in the country as a whole. What is the cause of it? The problem is that for a long time, probably since 1940, data on the quantity of money in circulation was not published. Information about money incomes and expenditures of the population and consumer savings was also limited. This gave rise to various conjectures as to the true financial condition of our people. For instance, we have often heard of hundreds of billions of rubles hidden under mattresses, about millionaire depositors, etc. Data on the size of consumer deposits in savings banks has been published, but without proper commentaries, and some categories of banking statistics on deposits, such as the breakdown by deposit size, have not been provided to the media. Currently, there is almost no limit on publishing any data on consumer deposits. Data on the sum total of cash in circulation is available: it amounts to some R100 billion. This is considerably lower than sums usually mentioned by some economists.

Many are scared by the size of consumer deposits, especially keeping in mind that in some years their percentage increases were measured in double digits. But these growth rates should not be viewed in isolation from changes in consumer money incomes and in the structure of expenditures. Currently consumers save—i.e., do not spend on goods and services, taxes, fees, contributions, etc.—some 8 percent of their incomes, whereas in the 1950s the savings rate was below 1 percent. But even 8 percent is really very little, given our lifestyles and the current economic and social policy.

How have consumer finances grown during the postwar era? The answer to this question can be seen in the following table:

Start of Year	Net Consumer Deposits (mil. rubles)			Average Deposit Size (rubles)		
	City	Countryside	Total	City	Countryside	Total
1951	1,647	206	1,853	151	52	124
1961	8,728	2,182	10,910	228	157	209
1971	34,053	12,547	46,600	578	591	581
1981	114,366	42,148	156,514	1,073	1,189	1,102
1989	223,949	72,748	296,697	1,485	1,609	1,514

Both the sum total and the average size of deposits at the USSR Savings Bank have increased considerably. But the sum total of consumer deposits cannot be called excessive, since it is much lower than the annual volume of retail sales. Of course, if all of a sudden we could provide plenty of goods for store shelves and various services, the deposits would slim down at some point by a sum equal to the so-called funded unsatisfied demand, which, according to various assessments, runs up to one half of net savings. The fact that such demand exists is one of the crisis issues in our economy. It may be cured only by increasing the production of consumer goods and services. This is the goal of perestroika in economics and politics.

In 1987, the USSR State Committee for Statistics carried out a special study of households in various social groups, trying to find out who has deposits and for what purpose. It turned out that 87.3 percent of families of workers and office employees, 88.4 percent of collective farm families, 77.7 percent of retired workers and office employees and 82.1 percent of retired kolkhoz farmers have savings accounts. Interestingly, the share of families with savings accounts is higher the higher the per capita income of household members. Thus, 97 percent of collective farmers with per capita incomes of R200 a month had savings accounts.

The following is the breakdown by purpose of savings on deposit in the USSR.

	Percentage of Households with Savings for:				
	Big-Ticket Items: Flats, Cars, Furni- ture	Helping Kids	Retirement	Unforeseen Expenditures (Rainy Day, Etc.)	No Purpose
Workers, Office Employees	28.9	41.4	20.0	55.4	9.1
Collective Farmers	24.5	48.2	27.9	51.2	67

The data in the table shows that savings accounts allow our depositors to better manage their finances and to ensure the safety of their assets. I could never understand those who doubt the legitimacy of savings on deposit without any proof and deduce from their size the need for monetary reform. It is naive to suppose that various businessmen in the shadow economy and criminals with unearned income mainly hold their money at the savings bank and that monetary reform could restore social justice.

### Analysis of Savings Deposits Shows No 'Inequities'

904D0023A Moscow IZVESTIYA in Russian 25 Oct 89 Morning Edition p 1

[Article by Yu. Rytov: "The Amount of Money in Someone Else's Pocket: Statistics and Our Commentaries"]

[Text] According to data of the USSR State Committee for Statistics, the population's deposits to Savings Bank institutions totaled 314.4 billion rubles as of 1 July 1989. The average deposit is 1,552 rubles.

Do we have millionaires? The going opinion is yes. It is with unusual ease that the notion has rooted itself in some minds that money can be made today "out of thin air." That a class of new "masters of life"—legal millionaires—is evolving in our country, with "uncivilized" cooperative workers naturally heading the list. That these cooperative workers are to blame for all of our woes and difficulties—both the state budget deficit (they avoid paying taxes) and the stressfulness of the consumer market (they don't produce anything, they just act as middlemen). And so it is that the streets and squares ring out with appeals such as: "Shut down the cooperatives!", "Confiscate unearned income!"

In a Moscow trade union rally organized on 3 October in Luzhniki, for example, one of the orators cited a number of figures, obtained from who knows where, to the accompaniment of murmurs of approval in the audience. What he said specifically was this. Seven out of eight of our citizens do not have any deposits at all. Three percent of the depositors control 80 percent of the savings. There are 100,000 millionaires in the country with 500 billion rubles at their disposal.

The situation deserves thorough analysis. And in particular, it deserves assessment of precisely what sources make up the sum total of the population's monetary savings, and precisely what social groups have the "controlling interest" in the deposits.

But first of all we should answer the following question: Who are these people, "our" millionaires? Unfortunately, we have frequent opportunities to see suitcases packed with bills and mountains of gold articles confiscated from the secret hiding places of underground dealers on our television screens. There is nothing surprising about this: yes, a shadow economy does exist, and it is bearing its fruits. However, there is no way that we can count the number of dealers in the shadow economy, including the underground millionaires. To do so, we would have to expose them. And if they were exposed, they would simply cease to exist, and their millions would be returned to the state.

And a second question: Are there persons among cooperative workers who have inherited the rules of the game followed by the shadow economy? Yes, there are. And we need to deal with them precisely in the same way as we do with underground dealers—in strict accordance with the law.

And now let's return to the monetary savings of the population. Let's note right away that deposits exceeding

200,000 rubles have not been recorded in any Savings Bank institutions. The total quantity of large deposits of over 25,000 each is estimated at 54,000. They represent only 0.6 percent of the entire sum of the population's bank savings. Thus we do not have any legal millionaires.

There is one other indisputable fact. Statistical surveys showed that savings account passbooks are presently possessed by not less than 70 percent of all families. Or by approximately half of our citizens. The number of all deposits of the population in the Savings Bank is 196 million.

How are the deposits distributed among social population groups? The sum total of savings as of the end of last year was 296.7 billion rubles. The average deposit was 1,514 rubles.

And so, 83.6 million deposits belong to blue collar workers and their families. The total of these deposits is 125.6 billion rubles. Their average is 1,503 rubles. White collar workers and their families control 54 million deposits. Their total is 81.8 billion rubles. The average deposit is 1,515 rubles. For kolkhoz farmers and their families, the figures are 20 million, 35.2 billion, and 1,758 rubles respectively. The figures for retired individuals, students and others are, correspondingly, 38.5 million, 54.2 billion, and 1,408 rubles.

As we can see, the proportions are rather clear, and the contribution (in the literal meaning of the word) of each social group to the Savings Bank is directly dependent on its size. Then where did the conjectures stated at the rally concerning unjust distribution of accumulations come from? And how are they now to be refuted? The rally was attended by thousands of people, after all, who took what was said as the gospel truth.

The irresponsible postulate that monetary savings are concentrated in the hands of a narrow circle of people encourages some officials to make other "ultraradical" statements as well. It is being suggested in particular that a monetary reform must be carried out immediately, in which only a certain sum of rubles would be exchanged at face value for each citizen. It is easy to understand the sort of economic and moral damage done to the society by such extremist appeals, which complicate the already extremely difficult situation in the consumer market, and undermine the people's faith in the stability of our monetary system.

Another opinion that is being propagandized intensively is this: the total volume of monetary deposits is supposedly excessive. Is this so? Not at all. First of all, we need to consider that a sizable part of them represent so-called deferred demand, created by the meagerness of the consumer market. Next there are bank savings—a natural means of accumulating assets: in a short cycle—to acquire expensive goods (furniture, refrigerators, television sets), and in a long cycle—to be used in capital investments (cars, houses, summer homes, and to maintain a certain level of consumption after retiring). Finally, deposits are also used in current financial operations: a sum of around 133 million rubles each year (this also includes wages and pensions paid through Savings Bank institutions).

This is why specialists are certain that the overall level of savings in deposits, which does not exceed the annual disbursement of money by the population, is not in any way excessive. It should be recalled that the retail commodity turnover volume of state and cooperative trade was 366.2 billion rubles last year, and 192.2 billion in the first half of the present year.

Counting the money in someone else's pocket is an uncomfortable thing to do. But it has to be done. Because only objective calculations can lead to justified conclusions.

## ELECTRIC POWER GENERATION

### Scientist Points Out Advantages of Breeder Reactors

904E0042A Moscow PRAVDA in Russian 3 Jan 90 p 4

[Article by USSR Nuclear Society board member Doctor of Physio-Mathematical Sciences N. Rabotnov under the rubric "Scientists on Nuclear Power": "Those 'Fast Neutrons'"]

[Text] *USSR Academy of Sciences Corresponding Member V. Troitskiy, in the long article "Will There Be a Catastrophe on the Planet?" (PRAVDA, 15 Sep 89), justly sounds the alarm on the score of the inevitability of the depletion of mankind's fuel resources and calls for a unification of efforts to create renewable and ecologically neutral power sources. One can only share this alarm and join in with these efforts. But the author, on one point key to the issue under consideration, expresses an opinion that strongly undermines the convincingness of his concepts. The discussion concerns the prospects of fast-neutron reactors. V. Troitskiy feels it possible to dismiss them in a single brief paragraph founded on incorrect assertions.*

On the reliability of reactor control... The regulation of nuclear processes in fast-neutron reactors is simpler than for thermal ones thanks to the use of comparatively compact active zones with more homogeneous neutron fields. All operators who have worked with reactors of various types say with one voice that the fast ones operate in much more stable fashion than large thermal installations and that they are simpler and more reliable to control.

*"Plutonium is used in nuclear weapons. The dissemination of AESs [nuclear power plants] using fast neutrons will create grounds for nuclear terrorism and blackmail and, possibly, the spread of nuclear weapons," writes V. Troitskiy.*

Plutonium really is used in nuclear weapons. But all the plutonium used in the tens of thousands of nuclear warheads filling the nuclear arsenals of the powers was made in conventional thermal reactors. It is formed inevitably in them with an efficiency just half that of the fast ones. The fast ones, however, use plutonium as a fuel and burn it, while today's reactors only accumulate it.

*"All of these specific dangerous features, along with a number of others, impelled the United States to reject the utilization of fast reactors and halt appropriations for the development and construction of the first American AES using a fast-neutron reactor as early as 1977."*

The United States in no way curtailed the development of fast reactors in 1977, and has constantly allocated more funds than any other country for this purpose. They sharply altered the orientation of the technical direction of those appropriations, however, at the end of the 1970s. The USSR and France had by that time

achieved the greatest successes in fast-neutron technology. The United States, evidently deciding to "pass without catching up," switched from the concept of units with high unit capacity to relatively small modular installations. The near future will show how successful they have been in achieving this, since two versions of modular fast reactors have been developed in the United States. The research sector of nuclear-power engineering in the United States overall was and remains the strongest in the world. It is enough to say that there are presently 99 research reactors there (we have 24, and an appreciable portion of those has been halted). Commercial nuclear-power engineering in the United States is triple ours and twice that of France as well—its share of national electric-power generation now comprising 18 percent—while it will reach the 20-percent level in 1990-91 with 124 (!) operating power units with an overall capacity surpassing 100 gigawatts. The eight-percent figure cited by V. Troitskiy is a clear error.

*V. Troitskiy, in commentary by the science department of PRAVDA, is justly described as a prestigious and competent scientist. He is a very major radiophysicist and the creator of our first radio telescopes, and is presently a major expert on extraterrestrial civilizations. His assertions regarding nuclear-power engineering, however, show that he was unable to resist the temptation to make sharp and categorical statements on an issue that has been very important and very acute here since the Chernobyl tragedy, knowing it, to all appearances, just by hearsay.*

The possibility of breeding is the chief and unique property of fast neutrons. Other of their merits, associated first and foremost with problems of safety, are taking on more and more significance under today's conditions. They use a liquid-metal coolant. High pressure is not needed in either the primary or secondary (intermediate) circuits therein. It is just one and a half atmospheres in the reactor circuit—less than in a bicycle tire (the pressure is on the order of hundreds of atmospheres in thermal reactors with water or gas cooling). It is clear that this effectively reduces the probability of serious physical damage to pipelines and the vessel to zero. Not a single one of these coolants contains radioactivity in the heat exchange between the sodium of the secondary circuit and the water vapor turning the turbine, while the heat exchangers are insulated from the reactor itself. All preventive-maintenance and repair operations can be performed on them using conventional means.

Furthermore, although this could seem paradoxical according to recollections of high-school chemistry lessons, the corrosive compatibility of structural elements with liquid sodium is much higher than with water, as both steel and sodium are metals and are mutually chemically neutral.

The importance of yet another aspect of the physics of fast-neutron reactors is becoming more and more clear. The discussion concerns handling the radioactive wastes of the nuclear-fuel cycle. The necessity of their safe

burial for super-long time periods—on the order of tens or even hundreds of thousands of years—is associated with an especially dangerous component of these wastes—the very heavy isotopes and transactinides that have undergone alpha decay and spontaneous fission with very long half-lives. Large-scale national nuclear-power engineering produces a few hundred kilograms a year of these isotopes in all, but it is namely they that require “geological” time periods of burial.

These isotopes are efficiently burned up in the stream of fast neutrons in repeated utilization as secondary nuclear fuel in fast reactors. Recent calculations performed by American specialists show that the level of residual radioactivity obtained in the waste storage areas of thermal reactors after millions of years is reached in just two hundred years with the optimal organization of the nuclear-fuel cycle using fast-neutron reactors. This effectively removes the acuity of the problem.

After Chernobyl many justly feel that a continuation of the large-scale utilization of nuclear power should in any case be conditioned by the development of new and safer types of reactors. But fast reactors with sodium coolant, as well as the thermal reactors that were developed for ASTs [nuclear heating-supply plants], are themselves representatives of a new generation of enhanced-safety equipment. They take into account many years of experience in the development of domestic and worldwide reactor building.

While reasonably pointing out the lofty achievements of Western flame-based power engineering in the development of environmental-protection measures and our lag in that realm, V. Troitskiy does not mention the principal reason for the decision to build AESs instead of TESs [thermal-electric power plants] in the European part of the USSR. That was the crisis-level, critical strain on coal-transport systems. It has to ship hundreds of millions of tons distances of thousands of kilometers. Whence the largely close-to-paralyzed state into which various stretches of our rail network, overloaded beyond all measure, fall all the time.

Critics of the current state of our industry are correct: the escalating spiral of the construction of power-intensive types of production and gigantic power-producing facilities must be slowed. We must reduce the number of gigantic long-term construction projects and direct the funds freed up thereby into the housing, road-construction and social and cultural spheres. But not everyone is taking into account the fact this process has already begun in spur-of-the-moment fashion, and namely in power engineering. The cancellation, stoppage or slowdown of construction of a multitude of AESs, ATETss [nuclear heat and electric power plants] and ASTs, as well as GESs [hydroelectric power plants] and TESs, has already led to the appearance of a “split” between the production and consumption of heat and electric power. They are moving apart slowly, but this

process cannot be stopped quickly and turned around when the consequences take on the nature of an acute national energy crisis.

Some journalists readily use the phrase “the free energy of the sun and the wind.” V. Troitskiy, of course, does not repeat that. But nowhere does he indicate even approximately where the attempts to make use of that “free” energy are headed today, limiting himself to the valid assertion that the figures relating to the experimental installations are not very instructive. They say a great deal nonetheless. The cost of a kilowatt-hour generated by the largest solar-power plant in the world, the Crimean Solar-Power Plant, is 26 rubles. The wholesale price at our commercial electric-power plants, including nuclear ones, is 1.2 kopecks. A difference of more than two thousand times (!). That is still a true chasm. We cannot talk of any practical utilization of such technologies. And no ray of hope can be seen, despite very intensive and dogged research in many countries.

The funds allocated for these purposes, of course, are not comparable with the spending on flame-based and nuclear-power engineering, but only because there is simply nowhere to invest them. Such countries as Japan would pay dearly for a safe, ecologically clean and renewable source of energy. However, notwithstanding the exceptional receptiveness of the Japanese technology and economy to everything new, nothing even remotely like wind-power generators or solar batteries that are market-competitive on the scale of national power engineering are on the long list of Japanese technical marvels.

Japanese nuclear-power engineering, however, is developing rapidly. This is all the more instructive since, 15-20 years ago, there was no nation in the world with stronger anti-nuclear sentiments than the Japanese, who had experienced the horrors of Hiroshima and Nagasaki. But common sense prevailed. The largest AES in the world, the Fukushima (10 power units with a total capacity of 9 million kilowatts) is located in a heavenly lush valley on the shore, and there is not even a railroad spur to it. A tractor-trailer arrives on occasion with fuel—and that’s it. And if it were replaced with a coal-fired TES? What the combustion of such a quantity of fuel in one place would lead to can be understood from the example of Ekibastuz...

France is a leader in the development of nuclear-power engineering, and they are talking about closing the last of the coal- and fuel-oil-fired TESs there as a real possibility. That has allowed the French Secretary of State of the Environment, B. Lalonde, to announce the impending transformation of France “into the ecological showcase of Europe.”

The word “radiation” almost never appears in our periodicals without the adjectives “deadly” or “destructive.” They forget, and many evidently do not suspect, that ionizing radiation is the weakest of all types of accidental exposure on the organism. The intensity of

that exposure is not at all comparable with the shock wave of an explosion, the flash-flame of a fire, the physical blow of a traffic accident or a strong poison. Even at Chernobyl—and that is the sole radiation accident in domestic or world peaceful nuclear-power engineering with human fatalities in all of history—only those who were located right in the very thick of it for several hours, performing their duty in heroic fashion, perished from radiation.

Chernobyl changed much in our views. Today we can establish only material losses with sufficient certainty. Enormous expenditures have been underway up to now, and society should know about them. The thirty people who perished from the fatal impact dosages, of course, are not all of the victims. Statistics on the unprecedented volume of medical operations connected with the creation and functioning of the All-Union Register should be published in substantially more completeness and detail than has been done thus far. Only then can the assurances of the physicians of the absence of any observations of negative shifts of morbidity and mortality over a three-year period stand a chance of being convincing. We cannot talk out of the sides of our mouths on this. PRAVDA has done a great deal to disseminate objective information about the consequences of Chernobyl, but it can and should do even more. A truly serious discussion of the strategic prospects for nuclear-power engineering is impossible without it. There is still a great surplus of emotions and rumors.

Energy conservation is a large reserve, but the efficient incorporation of effective measures in this realm that was implemented by the Western countries in the 1970s requires a technical level that we do not now possess in the majority of the realms of the economy. And the calls for energy economy are not achieving anything. The difficult, prolonged and expensive cause of incorporating energy- and resource-conserving technologies must begin immediately, but we cannot expect any "Great Leap Forward" here. We are not economizing energy because we do not know how to, not because we do not want to. And the teaching of that art cannot proceed appreciably faster than the teaching of all the other knowledge essential in the modern world.

And in conclusion I repeat: no one knows when the much-exalted bird in the bush of solar and wind power will emerge, but the much-cursed bird in hand of nuclear power, with the aid of fast reactors, can provide mankind with heat and light for the next millenium. This is clear even today to all those who know the real state of things.

#### **Opponent of South Urals AES Proposes Alternatives**

904E0041A *Moscow SOVETSKAYA ROSSIYA in Russian 24 Dec 89 p 1*

[Article by Candidate of Technical Sciences V. Budyanov: "Chain Reaction of Wastefulness—Do We Need the South Urals AES?"]

[Text] Will there be an AES [nuclear power plant] in the South Urals? This question was sharply debated at a recent conference in Chelyabinsk. And while the nuclear-power people strove to reduce the debate to the issue of reactor safety and the merits of AESs using fast-neutron reactors, the representatives of society present at the session and millions of television viewers (there was direct broadcast on the local television station) were interested in something else: why is an AES needed in Chelyabinsk Oblast at all, and can't it be replaced? And it is not just a matter of radiophobia after Chernobyl, as the nuclear-power people want to portray it: people have begun to understand that nuclear power plants not only make hostages of the population adjoining the plant, but also disrupt social programs due to their expensiveness.

What are the arguments of the champions of construction? They assert that an AES is needed in Chelyabinsk Oblast to cover a shortage of electric power. The executives of the TETs [heat and electric power plant] at the Chelyabinsk Metallurgical Combine, however, with their figures in hand, showed that existing capacity effectively covers electric-power requirements, while growth in consumption can be covered through cheap thermal plants using coal or gas. Why strive for a capital-intensive augmentation to power capacity that would worsen the economic and ecological situation? So as to end up behind progress once again? The per-capita consumption of electric power in the United States, according to the forecasts of Princeton University, will drop by half by the year 2020 and be comparable to the level of electric-power consumption in the USSR in 1987. It is as if our agencies are living on another planet: unfortunately, no one has any serious interest in energy-conserving technologies.

And here is another argument of the nuclear-power people: the South Urals AES is essential to improve the ecological situation in the region. In truth, the astronomical cost of the nuclear construction project (three billion rubles) will leave neither the hope nor the money for resolving the most acute ecological and social problems of the oblast. The closing of the local TETs, more harmful than a "normally operating" AES, is not planned even allowing for the start-up of the South Urals plant, in the words of the first deputy chairman of the oblast ispolkom, L. Stobbe. So where do they get an improvement of the local ecological situation? The redesign of the TETs and the metallurgical production of Chelyabinsk Oblast will require enormous capital spending, which is obviously difficult to reconcile with the simultaneous multi-billion-ruble construction of the AES.

The nuclear people assure us that the AES, aside from everything else, is essential to evaporate the water of polluted radioactive reservoirs (and that is 300 million cubic meters of water), which are already overflowing and threatening to inundate a large territory. The extant situation with the overflowing radioactive reservoirs

really is serious, but the risky construction of an expensive AES is a continuation of a chain reaction of wastefulness. It would be more intelligent, in place of the construction of a nuclear plant for the solution of the reservoir problem, to announce a competition for the best plan—as was proposed at the conference, by the way. Conference participant A. Kufterin proposed reducing the level of the reservoirs through solar energy using floating greenhouses. This would be 1,000 times cheaper than using an AES!

So what is a nuclear power plant needed for then? It was said at the conference that there are other methods of obtaining power than the ruinous construction of an AES that are 5-10 times cheaper and more acceptable in ecological terms. The presentations of V. Sheplev and V. Getmanov discussed alternatives to gigantic GESs [hydroelectric power plants] with dams, TETs or AESs. These variations, actually a realization of the accomplishments of domestic scientists, have been published in our anthology "Power Engineering and the Ecology" (Novosibirsk, 1988). They include, first of all, the highly efficient technology of underground coal gasification and the use of gas-turbine and steam-gas-turbine installations for obtaining electric power with an efficiency factor of 50-70 percent. The cost of building gas-turbine electric-power plants is an order of magnitude less than the cost of AES construction.

The technology of underground coal gasification was verified and fine-tuned in our country as early as the middle of the 1950s, and it is being employed successfully in the United States today (under our license). Work on underground coal gasification and highly productive gas-turbine installations was halted here in the 1960s, after the discovery of "cheap" oil and gas in West Siberia. The country took the direction of constructing thousands of kilometers of destructive pipelines for the sale of oil and gas for hard currency. The intensive construction of no less destructive AESs was begun

simultaneously. Our country today produces and consumes four times more fuel than Japan—while producing roughly the same amount of national product—as a result of this policy. Time to stop and think, it would seem. But no. Further augmentation of power capacity is planned anew under the USSR Energy Program: another trillion rubles will be spent in the next 15 years to increase the production of fuel-and-power resources, which will conclusively undermine the economy and make the ecological situation even worse. Recall that they even proposed increasing the prices of basic consumer goods in a search for a few billion rubles for pensions. No one, however, dared to annoy the power monster.

It would seem that USSR Goskompriroda [State Committee for Environmental Protection] should have its say in the prevailing situation, but the expert ecological analysis of the South Urals AES was clearly done using materials offered by the nuclear-power people themselves. Why did the experts not take into account the real power and ecological alternatives that were mentioned at the conference? How were they able to close their eyes to the situation that has taken shape in the country's fuel-and-power complex, even though data on this has now been published and is not a revelation? The "go-ahead" given by the Goskompriroda experts for the construction of the plant cannot be considered to be well-founded or corresponding to the actual ecological and economic situation in the oblast.

The opponents of AES construction are frequently reproached for not being constructive. The Chelyabinsk conference showed something different. Neither the executives of the nuclear construction project nor their advocates were able to substantiate the national-economic necessity of building the South Urals AES. It was the opponents of the South Urals plant who advanced real alternatives, against which the nuclear scientists could not muster any serious arguments. The dispute on Urals soil continues. But the forces, unfortunately, are not equal.

### Goskomtrud Official on Pension Laws

90US0380A Moscow ARGUMENTY I FAKTY in Russian No 1, 6-12 Jan 90 pp 6-7

[Report on interview with A. Solovyev, deputy chief of the USSR State Committee for Labor and Social Problems Pensions Administration, by G. Rodkina: "Urgent Help for Pensioners"; date and place not given]

[Text] In connection with the adoption of the Law "On Urgent Measures To Improve Pensions and Social Services for the Population" a large number of letters are arriving at the editorial offices from disabled war veterans, for whom social security pensions have been increased by R15 [15 rubles]. Many of them are complaining that, as in the past, the law is being confused with departmental instructions.

We asked A. Solovyev, deputy chief of the USSR State Committee for Labor and Social Problems Pensions Administration, to clarify the situation that has taken shape and to answer other questions.

[Solovyev] The misunderstanding that has arisen probably results from the fact that the disabled war veterans, for whom social security is providing R15, have forgotten that they have already received this in the past. The fact is that the essential meaning of Article 3 of the law that has been passed is that the additional payment of R15 for the disabled war veterans is not connected with maximum pension. The legislation previously in force provided that all who were disabled who were receiving disability pensions after transferring from the retirement pension received R15 more, that is, they kept the minimum pension for disability, as it were. But this pension could be allocated only within the limits of the maximum pension then in force, that is, R120. And it so happened that some disabled persons really received all of their pension while others received only part of it. For example, if the retirement pension was R115, then the additional payment was only R5. And those who were receiving R120 did not receive the R15. This was regarded as unfair. The Supreme Soviet adopted an amendment to the existing legislation and decreed that the limitation be lifted for receiving that pension. As a result, those who were not receiving this additional payment started to receive it from 1 October 1989, and those who were not receiving the total started to receive the difference.

In addition, the USSR Supreme Soviet session approved implementation of the "minor" law, as we call it; the R6 billion that includes R50 million alone for the higher pensions for the disabled war veterans over and above the maximum.

[Rodkina] Anatoliy Georgiyevich, where will all this funding come from?

[Solovyev] Spending for the measures that have been in force since 1 October 1989 through 1 January 1990 will be covered by "donations"—voluntary deductions from various public organizations. Thus, the CPSU Central

Committee has allocated R500 million for this purpose, the trade unions R700 million, and so forth, while the measures implemented from 1 January are being paid through increases in the norms for insurance payments from enterprises, establishments, and organizations. Whereas now the average size of these payments is 9.7 percent of the wages fund, from 1 January the amount will be 12.1 percent.

[Rodkina] Why does the "minor" law not make provision for class III disabled war veterans, and also for pensions in the case of loss of the breadwinner due to illness?

[Solovyev] The fact is that the law itself is called "Urgent Measures..." And therefore questions concerning the relationships of those persons who, as a rule, have other sources of income apart from their pension were resolved as a priority. These are mostly older people. With respect to the group III disabled war veterans, they are usually still able to work, and 80 percent of them do.

The law that has been passed makes provision for increased pensions in the case of loss of the breadwinner, and for the widows of servicemen who have been killed. And although the basic minimum pension in the event of loss of the breadwinner is only R28 (or R31 for those who have been receiving pensions for more than 10 years), the law has not introduced any changes in this article since those people do have additional sources of income. The draft for the new pension law that has now been submitted for national debate makes provision for almost doubling those pensions.

[Rodkina] The state budget approved for 1990 makes provision for the allocation of almost R400 million for additional payments to solve pension problems. Can you tell us more about this specifically?

[Solovyev] It is proposed, for example, to increase pensions for the children of servicemen who have been killed.

From 1990, regional coefficients are to be introduced for northern regions in the country where similar coefficients are in force with respect to wages. Since there is still no appropriate resolution by the USSR Supreme Soviet I can talk only about the basic, fundamental approaches to this issue. Depending on the region, the coefficient varies from 1.2 to 2. Since pensions are calculated from a person's actual wages, this coefficient is reflected in pensions, which do not exceed some maximum. For example, if a bookkeeper in Moscow is receiving R100, with the new minimum his pension will be R70, but in Chukotka, taking into consideration the coefficient, that same bookkeeper will receive R200 and a corresponding pension of R100, that is, the regional coefficient will be present in the pension. For those who are earning, say R480, this coefficient is not reflected in the pension. It is absorbed by the maximum pension—R120. And so it is expedient to apply this coefficient only up to the maximum. If, for example, in Murmansk a coefficient of 1.4 is in force, then the maximum

pension will not be R120 but R168. But this does not mean that everyone will receive this maximum pension. If a pension of R130 is calculated from wages then the person will receive that sum.

In addition, it is proposed to increase the size of the pension according to the existing coefficient regardless of wages received.

Thus, for example, in Murmansk, where the coefficient is 1.4 minimum, it will be not R70 but R98.

Some R330 million are allocated for this purpose in the 1990 budget.

At present there is no provision for increasing social security payments in line with regional coefficients.

From 1 January 1990 under the law, payment of pensions will be introduced for all workers and foremen without limitation no matter where they have worked.

### Discussion of Draft Pension Law Continues

#### Cheboksary Plant Trade Union Committee

904F0033A Moscow SOVETSKAYA ROSSIYA in Russian 21 Nov 89 First Edition p 1

[Article by staff correspondent V. Ovcharov, under the rubric "In the Labor Collective": "Respect Length of Service"]

[Text] Cheboksary—How did the enterprise's workers and office employees respond to the draft law? What sort of criticisms and suggestions are they expressing? I put such questions to the trade-union committee of the Cheboksary Aggregate Plant. Let me note right away that the choice of locations was no accident. The point is that this summer the plant was seriously shaken by a strike in the steel foundry shop. The demands that the strikers presented to the industry's executives included points pertaining to the pensions of people working in especially hazardous and especially strenuous working conditions. It was natural to assume that people here would give the draft special attention.

"The new law on pensions was long awaited," said V. Makarov, chairman of the plant trade-union committee. "There was a lot of talk about it. In particular, there were rumors about a change in the age limit for retiring on pension: it was said that men would supposedly not get the right to pensions until 65, and women not until 60. The published document eliminated the principal questions that had arisen. I believe that the draft that has been proposed provides for a lot that is positive. Including its provisions for pensioners with special benefits. And that is good. And take such a point as removal of the limits on earnings for foremen who are pensioners! After all, right now no foreman who has reached pension age wants to remain in the position of foreman. Yet there is always a shortage of good foremen."

"Another thing that people noticed immediately," said M. Mikhaylov, head of the trade-union committee's methods office, supporting the chairman, "was the serious attention that the draft gives to women's pensions. Of course, they also noted the social pensions. So far the discussion is being conducted by shops in brigades."

The steel foundry shop. Dinner break. About 10 workers had gathered in the office of N. Kurochkin, the shop trade-union leader, who, incidentally, was chairman of the strike committee during the strike. The discussion started without beating around the bush, so to speak, and immediately grew heated. One sensed that people were not simply acquainted with the draft but had had time to discuss its fundamental provisions among themselves. However, something else also immediately became apparent: not everyone understood what it contained in the same way.

A. Shipunova, assigner of work:

"There's not much point in our reading drafts ourselves, interpreting everything in our own way, to the degree that we are equipped to do so, and arguing. It would be useful after a given draft is published to gather people together by shifts or sectors and invite a knowledgeable specialist to precisely and correctly interpret the places people don't understand. Now it works out that we discuss and interpret matters each in our own way. That is the reason for false rumors and unnecessary agitation among the workers: why is one thing this way and another not? Who loses and who gains?"

N. Noskov, leader of a metal workers' brigade:

"It's not clear to me, for example, why the draft omits such a concept as continuous service. Formerly that was taken into account when pensions were figured. And so now it won't be? I think that's wrong. Just how does it work out? One person has invested his whole life at one enterprise, while another has wandered about in search of high earnings. And when the time comes for them to retire, everyone's treated the same? We believe that continuous service at the same enterprise ought to be taken into account when pensions are determined."

V. Turgin, director of the quality control bureau:

"It seems to me, too, that not everything has been fully thought through with regard to length of service. Let's say I have worked at a plant for 55 years. The draft provides a ceiling for figuring a pension that takes only 45 years of work into account. Why? I'm certain that you won't find that many plant employees in the country who have worked for such a length of time. So why should the last 10 or 11 years of our work be thrown away? I, for example, spent them not on a dacha plot but in the steel foundry shop, under strenuous conditions. The law needs more work."

L. Shalayeva, core maker:

"When our shop started operating, because of hazardous nature of the working conditions, our retirement age was set at 50. Later, in the process of the mechanization of manual labor, we had automated machinery installed in 1979. It reduced manual labor, of course, but at the same time working conditions deteriorated considerably. Gases and dust appeared, and many harmful ferments were added to the air. We breathe gas, and all of us have arthritis. We have turned practically everywhere in an effort to get us shifted from the second list to the first list of pensioners with special benefits. All in vain. So, in order to keep such situations from arising, there needs to be a precise legislative definition of the conditions for deciding who is on the first and who is on the second list of pensioners with special benefits."

N. Kurochkin, chairman of the shop trade-union committee:

"I want to explain. Among other demands, we also raised this question, that we be equated with ferrous metallurgy. Then the question of transfer from one list to the other would be resolved automatically. All documents from the branch trade-union central committee and the All-Union Central Council of Trade Unions have been sent to the USSR State Committee on Labor and Social Questions, Council of Ministers, and Supreme Soviet. We have received an answer to the effect that the question will be taken up in the Supreme Soviet. So hope, one can say, has dawned on us!"

K. Grigoryev, mold maker:

"The idea concerning the need to revise the lists, as I understand, was mentioned both in Nikolay Ivanovich Ryzhkov's report and in deputies' speeches. The only thing that is important is that they not be revised at the local level behind the workers' backs. Revision of the lists should be done openly, through discussion by the workers themselves. Then there will be no misunderstandings. The draft, unquestionably, shows a concern for people. It also contains things that need more work. In the first place, we believe that in the present economic situation the minimum 70-ruble pension clearly lags behind the requirements of life. In the second place, the proposed principles for calculating pensions, which do not take continuous service and length of service into account, to all intents and purposes reduce pensions for people who have worked, say, 30 years. Right now a person who retires on pension at our plant with a wage of 200 rubles receives 132 rubles. And according to the new law, it works out that he will receive 110 rubles? I think that when the law is adopted, that should be straightened out. Can there be something I don't understand? Yet we are talking about the old age of people who have given their energy for the good of society. Their old age should be tranquil and provided for in more than just words."

While leaving the steel foundry shop, I kept recalling Shipunova's words. Aleksandra Stepanovna is right. Indeed, such a responsible political matter as legislation

by the people must be well organized. Every intelligent word and every sensible proposal should be heard. And, of course, practical commentary by specialists is needed.

### Medical Personnel Trade Union

904F0033B Moscow SOVETSKAYA ROSSIYA in  
Russian 21 Nov 89 First Edition p 1

[Article by G. Myagkova, chairman of the trade-union committee of Medical Unit No 1, under the rubric "Trade-Union Leaders Speak": "Limited Allowance"]

[Text] Kalinin—These days my colleagues, the chairmen of trade-union committees at hospitals and clinics, are asking a lot of questions about the draft Law on Pensions. They turn to me because I have been doing trade-union work for more than 10 years and, in their opinion, should know and explain everything. The doors of the trade-union committee never close: doctors, nurses and orderlies come, all with the same questions—about the clear curtailment of the pensions provisions for medical personnel in comparison to other categories of working people.

Upon reading the draft law, one gets the idea that the people who drafted it and made the decision concerning its broad public discussion are distinguished by sound, enviable health whereby they have no need to seek help from medicine. There are no other considerations I can find to explain the fact that this time, as at other times, the interests of the considerable army of medical personnel have proved to be secondary. We sincerely wish the country's people's deputies excellent health and longevity, but it would not be bad for them also to remember their constituents to whom people turn daily for medical care.

A few figures. They will show that even today medicine stands very low on the social ladder. Moreover, with time the level of the material well-being of medical personnel has not improved but declined. Whereas, for example, in the 1970s the average earnings in health care came to about 80 percent of the country's average earnings, now they have dropped to 60 percent. Not relative but absolute figures will help better understand the difference. Whereas the average earnings in the country today are close to 240 rubles, a physician's starting salary is only 110 rubles, while a nurse's is only 80. Is that fair? And what does tomorrow hold in store for us? Approximately three years ago the country's Ministry of Health issued order No 1480, which provides for increasing the earnings of medical personnel—in stages. Only by the end of 1991 will a doctor's salary rise to 140 rubles in accordance with this order, while a nurse's salary will rise to 105. You don't have to be an academician in economics to understand that the earnings of medical personnel have direct relevance to the draft that is under discussion.

In studying it we saw that it provides for a substantial difference between minimum and maximum pensions. The proposed system "works" splendidly for the high-paid categories of working people, while it dooms those

whose earnings today and tomorrow are low to wretched pensions. In other words, the social injustice is not eliminated. To the contrary, it is elevated in degree. In our opinion, it is relatively easy to eliminate this obvious oversight. It is a question of unfailingly taking the earnings of medical personnel from second jobs into account when calculating their pensions. Everyone knows about the widespread practice of holding such jobs in medicine. This measure is necessitated in two ways. In the first place, neither a doctor nor a nurse can live on one salary only. In addition, there is the effect of the extreme shortage (again because of low earnings and the work's lack of prestige) of middle-level medical personnel. People simply are forced sometimes to remain for a second shift; their consciences will not allow them to leave patients one on one with their illnesses, which are often severe. Nor is it any secret that the waiting lists for housing, orchard plots and other social benefits contain, once again, more medical personnel than anyone else.

One fundamental qualification is essential. For by no means everyone should second jobs be taken into account when calculating pensions. I recently read in the oblast newspaper about cases that are downright fantastic. In a number of the city's cooperatives the average monthly earnings of a cooperative member came to several thousand rubles. The executives of the enterprises under which these cooperatives were established received almost as much. I believe that in no case should "moonlighting" of that sort be taken into account when pensions are calculated. Our desire is the following: in Article 78 of the draft, absolutely remove the barriers for taking second jobs into account when calculating pensions for the low-paid categories of working people, especially medical personnel.

The point in Article 85 that states that time of work following the designation of an old-age pension will not be taken into account for a subsequent increase in the size of the pension allowance is also perplexing. With such a provision, once again certain categories of medical personnel with hazardous working conditions (anesthesiology, radiology, etc.) who retire on pension at ages 40-45 are deprived of the possibility of receiving a maximum pension, since that requires working for 40-45 years. Here, too, there is an absence of logic; it is up to the parliamentarians to think about how to supply it.

And one more wish: in the law on pensions there cannot and should not be artificial, contrived limitations. If a person is capable, after the designation of his honestly earned pension, of working many years more at full force, let him fully receive both his pension and what he earns. Such people must be welcomed in every way. And not have their age thrown up to them at every step: it is not one's years, but the state of one's health that determines it.

### **Draft Law on Leave Policy Published**

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7 Dec 89 Second Edition pp 3-4

[USSR Draft Law on Leaves]

[Text] This law is directed toward intensifying the concern for protecting the health and improving the rest conditions of the Soviet people and more fully meeting their growing spiritual needs on the basis of increased public production efficiency.

The law determines the procedure of realizing one of the key constitutional rights of USSR citizens—the right to leaves. It guarantees workers the granting of annual paid leaves for the restoration of work fitness, sound rest, preservation and improvement of health, expansion of opportunities for an all-around development of personality, and satisfaction of vitally important needs and interests.

The law affirms the right of citizens to social leaves, which promote the creation of favorable conditions for motherhood, family protection, children's education, and acquisition of education.

The law regulates the length, as well as the procedure and terms of granting, of all types of leaves and determines the basic rights of labor collectives, soviets of people's deputies, and republics on the basis of economic potentialities of the state and principles of social justice and protection of citizens.

#### **I. General Provisions**

##### **Article 1. Right of Citizens to Leaves**

USSR citizens engaged in socially useful labor, irrespective of the forms of property and management used at enterprises, institutions, and organizations, including individual labor activity, and subject to state social insurance have the right to get leaves provided for by this law.

Foreign citizens working in the USSR have the right to leaves on an equal footing with USSR citizens if agreements (contracts) do not stipulate otherwise.

##### **Article 2. Guarantees for the Right to Leaves**

The right to a leave is guaranteed by granting the worker a leave in kind with pay in accordance with the procedure established by this law.

During the period when a leave provided for by USSR legislation is used, the place of work (position) is reserved for the worker. A worker's dismissal on the administration's initiative during the period when he is on leave is not permitted with the exception of cases when an enterprise, institution, organization, kolkhoz, cooperative, organization of lessees, or creative union (subsequently called enterprises or organizations if none

other is specified) is liquidated completely. In these cases the dismissal is made with observance of existing legislation.

### Article 3. Types of Leaves

USSR citizens are granted:

#### 1. Labor leaves:

- annual basic leaves;
- annual additional leaves: for work with harmful and difficult working conditions; for a special nature of work; for work in regions of the Far North and in localities equated with regions of the Far North.

#### 2. Social leaves:

- for pregnancy and childbirth;
- for care of small children;
- for workers who have children;
- in connection with education;
- creative leaves.

#### 3. Leaves without pay.

### Article 4. Calculation of Length of Leaves

The length of leaves is calculated in calendar days irrespective of the applied work regimes and schedules.

When the length of leaves is determined, statewide holidays established by USSR legislation as nonwork days are not taken into account.

### Article 5. Particular Features in Granting Leaves to Individual Categories of Citizens

Annual additional leaves (articles 17, 21, and 24), social leaves (articles 34 to 39), and leaves without pay (articles 43 and 44) are granted to members of kolkhozes, other cooperatives, collectives, and organizations of lessees in accordance with the internal regulations of these organizations with due regard for the norms of this law.

Annual leaves for servicemen, for command and rank-and-file staff members of internal affairs bodies, for workers at militarized formations, and for other citizens not subject to state social insurance are established in accordance with the procedure determined by the USSR Council of Ministers. Social leaves are granted them in accordance with this law and the legislation of the USSR and Union republics.

The right to annual basic leaves (article 9) and to social leaves (articles 34 to 37) is granted to members of USSR creative unions and to other creative workers, who are not members of creative unions, but are united in appropriate trade union committees, provided they make insurance contributions and observe other provisions stipulated by this law. The granting of annual

additional leaves (articles 17, 21, and 24) and social leaves (articles 38 and 39) is regulated by the charters of these organizations.

## II. Labor Leaves

### Article 6. Individuals Who Have the Right to Labor Leaves

Citizens engaged in socially useful labor and subject to state social insurance, who work on the basis of a labor contract at enterprises and organizations, as well as on the basis of membership in kolkhozes and other cooperative organizations, have the right to labor (annual basic and additional) leaves.

Members of USSR creative unions and other creative workers, who are not members of creative unions, but are united in appropriate trade union committees, have the right to labor leaves if they perform work according to contracts.

### Article 7. Funds for Labor Leave Pay

Labor leave pay at enterprises and organizations operating on cost accounting is given from their own funds intended for wages and at those maintained at the expense of the budget, from wage funds provided for in the estimate of expenditures on maintenance.

### Article 8. Annual Basic Leaves. Aims in Granting Annual Basic Leaves

Annual basic leaves provide for annual breaks in work, which are guaranteed by the state, for citizens. They are granted them for rest, restoration of work fitness, preservation and improvement of health, satisfaction of vitally important needs and interests, and an all-around development of personality.

### Article 9. Length of Annual Basic Leaves

1. The length of annual basic leaves is established as no less than 21 calendar days (3 calendar weeks).

The length of a leave increases depending on the total length of service in accordance with the following procedure:

- with a length of service of more than 5 years, by 3 calendar days;
- with a length of service of 10 years and more, by 7 calendar days (1 calendar week).

For workers who have the right to annual additional leaves for work with harmful and difficult working conditions (article 17), or for a special nature of work (article 21), annual basic leaves increase by 2 calendar days for every 2 years of work and, when the length of service exceeds 5 years, their length is established as 28 calendar days (4 calendar weeks).

The maximum length of the annual basic leave is 28 calendar days (4 calendar weeks).

2. The maximum length of the annual basic leave (28 calendar days) is established for individual categories of workers irrespective of their length of service. These workers include the following:

- tractor operators in agricultural production and workers directly engaged in animal husbandry;
- workers at timber industry and forestry enterprises, state reservations, national parks, and timber procurement and forestry subdivisions forming part of other enterprises and organizations;
- auxiliary training personnel at training and training and educational institutions and auxiliary personnel at children's preschool and out-of-school institutions;
- medical and pharmaceutical workers;
- disabled working persons;
- managers and specialists at enterprises and organizations.

#### Article 10. Annual Basic Extended Leaves

Annual basic extended leaves of the following length are established for individual categories of workers:

- for persons under the age of 18—1 calendar month;
- for working persons disabled from childhood—1 calendar month;
- for pedagogical workers and directors of schools, boarding schools, children's homes, preschool institutions with a special regime, interschool training combines, complexes, and centers; of higher, secondary specialized, vocational-technical, and other educational institutions for the training, retraining, and improvement in the skills of personnel; for pedagogical workers at public health and social security institutions—56 calendar days (8 calendar weeks);
- for pedagogical workers, educators, and directors of children's preschool and out-of-school institutions; for specialists in methods and directors of methodological centers; for assistant educators at training and educational institutions with a special regime—42 calendar days (6 calendar weeks);
- for scientific associates, scientific research advisers and their deputies, scientific secretaries, bibliographers, and librarians conducting independent scientific research at leading scientific and scientific research institutions, who have the academic degree of doctor of sciences—56 calendar days (8 calendar weeks)—and of candidate of sciences—42 calendar days (6 calendar weeks).

The list of leading scientific and scientific research institutions is established in accordance with the procedure determined by the USSR Council of Ministers:

- for acting and arts personnel at state academic theaters—56 calendar days (8 calendar weeks);
- for acting and arts personnel at theatrical and entertainment enterprises and in television, radio broadcasting, and motion pictures depending on the skill category—up to 42 calendar days (6 calendar weeks);
- for workers at Soviet and joint institutions and organizations abroad depending on climatic and other living conditions—up to 56 calendar days (8 calendar weeks);
- for managers who are appointed or whose positions are confirmed by supreme bodies of state power and administration—1 calendar month.

The specific length of annual basic leaves for acting and arts personnel at theatrical and entertainment enterprises and in television, radio broadcasting, and motion pictures and for workers at Soviet and joint enterprises and organizations abroad is established in accordance with the procedure determined by the USSR Council of Ministers.

#### Article 11. Procedure of Determining the Total Length of Service

The total length of service taken into account, when the length of the annual basic leave is increased (article 9), is determined according to the rules of calculating the length of service for granting state pensions.

#### Article 12. Procedure of Granting Annual Basic Leaves

1. The annual basic leave during the first work year can be granted at the expiration of 6 months from the day of conclusion of the labor contract with an enterprise, institution, organization, and cooperative and of membership in a kolkhoz, cooperative, organization of leasees, and creative union.

The first work year is calculated from the day of conclusion of the labor contract or legalization of membership and until the corresponding date of the following year.

At citizens' request before the expiration of 6 months, leaves are granted to:

- women—before or after maternity leaves;
- disabled persons;
- persons under the age of 18;
- servicemen in active service, who are transferred to the reserve and go to work;
- persons holding more than one job—simultaneously with leaves at basic places of work;
- people studying, while continuing work, at general educational schools, vocational and technical schools, higher and secondary specialized educational institutions, and institutes and courses for improving the skills and training and retraining of personnel if they

want their annual leaves to coincide with the time of examinations, course credit tests, and performance of diploma, course, laboratory, and other educational work;

- workers transferred from another enterprise or organization;
- persons released from their previous places of work in connection with the implementation of measures to improve production, labor, and management organization, to reduce the numerical strength or staff, and to abolish (reorganize) an enterprise or organization.

During the first work year annual leaves are granted to the teaching staff of schools, public health and social security institutions, vocational and technical schools, higher and secondary specialized educational institutions, and institutes and courses for improving the skills and retraining of personnel during the period of summer vacations irrespective of the time they begin working at a given educational institution.

2. Annual basic leaves for second and subsequent years of work are granted during any time of the work year in accordance with the order of granting leaves established at an enterprise or organization.

#### Article 13. Periods Included in the Work Year

The work year, for which an annual basic leave is granted, includes the time:

- actually worked during the work year, for which the leave is calculated;
- when in accordance with legislation the place of work (position) is reserved for the worker, with the exception of a partially paid leave for the care of an infant and leaves without pay of more than 2 weeks;
- of paid enforced absenteeism during an illegal dismissal or transfer to another job with subsequent reinstatement in the previous job;
- of training at technical higher educational institution plants on a full-time basis and of training during less than 1 academic year (10 months) at a vocational and technical school with the day form of training;
- of training in schools and courses for the training, retraining, and improving the skills of personnel if the worker is sent for training by an enterprise or organization;
- of retraining persons dismissed from previous places of work in connection with the implementation of measures to improve production, labor, and management organization, to reduce the numerical strength or staff, and to abolish (reorganize) an enterprise or organization.

#### Article 14. Order of Granting Annual Basic Leaves

1. The order of granting annual basic leaves is determined by a schedule approved by the administration of an enterprise or organization in coordination with the trade-union committee.

The administration should notify the worker of the time when the leave is granted no later than 15 days before the beginning of the leave.

2. At the worker's request the leave should be granted during the summer or another time convenient for him:

- to women with two or more children under the age of 14, or a disabled child under the age of 16;
- to single parents and wives of servicemen in active service, who bring up one child or more under the age of 14;
- to disabled persons in first and second groups;
- to participants in the Great Patriotic War and to persons equated with them in privileges;
- to persons under the age of 18.

3. The time for using the leave determined by a schedule can be changed according to an agreement between the worker and the administration.

#### Article 15. Right To Postpone Annual Basic Leaves

1. Workers have the right to postpone or extend annual basic leaves:

- in case of temporary disability;
- if the maternity leave period begins;
- if the annual leave coincides with the study leave;
- if they perform state duties.

If the reasons preventing the use of a leave occur before its beginning, a new time for using it is set according to an agreement between the worker and the administration. In cases when such reasons occur during the leave period, the leave is extended by a corresponding number of days, or according to an agreement between the worker and the administration the unused part of the leave is postponed to another time.

The worker must notify the administration of the reasons preventing him from using the leave.

2. Upon the worker's application the leave is postponed to another time if he is not notified of the time of beginning of the leave within the established period (point 1 of article 14), or if before the beginning of the leave he is not paid for the leave.

3. In exceptional cases, when the granting of a leave during the current work year can unfavorably affect the normal course of operation of an enterprise or organization, postponing part of the leave to the following work

year is permitted with the worker's consent. At the same time, part of the leave lasting no less than 7 calendar days should be granted before the end of this work year. According to an agreement between the worker and the administration the remaining part of the leave can be added to the leave for the following work year, or it is used separately.

Postponing part of the leave to the following work year for workers under the age of 18 is not permitted.

**Article 16. Annual Additional Leaves for Work With Harmful and Difficult Working Conditions. Aims in Granting These Leaves**

Annual additional leaves for work with harmful and difficult working conditions are privileges and are granted to workers for the purpose of preventing occupational diseases.

Persons engaged in work places and jobs connected with an unfavorable effect of harmful physical, chemical, biological, and other factors on man's health have the right to annual additional leaves for work with harmful and difficult working conditions.

Lists of production facilities, jobs, occupations, and indicators, for which additional leaves for work with harmful and difficult working conditions are granted, are approved in accordance with the procedure determined by the USSR Council of Ministers (lists Nos 1 and 2).

**Article 17. Length of Annual Additional Leaves for Work With Harmful and Difficult Working Conditions**

Annual additional leaves for work with harmful and difficult working conditions are granted to workers directly engaged:

- in open and surface mining, in the extraction of nonore building materials (except for asbestos) by the underground method, in the operation of technological transport (in a technological chain), which ensures the indicated operations, in production facilities of concentrating and briquet factories, and in other jobs with harmful and difficult working conditions according to list No 2—up to 14 calendar days (2 calendar weeks);
- in underground mining, including in asbestos extraction, in open mining in open-cut mines and pits at a depth below 150 meters, and in jobs with especially harmful and difficult working conditions according to list No 1—up to 21 calendar days (3 calendar weeks);
- in underground mining with especially harmful and difficult working conditions, in the extraction of niobic (loparite) ores, in lead production, in asbestos concentration, and in other jobs with especially harmful and difficult working conditions singled out in a special section on list No 1—up to 28 calendar days (4 calendar weeks);

- in underground mining (including mine rescue operations) of the coal (slate) and ore mining industry and in the mine construction of these sectors, in the underground extraction of uranium and thorium ores, in the processing of plutonium and polonium, in the repair of equipment at these industries, and in other jobs with especially harmful and difficult working conditions singled out in a separate section on list No 1—up to 35 calendar days (5 calendar weeks);

- in the extraction of mercury ores by the underground method, in the production of mercury, metal beryllium, its compounds, and products from them, in pyrometallurgical operations, in the production of benzidine, dianidisine, tolidine, benzidine carbonic acid, toluidines, and alphanaphthylamine, and in jobs with especially harmful working conditions at public health institutions singled out in a separate section on list No 1—up to 42 calendar days (6 calendar weeks).

The specific length of an additional leave for work with harmful and difficult working conditions is established according to the results of certification of work places (jobs) with due regard for the degree of workers' employment in corresponding jobs and is stipulated in the collective contract (agreement).

**Article 18. Terms of Granting Annual Additional Leaves for Work With Harmful and Difficult Working Conditions**

The annual additional leave for work with harmful and difficult working conditions is granted in the full amount established in the collective contract (agreement) to persons engaged during a full work day throughout the work year in jobs stipulated by article 17 of this law.

In other cases the length of the additional leave is determined in proportion to the time worked under harmful and difficult working conditions during the work year.

The indicated additional leave can be granted only on one of the grounds stipulated in article 17 of this law.

**Article 19. Annual Additional Leaves for a Special Nature of Work. Aims in Granting These Leaves**

Annual additional leaves for a special nature of work are privileges and are granted to individual categories of workers for the purpose of creating conditions for them for a sound restoration of occupational work fitness.

**Article 20. Right to Annual Additional Leaves for a Special Nature of Work**

Workers, whose working conditions do not pertain to harmful and difficult ones (article 17), but are connected with an increase in nervous, emotional, mental, and physical stress and with other unfavorable factors, have the right to additional leaves for a special nature of work.

**Article 21. Length of Annual Additional Leaves for a Special Nature of Work**

Annual additional leaves for a special nature of work of the following length are granted to:

- a) flying and flight test personnel members, depending on the flying time during the work year—up to 42 calendar days (6 calendar weeks);
- b) air stewards, flight operators, and other workers performing jobs on board aircraft depending on the flying time during the work year—up to 28 calendar days (4 calendar weeks);
- c) workers engaged in air traffic control, who have a controller's certificate—up to 14 calendar days (2 calendar weeks);
- d) engineering and technical personnel engaged in technical servicing of aircraft—up to 7 calendar days (1 calendar week);
- e) workers in paratroop emergency-rescue and landing-fire services depending on the number of parachute jumps performed during the work year—up to 28 calendar days (4 calendar weeks);
- f) individual categories of workers in operating railroad transport and subway services directly connected with train traffic and servicing passengers—up to 7 calendar days (1 calendar week);
- g) city passenger transport (bus, streetcar, and trolley bus) drivers—up to 7 calendar days (1 calendar week);
- h) maritime and river fleet personnel afloat and machine operating dockers in ports—up to 10 calendar days;
- i) fish industry fleet vessel personnel afloat—up to 14 calendar days (2 calendar weeks);
- j) sea vessel personnel afloat in polar localities outside port waters, as well as in Antarctic waters south of latitude 50 degrees south: when the length of navigation during the work year exceeds 3 months—up to 21 calendar days (3 calendar weeks); 6 months—up to 35 calendar days (5 calendar weeks);
- k) expedition, crew, detachment, section, and field base workers engaged in geological survey, prospecting, and topographic-geodesic work—up to 7 calendar days (1 calendar week);
- l) workers of Soviet Antarctic expeditions and "North Pole" drift-ice research stations—7 calendar days (1 calendar week) per month of stay on the Antarctic Continent, or at a "North Pole" station;
- m) workers performing operations at a height of 2,000 meters above sea level—up to 7 calendar days (1 calendar week); more than 3,000 meters—up to 14 calendar days (2 calendar weeks); more than 3,500 meters—up to 21 calendar days (3 calendar weeks); more than 4,000 meters—up to 35 calendar days (5 calendar weeks);

n) workers directly engaged in the technological process of timber procurement, resinous wood procurement, timber floating, and timber transport and tapping, in forest management, cultivation, reclamation, and organization work, in operations connected with forest protection and conservation and with the repair and servicing of machines, mechanisms, and equipment used in these operations, in the construction, repair, and maintenance of timber logging roads, and in state reservations and national parks—up to 28 calendar days for every 3 years of continuous work;

o) medical workers servicing timber industry establishment workers and employees—up to 14 calendar days (2 calendar weeks);

p) workers directly engaged at metalworking machine tools—up to 3 calendar days;

q) textile production workers directly engaged at looms and machines—up to 3 calendar days;

r) physicians at district hospitals and clinics located in rural localities, district general practitioners and pediatricians at territorial districts of city polyclinics, and physicians and medium-level medical personnel in traveling brigades of first-aid and emergency stations and departments, sanitary aviation stations, and planned and emergency consultation aid departments—up to 3 calendar days;

s) women working as machine and tractor operators and construction, road, and loading-unloading machine operators—up to 7 calendar days (1 calendar week).

The specific length of an annual additional leave for a special nature of work is stipulated in a collective contract (agreement) depending on the degree of the worker's employment in corresponding jobs. The terms of granting the indicated leave, as well as lists of occupations, positions, and jobs stipulated by points "a," "d," "e," "f," "n," and "r" of this article, are established in accordance with the procedure determined by the USSR Council of Ministers.

**Article 22. Annual Additional Leaves for Work in Regions of the Far North and in Localities Equated With Regions of the Far North. Aims in Granting These Leaves**

Annual additional leaves for work in regions of the Far North and in localities equated with regions of the Far North are privileges guaranteed by the state, which are granted as compensation for residence and activity under difficult climatic conditions.

**Article 23. Right to Annual Additional Leaves for Work in Regions of the Far North and in Localities Equated With Regions of the Far North**

Persons, who have worked in the regions mentioned below for no less than 6 months in succession during the work year, have the right to annual additional leaves for

work in regions of the Far North and in localities equated with regions of the Far North.

**Article 24. Length of Annual Additional Leaves for Work in Regions of the Far North and in Localities Equated With Regions of the Far North**

The length of annual additional leaves granted for work in regions of the Far North is up to 21 calendar days (3 calendar weeks) and in localities equated with regions of the Far North, up to 14 calendar days (2 calendar weeks).

**Article 25. Procedure of Granting Annual Additional Leaves for Work in Regions of the Far North and in Localities Equated With Regions of the Far North**

Additional leaves for work in regions of the Far North and in localities equated with regions of the Far North in the full length established by article 24 of this law are granted for a full work year. At the worker's request for the first work year the leave is granted at the expiration of 6 months of work at a given enterprise or organization.

The procedure of granting the indicated additional leaves during the transfer of workers from one enterprise or organization to others, as well as during a departure from regions of the Far North for other localities, or an arrival at these regions, is determined by USSR legislation.

The list of regions of the Far North and localities equated with regions of the Far North is determined by the USSR Council of Ministers.

**Article 26. Procedure of Summing up Annual Basic and Additional Leaves**

Annual additional leaves (articles 17, 21, and 24) are summed up with annual basic leaves (article 9) and can be granted simultaneously with them or separately.

Annual additional leaves provided for by articles 17 and 21 of this law are not granted to workers enjoying the right to annual basic extended leaves (article 10).

Persons, who simultaneously have the right to annual additional leaves provided for by articles 17 and 21 of this law, are granted additional leaves on one basis alone. This rule does not apply to workers at machine departments of maritime, river, and fish industry fleet vessels, for whom the indicated additional leaves are summed up.

**Article 27. Procedure of Calculating the Length of Leaves in Proportion to Worked Time**

When granting annual basic leaves (articles 9 and 10) and additional leaves (articles 17, 21, and 24) in proportion to the worked time, their length is determined by dividing the full length of each of the indicated leaves by 12 and multiplying it by the number of full months of work.

**Article 28. Procedure of Summing up Annual Basic and Additional Leaves for Workers in Regions of the Far North and in Localities Equated With Regions of the Far North**

Workers in regions of the Far North and in localities equated with regions of the Far North are permitted, at their request, the summing up of annual basic leaves (articles 9 and 10) and of additional leaves due them for 2 or 3 years (articles 17, 21, and 24) in accordance with the procedure stipulated by article 26 of this law.

At the same time, the total length of a leave should not exceed 6 months, including the time necessary for travel to the place where the leave is used and back. If this time is exceeded, the remaining unused leave days are added to the leave for the next work year.

When summing up annual basic and additional leaves for 2 or 3 years, part of the leave lasting no less than 7 calendar days (1 calendar week) should be granted to the worker before the end of every work year.

**Article 29. Division of Leaves Into Parts. Recall From a Leave**

1. At the worker's request the annual basic leave granted separately or in combination with annual additional leaves can be divided into parts. At the same time, one of the parts should be no less than 14 calendar days (2 calendar weeks).

2. A recall from a leave is permitted only with the worker's consent. The part of the leave not used in connection with this should be granted to the worker at another time during a given work year, or added to the leave for the next work year.

**Article 30. Shortening the Length of Annual Basic and Additional Leaves Owing to Absences From Work**

For workers with unjustifiable absences from work every type of annual leave (basic and additional for work with harmful and difficult working conditions, for a special nature of work, and for work in regions of the Far North and in localities equated with regions of the Far North) in the corresponding year is reduced by the number of days of absenteeism. At the same time, the annual basic leave should not be shorter than 21 calendar days (3 calendar weeks).

**Article 31. Control Over Observance of the Procedure of Granting Annual Additional Leaves**

State control over observance of the procedure of granting annual additional leaves (articles 17 and 21), over the correct use of lists Nos 1 and 2 of production facilities, jobs, occupations, and indicators, over the quality of certification of work places (jobs) at enterprises and organizations (article 17), and over the realization of measures to improve them is entrusted to bodies of the State Commission of Experts in Working Conditions.

### III. Social Leaves

#### Article 32. Aims in Granting Social Leaves

Social leaves are granted to citizens for the purpose of creating favorable conditions for mother and child, providing assistance to families, training and educating the rising generation, raising the educational level, and performing creative work.

#### Article 33. Persons Who Have the Right to Social Leaves and to Their Full or Partial Pay

All citizens indicated in article 1 of this law have the right to social leaves (point 2 of article 3) and their full or partial pay.

A partial or full pay for social leaves provided for by articles 34 to 37 of this law is given to persons engaged in individual labor activity, including in a collective of lessees or on a private peasant farm, as well as to creative workers, who are not members of creative unions, but are united in corresponding trade union committees, provided insurance contributions are made.

#### Article 34. Right to Maternity Leave Pay

During pregnancy and after childbirth working women are granted fully paid leaves of 70 calendar days until childbirth and 56 calendar days after it (in case of abnormal childbirth, or the birth of two children or more, a postnatal leave of 70 calendar days is granted). The leave pay is given from state and social insurance funds irrespective of the number of days actually used during the prenatal leave.

#### Article 35. Right to a Partially Paid Leave for the Care of Children

1. Working women, regardless of their total length of service, have the right to partially paid leaves for the care of an infant until he reaches the age of 1 and 1/2. If there are two or more children under the age of 1 and 1/2, the leave pay is given for every child.
2. Nonworking women, who have one child or more under the age of 1 and 1/2, are paid an allowance for the care of an infant under the terms and in the amount provided for by USSR legislation for working women.
3. The leave indicated in point 1 of this article can be used fully or partially by a working father, grandmother, grandfather, or other working persons, who actually take care of the child.
4. A guaranteed amount of the leave pay indicated in point 1 of this article is established by USSR legislation.

#### Article 36. The Right of Citizens With Children to Additional Paid Leaves

Working women with two children under the age of 14 have the right to additional paid leaves of 4 calendar days and, if they have three children or more, or a disabled child, 6 calendar days.

The following length of an additional paid leave is established for single parents and wives of servicemen in active service if the other terms provided for by this article are observed:

- if there is one child—2 calendar days;
- two children—5 calendar days;
- three children or more, or a disabled child—7 calendar days.

The right to an additional paid leave is also reserved during the year when the child reaches the age of 14.

#### Article 37. Right of Citizens, Who Have Adopted or Bring up Children Without Parents, to Partially or Fully Paid Leaves

Persons, who have adopted an infant or bring up children without adoption, have the right to a postnatal leave (article 34) of 56 calendar days and to leaves provided for by articles 35 and 36 of this law.

#### Article 38. Leaves in Connection With Education

Paid leaves are granted to persons combining work with studies at educational institutions in accordance with the procedure and under the terms stipulated by the legislation of the USSR and Union republics.

Leaves are granted and used during periods determined by the study program regardless of the length of service at a given enterprise or organization.

In case of the student's temporary disability before the beginning or during the period of the leave this leave is extended or postponed to a new date established by the educational institution for the fulfillment of the study program.

#### Article 39. Creative Leaves

Creative leaves are granted to citizens for completing dissertations and writing textbooks and in other cases stipulated by the legislation of the USSR and Union republics.

The length of, conditions of granting, and pays for creative leaves are established in accordance with the procedure determined by the legislation of the USSR and Union republics.

### IV. Leave Pay

#### Article 40. Types of Earnings Taken Into Account During Leave Pay

When calculating the sum of leave pay, all types of earnings, to which are added insurance contributions, except for the pay for holding more than one job and all kinds of payments of a one-time nature not determined by the existing wage system (compensation for an unused leave, dismissal pay, and others), whose list is approved in accordance with the procedure determined by the USSR Council of Ministers, are taken into account.

Leave pay for pedagogical and medical workers holding more than one job in one or several educational institutions, or public health and social security institutions, is given at all places of work.

At the worker's request, in order to calculate his leave pay, a temporary disability or maternity allowance is included in his earnings. In this case the months, for which the payment of these allowances is made, are not excluded from the calculation.

#### Article 41. Calculation of Average Earnings

For leave pay average monthly earnings are calculated for 12 calendar months preceding the month when a person goes on leave irrespective of the work year for which the leave is granted.

For persons, who have worked less than 12 calendar months by the time they go on leave, average monthly earnings are calculated for actually worked calendar months.

At workers' request the months, during which in accordance with legislation workers were relieved of their jobs with or without a partial pay, as well as temporary disability periods, are excluded from the calculation.

Average monthly earnings for 12 months are determined by dividing the total sum of earnings by 12. When calculating earnings for less than 12 months, the total earnings for actually worked months are divided by the number of these months.

Average daily earnings are calculated by dividing average monthly earnings by 29.7. The amount of leave pay is determined by multiplying average daily earnings by the number of leave days.

### V. Leaves Without Pay

#### Article 42. Aims in Granting Leaves Without Pay

For the solution of urgent social and everyday problems, primarily those connected with the protection of health, education, and performance of a family duty, as well as for other valid reasons, the administration of an enterprise or organization can grant workers leaves without pay during the work year.

The indicated leaves must be legalized in accordance with the established procedure.

#### Article 43. Persons Who Without Fail Have the Right to Leaves Without Pay

At the worker's request a leave without pay is granted without fail:

- to women for the care of an infant—until he reaches the age of 3;
- to men whose wives are on a postnatal leave—up to 14 calendar days (2 calendar weeks);

—to working women, or single parents, guardians, and other persons, who in the absence of parents bring up two or more children under the age of 14—up to 14 calendar days (2 calendar weeks);

—to participants in the Great Patriotic War and to persons equated with them in privileges—up to 14 calendar days (2 calendar weeks);

—to disabled persons of first and second groups, as well as to disabled persons of the third group, who work at enterprises, shops, and sections especially intended for the utilization of their labor—up to 14 calendar days (2 calendar weeks);

—to relatives caring for a sick family member—for the period established according to the conclusion of a public health institution;

—to working pensioners according to their age—up to 2 calendar months;

—to workers at enterprises, institutions, and organizations located in regions of the Far North and in localities equated with regions of the Far North for the period needed to travel to the place of rest and back during the annual leave period with due regard for the used type of transportation and terms of article 28 of this law.

#### Article 44. Procedure of Granting Leaves Without Pay to Persons Not Enjoying the Preferential Right to These Leaves

1. Leaves without pay can be granted to persons not indicated in article 43 of this law during the work year simultaneously or in parts of a total length of 7 calendar days, if the legislation of the USSR and Union republics does not stipulate a different length of these leaves for individual categories of workers.

In cases when the worker does not have valid reasons (article 42), or needs a leave longer than 7 calendar days, he can be granted additional paid days by reducing the annual basic leave—dividing it into parts in accordance with the procedure stipulated by article 29 of this law.

2. In agreement with the administration a leave without pay can be worked off during the subsequent period of the work year on the basis of the conditions and potentialities of production. In these cases the worked off days are not credited to the total length of the leave stipulated in point 1 of this article.

### VI. Realization of the Right to Leaves During Dismissal. Monetary Compensation for UNused Leaves

#### Article 45. Realization of the Right to Annual and Additional Leaves During Dismissal

At the worker's request during his dismissal (except for cases of dismissal in connection with the worker's guilty actions) unused annual basic and additional leaves can be granted with a subsequent dismissal. In this case the day of the leave's end is considered the date of dismissal.

2. During dismissal in connection with the expiration of the term of the labor contract a leave with a subsequent dismissal can also be granted when the actually worked time and the leave time in sum exceed the limits of the term of the contract. In this case the effect of the labor contract is extended until the end of the leave.

#### **Article 46. Monetary Compensation for Unused Leaves**

1. Monetary compensations are paid to the worker during dismissal for all unused annual basic and additional leaves.

During dismissal of pedagogical workers at training and educational institutions and educational establishments, who have worked no less than 10 months by the day of dismissal, compensation is paid for the full leave.

2. Monetary compensation for annual additional leaves (articles 17, 21, and 24) and part of the annual basic leave in excess of its minimal length (21 calendar days) established by article 9 (point 1) of this law is paid to workers during the period of work at an enterprise or organization at their request.

3. All types of social leaves can be used only in kind and their replacement with monetary compensation is not permitted.

### **VII. Rights of Union and Autonomous Republics, Local Soviets of People's Deputies, Enterprises, and Organizations**

#### **Article 47. Rights of Union and Autonomous Republics and Local Soviets of People's Deputies**

In addition to this law and USSR legislation, the legislation of Union and autonomous republics can:

- establish from the funds of appropriate republic budgets social leaves of increased length, expand the grounds for granting and raise the guaranteed pays for these leaves, and grant more favorable terms for annual basic leaves depending on the length of service and additional leaves for a special nature of work;
- establish indicators for determining the specific length of annual additional leaves for a special nature of work for city passenger transport drivers (point "g" of article 21);
- determine the lists of categories of workers, who have the right to get basic leaves for the first year of work before the expiration of 6 months, as well as persons, to whom, at their request, leaves should be granted during summer or another time convenient for them;
- provide for additional grounds for postponing annual basic leaves (article 15), or in their combination with annual additional leaves (articles 17, 21, and 24), and for granting creative leaves (article 39) and leaves without pay (articles 43 and 44).

Local soviets of people's deputies can establish additional privileges concerning social leaves from their own funds.

#### **Article 48. Rights of Enterprises and Organizations**

1. The administration of an enterprise or organization jointly with the trade-union committee has the right to establish from funds intended for wages and in accordance with the collective contract (agreement):

—an additional leave for work according to a continuous work week schedule under multishift working conditions—up to 7 calendar days (1 calendar week); for multishift working conditions—up to 4 calendar days;

—an additional leave for attaining high results in labor and performing especially complex and important jobs, as well as for other reasons determined by the collective contract (agreement)—up to 7 calendar days (1 calendar week);

—on the basis of the results of work place (job) certification an additional leave for work with harmful and difficult working conditions—up to 3 calendar days; to determine the specific length of the indicated type of additional leave in accordance with article 17 of this law;

—increased amounts of pays for all types of social leaves, primarily those connected with pregnancy and childbirth, as well as with the care of an infant, and for creative and educational leaves;

—privileges for granting workers leaves during the summer period, or at another time convenient for them.

2. The administration of an enterprise, institution, or organization has the right to shorten the length of annual basic and additional leaves for persons who have committed a gross violation of labor and production discipline in accordance with the procedure determined by the collective contract. At the same time, in all cases the length of the basic annual leave cannot be less than 21 calendar days (3 calendar weeks).

#### **Article 49. Creation of Favorable Conditions for Rest**

Soviets of people's deputies, economic and trade-union bodies, enterprises, and organizations must create favorable conditions for workers' sound rest during the period of leaves and the opportunity of spending them in sanatoriums, boarding houses, rest homes and bases, preventive sanatoriums, and other health-promoting institutions.

### VIII. Control Over Observance of Legislation on Leaves and Protection of Workers' Rights to Leaves

#### Article 50. Bodies Exercising Control Over Observance of Legislation on Leaves

The organization of work on a uniform application of this law is ensured by the USSR State Committee for Labor and Social Problems.

The following exercise control over observance of legislation on leaves:

- trade unions, as well as labor inspectorates under their authority—according to the statutes on these inspectorates approved by the AUCCTU;
- soviets of people's deputies—in accordance with the procedure stipulated by the legislation of the USSR and Union republics.

#### Article 51. Protection of Workers' Rights to Leaves

Managers of enterprises and organizations bear personal responsibility for the proper implementation of all the provisions stipulated by this law and the legislation of the USSR and Union republics on the procedure and terms of granting leaves.

Disputes connected with granting leaves are examined in accordance with the existing legislation of the USSR and Union republics concerning the procedure of examining labor disputes.

#### Article 52. Matters Pertaining to the Authority of the USSR Council of Ministers

Other matters connected with the terms and procedure of granting, length of, and pay for leaves and with observance of the guarantees provided for by this law are also under the authority of the USSR Council of Ministers or, according to its authorization, under the authority of other state administration bodies in addition to those stipulated in this law.

#### Biryukova Speech on Draft Leave Law

904F0041A Moscow PRAVDA in Russian 29 Nov 89  
Second Edition p 2

[Report by A. P. Biryukova to a session of the USSR Supreme Soviet on the draft USSR Law "On Leaves": "Dictated by Concern for the Individual"]

[Text] Respected comrade people's deputies!

The draft USSR Law "On Leaves," submitted for your examination together with the pension support bill brought up for public discussion, is the second legislative act called upon to lay the legal foundations of a truly strong social policy expressing the humanitarian essence of perestroyka.

I would like to emphasize right away that we are talking about more than just introducing a few changes and

reviewing the duration of leaves. The goal of this Law on Leaves, our country's first, is to create a fundamentally new organizational, economical and legal mechanism providing the conditions for recovery of performance, for effective rest and for preservation and improvement of the health of Soviet people.

Scientific forces, workers of ministries and departments, of the councils of ministers of the union republics and of individual kray and oblast executive committees, and specialists from the national economy were widely encouraged to participate in work on the bill. Trade unions took an active part in all stages of drafting the bill. It was discussed in many labor collectives, and it was basically supported.

Proposals on improving the leave system suggested in the mandates of the electorate and public organizations in the course of the elections of USSR people's deputies were accounted for in the most meticulous fashion, and leading world experience in this area was analyzed.

#### The Existing Leave System and the Principles of Its Restructuring

This bill concerns the interests of every family, of every laborer. In their numerous letters and petitions, citizens insistently raised the issues of observing social justice when granting leaves, of the need for organizing the existing practice, and of bringing the leave system into correspondence with the greater social needs of the people and the country's new possibilities.

The leave system that has evolved in our country, comrades, is truly confused, often contradictory, and incomprehensible to laborers. Today we are just about the only state in which leaves are granted on the basis of up to 100 different principles, rather than being based on a single piece of legislation. Some norms were adopted back in 1926-1930.

One of the main causes requiring adoption of the new leave law is the unjustified differences in leave duration. It is no secret to anyone that workers of the same qualifications and time of service who experience identical working conditions but are employed in different sectors of the national economy receive leaves differing in duration as a rule. Sometimes this difference attains 1 or 2 weeks.

Another cause is the fact that the presently established minimum leave duration of 15 days does not correspond to the present level of labor intensification, and does not provide for complete recovery of a worker's performance.

What is especially unjust is that 13 million out of the 22 million blue and white collar workers receiving minimum leave are employed in the productive sectors of the national economy. But at the same time it is chiefly with increasing the return from their labor that we associate our hopes for accelerating our country's economic and social progress.

What principles are at the basis of this bill?

First: bringing the duration of leaves into correspondence with contemporary recommendations of medical science. An analysis carried out with the assistance of physiologists on the influence of the duration of annual leave on the performance of different age and occupational groups led to the conclusion that given normal working conditions and average work intensity, an annual leave of not less than 3 weeks' duration is necessary for complete social and psychological rehabilitation.

This is precisely the norm documented in the bill as the annual minimum basic work leave guaranteed by the state to all laborers without exception. This corresponds fully to the international convention on leaves.

Second: The leave system is universal. The state guarantees the right to an annual paid leave to all laborers irrespective of the sphere of their employment, including blue and white collar workers, kolkhoz farmers, members of leasing collectives, members of cooperatives and persons employed as private individuals.

Moreover in contrast to the practice of previous years, the bill consistently adheres to the principle of equal leave duration for equal labor contribution under identical working conditions.

Third: Two forms of leaves are introduced—work and social. An adequate mechanism of granting and paying for leaves has been developed for each of these.

Fourth: Considering the greater sovereignty of the union republics and the higher independence of enterprises, the bill foresees measures to democratize the leave system by transferring decisions on a number of matters from central control to the republics, to local authorities and to labor collectives.

Fifth: It is very important that the norms of the bill have a direct action as a rule. They do not require adoption of additional legislative acts and standards, which would preclude voluntarism in their interpretation.

The procedures for calculating leaves have been changed significantly as well.

According to existing rules the condition that everyone works 6 days a week is considered in leave calculations irrespective of the work schedule (work weeks of 5 days, 6 days or other length). This always elicits bewilderment among those who work on the basis of a five-day or a sliding, continuous schedule. Why is Saturday treated as a work day when they rest on this day?

In order to steer clear of the presently existing complexities and misunderstood issues in the calculation of leaves, and taking into account the experience of the majority of countries, we propose henceforth switching to a system of granting leaves on the basis of calendar days. This would

ensure a unified approach to calculating leaves, irrespective of the working conditions and schedules employed. And this will not infringe upon the rights of laborers in any way.

Today, for example, a turner who has accrued a time of service of up to 3 years is entitled to a leave of 15 work days, irrespective of his work schedule, or of whether he works a 5 or 6 day work week. In calendar terms this is 17 days, taking Sundays into account. In accordance with the bill he would be granted an initial leave of 21 calendar days—that is, a leave 4 calendar days longer. With growth of his time of service, his leave would increase. Such are the basic principles followed in drafting of the bill.

### On Restructuring the System of Work Leaves

Permit me now to briefly describe the basic provisions of the work leave system.

As I noted earlier, the proposal is to lengthen the minimum work leave by 3 work days, and to establish it at 21 calendar days. This is the so-called basic socially guaranteed work leave.

At the same time the USSR Council of Ministers and the AUCCTU feel that the work leave system must perform not only the function of a social safety net but also a stimulatory function. The bill proposes differentiating the duration of leaves above the minimum amount on the basis of three criteria—time of service, working conditions and nature of work.

How will this work in practical terms? First of all we foresee introducing a differentiated scale of increasing leave duration depending on overall time of service. The government and the AUCCTU suggest using a two-level scale, with regard for the opinions of labor collectives:

—when a time of service of over 5 years is reached, the basic leave is increased by 3 calendar days to a total of 24 days;

—when a time of service of 10 years is reached, the leave increases by 7 calendar days over the minimum, attaining 28 calendar days.

Thus, comrades, in the case of normal working conditions the maximum duration of the basic leave, 28 calendar days, will be reached after a total of 10 years' time of service.

There is one other important innovation in the bill: A worker now acquires the right to a leave in not 11 but 6 months from the beginning of work at a new place of employment, which is in keeping with the international norm.

Now about the duration of the leave depending on working conditions.

An advantage is proposed for production operations with heavy and harmful conditions: the maximum duration of 28 calendar days for the basic leave will be reached not in 10 but in 5 years.

Establishing extra leaves for persons working in heavy and harmful conditions is proposed concurrently. This is justified, inasmuch as work in such conditions requires greater energy outlays and additional time for prevention of possible occupational diseases.

The same principles that are contained in the pension bill approved by the session are laid at the basis of determining the duration of extra leaves.

In this case the indicators of the harmfulness and heaviness of work are established across the board for the entire national economy, and not for individual sectors, as has been done to date.

Next, dividing all harmful production operations into two groups is proposed.

The first, corresponding to List No 1, consists of production operations in which unfavorable conditions persist irrespective of technical progress.

Production operations in which unfavorable working conditions may be improved through technical and technological measures are grouped in List No 2.

Depending on the specific working conditions, extra leave may attain up to 42 calendar days. Moreover in contrast to former practice, in which the duration of such leaves was rigidly regulated by central authorities, the proposed bill foresees only the maximum dimensions of extra leave in each job group. Its specific duration will be determined independently by each enterprise on the basis of the results of work place certification, and depending on the degree of harmfulness of the working conditions and the amount of time the worker spends during the day and the year in the corresponding area, and it will be approved in a collective contract.

State organs for expert examination of working conditions must help enterprises in this work, and monitor its progress as necessary.

I would like to make special mention of the fact that because of the proposed mechanism, the overall duration of the basic and extra leaves will increase significantly precisely for the category of workers who are working today in truly heavy and harmful conditions.

For example the total leave of workers in coal industry employed in the heaviest and most harmful jobs will increase from 39 to 48-54 days, and to 57-60 days in some cases. And with regard for other advantages which the enterprises are themselves entitled to grant, miners working beneath the ground under multiple-shift conditions may receive leave totaling up to 70 calendar days.

Thus the bill accounts fully for the provisions of Decree No 608 on the results of negotiations with miners, approved by the USSR Council of Ministers on 3 August 1989.

The population of the Far North and regions equivalent to it lives and works in heavy climatic and natural conditions. Therefore it would be fully reasonable and justified—and this is proposed in the bill—to grant all laborers of the Far North extra leave of 3 weeks, and workers in areas equivalent to it extra leave of 2 weeks.

Comrades, let me now dwell on extra leaves for the special nature of work.

There are many persons whose working conditions are not harmful and heavy, but they are associated with greater nervous, emotional, mental and physical stress, and with other unfavorable factors. I am referring to flight and flight testing personnel, to laborers of the merchant marine and the river fleet, to workers in geological and other expeditions and parties, to those who work at high altitude and in rail transportation, to drivers of urban transportation in large cities, and some other categories of workers.

Extra leave differentiated with regard for the time necessary to recover performance is foreseen for all of these laborers. Moreover the range is quite large in this case: up to 3 days in some instances, and up to 42 days in others—for pilots for example.

Concluding the topic of work leaves, I would like make special mention of the fact that the new bill does not worsen the position of a single category of workers, though certain adjustments are proposed for some of them.

In particular, it has been deemed unsuitable to maintain so-called lengthened leave for a nonstandardized work day for executives, specialists, engineers and technicians, inasmuch as it is established for practically all workers, and it does not offer any kind of stimulatory advantage. Therefore the bill proposes establishing leave of the basic duration of 4 weeks for these workers, irrespective of time of service—that is, for practical purposes preserving the existing conditions.

A number of government decrees regulating establishment of lengthened basic leave for certain categories of workers up to 8 weeks in duration are presently in effect.

Thus eight-week leave was established back in 1949 for secondary school teachers, for instructors in various educational institutions and for doctors of sciences in the leading scientific and scientific research institutions, and a six-week leave was established for a number of other workers.

Later on decisions were made establishing such leaves for performers and creative theater personnel, and for teachers in children's preschool institutions.

Legislatively affirming the existing practice is proposed.

### On the System of Social Leaves

Comrade deputies!

The need for showing greater concern for the family and for mothers has been continually emphasized at the Congress of People's Deputies, in the session of the USSR Supreme Soviet and in meetings of committees and commissions. This problem was most directly reflected in the draft Law on Leaves.

In order to create favorable conditions for motherhood and childhood, to provide assistance to the family, and to raise and educate the growing generation, the bill foresees radically improving the entire system of social leaves. It will include:

- pregnancy and maternity leave;
- partially paid child care leave;
- extra paid leave for laborers with children;
- leave in connection with education—that is, combination of work and study in educational institutions;
- creative leaves.

The bill foresees a number of new norms. In particular the duration of prematernity leave is increased from 56 to 70 calendar days.

I would like to turn your attention to the fact that a new, very important condition is being introduced, and namely, all 126 days of leave will be paid irrespective of the amount of prematernity days actually used. Let me recall that if a woman uses only 56 days of prematernity leave today, the unutilized days are not paid.

When there are two or more children up to one and a half years old, partially paid child care leave is to be granted not for one child, as is the practice today, but for each child. This leave may be utilized fully or in part, not only by the mother but also by other working members of the family who actually care for the child.

There are plans for establishing child care assistance for nonworking women with one or more children up to one and a half years old, on par with working women. This measure will require allocation of sizable assets, but it is a necessary part of safeguarding maternity and childhood.

Working women with two or more children up to 12 years old are currently granted 3 days of extra leave on the condition that the total duration of leave does not exceed 28 calendar days.

The bill foresees increasing the age of a child for which such child care leave is granted to 14 years. In place of 3 days, it foresees providing additional paid leave of 4 calendar days in the presence of two children and 6 calendar days in the presence of three or more children or a disabled child. The presently existing limitation on

total leave duration is repealed. Even more advantageous conditions are to be granted to single parents and to wives of compulsory-service military personnel.

As you know, many disputes and conflicts arise at enterprises due to lack of legal regulation of the practice of granting leaves without pay. This matter is resolved legislatively by this bill.

First of all, it clearly determines the categories of laborers to whom leave must be granted mandatorily at their desire. These are primarily women bringing up children, participants of the Great Patriotic War, invalids and working retired individuals. They may take leave of up to 2 weeks' and up to 2 months' duration, and until a child reaches an age of 3 years.

Other persons requiring leave without pay for some reason may receive such leave up to 7 calendar days long without having to subsequently make it up.

I would like to turn your attention to the fact that in addition to social leaves, the bill also accounts for other interests of invalids. They are granted a basic leave of maximum duration in summer or in any other time of the year convenient to them, immediately, irrespective of time of service. In the first year of work they are entitled to receive leave after 6 months of work.

Money compensation for unutilized leave, which sometimes becomes a thorny issue, is resolved in a new way in the bill. Such compensation is not allowed by existing law, except in cases of dismissal. This was justified when leaves were short. Now that the new law is being introduced, they are increasing significantly. Therefore in keeping with suggestions from laborers, it will become possible for a worker to substitute part of a basic and an extra leave by money compensation at his desire. But in all cases the leave of workers must not be less than 3 weeks.

I think you would agree, comrades, that such a measure is progressive, and that it permits solution of a number of personal, family and work-related problems.

This will also be helped along by the right foreseen in the bill for laborers to take their leave in parts. But only under the condition that one of the parts must be not less than 2 weeks.

### On Expansion of the Rights of Republics and Labor Collectives in Regulating Leaves

Comrades!

This bill reflects changes in the economic mechanism associated with increasing the sovereign rights of the union republics and developing self-financing and self-sufficiency.

Significant expansion of the rights of the administration and of labor collectives in determining the duration of leaves and the procedures for granting them is foreseen. Upon coordination with the trade union committee, the

administration is granted the right to provide extra leave to workers as a reward for high results in labor, to grant leave to workers following a multiple-shift schedule and a continuous work week schedule, and for extra working time, and to establish extra pay and other benefits concerned with social leaves.

The bill establishes the procedures by which issues concerned with granting leaves to workers are spelled out in a collective contract. This will raise the responsibility of the parties and make it possible to decrease the number of conflict situations.

The bill expands the rights of union republics and local soviets in resolving leave issues. As you know, the republics had practically no rights in this area under rigid centralization of the leave system. This conflicts with objective trends associated with expansion of the independence of the republics in the social and economic spheres. This is why the bill foresees endowing the union republics with a number of powers in these matters.

This will significantly raise the system's flexibility and make it more dynamic, and it will allow the republics to establish benefits on the basis of their own specific social conditions and economic possibilities.

In accordance with the bill, the republics are empowered:

—to establish social leaves of increased duration at the expense of republic budgets, to increase the guaranteed dimensions of pay for these leaves, and to provide more advantageous conditions for annual basic leave depending on time of service and extra leaves for the special nature of the job;

—to establish grounds other than those spelled out in the bill for granting annual basic leave, within the limits of the maximum duration and not less than the minimum guaranteed leave duration.

Local soviets of people's deputies may establish—at their own expense of course—additional benefits concerned with social leaves.

Many proposals for reducing leaves due to absenteeism and other violations of labor and production discipline were submitted during drafting of the bill. The government feels that these proposals should be supported. Therefore the bill foresees that the duration of not only basic but also extra leaves may be decreased for a worker who takes time off from work without due cause.

It must be kept in mind in all cases that the actual minimum duration of leave must be not less than 3 weeks.

#### **Social and Economic Consequences of the Law**

In the opinion of the government of the USSR and the AUCCTU, implementation of the approaches presented here will allow the state to guarantee leave for all laborers, to put the work leave system in order and in

correspondence with the principle of social justice, to increase the dependence of leave duration on labor contribution and on real working conditions, and to increase the role played by social leaves in implementing state programs for strengthening the family and for safeguarding maternity and childhood. The leave system will become simpler, clearer and more comprehensible to laborers.

Adoption of the USSR Law on Leaves will make it possible to create more favorable conditions for recovery of performance and complete rest for 90 million laborers.

A tangible increase in leave duration will occur chiefly among workers in the productive sectors and kolkhoz farmers.

Here are some figures. At the moment 25.6 million laborers take leaves 15-17 work days long. According to the new law such short leaves will simply no longer exist. On the other hand almost 80 million persons, or a little less than 40 percent more than today, will be able to enjoy leave of 28 or more calendar days.

Implementation of this major social measure will require additional outlays on the order of 8 billion rubles on an annual basis.

The increase in leave duration foreseen by the bill is essentially equivalent to a decrease in the total number of blue and white collar workers in the national economy by 2.3 million persons. Therefore we will experience the real benefits from this new law only if the loss of working time is fully compensated by an increase in labor productivity and by greater organization and discipline.

In other words, not only must we prevent a decrease in production, but on the contrary we must significantly increase it, and we must make more effective use of production potential.

The enterprises will have to mobilize internal production reserves as a way of finding the means by which to pay workers taking the place of persons on leave, having in mind that the outlays needed in order to increase leave duration will be borne by enterprises working on a cost accounting basis out of their own assets intended to be used as wages, while organizations operating on the basis of a budget will have to do so out of their budget.

Considering the large outlays required by the Law on Leaves and its social and economic significance, it would be suitable to introduce this law in stages during the 13th Five-Year Plan. The specific deadlines for its introduction may be determined at the time we formulate the plan for the country's socioeconomic development in 1991-1995.

We will make our plans realistic and fulfillable by tying in our intended social programs, including the increase in leave duration, with measures to raise the economy's effectiveness.

**Comrade deputies!**

Concluding my presentation, I would like to inform you that the bill was initially discussed by the Commission for Labor, Prices and Social Policy of the USSR Supreme Soviet with the participation of representatives of other commissions and committees. The bill was supported in general.

To permit further work on it on the basis of the results of its nationwide discussion, the commission has created a working group consisting of people's deputies, government representatives, scientists and specialists.

I ask you to examine and support the draft USSR Law on Leaves submitted by the government and the AUCCTU.

## CIVIL AVIATION

**Performance of New Commercial Administration Critiqued**

904H0067A Moscow VOZDUSHNYY TRANSPORT in Russian 11 Nov 89 p 3

[Interview with Anatoliy Nikolayevich Brylov, chief of the Joint Ventures and Contracts Directorate of the International Commercial Administration of Civil Aviation, by unidentified VOZDUSHNYY TRANSPORT correspondent: "What is the Basis for the Dispute?"]

[Text] For over a year, passions have surrounded the establishment of the International Commercial Administration of Civil Aviation, whose right to exist is being disputed by employees of the International Air Services Central Administration.

But the first question our correspondent asked A. Brylov, chief of the Joint Ventures and Contracts Directorate of the MKU [International Commercial Administration] touched upon the results of the new administration's work in the first year of its existence.

[Brylov] We have coped with the basic task set for our administration—coordination of foreign economic activity in the sector. How is this confirmed? Primarily by the financial indicators and fulfillment of the foreign exchange plan. The results of three quarters this year proved to be better than for the same period before establishment of the MKU. And it should be stressed that fulfillment of the foreign exchange plan is a task which faces the MKU as well as the administrations directly engaged in international transport, chiefly the International Air Services Central Administration, which handles the largest volume of operations on international routes. According to the results for 9 months, the foreign exchange plan was fulfilled by 109.6 percent for all types of currency.

As the holder of Aeroflot's legal documents, I can say that the MKU has contract relations today with 19 civil aviation administrations. In other words, the MKU assumes the task of providing commercial support for their work, and the economic contracts which these administrations and production associations have concluded with us were not imposed on them by anyone. This was not some directive of the ministry, but a display of the free will, so to speak, of the territorial administrations on the one hand and the MKU on the other hand. A contract such as this also exists between us and the TsUMVS [International Air Services Central Administration].

The sector's shift to the new conditions of economic operation, to full cost recovery, including foreign exchange recovery, has raised the question of ensuring that Aeroflot has as many assets as possible in hard currency. While previously Aeroflot was able to retain only 2 percent of the foreign exchange receipts for itself, in the Law on the State Enterprise (Association) now in

development, the USSR Council of Ministers has finally resolved this urgent and fundamental problem for our sector: beginning on 1 July this year, 85 percent remains in the sector. At the same time, naturally, the question of distributing the foreign exchange funds is particularly critical. Most of the foreign exchange profit is received by those who have directly earned it.

[Correspondent] Let us discuss the relations between your administration and the TsUMVS now, Anatoliy Nikolayevich. As we can see from the article "Whether We Are Holding Up to the Competition" (VOZDUSHNYY TRANSPORT, 21 September 1989), the basic objection to establishment of the MKU is as follows: the MKU, which acquired the status of a cost accounting production association to conduct commercial activity, conclude contracts and agreements, and set rates and prices on behalf of Aeroflot, does not have its own fleet of aircraft, while the TsUMVS and other territorial administrations which make flights to other countries have been deprived of real economic independence. To what extent is this a legitimate statement of the question, in your view?

[Brylov] In order to understand all of this, we must first return to the concept of what Aeroflot really is. Sometimes we call it an airline, and certain TsUMVS employees who are part of the so-called initiative group call it that, by the way. Although I did not see from articles in both VOZDUSHNYY TRANSPORT and MOSKOVSKAYA PRAVDA how they interpret this word. In my view, this is no more than a tribute to fashion, so that we have everything that "they" have. Just as it has now become fashionable for us to use the words "menedzher," "marketing," "sponsor," and other words, but I have not seen the economic and legal substance of just what an airline is in these articles. If we take the most stable foreign airline, SAS, this is really an independent enterprise, but at the same time it is controlled by the governments of three Scandinavian countries.

But let us return to those difficult relations, let us say frankly, established between our administration and the TsUMVS.

As it turned out, the concept of Aeroflot has been identified for a long time with the TsUMVS, which appears in the international arena as "Aeroflot—the Soviet airline." But other administrations have also made and are continuing to make international flights under the same name. But today, under the law, they have also received equal rights with the TsUMVS to go into the foreign market. Of course, the TsUMVS has the basic share of international flights, but from a legal point of view, the Ukrainian Administration of Civil Aviation, and the Uzbek Administration, and the DPO [Domodedovo Production Association] are equal to the TsUMVS in this case.

To say that by being a cost accounting production association, the MKU does not have a fleet of aircraft is

incorrect. The question is asked: does the International Commercial Administration need its own fleet of aircraft? Under the law—the Aviation Code of the USSR—Aeroflot is civil aviation under the jurisdiction of the Ministry of Civil Aviation. Consequently, the entire fleet of aircraft of the administrations, production associations, and enterprises is the common fleet of Aeroflot. But the commercial support for the fleet's activity on international routes is provided by the MKU for all of Aeroflot, not just the TsUMVS.

As far as our relations with the TsUMVS are concerned, as I stated already, we have an economic contract with this administration. It should be recognized that it was born in torment, and the experience in applying it, at least in 1989, showed that we did not take a great deal into account. We worked together with the TsUMVS in fulfilling the production plan and the foreign exchange plan; at the same time, the basic burden rested on the shoulders of the TsUMVS aviators, and they coped with it splendidly. But the MKU can in no way be considered some kind of parasite. After all, the commercial workload which has been realized in a positive financial result in the final analysis was provided by the MKU. If we are speaking about the future, the new contract—and we certainly should conclude it with the TsUMVS for 1990—has been called upon to be more specific. And primarily in the commitments which we assume.

[Correspondent] When the MKU was established, confidence was expressed that centralization of the foreign economic subunits would eliminate parallelism and duplication in the activity of these enterprises. But now reference has been made to the fact that the TsUMVS is planning to reestablish its own commercial service once again in the structure of its administration. How will this be reflected in the MKU's functions, in your opinion?

[Brylov] I think the functions of the MKU in this case will remain as before—coordination of foreign economic activity. But the TsUMVS will be able to decide many questions of a commercial nature and should decide them independently. So I do not see any problems, even if the TsUMVS establishes its own commercial service. Especially as this does not conflict with the Law on the State Enterprise. To supplement its immediate work, TsUMVS employees themselves will look for ways to increase economic efficiency in operating on international routes and to resolve questions on the commercial commitment and charter and additional flights. This is unlikely to bring discord into the MKU's activity, especially as everything will be performed on the proper legal basis, I hope. After all, we cannot forget that we are linked by intergovernmental agreements which specify in particular which aviation enterprise is assigned to serve a given route. This is Aeroflot in all agreements, in accordance with the Aviation Code of the USSR. So the main objective is to adhere respectfully to the laws and international contracts.

The Aviation Code of the USSR is unquestionably the basic law which regulates the rights of aviation enterprises. If a serious debate takes place in the USSR Supreme Soviet on questions of the property and independence of enterprises, the Aviation Code only has to be revised in certain parts. Perhaps there is reason to amend Article 10, which states that Aeroflot acts as a single enterprise in international air service. It is more expedient, in our view, to stress that all enterprises of Aeroflot, which are part of the civil aviation system, may act in this capacity.

I would like to touch upon the question of the ministry's role in relationships between the TsUMVS and the MKU. We quite often hear the opinion that the Ministry of Civil Aviation is the organ which attempts to dictate to the enterprises and encroach upon their economic independence which the law has given them. But how is this independence interpreted? I have worked in the field of international civil aviation for many years, and I can say with good reason that not one civilized state gives airlines themselves the right to decide where and how to fly. This is the prerogative and competence of the state, which transfers its rights to a specific department. In the United States, for example, three organs must express their opinion without fail regarding which airline is to be authorized to operate on a specific international air route—the Federal Aviation Administration, the Department of Transportation, and finally, the foreign policy department—the U. S. Department of State.

[Correspondent] In the article "Whether We Are Holding Up to the Competition" which we mentioned, the firm conviction was expressed that it was a mistake to create the MKU. And one of the arguments to support this assertion cites this reason: granting the MKU the status of a monopolistic organ for the coordination, distribution, and development of international air routes deprives the aviation enterprises which possess the aircraft of independent foreign economic activity...

[Brylov] I would not like to find fault with the words, but I cannot agree at all with a combination of the concepts of "monopoly" and "coordination" in one context. By its very nature, coordination cannot be monopolistic. After all, if we are speaking of coordination, this assumes interaction between those who are engaged in specific work. And, I repeat, this coordination is realized by the conclusion of bilateral contracts, and without confidence in the MKU as the organ which provides for their commercial activity in the international arena, it is clear that such a contract cannot exist.

I want to stress that the TsUMVS, as well as the MKU, has the right to go directly into the foreign market, and no one has the right to deprive it of this opportunity. But it would not be harmful to support its plans with specific economic calculations and to adhere to existing legal standards.

## TRANSPORTATION

[Correspondent] Tell us, Anatoliy Nikolayevich, what other partners of yours are making similar claims against the MKU?

[Brylov] I have talked with the managers of over 15 administrations and production associations, and I can say that they all see the MKU as a serious, skilled assistant in expanding their foreign economic activity. Incidentally, in speaking of a monopoly, it is no secret to anyone that the independence which other enterprises have received ruined the monopoly of the TsUMVS on international routes to a certain extent. And I believe it is precisely this which disturbs the administration's employees. But is this worth fearing? The TsUMVS would simply not be in a position to "digest" the tremendous demand for international transportation associated with our state's increased activity in foreign economic operations and simplification of the procedure for Soviet citizens to go abroad.

We must explain here that competition between the airlines of one country is not permitted anywhere in the world, and it is even prohibited by law. Let us assume that Pan American has a sphere of activity in one region; the State Department will not allow American Airlines into this same market. Judge for yourselves: what will happen if the Vnukovo Association decides to fly from Moscow to London, a route which the TsUMVS serves? For this reason, the function of the ministry, as the organ of state administration for the distribution of air routes, will remain. But the concern of TsUMVS employees that they will now have worse working conditions is completely groundless, of course. They have enough work, including on those routes where freely convertible currency is being earned.

Of course, the International Commercial Administration may be seen as just "one more administrative-bureaucratic entity within the ministry framework," as certain excessively emotional persons from the TsUMVS see this. But a fact remains a fact—other aviation enterprises have also acquired the right to enter the international market under the new conditions of economic operation. After all, the MKU is the foreign economic organ of Aeroflot, not the ministry, and it supports the work of Aeroflot as a whole on international routes. And Aeroflot is not only the TsUMVS.

We have repeatedly tried to explain the true state of affairs. But it is very difficult to hold such discussions. I recall that at one of the meetings I was attempting to explain the source of our differences. I was reproached for reasoning, as in the times of stagnation, that we will change the law if it interferes, we will ask someone, or appeal somewhere... Although the Aviation Code of the USSR was established at the time that the Soviet Union had joined the ICAO [International Civil Aviation Organization] by associating itself with the Chicago Convention; this is the basic agreement by which aviation in all countries is guided, and the international sections of the code were worked out in strict conformity with the USSR's commitments under the Chicago Convention of

1944. Moreover, it does not conflict with the Law on the State Enterprise, and because of that, there is no reason or right to repudiate it.

**From the Editorial Staff:** So we have familiarized our readers with the positions held by representatives of the TsUMVS and the MKU.

We can only regret that these administrations cannot find any common language and have been in a state of open irreconcilability for a protracted period of time. In short, there is no dialogue. In any event, it is doubtful that there are grounds to hope that a debate that has been drawn out for so long will help to cope with one of Aeroflot's most pressing problems—improvement in international flights.

Without intending to be an arbitration tribunal, we still venture to express confidence that in the final analysis everything will fall into place in the economy—the most objective and unbiased criterion. After all, disputing its conclusions under the conditions of cost accounting is a most thankless pursuit.

### Deputy Minister on Airfield Ground Safety, Needed Improvements

904H0067B Moscow VOZDUSHNYY TRANSPORT in Russian 14 Nov 89 pp 1-2

[Article by Yu. Yurkin, deputy minister of civil aviation: "The 'Ground' Problems Are Very Critical"]

[Text] Civil aviation has been operating wide-bodied aircraft with large passenger capacities for 10 years now, and in the years to come, enterprises will receive even more up-to-date mainline aircraft. This requires a most serious approach in preparing the sector's ground facilities and in defining new principles to analyze and evaluate the status of safety related to ground-based factors.

Flight safety problems should not come down to the reliability of aircraft, the personal factor, the analysis of particular situations, and the reliability of flight control systems. To a significant extent, they depend on the condition of ground facilities. The advanced level of development of aviation science and technology makes it possible to practically develop an "aircraft-airport" system that is perfectly safe, but it may turn out to be economically unprofitable at the same time. For this reason, a compromise is necessary between the requirements for safety and economic efficiency applicable to aircraft, but one which provides for the desired level of flight safety.

The extent to which "the ground" is provided with facilities today is about 60 percent of the normative level on average. And in the specialized areas which directly affect flight safety, this factor is 85 percent for airports, 70 percent for UVD [air traffic control], radio navigation and communications facilities, 20 percent for the AS UVD [automated ATC system], 34 percent for the ATB [aircraft maintenance base] (including 19 percent for

hangars), 67 percent for fueling facilities, and 24 percent for SST [expansion unknown].

Many airports built 20 to 25 years ago require renovation and technical reequipment.

In order to remove the disproportions in development between "the ground" and "the air," a program has been drafted by the USSR Gosplan, together with the MGA [Ministry of Civil Aviation], to bring the sector's ground facilities up to the normative level in two stages.

The following is planned in the first stage (1991 to 2000): to correct the disproportion that has taken shape between development of the sector's material and technical base and development of the fleet of aircraft; to build, renovate, expand, and technically reequip production facilities intended for operations utilizing the prospective mainline and wide-bodied Il-96 and Tu-204 aircraft, as well as the Il-86, Il-62, Tu-154M, and Yak-42 aircraft; to resolve the problem of housing for the sector's employees; and to develop on a priority basis the ground-based material and technical facilities of airports in regions of the Far North, Siberia and the Far East, utilizing no less than 40 percent of the capital investments allocated for these objectives.

As the result of implementing the first stage, the average level at which the sector's ground services will be provided with material and technical facilities will be raised from 60 percent in 1987 to 70 percent by 1995 and up to 84 percent by the year 2000.

In the second stage (2001 to 2005), it is planned to continue construction of facilities for the ground material and technical base of civil aviation, to bring its provision of support up to the normative level, and to completely resolve the problem of providing the sector's employees with facilities in the social area.

Analysis of the status of flight safety during the current five-year plan shows the areas in which a steady trend in reducing violations has taken shape.

The number of preconditions for aircraft accidents is being reduced every year. The number of engines removed ahead of schedule has been decreased by nearly one-half as many. There have been many less cases of bird strikes. The number of go-arounds because of unauthorized use of runways has declined.

However, the status of flight safety related to ground-based factors cannot be called satisfactory. In the first half of this year, an accident involving an An-2 aircraft at the Chusovskoye Airport in the Urals Administration was the fault of the airfield service. In taking off, the aircraft hit the tops of trees that were over the permissible height and went down 700 meters from the runway.

For the first time in recent years, a Tu-134 aircraft was damaged at the Groznyy Airport when the nose gear failed during the takeoff run because of rough areas in the pavement.

The most dangerous preconditions for aircraft accidents because of unauthorized runway use continue to exist. When a Tu-134 was landing at the Grodno Airport in 1987, a "KrAZ" motor vehicle carrying intoxicated airfield service technicians went out on the runway. The conclusion may be drawn from this that the tragic events at Omsk in October 1984, when a Tu-154 collided on landing with airfield equipment on the runway, were not a lesson for us.

A high level of flight safety associated with factors on the ground is possible only when a combination of steps are taken.

Let us look at the status of the airfield network first of all. It has basically taken shape in our country. There is no need to build new airports today, except in the newly developed regions of the North, Siberia, and the Far East. However, the question of taking a number of airports outside city limits is critical.

New-generation aircraft which produce considerably less noise and are capable of following curved approach paths, which makes it possible to move as far as possible from residential blocks, are coming to replace the aircraft now being used.

In connection with the rapid development of a number of cities, new construction is literally "advancing" on the airports. Not only ecological problems, but flight safety problems are arising. The buildup of territory near airports is regulated by appropriate articles of the VK SSSR [Aviation Code of the USSR] (Arts 34 and 35), which are being flagrantly violated in a number of cases, but the union republics' councils of ministers and the ispolkoms of oblast and city soviets are not monitoring adherence to the rules stipulated by these articles.

Moving a modern airport to a new place requires substantial expenditures. For example, the construction of a new international airport designed to accommodate aircraft of the Tu-154 type requires a capital investment of 300 to 400 million rubles.

The Ministry of Civil Aviation does not have such material and financial resources at its disposal today. Moreover, directive organs decided to move the times for taking a number of airports out of city areas to a later period.

Under these conditions, the managers of administrations, associations and enterprises, together with the ispolkoms of local soviets, must work out a combination of measures to ensure flight safety in cities with construction development nearby. First of all, this means moving out of danger areas the residents of settlements and city rayons located in takeoff and landing zones, and where this is not possible, flights should be limited to the one safest path. A combination of measures is also required to change approach patterns, limit flights at night, and other specific actions.

The condition of airport paved areas, runways, taxiways, and aircraft parking areas is especially important in providing for flight safety. The point is that most airports were built in the 1950's and 1960's. Many of them need renovation or major repair. This work is being carried out.

However, an analysis shows that the amount of it is inadequate. There have been 635 engine removals ahead of schedule, two aircraft incidents, and a significant number of cases of aircraft damaged on the ground over the years of the current five-year plan because of the unsatisfactory condition of airports.

An even more important task is bringing airports up to the standards set forth in the NGEA SSSR [presumably: USSR Airport Operation Standards].

We must remember that the suitability standards were developed by taking into account the minimum state requirements for civil airports. But even these minimum requirements are not being observed at all airports. In just the first half of this year, the USSR Gosavianadzor [Flight Safety of Civil Aviation Commission] disclosed more than 200 deviations of airport features and equipment from the requirements of the NGEA and NGEA [Equipment Operation Standards]. Runway use was suspended at the Khabarovsk Airport, as well as the operation of lighting equipment at the Groznyy, Zhulyany, Alma-Ata, and Aktyubinsk Airports, and other restrictions necessary to ensure flight safety were introduced.

The quality of the network of airports is characterized by the number of categorized airports; there are 46 of them in the sector, 10 of which are classified as ICAO Category II airports. However, their condition gives reason for serious concern. The fact is that the category is continuously being taken away from a number of airports for various reasons. The protracted renovation of airports in Magadan, Barnaul, Kemerovo, and Dnepropetrovsk is one of the objective reasons for this. However, at many airports the category is being taken away because of deviations from the standards for airport surface condition and weather instruments and expiration of certification periods because of fluctuations in the parameters for the glidepath systems and other reasons. This situation is not normal, and it attests to the fact that attention to this important area of flight safety has been minimal in local areas.

In conformity with the plan for preparing categorized airports, five airports should be certified for ICAO Category I (Magadan, Brest, Yakutsk, Norilsk, Krasnoyarsk) and four should be certified for Category II (Simferopol, Khabarovsk, Tashkent, Ufa) by the end of the current five-year plan.

This pace in certifying airports does not enable us to bring about fundamental improvement in the quality of the airport network. We are lagging considerably behind the developed capitalist countries in this. For example, there are 668 categorized airports in the United States today; 590 are Category I, 64 are Category II, and 14 are

Category III airports. In order to fundamentally change the categorized airport situation that has developed, we need considerable capital investment. Solution of the problem lies with the combined use of funds from enterprises and capital allocated centrally by the USSR Gosplan, as well as the republic and oblast budget and other sources.

The status of flight safety depends to a large extent on the organization of operations to maintain synthetic pavements on airfields. This means chiefly checking and maintaining the expansion joints in the pavement to ensure they are in condition for operations. In order to achieve good quality in this work, we need high-strength, durable mastics, as well as mechanized facilities to spread the joints.

However, enterprises in the sector are having serious difficulty in obtaining the RBV-35 and RBV-50 mastics which are being produced; the main suppliers are the Biysk Chemical Combine and the Minsk NPO [Scientific Production Association] "Dorstroytehnika."

Beginning in 1989, the delivery of mastics was shifted to direct contacts between the customer and the manufacturing enterprise, which complicated the situation even further. The solution to this situation is to reinforce work with manufacturing plants through direct contacts and enter into contracts firsthand with other enterprises producing the mastic (the Gissar Production Association "Gidrostroymaterialy" in Dushanbe and the Liloyskiy Building Materials Combine in Tbilisi).

The question of mechanizing the work to spread the joints has not been resolved, either. The GPIiNII GA ["Aeroprojekt" State Planning and Surveying and Scientific Research Institute of Civil Aviation], the organization primarily responsible for carrying out the part of the program to develop "improved sealant materials and mechanized facilities," and the UNS MGA [Ground Structures Administration of the Ministry of Civil Aviation] have not been able to resolve this problem, unfortunately.

There are no serious problems with snow removal at the country's primary airports and enterprises have enough snow removal equipment. However, it has a low operating speed. In order to resolve this problem, the "Dormash" Plant in Minsk has developed the new DE-235 snow removal machine with an operating speed of 30 to 40 kilometers, and it will be put into operation soon. A new high-speed rotary plow [shnekorotor] will also be coming out.

The struggle against glaze ice remains a difficult problem to resolve. The increase in the number of heat engines at enterprises has resulted in a shortage of VK-1 engines, which are not being produced in our country; 50 units are delivered annually under a contract with Poland. We managed to conclude an agreement in 1989 for 100 engines; 20 of them will go to produce new machines at the "Dormash" Plant and 80 will go to enterprises to replace the engines which have completed their service

life. Only 370 such machines are being operated, while the sector needs 500 of them. In order to rectify this situation, an agreement has been made to repair 25 engines annually in the city of Kutaisi; each year DOSAAF and Air Forces organizations look for 15 to 20 VK-1 engines for the sector.

The Riga Test Center of the GosNII GA [State Civil Aviation Scientific Research Institute] is developing a kerosene heater for the AI-25 engine for its use to provide fuel; the new DE-235 machine is equipped with a rolling cart and D-30 engines, which operate in the heating mode; and work is being carried out to improve the heat engines at aviation enterprises.

One of the important problems in providing for flight safety is accurate and reliable determination of the coefficient of cohesion. Taking foreign experience into account, a batch of measuring devices based on VAZ-2108 vehicles equipped with documentary recording apparatus has been manufactured.

With the increased amount of power provided to airports in recent years, flight safety increasingly depends on a stable external power supply, as well as the condition of power systems on the airport. The requirements for lighting equipment are increasing with the increase in categorized airports.

In three and a half years of the 12th Five-Year Plan, there have been 21,000 interruptions in the external power supply, which led to 28 preconditions for aviation accidents. Analysis and a check of the external power supply showed that along with emergency power outages, there are flaws in the external power supply circuits for airports, which are consumers of Category 1 dependability, as well as inadequate interaction between airports and power supply organizations. In order to eliminate these problems, it is necessary to inspect the external power supply and the internal airport networks jointly with local inspection subunits thoroughly on a day-to-day basis.

With the shift by enterprises of the Ministry of Power and Electrification and the Ministry of Civil Aviation to full cost accounting, the relationships between them will be determined by economic criteria as well. Thus, for example, a power outage at a major airport for 1 minute entails a financial loss of 220 rubles.

The condition of airports' internal power systems is a source of particular concern today. Because of their poor condition, there have been more than 4,000 power outages in 3.5 years of the current five-year plan which led to four preconditions for accidents. The main problem is the production of resources for cable networks. In order to maintain them in operating condition in accordance with USSR Gosplan standards, 700 kilometers of armored cable and 200 kilometers of power cable are required each year. The sector is being allocated a little over 300 kilometers per year, taking capital construction into account. The electrical equipment of transformer substations has become outdated and in

many cases the service life set for it has been exceeded, and there are serious problems in replacing it. One of the ways of resolving them is to renovate the internal airport systems with state capital investments as part of projects. It is also necessary to increase the quality requirements on projects, to use new equipment, and to provide for automated control. Retraining of specialists under the UTTs [Technical Training Center] must be organized on the basis of united interests in accordance with territorial criteria.

The condition of airport lighting equipment is a source of grave concern. Over the years of the current five-year plan, 23 accident preconditions have existed because of interruptions in its operation. The NETs AUVD [Scientific Experimental Center for Civil Aviation Air Traffic Control Automation], which is tracking the work to complete the newly developed "Svecha-4" and "Svecha-MVL" systems, must speed up this work and bring the quality of the systems under development up to the best foreign versions.

The tragedy at Omsk in 1984 demonstrated that the role of specialized vehicle services in providing for flight safety is exceptionally important. The required number of flashing lights and radios exist at airports, and delivery of them is sufficient each year to prevent equipment without lights and radios from going onto an airfield. Nevertheless, there have been cases of vehicles going onto a runway without authorization. Every year up to 100 aircraft accidents are caused by the employees of specialized vehicle services. The number of road and transport accidents, many of which are the fault of intoxicated drivers, is high, and people are losing their lives. They are caused by the lack of procedural discipline, the poor technical condition of vehicles, and the insufficient number of qualified drivers in the services.

A modern specialized vehicle sometimes has more equipment and automated devices than some aircraft, such as the An-2, for example. However, the training and retraining of drivers has been poorly organized. It must be continuously perfected. A system for training drivers must be organized under the UTTs. Courses to increase the technical secondary qualifications of specialized transport services' personnel have been organized at the Slavyansk Aviation Technical School. The closest attention should be given to the establishment and equipment of a scientific-production complex based on the KIIGA [Kiev Institute of Civil Aviation Engineers] proving ground, Civil Aviation Plant No 85, and the Borispol Airport for training students and retraining engineers of all categories, mechanics, and specialists in the services.

We have cited only part of the problems involving the ground-based facilities in our sector which have a direct effect on flight safety. There are many more of them. For this reason, the plans for development of ground-based facilities provide for their further improvement to be directed primarily at ensuring a high level of flight safety.

## MOTOR VEHICLES, HIGHWAYS

### Motor Vehicle Imports, Exports Cited

904H0095A Moscow ZA RULEM in Russian  
No 11, Nov 89 p 3

[Statistics on exports and imports of motor vehicles reported in the publication "Foreign Economic Relations of the USSR in 1988": "A Few Statistics"]

[Text] Passenger cars and motorcycles sold abroad made up 1.6 percent of the total volume of Soviet exports in 1988, and trucks and garage equipment accounted for 1.9 percent of the total volume. We exported passenger cars for 660,014,000 rubles last year (620,956,000 in 1987), but together with dismantled passenger vehicles and spare parts and accessories, as well as motorcycles and the spare parts and accessories for them, the total value was 1,087,254,000 rubles (compared with 1,027,371,000 rubles in 1987). The USSR exported trucks and their spare parts and accessories, garage equipment, buses, and specialized vehicles and trailers for 1,286,376,000 rubles in 1988 (1,312,300,000 rubles in 1987).

#### Number of Motor Vehicles Exported in 1988 by Type (1987 figures in parentheses)

passenger cars	340,731(329,726)
disassembled passenger cars	14,983 (20,492)
motorcycles	21,972 (19,409)
trucks	36,336 (40,651)
buses	2,904 (2,766)
specialized vehicles	2,436 (2,964)

#### Number of Passenger Cars Exported from the USSR in 1988 by Importing Country (1987 figures in parentheses)

Great Britain	37,898(28,854)
Yugoslavia	34,134(33,365)
Hungary	33,130(45,000)
France	24,525(28,634)
China	21,430(15,893)
Belgium	19,535(22,858)
Finland	19,189(16,141)
Bulgaria	18,708(18,125)
GDR	16,352(16,927)
Poland	15,493 (6,495)

#### Number of Motorcycles Exported from the USSR in 1988 by Importing Country (1987 figures in parentheses)

Cuba	6,699(3,287)
Mongolia	5,104(5,025)
Bulgaria	2,691(3,537)
Iran	2,407(5,000)
Turkey	1,471 (725)

#### Number of Trucks Exported from the USSR in 1988 by Importing Country (1987 figures in parentheses)

Cuba	5,229(5,620)
Hungary	3,692(3,845)
Vietnam	3,394(2,848)
Afghanistan	3,296(3,984)

As far as the motor vehicles imported are concerned, in 1988 the USSR imported trucks, spare parts and accessories for them, garage equipment, buses, trolleybuses, and trailers for 2,133,041,000 rubles (compared with 2,103,007,000 rubles in 1987). The USSR imported accessories for passenger cars, as well as motorcycles and their spare parts, for 230,852,000 rubles (201,333,000 rubles in 1987). In addition, the USSR imported equipment for the automotive industry in 1988 for 35,824,000 rubles (26,076,000 in 1987).

#### Number of Vehicles Imported in 1988 by Type (1987 figures in parentheses)

trucks	13,836(14,703)
buses	11,106(11,257)
trolleybuses	471 (310)
trailers, except refrigerated trucks	3,882 (9,508)
refrigerated trucks	4,484 (2,396)
motorcycles	96,558(96,944)

Altogether the USSR exported motor vehicle and motorcycle equipment for 2,373,630,000 rubles in 1988 (2,339,671,000 in 1987) and imported this equipment and equipment for automotive plants for 2,363,893,000 rubles (2,330,416,000 rubles in 1987).

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### New Firm Produces Special Motor Vehicles

904H0095B Moscow IZVESTIYA in Russian  
9 Nov 89 Morning Edition p 1

[Report by A. Blokhin: "The Buses They are Waiting For"]

[Text] A meeting of founders from 20 production enterprises and several organizations decided to establish the Soviet "Avtrokon" concern.

The new concern specializes in the manufacture of buses, trolleybuses, forklift trucks, and special vehicles. An important feature of the concern's economic activity, which is written in its charter, is not the distribution of funds earned by the enterprises, but the establishment of practical conditions to increase their "earnability."

These conditions will emerge not only through unification of the enterprises and their specialization. The

system for managing the concern, which completely does away with the existing administrative staff, looks altogether different. The highest organ of management is a board headed by a chairman. Each enterprise elects one deputy to the chairman.

A consultative council will be concerned with the solution of scientific and technical and economic organization problems, and all the day-to-day administrative and economic activity will be handled by an executive board, a special cost accounting organ which is supported by the production enterprises.

Each subunit of the voluntary association of producers must see to the establishment of its own development fund. But part of the funds will be transferred into the concern's so-called charter fund. By a decision of the board, the funds accumulated will be utilized for the development of long-term special-purpose programs or will be credited to some member of the firm at interest.

The emergence of "Avtrokom" was dictated by vital necessity, as they say: the country's requirements for buses are being met at a level of 47 percent now. The comfort and reliability of the vehicles are inferior. Specialists of the new concern hope to change the situation for the better by bringing annual production volume up to 2 billion rubles (as opposed to the 1.2 billion produced by all the enterprises in the "Glavtekhavtobusprom").

Well-known plants such as the Lvov, Likinskiy, and Pavlovskiy bus plants and the Trolleybus Plant imeni Uritskiy have joined the "Avtrokon." A newcomer has joined the concern as well—the Golitsyno Bus Plant. This enterprise is being established on the base built by the former Ministry of Tractor and Agricultural Machine Building, but the buildings were not put into use to turn out...screens for rabbits. The designers obviously were not accustomed to taking money into consideration, and designed bays of such dimensions that the equipment to manufacture comfortable tourist buses can be accommodated practically without alterations.

#### **Ukrainian Highway Construction Programs Examined**

*904H0090A Moscow AVTOMOBILNYYE DOROGI in Russian No 11, Nov 89 pp 1-2]*

[Article by V. T. Guts, Ukrainian SSR minister of highway construction and maintenance: "The Ukraine's Road Branch"]

[Text] The Ukrainian SSR occupies second place in the country (after the RSFSR) in the length of primary highways—165,000 kilometers, of which 92 percent are paved. Is this a lot or a little? It seems that it is a little. We need an additional 10,000 kilometers of the highest category roads alone on our most important avenues. Today, however, there is perhaps no more urgent problem than the social development of the village. In the republic, 11.7 percent of the local roads are not paved. A total of 3,610 rural population points, or 12.5

percent of the total number, do not have roads and access roads. A considerable portion of the villages do not have bus communications because of this and the state suffers large losses during the transportation of agricultural products. Yes, there are also other serious problems on the existing arterial network, especially in the service area: There are insufficient motels, camp grounds, filling stations, service stations, catering establishments, and other installations.

What is the republic doing to solve these problems? First of all, one must point out the increased attention by the Ukrainian Supreme Soviet presidium and the Ukrainian SSR Council of Ministers. Last year, the Ukrainian SSR Supreme Soviet Presidium commissions for transport and communications and for science and technology twice examined the questions facing the Ukrainian SSR Ministry of Highway Construction and Maintenance—about using the achievements of scientific and technical progress to improve the quality of construction, repair and maintenance of highways and about accelerating the building of roads and access roads to rural population points. The sessions of the commissions were conducted in a sharp and uncompromising manner. On the one hand, it was necessary to listen to many justified reproaches from the deputies that were addressed to the ministry and, on the other hand, the attention of the republic's highest agency toward the highway problem permitted the realization of the initiatives, which had been proposed by the highway workers, to be accelerated.

As a result, the republic's government decided to speed up the reconstruction of the Kiev-Chop, Leningrad-Kiev-Odessa, and Kiev-Kharkov-Rostov-na-Donu arterial routes and to increase capital investments for this purpose. Beginning in 1989 and through the end of the 13th Five-Year Plan, we will be able to rebuild approximately 700 kilometers of roads in accordance with Category I parameters, although we must build 200 kilometers of these roads annually in order to reduce losses. Along with the rebuilding of highway arteries, the question of organizing a modern highway service system is being solved in an integrated manner. During the course of 1988-1992, 25 highway service complexes will be established on the republic's most important arteries. These complexes will provide equipped motor vehicle parking spaces, technical assistance (including the towing of motor vehicles and minor repairs), food, lodgings for the night, medical assistance, communications services, etc.

The construction of the complexes will be carried out in stages. In 1990, we plan to complete the construction of 15 complexes made of light designs using our ministry's forces. Linear highway houses, platforms and other buildings and structures located near highways will be used for these purposes. Prior to 1992, we plan to build more complicated complexes using the forces of the Ukrainian Agricultural Construction Administration, Ukrainian SSR Ministry of Construction, and Ukrainian SSR Ministry of Land Reclamation and Water

## TRANSPORTATION

Resources. The cost accounting Ukravtodorservic Production Association has been established in order to solve all highway service questions in an integrated manner.

Five of these complexes are now functioning: In Melitopol (the Moscow-Kharkov-Simferopol highway), Artemovsk (Kiev - Rostov-na-Donu), Uman and Kozelets (Leningrad-Kiev-Odessa), and Gorodenka (Mogilev-Podolskiy-Delyatin).

With respect to eliminating the lack of good roads in the rural area, the Ukrainian SSR Ministry of Highway Construction and Maintenance is carrying out a three-year task to build access roads to villages located on the primary highway network (1,260 with a planned 1,255) in accordance with the Complex Program for the Social Restructuring of Ukrainian SSR Villages during the 12th Five-Year Plan and out to the Year 2000. True, there are certain shortfalls in Volyn, Odessa, Sumy, and Chernigov oblasts.

During the current year, we—working with the oblispolkoms—have developed concrete measures, which will insure the unconditional fulfillment of the five-year plan's four-year quotas for each village. Of the remaining 680 access roads on the primary highway network, 380 will be built by the end of this year and the work will be completely finished in 12 oblasts. Thus, there exist real preconditions for fulfilling the tasks in the 12th Five-Year Plan.

However, the problem of the village in the republic will not be solved with the completion of the work to connect rural population centers with the existing support network of highways. Approximately, 3,000 unpromising—as they are called—villages are located on intrafarm roads that are not paved. In order for social justice to triumph and for small farms and villages to have good roads, the ministry has introduced a proposal to include all access roads to the republic's population centers in the primary highway network.

The Ukrainian Ministry of Highway Construction and Maintenance—working with the oblispolkoms—is completing an adjustment to the republic's rational highway network. It includes access roads to those villages which the Ukrainian Agroindustrial Committee and other departments service now. According to preliminary data, approximately 11,000 kilometers of such roads will be added, including more than 8,000 kilometers of dirt ones. An especially large number of population points, which do not have access roads, are included in the rational highway network in Zhitomir (130), Kirovograd (169), Lvov (198), Nikolayev (153), Odessa (140), Poltava (306), Sumy (387), Kharkov (436) and Chernigov (341) oblasts.

In order to speed up the connecting of all the remaining villages with modern highways, we think that it is possible to bring the completion of this work closer to the end of the 13th Five-Year Plan and not by the year 2000 as the Complex Program for the Social Restructuring of

Ukrainian SSR Villages plans. The work has already been started this year. The ministry has found 30 million rubles (above the amounts of capital investments that the ministry's highway organizations are assimilating this year), which are directed toward the building of access roads to rural population points using the forces of agricultural builders and other organizations based on an agreement with the ispolkoms of the Volyn, Kirovograd, Nikolayev, Odessa, Poltava, Sumy, Kharkov, Kherson, and Chernigov oblasts' soviets of people's deputies. Using these sources, an additional 80 modern access roads with a length of approximately 200 kilometers will be built.

The results from the review of the highway network will be used when compiling plans for the 13th Five-Year plan with a consideration for solving the main task in the village's social development—an access road to each of the remaining population centers should be built no later than the end of 1995.

More than one billion rubles are required to solve the problem of access roads for all population points. The republic's Council of Ministers is now resolving this question. It is assumed that the Ukrainian SSR Ministry of Highway Construction and Maintenance will emerge as the customer for the building of all access roads, provide the construction sites with design and cost estimate documentation, and perform 50 percent of the total work using its own forces. It is intended that the Ukrainian Agroindustrial Committee organizations will perform and finance the other half of the work. Additional financing is being provided for these purposes both to the Ukrainian SSR Ministry of Highway Construction and Maintenance and the Ukrainian Agroindustrial Committee. With respect to the material and technical base for performing this work, we plan to augment our own gravel production capabilities by five million cubic meters by 1993 and—together with the Ukrainian SSR Gosplan and the Ukrainian SSR State Committee for the Supply of Petroleum Products—and ensure the allocation of road tar, bitumen, cement, and rolled metal for the adopted work volumes, and the timely renewal of the highway machinery, transport system and equipment park.

Along with the building of new roads, the Ukrainian SSR Ministry of Highway Construction and Maintenance is paying a great deal of attention to improving the transport and operating qualities of the existing primary highway network, equipping it with technical systems to organize traffic, and insuring traffic safety. For these purposes, highway organizations are raising the annual amounts of repairs to highways and bridges, which already correspond today to the requirements for standard periods between repairs. For a type of repair like surface treatment, which permits the service life of highway surfaces to be lengthened and their quality to be improved, we are performing amounts corresponding to the norms on all highways.

Branch science is not standing aside from the solution of these urgent questions. The problem of the acute shortage of highway bitumen—it is more accurate to say, its complete absence—is being solved by introducing new binding agents developed by the branch scientists, which are made from nontraditional materials—raw bituminous coal resins, improved polymer materials, and highway resins made from coke industry by-products. More than 50 percent of the binding agents will be produced by reprocessing road tar in the plants of the highway organizations, although this binding agent costs more than the traditional bitumen and is inferior to it in quality. However, there is no other way out for us.

With the non-centralized financing of highway facilities and the insufficient supplying of them with material resources, fairly good results have been achieved in building roads using local rock material. More than 50 percent of the highways annually put into operation are being built using local sub-standard materials, industrial wastes and reinforced soil. This is especially important when solving the problem of the lack of good roads in rock-free oblasts (Poltava, Sumy, Kharkov, Chernigov, etc.).

During the 13th Five-Year Plan, we intend to increase 1.5-fold the amount of economical designs of pavements made from metallurgical slag and the stripped rock from ore mining and processing enterprises, which are processed by the Yuzhmetallurgmontazh and Yuzhruda production associations, and from the ash and slag of Ukrainian SSR Ministry of Power and Electrification thermal electric power stations. This will also permit questions concerning the improving of the ecological situation in the republic to be solved at the same time.

The economy and adaptability to manufacture in erecting man-made structures are being achieved by introducing new technical designs in the area of bridge construction. Temperature-stable, non-sectional, bridge framework; cavity slabs with reduced reinforcement; U-shaped bridge framework girders; box-shaped units for spanning gaps that are 42 meters long; and bridge flooring designs made of self-stressed concrete, which have been developed by us, have permitted a partial solution to the problem of the shortage of cement, metal and other funded materials. More than 70 percent of the bridges on the republic's highways are being built using bridge designs and technologies that have been developed by Gosdornii [State Highway Scientific Research Institute], Urgiprodor [Ukrainian State Highway Design Institute] institutes and our ministry's Orgdorstroy [Organizational Highway Construction] Trust.

More than 50 designations of missing highway machines and mechanisms (asphalt spreaders; tar pavers; machines for spreading, repairing and restoring road surfaces; sand sprayers; snow removers; etc.) have been manufactured based on the work of Gosdornii and Orgdorstroy Trust designers. You see, these are the machines that our country's specialized machine building plants should produce!

The solution of the listed problems has required radical changes in the branch's management structure. Since the beginning of 1989, the republic's highway facilities have shifted to complete cost accounting and self-financing in accordance with the first economic model which is based on a norm profit distribution. While preserving an expenditure nature, this model does not solve an extremely important task—the saving of resources. That is why we regard it as a transitional model required for the accumulation of experience. The next stage is the deepening of cost accounting relationships from top to bottom, the transition to the second cost accounting model everywhere, and the introduction of the lease contract and cooperative forms for organizing labor. Today, two of our trusts for building and rebuilding highways—the Yuzhdorstroy and Kharkovdorstroy—and 25 structural subunits of highway organizations are operating under a lease contract. A total of 80 cooperatives, whose main activity is the mining and processing of stone construction materials, the production of highway and building materials, the providing of services to the population at state prices, etc., are functioning. Since the second half of this year, the Poltava and Volyn oblast highway departments have shifted to the second cost accounting model. The economic reforms, which have been begun, require changes in personnel policy—the selection and training of highway organization directors and specialists who are interested in the thrifty use of production assets and material resources.

Along with increasing production efficiency and quality, questions about improving the living conditions of highway facility workers are not remaining in the shadows. Here lie the solving of the housing program and the organizing of the relaxation of highway workers and their families by expanding the network of vacation areas, Pioneer camps and after-work sanatoriums.

The solution of the problems, which have been raised, will depend a great deal on the interest and understanding of their importance by local soviets of people's deputies and by those enterprises, organizations and departments which can affect the supplying of the highway construction and reconstruction program with material and financial resources. The republic's highway workers are counting very much on this understanding.

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## RAIL SYSTEMS

### Specialists Prepare Draft Rail Transport Law

904H0027A Moscow GUDOK in Russian  
22 Oct 89 pp 1-2

[Interview with Gennadiy Robertovich Gauf, chief of the legal division for arbitration of the USSR Ministry of Railways, by GUDOK correspondent: "A Guarantee of Stability and Order"]

[Text] A group of specialists of the Ministry of Railways is participating in the preparation of a USSR draft law on rail transportation. Below is the conversation between a GUDOK correspondent and Gennadiy Robertovich Gauf, chief of the legal division for arbitration of the USSR Ministry of Railways.

[Correspondent] Rail transportation is frequently called a state within a state, thus emphasizing its special role in the national economic complex. Its sovereign nature makes it possible to organize normal operation of the country's entire economic mechanism and even the life of the entire state. But then there were outbursts in Arzamas and Bashkiria, a wave of strikes spread over the coal basins, and extremist forces created a blockade of the main railroad lines in the Transcaucasus, Moldavia, and the Baltic states. And we suddenly discovered that rail transportation is legally defenseless...

[Gauf] Indeed, in recent years the situation in rail transportation has developed in such a way that outside forces can interfere in its work almost without being impeded. It has even reached the point of disturbances and blockades. The main lines have begun to lose their mobility, there have been significant and prolonged interruptions in the delivery of national economic cargoes to the consumers, and a critical shortage of consumer goods has been created in a number of regions. The halting of the movement of cargo in Moldavia alone resulted in interruptions in the work of mainlines even in Siberia. Because of the interethnic tension in the Transcaucasian area, cargoes valued at 1 billion rubles were frozen for a long time! The harm caused to enterprises of various branches is immense!

In a word, there is a threat of destabilization of the country's entire economy and the life of all the population in general. This has forced the USSR Supreme Soviet to adopt the decree "On Immediate Measures for Providing for Continuous Functioning of Rail Transportation and the Basic Branches of the National Economy."

[Correspondent] Can one say that the situation in transportation has now stabilized and that its operation will no longer be hampered by illegal actions?

[Gauf] Of course one cannot say that yet. Our parliamentarians gave a rather grave assessment to the situation in transportation and quite justifiably included in their decree instructions to the USSR Council of Ministers and committees and departments of the USSR Council of Ministers to develop before the first of November a draft law concerning extraordinary measures and before the first of December, a USSR draft law on rail transportation. A large group of legal experts, economists, managers, and scholars who are highly skilled specialists of the Ministry of Railways have been enlisted in this work.

[Correspondent] What have you managed to accomplish during the short period of time since 3 October when the special decree was adopted?

[Gauf] First I shall mention the draft law concerning extraordinary measures. It protects the country's national economy from illegal acts and violence. And I hope it reflects measures for providing for protection of the interests of our branch. We made suggestions for this draft.

We are now working hard on the draft of the law on rail transportation. It will be intended for the very long-range future. The document will be a guarantee of a stable legal situation for transportation and will determine its role in the development of the national economy. The law should embody all that is valuable and has been accumulated by the domestic practice of rail transportation which is important in international experience. Incidentally, there are similar laws in France, Poland, the FRG, and Czechoslovakia, and we are now studying these.

[Correspondent] What do you think should be included in the draft, taking into account the specific nature of transportation in our country?

[Gauf] First of all an indication that mainline rail transportation in the USSR is the main transportation unit in the infrastructure of our country's national economic complex and foreign relations. The future law should clearly designate its role in providing for economic, regional, and interregional ties, volumes of passenger, international, and international transit transportation and also satisfaction of state needs for military and special shipments.

The next provision of our draft is preferential development of the production and socioeconomic base of the branch and priority provision of material and technical resources. It is very important to point this out. As you know, transportation is not included among the priority branches of the national economy, which makes many people understandably confused.

[Correspondent] Gennadiy Robertovich, in the current session of the Supreme Soviet there is a sharp polemic concerning the laws on property, land, and the socialist enterprise. Will it not turn out that after the adoption of this package of documents, which is most important for the fate of our people and our country's economy, the activity of rail transportation will be encroached upon?

[Gauf] This is possible if our law does not reflect the principles of its activity, the principles for the formation of transportation prices and rates, taxation, questions of traffic safety, land use, and the conditions for the work and recreation of the workers. We are trying to take all of this into account while preparing the document. We hope that with the adoption of the package of laws you mentioned and the law on transportation, its activity will not worsen but, on the contrary, will stabilize and be given powerful incentives.

[Correspondent] Do you think that when we have legislation regulating relations between branches and departments we shall be able to avoid the tragedies that have

recently befallen rail transportation and left terrible consequences in their wake?

[Gauf] I think we could avoid the kind of tragedy that occurred in Bashkiria on the main line. Of course this is assuming that the product line had been planned and operated precisely in keeping with legal norms. Life shows that departmental instructions are not very effective and are frequently ignored, for which there is practically no punishment. It is another thing when there is a law whose precise framework no department dares to transgress. Therefore it is reasonable to include in the law on transportation an article concerning ensuring the safety of traffic and the lives and health of the people and to give an idea of the zones of increased danger, and also to establish the duties of the ministries, departments, enterprises, and organizations that have facilities, built-up areas, and mechanisms in the region of the operation of railroads.

[Correspondent] A number of republics have proclaimed their sovereignty and their native language as the state language. In this connection some people are doubting the fundamental importance of the question of a single working language for communication and business correspondence in the activity of transportation...

[Gauf] It is not really rational to take narrow ethnic interests and claims into account. When preparing the corresponding article we proceeded from international experience, which shows that working communication, business correspondence, and documentation are conducted in a single language. Because of historical factors and traditions, we have recognized Russian as the language for interethnic communication. Hence this should also be registered in the law. Just as it is established that rail transportation uses a single zone time in all regions of the country—Moscow time.

[Correspondent] In the law on the state enterprise that is in effect the labor collectives have been given the right to withdraw from associations and even the branch. What would happen if some transportation collective were to take advantage of this? Obviously, such a step is not in keeping with the interests of the transportation branch...

[Gauf] Yes, that is true. When the republics and oblasts are transferred over to economic accountability and economic independence, a situation can arise whereby the collective, say, of a station suddenly decides to remove itself from the jurisdiction of the Ministry of Railways. The question arises: How will it be able to function and ship cargo independently? We consider the network to be unified and there can be no independent transportation enterprises. They must not have the right to withdraw from the railroads. This must be reinforced legislatively as well.

[Correspondent] But what about leasing, which is also becoming widespread in transportation?

[Gauf] The leasing of railroad enterprises also has its own specific features. Many workers are interested in

this and frequently call us on the telephone. And each time they ask if the benefits of the Ministry of Railways will extend to the lessees, who want to lease the switching yard, depot, station—it is necessary to do a good job of weighing, considering, and calculating everything. This also requires a corresponding interpretation of the law.

[Correspondent] Today the right to own land is just as important for agricultural collectives as it is for railroad workers. As we know, strips of land designated for transportation enterprises have their own status which is backed up by a decree of the USSR Council of Ministers. But now related laws are being adopted and they are beginning to trade away the land from the transportation workers...

[Gauf] That sort of thing can happen if the law on rail transportation is not clear and concrete regarding this.

The problem of ownership in transportation has no simple solution. The fact is that the rolling stock and containers are not the property of specific enterprises; they are merely assigned to them. Apparently it is necessary to put into law the right of the labor collectives to use and dispose of transportation means. It is even more difficult to speak of transferring sections of main-line from one railroad to another, and this also involves placing them on the territories of various republics. We should also stipulate a policy for transferring plots of land in the draft law.

[Correspondent] When the USSR Supreme Soviet adopts it will this not eliminate the need for regulations on the railroad or regulations on discipline?

[Gauf] These documents must stay in effect but they should be basically updated, taking into account the changes that are now taking place in the country's economy. There will probably be a place for them in the law.

[Correspondent] In what stage is the development of the draft law today and who else besides your group is participating in it?

[Gauf] We have prepared the first variant of the draft, which has been sent to railroads and administrations of the Ministry of Railways. We are now receiving many interesting suggestions and alternative proposals from them. We are working in close cooperation with the parliamentary commission on transportation, communications, and information science, with USSR people's deputies, and with specialists of the Gosplan, Gosstab, Ministry of Justice, State Committee for Labor and Social Problems, and the State Board of Arbitration. They all want the future law to contain many provisions which will remove obstacles from the work of transportation. Of course, not all of the suggestions will be reflected in the document, for it must be concrete and compact. Some of them can be used in new normative acts directed toward improving the activity of our branch. Very much will have to be changed in it, particularly the structure itself and the mechanism for control.

In developing the draft law we departed from the departmental approach and we are taking the interests of other branches of the national economy into account. The interdepartmental group is helping us in this.

We would like the draft law to include the largest possible number of rights for the railroads and transportation enterprises. Therefore I am appealing to all GUDOK readers to send our group their suggestions for preparing an effective law. They may telephone the following numbers: 262-67-40, 262-09-46, 262-33-38, and 262-02-19. Hurry up with your suggestions—the draft law should be ready by 5 November.

[Correspondent] Gennadiy Robertovich, the last thing I should like to find out: Which of the branch specialists is participating most actively in the preparation of the legislative document?

[Gauf] There are many. Therefore I shall name only a few of them: G. Astanovskiy, the chief of the legal division of the October Railroad who has worked in transportation for 10 years and is not only an eminent practical worker but a scholar as well; S. Zhuravlev, chief of the economic department of the All-Union Scientific Research Institute of Rail Transportation; N. Kulagin, head scientific associate of this institute; A. Potapov, docent, candidate of legal sciences; A. Yakovlev, docent at the All-Union Correspondence Institute of Rail Transportation Engineers, candidate of legal sciences; and E. Shnitser, instructor of transportation law at Lvov University. These people's views know no conservatism and they have many advanced views and suggestions. With their help I think we shall succeed in preparing a very good legal document.

### **Rail Ministry Needs Bigger Budget**

904H0027B Moscow SOVETSKAYA ROSSIYA in Russian 14 Oct 89 Second Edition p 1

[Unattributed article: "Increasing the 'Safety Reserve'"]

[Text] The provision of normal operation of Soviet railroads in 1990 will require 13 percent more financial funds than were envisioned by the drafts of the state plan and the budget. This was the conclusion reached by the commission of the Soviet of the Union of the USSR Supreme Soviet for questions of transportation, communications, and information science.

At a press conference held a couple of days ago, V.A. Tetenov, commission chairman, emphasized that the need for additional allocations is related to the great significance of rail transportation for the development of the Soviet economy.

At the press conference they gave convincing evidence of the more than complicated situation in which our most

important kind of transportation has found itself. Thus while in 1965 the reserve handling capacity of the railroads was more than 30 percent, which corresponds to the norm, now it is only 10-12 percent. In other words this minimal "safety reserve" will not provide for the necessary stability or the possibility of maneuvering.

But recently there have been other problems that exert a direct influence on the operation of railroads. N.S. Konarev, minister of railways, thinks that the strikes in a number of regions of the country are among these problems. The large interruptions in the movement of trains across Moldavia at the end of the summer created a strain not only in Moldavia but also in the neighboring areas. More than 10 million tons of coal were not shipped from the country's coal basins during the summer, which fundamentally disturbed the system for sending cars to these regions and we have still not been able to restore the system fully. The result? At the end of the summer 1,500 trains stood idle in the country and about 200 more were waiting at the USSR borders, while 2 million tons of imported cargo had accumulated in the country's ports.

There was also an increase in the number of cars waiting to be unloaded. During the first 10 days of October of this year in the country we unloaded 10,000 fewer cars than we did during the same period of last year. This means that this number of cars are not being sent to the railroad clients each day. In Moscow alone there are now 17,000 containers waiting to be unloaded, as opposed to the norm of 7,000. The situation is similar in Kiev, Kharkov, and a number of other cities.

It is difficult not to agree with N.S. Konarev when he describes this situation as intolerable and asserts that USSR railroads are a unified organism, and no social or economic problems of the regions should interfere with their work.

An especially complicated situation developed on the railroads of Transcaucasia but the situation is normalizing there now. In the minister's opinion, an important role here was played by the recent decree of the USSR Supreme Soviet concerning immediate measures for ensuring continuous functioning of rail transportation and the basic branches of the national economy.

As was already stated, the commission for questions of transportation, communications, and information science, after studying the draft plan and budget submitted by the government for 1990, came to the conclusion that it is necessary to allot additional allocations for the railroads in the amount of 2 billion rubles. In the opinion of the deputies, these funds can be used, for example, for modernization of the rolling stock. But a large part of the money—approximately 1.3 billion rubles—must be used for solving numerous problems of the branch, including difficult social ones.

**Rail Personnel Statistics Noted**

904H0027C Moscow GUDOK in Russian 13 Oct 89 p 4

[Report by P. Smiltser: "How Many of Us Are There on the Railroads?"]

[Text] *The collective of the motorized car depot of Fastov requests that we publish the figures on the number of workers on the Southwestern Railroad and how many of them are in management.*

In responding to this question, we decided to publish these figures for all railroads in the country. In the first half of 1989, there were 3,765,000 railroad workers. Of these, 2,577,000 were indirectly involved in some kind of industrial activity. Managers comprised 8.6 percent of the number of workers. Incidentally, in other branches of the national economy the number of management personnel will reach an average of 14 percent.

For the railroads: in the first column (in thousands of people) is the overall number of workers, in the second—those engaged in shipments; and in the third—the average wages of the latter.

October	164.4	94.3	295
Baltic	80.1	46.5	265
Belorussian	109.7	58.4	280
Moscow	245.9	140.3	273
Gorkiy	137.1	76.2	271
Northern	121.0	65.4	312
Southwestern	110.4	57.7	249
Lvov	97.9	53.6	237
Moldavian	30.3	16.1	236
Odessa	87.5	50.6	249
Southern	98.3	53.9	239
Dnepr	97.9	52.6	246
Donetsk	115.3	66.4	232
Northern Caucasian	167.3	88.3	256
Azerbaijan	47.8	26.7	260
Transcaucasian	61.0	28.4	254
Southeastern	105.2	57.9	254
Volga	80.8	43.8	250
Kuybyshev	121.5	72.0	255
Western Kazakhstan	67.0	36.3	325
Tselina	95.6	52.4	305
Alma-Ata	99.4	46.5	270
Central Asian	120.5	58.7	277
Sverdlovsk	148.3	85.9	327
Southern Ural	142.7	77.9	292
Western Siberian	114.6	64.7	298
Kemerovo	60.1	32.9	320
Krasnoyarsk	71.2	38.5	315

Eastern Siberian	88.4	48.1	350
Transbaykal	97.6	49.2	407
Far Eastern	95.8	50.3	390
Baykal-Amur	41.0	17.3	455

**Rail Safety Statistics Issued**

904H0032A Moscow GUDOK in Russian 24 Oct 89 p 2

[Materials of Main Traffic Safety Administration of the Ministry of Railways: "Railroad Safety (Results of Nine Months)"]

[Text] Compared with last year, the number of wrecks was reduced by 36 percent, but the number of accidents was not reduced.

The most unfortunate situation with respect to traffic safety is on the Baltic (5 wrecks and 3 accidents), the Kuybyshev (5 and 3), the October (3 and 6), the Southwestern (3 and 1), the Transcaucasus (3 and 4) and the North Caucasus (1 wreck and 5 accidents). At the same time, the railroad workers of the Moldavian, Donetsk, Tselina and Sverdlovsk roads worked stably, without accidents.

The most accident-prone road divisions were: the Kuybyshev, the Tbilisi, the Siauliai, the Kharkov, the Volgograd, the Leningrad-Vitebsk, the Leningrad-Finland, the Lvov and the Mineralnyye Vody. Some 23 percent of all the wrecks and 37 percent of the accidents were permitted here alone.

Passenger train wrecks occurred on the Southwestern (breakdown of the movable point of the switch assembly), the Southern (warping of the track grating), Transcaucasus (excessive speeds), the Volga (violating the regulations of shunting operations), and the West Kazakhstan (widening the rails at the switch assembly). Some 18 roads had accidents involving passenger trains.

All the transport services achieved a reduction in the accident rate, except for the shipping management (3 wrecks and 12 accidents). Traffic safety at level crossings remains a serious problem. Violation of the rules for motor vehicle transport drivers passing over level crossings were the cause of freight train wrecks on the Gorkiy and Far Eastern mainlines. The accident rate is high at the grade crossings of the Central Asian, Lvov, Volga, Kuybyshev, Alma-Ata and a number of other roads. On the whole for the network, the number of train-motor vehicle collisions has been noticeably reduced. In the nine months, 169 persons have been killed and 212 persons injured in crossing accidents. No passenger trains were involved.

The serious situation concerning traffic safety has been retained in the track system. Of the total number, 51 percent of the wrecks and 37 percent of the accidents were through the fault of the track workers. The number of cases when failure to guard the work places leads to

accidents is increasing. A wreck on the Southern Urals and accident on the Kuybyshev roads occurred for just this reason.

Transport services continue to dispatch and accept trains along tracks that are not ready. Four such cases occurred on the Kemerovo, the same number on the Southern Urals, and three each on the Krasnoyarsk and Alma-Ata roads; two cases each on the Baltic, Odessa, Volga and Far Eastern roads. Nine trains were dispatched on occupied open stretches. This sort of slipshod action was permitted twice on the Azerbaijan road.

The number of run-aways of unfastened rolling stock rose on the Baltic, Donetsk, Volga, West Kazakhstan, Sverdlovsk, Far Eastern, Kemerovo, Central Asian, Moscow and Odessa roads.

The traffic safety situation in the locomotive service is not improving. Engineers went through red stop signal lights 96 times. Eight of the times this ended in collisions, and 16—cases of the locomotives and cars going off the tracks. The locomotive brigades "excelling" in this, this year, were those of the Kemerovo (9 run-throughs), the Moscow, West Kazakhstan and Sverdlovsk—7 each, Odessa—6, Alma-Ata, Central Asian, Southern Urals and Transbaykal—5 run-throughs apiece.

Also alarming is the fact that 35 percent of the run-throughs were made by engineers who had formerly been called to account for violating traffic safety regulations and work discipline. Twenty percent of the engineers making the run-throughs have from 240 to 550 hours of overtime in the course of the year. The number of violations of the continuous work conditions for locomotive brigades rose by 45 percent. Things are particularly unsatisfactory on the Baltic, Southern, Southeastern, Sverdlovsk, North Caucasus, Volga and Dnepr roads.

In the car system, 63 breaks in the axle journals of the wheel pairs were permitted. Here, 70 percent of the indicated defects were related to the Moscow, Southern Urals, Volga, October, Azerbaijan, Tselina, Central Asian and Krasnoyarsk roads. Serious damage is done to the transport rhythm by uncoupling cars as the result of friction of the axle bearings and other malfunctions—1873 and 2887 cases respectively.

An analysis of the violations of traffic safety shows that many of them stem from failure to adhere to the existing

regulations and instructions, violations of technological processes and poor vocational training of the workers. For example, on 7 September, major track repair was being done at the Raudenay station of the Baltic road, and the interlocking of the STsB [signalization, centralization and blocking] devices was not turned on promptly. The trains were being moved by telephone communications. S. Kiches, an inexperienced duty attendant (an agronomist by education?!) was at the station control panel, and therefore G. Kiselev, the train dispatcher, asked that I. Kazanovichyus, the station chief, be called in to work. The entry route of opposing passenger trains Nos 687 and 244 was prepared by means of auxiliary buttons. Both trains were accepted in accordance with substitute signals. Without waiting until train No 244 had completely arrived, the station chief, in gross violation of the PTE [Regulations for Technical Operation of Railroads], began to prepare the route for its dispatch and changed over the switch underneath the train. Four cars were derailed. Fortunately, no people were injured.

It is not surprising that this year there have already been two freight train wrecks and two accidents involving passenger trains on the Siauliai division, which includes the Raudenay station.

On the Glukhovskaya-Aksenovo of the Bashkir division of the Kuybyshev road, two freight trains were wrecked. Engineer A. Tsukanov and his assistant V. Usachev, having been at work for three hours, fell asleep at 0930 hours. The uncontrolled train rolled backward, gathered a speed of 38 kilometers an hour and ran into the locomotive of the consist following....

Again, there are some notes in the logbook of the young engineer. The wreck was possible because the engineer's brake valve for the main brake line was shut off from the safety instruments. Violation after violation led to a grievous result. The service investigation established that at the Abdulino roundhouse, all the work among the locomotive brigades was done only formally. Instability was tormenting everyone, and therefore the laws of traffic safety were set aside.

These few examples convincingly bear out the conclusion that in most of the transport workers' damage, one cannot blame the equipment, the failure of any devices, etc. It is the specific executors, their lack of discipline and incompetence that are to blame.

Description of System	Wrecks		Accidents	
	1988	1989	1988	1989
Total wrecks and accidents:	55	35	45	46
of them, involving passenger trains	8	5	32	35
Track service system	21	18	19	17
Car	13	4	4	3
Locomotive	10	6	7	6
Transport	1	3	7	12
Container transport and commercial work	4	1	—	—

Description of System	Wrecks		Accidents	
	1988	1989	1988	1989
TsTVR [Main Administration for Repair of Rolling Stock and Spare Parts Production]	3	—	—	1
Signalization and communications	1	—	1	1
Passenger	—	—	2	—
Non-transport organizations	2	3	5	6
Causes:				
Rail breakdown	8	8	2	1
Defects in track and switches	13	9	17	15
Defects in car wheel pairs	8	2	1	2
Car run-away	2	2	—	2
Violating shunting operation regulations	—	1	4	2
Breakdown of car parts	5	1	2	—
Car parts falling on tracks	3	1	2	2
Running through stop signals	2	2	5	2
Failure to guard track work sites	—	1	—	1
Malfunction of locomotives	1	1	2	4
Accepting trains on occupied track	1	—	—	—
Overloading cars	2	—	—	—
Train entries and exits along unprepared route	—	—	—	3
Changing over interlocked switch under train	—	—	3	3
Collisions with motor vehicle transport	—	1	3	5
Other causes	7	3	4	3
By roads:				
Baltic	2	5	1	3
Kuybyshev	2	5	—	3
October	3	3	—	6
Southwestern	3	3	—	1
Transcaucasus	4	3	2	4
Southeastern	2	2	2	1
West Siberian	5	2	3	1
Moscow	2	1	3	3
Gorkiy	2	1	—	—
Northern	—	1	2	1
Southern	—	1	1	1
North Caucasus	—	1	5	5
Volga	1	1	—	2
Central Asian	1	1	—	1
South Urals	2	1	4	—
Kemerovo	1	1	—	—
Transbaykal	2	1	4	1
Far Eastern	—	1	1	1
Belorussian	1	—	—	1
Odessa	2	—	3	1
Azerbaijan	3	—	8	2
Alma-Ata	7	—	2	1

Description of System	Wrecks		Accidents	
	1988	1989	1988	1989
Sverdlovsk	2	—	1	—
Krasnoyarsk	2	—	1	1
East Siberian	2	—	—	1
Baykal-Amur	4	—	—	1
West Kazakhstan	—	1	—	2
Lvov	—	—	—	2
Dnepr	—	—	1	1
Moldavian	—	—	1	—
<b>Consequences of wrecks and accidents:</b>				
		1988	1989	
People killed*		40	9	
of them, passengers		27	—	
People injured		154	7	
of them, passengers		146	3	
Cars smashed		677	320	
Cars damaged		498	384	
Locomotives smashed		9	6	
Locomotives damaged		18	28	
<b>Interruptions in traffic (hours):</b>				
Full		822	539	
Single-track		410	256	
<b>Defects in work, causes:</b>				
Train accepted on occupied track		11	7	
Departure on occupied open line		6	9	
Entry and exit along unprepared route		35	35	
Changing over interlocked switch under train		12	12	
Car run-away		66	53	
Running through stop signals and fouling indicators		75	56	
Damage to locomotives		5259	4826	
Breakdowns of the axle journals of wheel pairs		66	63	
Breakdown of the side members and spring-mounted bolsters		21	15	
Dispatching with closed main brakeline valves		38	30	
Breaks in the automatic couplers		1030	767	
Breaks in the truss rods of the cars		49	30	
Self-uncoupling of the automatic couplers		785	741	
Jamming of the wheel pairs of the cars		314	267	
<b>Uncoupling of freight train cars:</b>				
for friction of axle bearing		2435	1873	
for technical malfunctions		3175	2887	
Uncoupling of cars from passenger trains because of technical malfunctions		162	149	
Failure to guard track work site		57	71	
Collapse of freight		96	79	
Malfunctions in STsB and communications devices, resulting in interruptions in traffic of over 30 minutes		149	139	
Damage to the contact-wire system, resulting in interruptions in traffic		720	642	

Consequences of wrecks and accidents:	1988	1989
Collisions of rolling stock	1459	1452
Derailments of rolling stock	6009	5739
of them, in trains	403	331
Collisions with motor vehicle transport	747	721
of them:		
at guarded crossings	125	112
at unguarded crossings	584	558

\*Information on victims given at the moment of the accident or wreck, occurring through the fault of railroad workers.

## MARITIME AND RIVER FLEETS

### Maritime Fleet Development Examined

#### Minister, Leaders on Performance, Future

904H0060A Moscow VODNYI TRANSPORT in  
Russian 5 Oct 89 pp 1-3

[Speech by Yu. Volmer, USSR minister of the Maritime Fleet: "Perspectives for the Development of the Sector"; comments by leaders; report of the sectorial council prepared by VODNYI TRANSPORT associates of the Division of Economics and Operation of the Maritime Fleet]

[Text] The need to evaluate objectively the situation that has formed in maritime transport and to determine practical measures to accelerate the sector's socioeconomic development in the light of the specific directions of the country's domestic and foreign policy, worked out by the USSR Congress of People's Deputies, is an important task of the times we are experiencing today.

The results of the three-and-one-half years of the 12th Five-Year Plan attest to the fulfillment of the basic planned assignments to satisfy the demands of the national economy for maritime transport. In all types of navigation, about 50 million tons of freight were transported and 200 million rubles of net currency proceeds and 740 million rubles of profit were earned. The sector's enterprises, according to the results of 1988, withheld 66 million rubles for the state budget, and for its economic incentive funds—214 million rubles of above-plan profit, and entered 1989 with a remainder of about 640 million rubles of these funds. This year the sector is fulfilling the five-year assignment for a number of indicators, emerging on the boundary of 1990. From this stems the principal conclusion—the average yearly growth rates of the indicators exceed those specified in the five-year plan.

Through all sources of financing, including housing-construction combines, almost 975,000 square meters of general housing area have been put into operation for the workers of the Maritime Fleet, which is 114,500 square meters more than was specified by the five-year plan. This year we are striving to carry out the assignment of the 12th Five-Year Plan for housing. The assignments for putting into operation preschool institutions, general

education schools, polyclinics, clubs and other facilities of the social complex have been overfulfilled.

The assortment and volume of output of the sector's enterprises for consumer goods and free services to the population have been considerably expanded.

We have noted positive trends in the dynamics of the qualitative indicators. This was furthered by carrying out the program, "Intensifikatsiya-90." The loss of tonnage due to unproductive idle times for the dry-cargo fleet was reduced by 41.7 percent, and the gross intensiveness increased over 1985 by 34 percent, which was higher than the estimates for the five-year plan. The shipping companies increased their activity in line navigation, with the transport of cargoes of foreign charterers and the performance of commercial-charter operations. The sector went forth to higher indicators than established in the five-year plan with respect to the level of the capital-output ratio and profitability. As you can see, the trends are positive.

The positive results achieved in production activity have expanded the potentials for the sector's enterprises to solve social problems.

In particular, the transition of the workers to new wage rates and salaries was implemented, and important problems such as payment for days of disability during the period when seamen are on leave have been solved, a number of shipping companies have increased to three years the child-care leave for women, with an increase in the amount and duration of the additional pay, seamen's wives have been permitted to go out on voyages and the organization of regular recreation for the sailors has been improved. We have succeeded in solving a number of other social problems that have disturbed the seamen's community for a long time.

In the first half of 1989, the monthly wages rose by 33 rubles as compared with the analogous period last year, and reached 353 rubles, with adherence to the correlation between the wage raise and labor productivity.

The increase in currency payments to crews in 1988 was 25.2 percent over 1985, and the average payment per seaman for foreign sailing is approaching the sum of about 500 foreign currency rubles per year.

## TRANSPORTATION

It is characteristic that after solving the problems related to wages, there was a reduction in the sailing staff turnover for our shipping companies. For example, in 1986 the personnel turnover was on a level of 10.6 percent, in 1987 it was 7.5, and in 1988—5.4 percent. At a number of shipping companies the turnover was cut by 30-40 percent.

Recently we again sent documents to the USSR Council of Ministers on increasing the currency payments and the pay for night work [at the time of publication the decree had been adopted]. We have the funds for this. I should like only to note that, for example, at the USSR Ministry of the Fishing Industry, which had earlier received permission for a similar increase in these payments, they encountered the problem of not having enough funds for this purpose. Taking this into consideration, we must keep a very close eye on all the items of expenditure, without permitting even the least case of poor management. Our large reserves will not dwindle for a while yet.

Today we are carrying out our program to increase the well-being of the sector's workers, without waiting for certain specific permission from the higher authorities, through increasing labor productivity and the possibilities offered by cost accounting to have more earnings at our disposal.

A great deal is being done in the sector to reestablish the prestige of the maritime profession, give the young generation a vocational orientation and activate assistance to families, schools and vocational-technical schools in educating children and adolescents and in creating for them favorable conditions for a healthy way of life, everyday living and leisure.

Measures are being consistently carried out to solve social problems for the seamen and shore workers. Specific benefits have been established for captains. The rights of the crews to purchase products and hardware and software items abroad and in a number of other questions have been expanded. A plan has been worked out for scientifically based norms for the consumption and assortment of catering products for seamen. After the necessary economic calculations have been made, it is planned to appeal to the USSR Council of Ministers with a request to exchange existing rations and grant the ministry and the Central Committee of the trade union the right to approve the ration norms for catering independently.

The resources of the funds for currency withholding of the USSR Ministry of the Maritime Fleet and shipping companies in convertible rubles and partially in freely convertible currency are used to acquire, for the needs of the work collectives, industrial products, medical equipment, cultural-everyday and sports and other commodities. The main portion of the fund for currency withholdings of the ministry is directed toward developing the fleet and shore facilities. We feel that these are only the first steps along the path of solving the numerous

social problems that have accumulated in the sector, which in many ways have been caused by the new conditions of economic activity and measures to improve management in maritime transport.

With the transition on 1 July 1988 to the new general system of management in the Ministry, the number of structural subdivisions has been cut down, and the number of workers has been reduced by 35 percent. In addition, in just the first half of this year we have already cut approximately 10 percent of the personnel. In the process of perestroika, the sectorial administrative structure and accounting and reporting for enterprises and ships' crews have been simplified and over 500 departmental normative acts have been rescinded.

In the last three years of the five-year plan, in accordance with the decrees of the party and government, our sector has obtained the possibility of carrying out its work in the sphere of developing foreign economic ties more independently. With a view to this, the sector has created and is fruitfully operating a joint-stock enterprise, Sovkomflot, and Sovbunker, Morbank has been formed, and a joint venture for freight forwarding, Sovmortrans, has been registered. The Sovfrakht VVO is preparing for a joint-stock form of activity, and associations of Soviet shipowners and ports and basin conferences of shipping companies are activating their work.

The new political thinking has led to a qualitatively new level of international relations, traditional for our country, in the sphere of shipping. There are 30 joint companies operating abroad today. Problems of cooperation between the maritime administrations of our country and the corresponding committees of the "Common Market" are being discussed. Last December an agreement was reached with the maritime administration of South Korea on reciprocal opening of Soviet and South Korean ports for calls from ships of both countries.

We link great hopes for the development and improvement of LASH ship service between ports of the USSR and the Socialist Republic of Vietnam with the activity of the recently formed Soviet-Vietnamese enterprise Vyetsovlikhter. The Baltic Shipping Company and the West German firm Muhlhahn International, in order to raise the technological level of ship repair, organized a joint venture, based on the Kanonerskiy Ship Repair Yard in Leningrad, to clean and paint ship hulls, and a joint venture in Leningrad to produce personal computers. A number of other joint ventures are in the process of being created.

We feel that organizing direct relations with foreign partners is the most effective form of mutually beneficial collaboration on the transport service market, and intend to develop it actively from now on.

At the same time, the results achieved could be more significant. We have large reserves, but are introducing them into business slowly. Take unproductive idle times.

In the three years of the five-year plan they have been cut almost in half, but there are still many.

We must, by using economic methods of management and improving the production structure, raise work on reducing these idle times to a new quality. Increasing the results and competency of technological and production discipline is a powerful reserve here.

In relation to this, the question naturally arises of the role of scientific-technical progress in increasing the efficiency of the transport process. I shall dwell on only one element of it—transport-technological systems.

In the last three years of this five-year plan, the volume of transport using them rose, and in 1988 was almost 33 million tons with respect to completed runs. At the same time, the profit obtained in 1987 was almost equal to that in 1985, but in 1988 it increased only by 13.9 percent, with a transport increase of 32.2 percent. This indicates that the TTS [transport-technological systems]—the chief carriers of scientific-technical progress in maritime transport—are not so far operating efficiently enough, and are not introducing noticeable changes in the dynamics of achieving high end results and reducing transport costs.

Many of us, unfortunately, are organizationally underdeveloped with respect to using transport-technological systems. I should like to direct your attention to the poor work of the shipping companies and ministry staff at the stage of preparing to use the new equipment included in TTS. Take the recent example of putting into operation the nuclear-powered LASH ship *Sevmorput*. How much uproar arose, although it could have been avoided, and the main thing, conditions for efficient operation of the LASH ship could have been ensured from the very first, if the appropriate shipping companies had taken a more constructive position and done the necessary explanatory work to form objective public opinion.

After all, as a result, the ship was permitted to call at all the ports of Southeastern Asia. By organizing a visit to the LASH ship by the public of Vladivostok and Nakhodka, we were able to convince them that this was technologically and ecologically pure production. The features that even today create doubts depend mainly only on the operating equipment, on putting into operation and organizing the activity of the training center at Strelna quickly, and on whom we send to work with the nuclear power units and how we evaluate their work.

Therefore, we are, unfortunately, still only slowly solving the problem of increasing the effectiveness of using the fleet on the basis of the factors of intensification earlier adopted by the collegium.

In many ways this is the result of the unsatisfactory work at the transport centers with respect to prompt, uniform delivery and transport of export and import cargoes, the poor quality of planning and regulating the transport process at the level of the shipping companies and the workers of the central staff, and inadequate work with

related types of transport. We have not fulfilled the task of improving the work of the transport junctions on the basis of introducing new economic principles.

The chiefs of the shipping companies—Comrade Kharchenko, of the Baltic, Comrade Pilipenko of the Black Sea, Comrade Miskov of the Far East and Comrade Tekhov of the Soviet Danube—are not giving enough help to the ports in developing transshipping complexes, replacing mechanization and solving organizational problems of interaction on the level of the railroad directors. The direct production relations of the ports are poorly monitored and the fleet is not reinforced with additional cargo capacities, which leads only to idle time for the ships or the cars and often to delaying the transport of export cargoes for state trade.

No substantial steps have been taken to raise the level of commercial work in the sector. The problem of seals has bothered everyone. It can be solved, however, on the basis of the yearly experience in working on a legal basis, ensuring the main task—the maintenance and quality of the cargo being transported and processed. Checks made by commissions of the USSR KMK [Committee for People's Control] and the USSR Ministry of the Maritime Fleet revealed serious omissions in organizing transport, particularly imported foodstuffs. The shipping companies and ports pay out over 4 million rubles a year in claims.

When this decision on seals was adopted, we assumed that this would begin to put order into the procedure in our own house. As you know, the basin press was actively included. Many of its publications clearly confirmed this need. Unfortunately, today we cannot state that there is a change for the better in problems of cargo preservation. Just recently the ODESSKIY PORTOVIK wrote about the instances of theft at the port: art books, 50 packets of coffee, a tape recorder, 6 cameras and 38 kg of citrus fruits were stolen.... There is a long list of examples.

The conclusion can be drawn that the state of work on raising the quality of the transport process requires urgent improvement.

Of course, economic methods are good, but a great deal of exactingness is needed. These are exactly the powers that we should have. Unfortunately, today we sometimes attempt to hide behind the councils of work collectives, and therefore the council of the sector should try to investigate this question and present us with an optimum model of action.

As you know, we have carried out a number of important measures to improve the comprehensive servicing of the fleet. In the course of last year and this year, the collegium of the Ministry of the Maritime Fleet reviewed the situation with comprehensive servicing three times. It can be stated that the situation has improved somewhat, which is mentioned in the publications of our press. Most shipping companies are developing practical experience in converting to economic contractual relations, creating cooperatives and equipping transport

fleets. Last year a saving of ship lay-up time for auxiliary operations was achieved. It must be noted that the captains themselves assert that the quality of the shore servicing has changed. This trend must be even further developed.

However, comrades, all these are only the first steps. There are still many complaints about censures from the seamen. You remember their statements in the film, "Golosa v okeane" [Voices in the Ocean]. They are obliging us to do many things. It must be remembered that the production activity of our shore workers was designed to ensure the efficient and high-quality work of the fleet. In 1990 we are to support our answer to the seamen to solve the problems of comprehensive servicing of the fleet, and we have termed it a political problem—a trust.

We are not satisfied with the attitude of the economic subdivisions of a number of shipping companies, ports and SRZ [ship repair yards], which, while being under the thumb of the old stereotypes and enjoying the right of independence to establish the indicators for the yearly plan, have understated the planned assignments for 1988-1989 with respect to volume and financial indicators.

This is primarily true of the management of the Sakhalin, Black Sea, Azov and Far East shipping companies. Despite the repeated and well-grounded recommendations of the GEU [Main Economic Administration for the All-Union Council of the National Economy], these shipping companies did not revise their plans, and thus took to their managements knowingly understated planned demobilizing assignments. Surely more intensive use of the fixed capital can be expected from the work collectives in this case. The qualitative indicators for use of the fleet, fixed capital of the ports and SRZ have shown virtually no improvement, and these shipping companies are overfulfilling the control figures and, naturally, the understated plans.

I must state with bitterness that some directors have a one-sided understanding of the basic premises of the USSR Law on the State Enterprise (Association), and are interpreting them after having clearly sized up for themselves only the rights granted them and the councils of the work collectives by this law, and are completely forgetting their obligations.

I will permit myself to remind these directors that the articles of the first USSR Law unequivocally and unambiguously indicate that "...the main task of an enterprise is the utmost satisfaction of the social needs of the national economy" and that "...the requirements of the consumer are obligatory for an enterprise and their complete and prompt satisfaction is the highest meaning and norm of activity for each work collective"!!!

Despite such clearcut decisions, practically every day we have occasion to encounter cases when the directors of the shipping companies refuse to take on transport or to conclude agreements for individual "unprofitable" cargo

consignments of Soviet foreign trade. Here we make serious claims against the Baltic and Black Sea shipping companies for providing transport on the Indian, Cuban and Vietnamese routes.

I will give one small example of unpartnerlike collaboration, when the Baltic Shipping Company took to Hamburg cargo destined for transport on the ships of the Lithuanian Shipping Company and loaded in its containers. Indeed, they even lowered the rate. Is this really cooperation? Should participants in conferences, not to mention associations, really act like this? No one is encroaching on the independence of the shipping companies, but after all there should be a sense of measure, a sense of respect for the partner and a feeling that you are working for a single national economy.

The interrelations between the directors of the shipping companies on the one hand and the directors of the ports and SRZ included in these shipping companies on the other do not fit into any framework. Sometimes the ambitions of individual directors overwhelm common sense, and give rise to internal strife and as a result the business suffers, and the national economy bears the losses.

For example, in 1988 and in the first half of 1989, while enjoying the right of a state enterprise and without coordinating their potentials for throughput of the fleet with the shipping companies, a number of ports confirmed to consignors the delivery of a large amount of export cargoes, which actually proved to be frozen for a long time at the port warehouses, and caused above-normal accumulation of railroad cars at the port stations—some 2000-2500 abandoned cars each.

The cargo owners and the State incurred sizable losses, and the ports received additional revenues. This is an example of narrow departmentalism, which specifies advantage to only one party and absolutely ignores the interests of the sector as a whole and of the State.

With the shortage of ship repair capacities in the basin, many ship repair yards in the sector have begun to use, in part, prices, periods and conditions for repair of the fleet as an instrument to dictate to the producer. As a result, shipowners today are seeking any way to put a ship in for repair at a foreign base. In the last three years, the shipping companies have spent up to 70 million rubles of currency yearly for these purposes! How long will we reconcile ourselves to this? I think that the directors of the shipping companies and the directors of SRZ and Glavsudomekh should outline a program to make the situation that has formed healthier in 1989-1992 and present it to the collegium of the ministry. Beginning in 1989, we are ceasing to allot currency resources for fleet repair—all resources must be directed to us to purchase a new fleet!

An analysis of the end results of the shipping company activity shows that some of them are continuing to live beyond their means. For example, in 1988 in the Azov, Black Sea, Novorossiysk and Soviet Danube shipping

companies, the growth rates for expenditures considerably outstripped the revenue growth rates. We have not yet learned to take care of our own kopeck. We are wasteful in solving the problem for saving expenditures.

An active interest in where and how to spend the currency obtained by the sector was heard in the speeches of the people's deputies. I think that this gives us the right to examine all the items of expenditures of currency resources made by the shipping companies. What by law is decreed—you receive and what is not yours—be nice, put it on the national table. The demand for currency will be most severe. Here there is something for the council of the sector, the operations and economic staff of the shipping companies, Glavflot and GEU to work on.

Our enterprises lost about 30 million rubles in 1988 in the basic and industrial activity of the economic incentive funds due to paying various fines and forfeits from them, including the Baltic shipping company—about 3 million rubles, the Black Sea—about 2 million rubles, the Far East—4 million rubles and the Sakhalin—2.5 million rubles.

On the basis of what has been set forth, the main conclusion can be drawn—the effect of the new economic mechanism (it can be defined as benign) on saving resources, reducing expenditures and a sharp rise in work efficiency is so far insufficient. Economic work needs a sharp rise in quality.

According to the situation on 1 January 1989, given today's losses, wastefulness in expenditures, absenteeism, between-shift idle times and losses from idle times of the fleet, equal to a loss in the order of 50 million rubles of foreign currency, the shipping companies have on their accounts in the funds 639 million rubles (allowing for the accounts for last year, this is unspent money, brought forward) with a 320 million ruble increase over 1 January 1988; about 200 million foreign currency rubles, of which approximately 50 percent is in SKV [freely convertible currency].

Sometimes one has occasion to hear that we do not have enough fleet. It must be explained to people that we do not so much lack a fleet as stepped-up work and an assiduous approach to the matter. We spoke to you about this at one of the expanded collegiums. I would like to hear in your speeches interested commentary and suggestions about this problem. I should like to hear as well, however, the determination that the "fleet is the primary thing, and everything should be for it" be not just as a phrase, but as our common goal. Only through achieving this goal can we solve our social problems.

I should also like it if, while respecting the opinions of the collectives, we all the same do not wash away this ideology. The fleet is the primary thing. This is a political problem. We should hold firmly to this position, of course, in no way disparaging the achievements of our ports, yards, construction workers, trade, medicine, etc.

You and I exist in the name of the fleet. We all, including the collegium and the ministries—are the trusted people of the captain's corps.

While evaluating the results of capital construction, including nonproduction, positively on the whole, it must be noted that, despite fulfilling the plan for housing construction in 1988, the Caspian, Primorye, Far East and Sakhalin shipping companies have not fulfilled the commitments that they took on to put into operation additional apartment houses (a total of 24,000 square meters). While this situation in the Sakhalin Shipping Company can be explained by the elemental calamities that took place, for the first three shipping companies it is the result of the failure to monitor the fulfillment of the resolutions adopted to construct apartment houses.

The sharp drop in the 1988 rates of work and capital construction in housing construction in the Estonian Shipping Company is giving rise to alarm. The directors of the Murmansk and Caspian shipping companies have not properly engaged in developing their own bases. The construction subdivisions here are not staffed with skilled workers and managerial staff.

During the three years of the five-year plan, the Caspian, Primorye and Far East shipping companies did not once fulfill the plans for capital investments in housing construction. The situation concerning social development is particularly alarming in the Far East and Primorye shipping companies. These shipping companies regularly fail to fulfill the volumes of construction-installation work on projects for the social sphere. The management of the shipping companies is not carrying out the planned work with the general contracting organizations, and is not paying the proper attention to developing and reinforcing their own construction subdivisions, including the worker and engineer cadres.

When speaking of the situation in the construction complex, we should be realists. Our reality lies in the program for constructing, in 1989-1991, 15 capacities for the construction industry and building materials. Our reality is to put into operation: in 1989—8000 apartments, in 1990—8900 apartments (this is only according to the plan). In the 13th Five-Year Plan it is planned to turn over 56,000 apartments. Let us remember these figures. They have been named by the shipping companies and are taken as minimal.

Today 24,000 workers in the sector do not have housing and 51,000 need an improvement in their housing conditions. We can actually radically change, in the 13th Five-Year Plan, the situation as a whole for the sector with respect to the problem of providing apartments, but the construction program in Odessa, Vladivostok and a number of other cities requires particular attention and funds.

In January 1989 the Collegium of the Ministry of the Maritime Fleet and the Central Committee of the trade union discussed the problem of creating a production

base at the sector's enterprises to increase the production of consumer goods and render paid services to the population.

It was noted that there is definite progress in this problem. All the shipping companies except the Lithuanian—for commodities, and the Caspian—for services, coped with the state orders for 1988. Failing to fulfill their commitments in the first half of this year were: the Lithuanian—for consumer goods, the Caspian—for unspecialized services, and the Baltic, Novorossiysk and Georgian shipping companies—for specialized services, so it is too soon to rest content.

It is obviously worthwhile to remind you once again that on the whole for the sector, our enterprises produced consumer goods in a total of 0.7 kopecks per ruble of wage fund, and the services were: specialized—4.74 kopecks, nonspecialized—3.94 kopecks. Such shipping companies as the Baltic, Kamchatka, Sakhalin, Lithuanian, Murmansk (for commodities) and the Murmansk, Latvian, Georgian, Caspian, Primorye and Sakhalin (for services) achieved results considerably lower than the general sectorial, which, as you can see, were more than modest.

We should think about how to coordinate the output of consumer goods and services with the growth of the wage fund. Then we will understand that this problem must be studied in earnest.

On behalf of the collegium and the Central Committee of the trade union, I ask the first directors and members of the council to regard the development of the sphere of consumer goods and services for the population as a task of paramount importance.

It is not by chance that in 1988-1989, with the consent of all the shipping companies, we directed sizable resources from the currency fund to the development of our own construction industry—brick yards, building materials production lines, plumbing hardware items and facing plates. By 1995 we should bring consumer goods production to at least one ruble per ruble of wages.

I would like the sector's council to wholly support the position of a sharp increase in the output of consumer goods and service rendering.

When analyzing the state of affairs in the sector, I cannot help but dwell on the problems of navigation safety.

Despite the measures taken, the state of the accident rate in the fleet remains complicated. A considerable number of accidents, particularly those of a navigation nature, occur because of the undisciplined attitude of some of the executive officers toward fulfilling their service duties, and their ignorance and negligence.

In the first half of 1989 there were 30 accidents involving ships of the Ministry of the Maritime Fleet, with losses of

1.9 million rubles. In this case, four-fifths of the accidents were related to navigation. An unfavorable situation formed in the Black Sea, Northern, Baltic and Azov shipping companies, where extremely serious accidents occurred.

Particularly alarming and worrying are the accidents to passenger ships, which seriously damage the prestige of the Soviet maritime fleet and create a serious threat to the life and health of passengers and crew. The ice damage to the hull of the motorship Maksim Gorkiy (Black Sea Shipping Company), the damage to the screw propeller of the motorship Ilich (Baltic Shipping Company) and the running aground of the motorship Taras Shevchenko (Black Sea Shipping Company) had negative repercussions in the Soviet Union and abroad.

The statement linking the accident rate with social problems, and expenditures to ensure navigation safety were undoubtedly justified. The standpoint of the collegium of the ministry is that the basis of navigation safety is discipline, order, responsibility and competence. In most of the occurrences, the accident rate was connected with fear of taking responsibility and fatigue. There was an active attack on the Regulations, article 85, of the Criminal Code (moreover, with the active participation of the sectorial press and the incomprehensible silence of the captains). I repeat, the first perceptible steps have been taken in solving the social problems. In 1988-1989 alone, over 50 million rubles of foreign currency have already been and will be spent for purposes related to ensuring safe navigation, i.e., the sore points in ensuring navigation safety are being removed. The results are in the statistics—there was a reduction in the accident rate in 1988. There is no assurance, however, that we will not have serious accidents. This will be true until we finish the discussions on discipline, order and responsibility.

It is characteristic that accidents do not mainly happen to old ships, indeed, the causes of most of the accidents are purely navigational. The most gross violations of navigation rules were the running aground of the motorship Giuseppe di Vittoria (Black Sea Shipping Company) and the motorship F. Razin (Estonian Shipping Company), the pile-ups of the motorship Aleksandr Savelyev (Black Sea Shipping Company) and the ice-breaker Kapitan Voronin (Azov Shipping Company), the sinking of the motorship Spartak (Northern Shipping Company), and the collisions of the motorship Gavriil Kirdishchev (Far East Shipping Company) and the motorship Raychikhinsk (Sakhalin Shipping Company). All of these attest to the reduction of exactingness in the management of the shipping companies and the need for a constant show of increased attention to the problems of ensuring navigation safety.

We should in no way minimize the acuteness of the situation nor the exactingness. We must work in the main direction—raising the level of discipline.

The situation with industrial injuries is very alarming. This problem has been repeatedly discussed on various levels. There have been no basic changes here, however.

The coefficient of above-average frequency of injury in the sector is highest in the collectives of the Northern, Murmansk, Baltic, Latvian, Black Sea, Soviet Danube, Far East, Sakhalin and Kamchatka shipping companies, the Yakutsk Production Association, the Svyazstroy SMU [construction-installation administration] and the Arktikstroy Trust.

The state of production activity is directly related to our personnel work.

How many major, priority personnel problems have we had to solve? In answering this question, I would name above all the perestroyka of maritime education.

In the last few years priority has been given to a fundamental improvement in the quality of training young specialists and workers. I will say directly: without this it will be impossible to ensure scientific-technical and socioeconomic progress in maritime transport under the conditions of full cost accounting and self-financing.

We have determined the scale, specialization and geography of training specialists in consideration of the long-term needs, and a number of measures have been carried out to improve the planning of their training and introduce principles of cost accounting interrelations between the educational institutions and enterprises. Although it is not easy, the process of developing the material base of educational institutions, construction and repair of the training fleet, outfitting higher and secondary maritime schools with computer equipment, training simulators and modern radar equipment is in progress. Suffice to say that in 1988, about 6 million rubles were spent to acquire equipment not included in the estimates for the construction projects at VUZes alone, and for ship and radar equipment—over 3 million rubles.

In the light of the joint decision of the collegiums of the Ministry of the Maritime Fleet, Gosobrazovaniye and the bureau of the Maritime Kraykom of the CPSU, particular attention was paid to developing a material base for the Far Eastern region. The task was set of providing for the demand of the shipping companies of the region by the year 2000 through the graduates of Far Eastern schools alone, thus reducing considerably the turnover of executive personnel. As a recent check showed, the outlined program is mainly being fulfilled.

A number of problems have been solved with respect to improving the everyday conditions of naval cadets and students, including an increased daily catering ration for the naval cadets, which required 2.3 million rubles worth of additional appropriations.

The relations between the educational institutions and production are being strengthened. Meetings between ship captains, and directors of the sector's enterprises

and organizations and naval cadets, students and the professor-teacher staff and lectures and talks for them are being put into practice.

Here, however, despite the specific recommendations of the ministry, the proper interest is not yet being displayed, and adherence to former traditions is still maintained. Some directors simply underevaluate the role and significance of this important form of educational and vocation-oriented work.

A great deal is being done to improve the practical training of sailing crew specialists. We have started to increase the length of the period for practical sailing work. We have decided to have the naval cadets in graduate courses go through pre-diploma practical work as navigation students and radioelectronic students in the navigation and radio engineering departments of VIMU [Higher Naval Engineering School]. Beginning this year, simulation-training of naval cadets of the VIMU and MU [Installation Administration] will be introduced. Vocational-psychological selection of graduating students has begun, which will undoubtedly raise the selectivity and quality of choosing future fleet specialists.

In consideration of the fact that one of the most important components of a high level of professionalism in a maritime specialist under the conditions of the rapid development of foreign economic relations is the obligatory practical command of foreign languages, special emphasis has been placed on fundamental perestroyka of the system of teaching and training in foreign languages at maritime educational institutions. A foundation has been laid for the exchange of naval cadets of VIMU and cadets of maritime colleges in English-speaking countries, such as Great Britain and Australia, during the period of practical sailing work. In consideration of the mutual interest, we hope to make these processes stable and regular.

The lessons learned from the tragedy of the Admiral Nakhimov have posed another extremely important task for us—fundamental perestroyka of work with the personnel of the sailing staff and particularly with the executive officers of the fleet and ship captains. This is essentially the key question of our personnel policy.

Just what are the practical steps we have taken in this direction? Here I would single out above all the improvement in the qualitative composition of command personnel, captains of long-distance sailing ships, and a consistent path toward clearing from their ranks persons who do not meet the level of today's requirements. The trend toward a younger captain's corp has appeared. The overwhelming number of them (92 percent) have higher education. The processes of promotion and appointing captains have become more democratic. These problems are being solved openly and publicly, with the direct participation of the work collectives.

Certain benefits have been established for captains with respect to providing housing. Various types of reports

## TRANSPORTATION

are being simplified and shortened. With a view to a material incentive for captains for accident-free work, it was recommended that the chiefs of the shipping companies, beginning on 1 January 1989, establish raises amounting to 10 to 30 percent of the salary for those of them who have been ensuring navigation safety for a number of years and have been awarded the appropriate insignia.

Last year we stabilized the processes of reinforcing discipline, organization and order in the fleet.

At the same time, there are many cases in the press that indicate that by no means everything has been done in this direction. One example of this is the publication in the newspaper VODNYI TRANSPORT of the article "Udar v spinu" [A Stab in the Back]. I did not think that there could be anything so disgraceful in such a splendid collective as the Murmansk Shipping Company. Unfortunately, such instances also occur in other shipping companies.

According to the data of the shipping companies, in 1988 the seamen committed 520 violations of labor discipline involving the consumption of alcoholic beverages. This year alone, there were 12 fatal accidents involving workers in the sector that were related to the consumption of alcoholic beverages (over 25 percent of the total number of them). Simplification, democratization and in a number of cases, repealing the regulatory requirements were interpreted by some of the directors and the executive staff of the fleet as lack of supervision, complete licence and, the main, dangerous thing—irresponsibility. As a result, violations of the rules of behavior for a Soviet seaman abroad, and extraordinary incidents have become not just isolated cases. We cannot reconcile ourselves to a situation like this.

In organizing our further work, we must remember that, as was particularly emphasized at the USSR Congress of People's Deputies, perestroika and democracy are unthinkable without discipline and self-discipline, and without a high sense of responsibility. We must have solid production and technological discipline, and must rid ourselves of irresponsibility. We will hold firmly to this course.

The main task is to increase production efficiency and product quality. Solving this task will make it possible to satisfy promptly, with high quality and fully, the country's demand for transport. For this, however, we must solve the problem of updating the fleet.

The chronic short supply of the fleet in the 10th, 11th and particularly the 12th five-year plans has led to its intensive aging. The average age of the ships reached 15 years (as against 12.4 years for the average world level), with 25.8 percent of the ships being over 20 years old. The situation is complicated by the fact that many states, in their national legislation, prohibit ships over 15 years old from calling at their ports.

For this reason, the relative proportion of Soviet foreign trade transport by the domestic fleet is reduced yearly and consists of about 57 percent. To ensure the transport of foreign trade cargoes, sold or purchased under the conditions of supply by the Soviet party, about 500 million rubles worth of freely convertible currency are spent yearly to charter foreign tonnage.

Working out a shipbuilding program, in conjunction with USSR Gosplan, from the shipyards of the USSR Ministry of the Shipbuilding Industry, the CEMA member countries and the SFRYu [Socialist Federated Republic of Yugoslavia], shows that the demand in the 13th Five-Year Plan is being only 30 percent satisfied. Arranging fleet construction for Arctic transport, passenger ships, chemical carriers, all-purpose and timber-carrying ships and tankers of average tonnage is causing particular anxiety.

Unless major measures are taken to set this situation right, the reduction in tonnage of the maritime transport fleet in the 13th Five-Year Plan will lead to a 40 percent reduction in its share of foreign trade cargo transport and to a yearly loss of foreign currency receipts amounting to about 500 million rubles (from discontinuing the export of transport services), and an increase of up to one billion rubles in SKV in the country's expenditures to charter foreign tonnage. In addition, the reduction in the available fleet has already led to great complications in job placement for highly qualified seamen, on whose training considerable resources have been spent.

The solution to the problem of updating the fleet of the USSR Ministry of the Maritime Fleet is seen only in converting the sector to currency self-financing, and through this—acquiring on the foreign market the ships needed to provide for the demands of the national economy to transport cargo by sea. The next obligatory task is to obtain 120-150 million currency resources this year, which will make it possible to solve the problems of financing fleet acquisition in 1990.

According to direct estimates, the sector's need for freely convertible currency is 85 percent of that earned to build the fleet at the yards of the capitalist countries, given the retention of the existing system of supplying and financing the fleet from the Soviet shipbuilding industry and from the CEMA member countries.

Making this decision will make it possible, during the 13th and 14th five-year plans, to update the fleet, to retain the independence of Soviet foreign trade from the dictates of the world charter market and to eliminate yearly currency losses due to reducing the export of transport services and the additional State expenditures to charter foreign tonnage in a range of one billion rubles in SKV.

The ministry came forward with these proposals to the USSR Council of Ministers and is continuing work on solving this extremely acute problem. We came forth with the request to the government to transfer to us 2-3

shipbuilding yards as well, in order to solve the problems of supplementing the fleet in the full technological range: tugs, salvage and rescue ships, small ships for the port passenger fleet, etc. So far a negative answer has been received, but we will continue to work in this direction. In addition, contracts are now being drawn up to acquire a fleet in the 13th Five-Year Plan from yards in the FRG, England, Japan and South Korea.

The problem of updating the fleet unquestionably, however, presupposes the increased efficiency of its use. In this connection, the work of the collectives of the shipping companies, administrations, associations and ministry should be directed toward raising the level of intensification of the transport process on the basis of reducing unproductive idle times for ships in the ports, introducing gross norms for processing ships in Soviet ports, optimizing the placement of the fleet by routes and directions of transport, increasing the efficiency of utilizing specialized ships, introducing advanced transport technology and a further rise in the quality of the operations work.

When speaking at the Congress of People's Deputies, M.S. Gorbachev directed attention to the stage-type nature of carrying out economic reforms and the need to accelerate development and implementation of a number of interrelated steps directed toward a steady change in planning methods, financial levers, taxes, prices, wage conditions and all the rest of the units of the economic mechanism. For us in the period from 1989-1990, the task remains—on the basis of a thorough analysis of the work experience accumulated under the new conditions of economic activity, to develop the concept of the economic mechanism of maritime transport management, using the command-economic methods in the 13th Five-Year Plan, and introduce its individual elements without waiting for the start of the new five-year plan. This will be the principal feature of the years to come.

I think that the stage of completing the 13th Five-Year Plan and the start of the 14th is a stage of our preparation for the sector's work under the conditions of an association, i.e., the next stage of democratizing maritime transport.

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After the speech made by Yu. Volmer, the discussion began. The most interesting comments from it are published below in condensed form.

#### **N. Berezhnoy, chief of the Port of Klaypeda**

In speaking of our current affairs, I should like to emphasize that the Klaypeda port workers fulfilled their plans for the first half year for transporting cargo and services to the population, production of consumer goods and capital construction. Although it would appear that everything is going well, it is nevertheless still very difficult to work today, and the reorganized processes taking place in the Baltic republics are not yet

contributing to an improvement in our work. Take, for example, the petroleum base. In the plan of the Ministry of the Maritime Fleet for 1989, we were given the assignment of processing 10.3 million tons of petroleum products. This was our income and our profit. At the same time, however, in the second quarter of this year alone, the petroleum base was picketed twice. There was neither pouring out nor pouring in. Hence, the results. For this reason, we do not know how many petroleum products we are processing or whether we are keeping to the plan. We cannot reckon with the state of affairs in the Baltic area.

Now, concerning the main task of the sector—consolidating all the forces of the shipping companies, ports and the entire collective of the ministry to fulfill the tasks which must be resolved in 1990. We are very worried, because the republic needs something else—republic cost accounting. We expressed our point of view on this problem in a letter in the name of the Chairman of the Council of Ministers of the republic. Indeed, our collective is for republic cost accounting, for participation in the development of the municipal economy and for the development of the republic as a whole, but within the system of the Ministry of the Maritime Fleet. Not everyone was pleased with this, however. A public opinion reaction began. A month later the question arose of removing the chairman of the council of the work collective, and of replacing the chairman of the trade union committee, since they seemingly have no expectations or concern for the republic.

As you can see, we have to solve all kinds of problems, including production, in very complicated circumstances. Nevertheless, the port workers continue to make every contribution within their power to the development of the city. For example, this year we spent 200,000 rubles for the development of a sports complex, we are participating in the renovation of the museum-aquarium and the construction of a dolphinarium, have built a street and have invested 906,000 rubles in it.

A few words on the concept of the sector's development. The Klaypeda port workers support it. They would like, however, to see in this document a solution to a painful problem such as the work of the transport center. We should build its solution only on an economic basis. This is the most effective measure in solving the most painful problems. True, we are not pleased with everything. For example, in 1988 we succeeded in concluding a contract with the railroad workers for joint operations, in accordance with which all the disorders are solved by the financial method. For example, the cars to be unloaded or loaded are late—you pay, and if idle times are permitted for the cars—again you pay. Therefore, the contract obliged both the port workers and the railroad workers to have a more responsible attitude toward their duties. We obtained good results from this work. In 1989, however, the railroad workers in a unilateral procedure failed to ratify this contract, because they were apparently tired of paying fines and being answerable for things. Our work rhythm did not suit them.

Therefore we feel that the transport center should operate only under contractual conditions.

**A. Yalovenko, chief of LVIMU [Leningrad Higher Marine Engineering Institute]**

I would like to dwell on the problem of training personnel for our sector, which is not reflected in one single document. Unfortunately, the ministry pays very little attention to this. What do I have in mind? First of all, personnel training is included in the nonproductive sectors and, therefore, a system of residual financing is so far in effect, that is, everything that is left goes to personnel training.

I will bring in a few examples. Each year we compile the drafts of the estimates, including that for the wage fund (FZP), and send them in for approval. The approved estimates are returned to us, but with the FZP already indicated. Therefore, in order to provide our teachers with the minimal cost of living, we must keep 10-15 vacancies. When we tell the ministry that our teachers are working with an overload, it answers that we have vacancies. It turns out to be a vicious circle.

We have a very serious situation with respect to construction. This year we are marking the 20th anniversary of the start of construction of our complex in the settlement of Strelna. Out of the 56 million ruble cost at the initial prices, around 18 million have been utilized. If we go on utilizing at these rates, we will obtain a complete complex in the next century. All the same, we will not obtain it, however, because the first building will already be destroyed by this time. It turns out that we will therefore not have this complex. When I earnestly came to grips with the problems of building our project, I got the impression that the Mafia was handling it, totally uncontested. Right now the construction workers are holding talks about the fact that this construction project must be preserved.

**V. Kornilov, chief of the UVS [Foreign Relations Administration] of the Ministry of the Maritime Fleet**

The opinion exists that the world charter market is open and acts on its own without the intervention of governments and other authorities. The days when this was so have sunk into oblivion and therefore, in order to be able to see the conditions under which the sector must operate in the near future, this situation must be analyzed from a different standpoint.

Today most of the countries of the West have passed the appropriate legislative acts, protecting the interests of the corresponding sectors of maritime transport. The matter has gone down to regional regulation. In particular, the "Common Market", on 22 December 1986 passed legislation on a unified shipping policy, which specifies that by 1993 all 12 "Common Market" countries will represent a unified market, open for the transport of any commodities by the ships of these countries. For those countries that do not provide access of cargo to

Western shipowners, and we rank among these, appropriate sanctions are specified. In addition, a unified commodity market is already being created for the movement of goods, capital and work forces.

What are we up against? We are up against the fact that this formation of a unified market will directly affect our specific actions and earnings. Our state must be a shield here for all our organizations.

Just what situation has formed for us in bilateral transports? We transport approximately 80 percent of the bilateral commodity circulation, 5 percent is transported by a partner from this party, and the rest—by a third flag. If you adopt a formula for equality, justice, etc., we should make the transition to a fifty-fifty-formula. The time for talks on equality has not yet come, however. We should first of all protect our own economic interests. Therefore today the Ministry of the Maritime Fleet is taking the stand that with the aid of intergovernmental agreements on shipping, and through various types of reasoning, it is attempting to keep the part of the cargo and retain the part of the cargo base that is ours. At the same time, it is supporting contacts with the "Common Market". We have given them proposals on a memorandum for an agreement between the Ministry of the Maritime Fleet and the "Common Market." On the foreign market we should coordinate our actions, and this is a task for the ministry. Not a single ship owner can manage without it. We should have centralization of the sectorial management and cost-accounting independence of all enterprises at the places included in the sector.

**A. Gutsol, brigade leader of the KhUKB of the Port of Odessa**

I will take up the problem of seals. For port workers this is a painful problem, since in the last half year we have been incurring great losses. While in the preceding year the Odessa-Port station had lost 29,000 rubles, during the half year of this year, it has already lost 63,300 rubles. I think that this problem must be radically changed.

Right now it is a question of equipment. Today the equipment with which we are working is in a catastrophic situation. This particularly applies to wheeled equipment. It is pressed to the limit and apparently, its replacement is not foreseen in the near future. Domestic equipment, unfortunately, does not yet satisfy our demands.

I would like to say the following about the structure: the ports should be directly subordinate to the ministry. Why? Let us take as an example the Black Sea Shipping Company. Enjoying the right of a higher standing organization, it immobilizes 85 percent of our withholding tax. It does not give us the right to solve economic and social-everyday problems independently. I think that this is completely incorrect and we must not be reconciled to this.

**V. Bylkov, a captain of the Sakhalin Shipping Company**

Updating the fleet is unquestionably the most necessary measure today. The fleet which we have must be repaired or else it will wear out very quickly. The shortage of people on the ships makes it impossible to engage in self-repair and painting to the extent that we would like. Fifty percent of a captain's time slips away in thinking about how to make the ship look reasonably good. That is why the limits on painting materials must be transferred to the ship yards, and the problem of the ships' exterior paint should lie only on the conscience of the SRZ.

**B. Yunitsyn, deputy minister**

I should like to share the impressions that have been forming on the general plane, where there are pluses and where—minuses, in the sector's work under the new conditions of economic activity. What would I note that is positive? There has been greater initiative, activity and attention to economic work. Unfortunately, in the pursuit of good financial indicators of the sector's work, we not only submit proposals but also put into practice commercial operations which border upon speculation. We wish to create funds at any price through any source, and are sometimes even ready to rob our partner. In this respect we must take a more upright and orderly position.

The second negative feature lies in the fact that we have not gone to the work places with economic reform. Here, apparently, an improvement in our technical-economic training at the work places is being overlooked.

After analyzing the sector's work in the last few years, I think that we must create a centralized fund for both currency and Soviet money, if we want to develop the sector and the interests of the entire national economy.

The matter is reaching the point of absurdity. We cannot solve a question important in principle, that is being discussed today—the question of navigation safety—along the path of science. We must work out new types of salvage and rescue resources, and we have no money, although we have the resolution of the collegium on this question.

A few words on cooperation. Right now there is a sense of an individual approach to this matter—"There is enough for me, and the rest does not concern me." Take, for example, the Riga Ship Repair Yard. After all, it was created on the basis of the calculation that there would be 4500 workers there, and today only 2500 are working there. Can you see how far from fully our potentials are being used? At the same time, other shipping companies are sending their fleets for repair abroad. As a result, we are spending about 70 million rubles in currency. Therefore, I ask the council of the sector to support the plan for the cooperation which the ship repair yards need from the point of view of distributing the limits throughout all the shipping companies, and for organizing and producing spare parts for the ship and port equipment. Two

alternatives are being examined here: either you trust us with your participation in compiling this kind of cooperation plan or the yards will have to be closed to the ministry. I see no other way.

**G. Myasnikov, chief of the Port of Nakhodka**

Today we wish to arrive at a high state of discipline through recognition of our workers. Unfortunately, this has not so far happened for us. Recently we received notification that all categories of workers at ports and yards had been removed from the influence and action of the Regulations on Discipline of the Maritime Fleet. It turns out that the Regulations apply to workers of the sailing staff of the port fleet, to pilots and to the port chief. The rest are working in accordance with the KZoT [Code of Labor Laws]. I think that this situation is incorrect.

As for the problems of the sector's international and charter policy, they must be centralized. The enterprises at the sites are to be freed from the petty operations surveillance which we ourselves often experience.

Considering the fact that the fleet is the basic source of revenue for us and it will be acquired in a better and less expensive way under centralization, I think that no one from the enterprises that have currency will refuse. I am totally for centralization of resources to acquire new ships and rebuild berths.

**T. Ninnas, chief of the Estonian Shipping Company**

For the first time the shipping company has obtained permission to purchase consumer goods for currency. We have bought machines, television sets and everything necessary for everyday life. I think that next year similar purchases will have to be made, since the domestic market will not soon be able to provide the population with these goods. This factor must be taken into consideration in the future.

Now, as to acquiring ships, the Estonian Shipping Company came out with a proposal that money to acquire the fleet remain with the shipping company. Why? The point is that the people want to take an active part and to know at what time and which ships can be obtained in accordance with the specific nature of the work of the Estonian Shipping Company.

**G. Gerasimchuk, deputy minister, chief of the Main Economic Administration of the Ministry of the Maritime Fleet**

I have just now signed a contract with a West German firm for 46 multi-purpose ships. If we accept the proposal here of some shipping companies that the currency fund of the ministry must be decentralized, we cannot settle accounts for this fleet.

**N. Tsakh, deputy minister, chief of Glavflot of the Ministry of the Maritime Fleet**

Only currency self-financing will make it possible to stop the aging of the fleet and begin to update it in the 13th Five-Year Plan. It is painful even to think about the fact that we are sending almost 44 percent of the export ships from our ports using foreign tonnage. In five months of this year we have spent almost 300 million rubles to charter a fleet. The most important thing is that, with a good market, favorable for us, we are restricted in earning currency through offering our services, since the fleet is old, on the one hand, and on the other, there is not enough of it to go out on the international market.

I also want to say something else. The situation with processing the remaining fleet and its use in our ports could deteriorate. Why? The problem of mechanization is inciting this.

Nine container terminals are in operation in our system. Their throughput capacity is 100.6 percent used, but in the south we have proved to be unprepared for the growth of container transport and the throughput of the Ilichevsk Container Terminal is 40 percent closed off today. In the first half of this year alone, specialized ships of the Black Sea Shipping Company lay idle at Ilichevsk for 228 days. For the shipping company, this is 2.1 million in currency lost and 2.2 million—profit. Unless we take major, extreme measures to have a good terminal built for us in the south, we will lose tremendous sums like this every year. This problem must be understood.

Today we are worried about the problem of transporting petroleum products. The situation of the petroleum bases of RSFSR Goskomnefteprodukty and the Ukraine is such that the minister was forced to sign a letter to the government and the General Procurator to the effect that their further operation was criminal. The petroleum bases are not being rebuilt. We are working at the limit. We are pouring fuel into the tankers that has not settled in the tanks and are violating loading technology. We might thus come to a most unforeseen situation. I ask the chiefs of the shipping companies, when concluding contracts to transport petroleum products, to come forth with more rigid requirements for the organizations of Goskomnefteprodukty.

We are very worried about the problem of supplementing the passenger fleet. The decision has been made to purchase twin-hull boats for the Black Sea Shipping Company, the Novorossiysk Shipping Company, the Far East Shipping Company and the Northern Shipping Company. They must be tested, and if they make a good showing, we will increase the number of them. Right now the decision must be made as to what must be renewed at one of the ship repair yards, after modernizing it, and building the local passenger fleet. What our yards are building today is clearly inadequate. Therefore, we cannot satisfy the demands of the population for passenger service.

We are trying to have two or three yards of the Ministry of the Shipbuilding Industry turned over to us, so that we ourselves will build our passenger fleet. If we orient ourselves only toward purchasing through import, we will not solve this problem for a long time.

**V. Aristarkhov, chief of the GUP and KS of the Ministry of the Maritime Fleet**

I wish to note that without developing the building of our own construction bases we will not fulfill the program for the year 2000. The ministry is therefore doing everything possible to outfit these bases with the most modern equipment and devices. If we can conclude the basic contracts this year to construct large yards for the manufacture of tubs and housebuilding combines, and fit them out in 1991, only then will we be able to provide housing for practically all the workers in our sector in the 13th Five-Year Plan. The main job here will depend precisely on the shipping companies, that is, how they can as quickly as possible direct attention to the development of their construction organizations and consequently increase fulfillment of the plan for work with their own forces.

Through implementing the measures adopted in preceding years, we could increase from 20 percent to 40 the introduction of housing with our own forces. We intend, in the next five-year plan, to have a 2.5-3-fold increase in putting into operation housing, kindergartens and other facilities for the social and cultural sphere through our own efforts.

**N. Shubenichev, chairman of the Basin Committee of the Trade Union of Water Transport Workers of the Far East Shipping Company**

Yesterday I read the "Statute on the Ministry of the Maritime Fleet." I would say that the direction of the ministry's work in the future is backwards. Why do I think this? Two years have passed since the Law on the State Enterprise was adopted, and today I can speak of a rise in the creative activity of the workers. All right, people do not everywhere and always feel that they have not only the right to do good work, but also the right to determine for themselves what is beneficial and what is not beneficial, what to do with their earnings and how to solve problems of their economic and social development. At the same time, the proposed reports and documents openly stress centralizing and making more rigorous the administrative measures of managing the sector. All of this, in our opinion, cancels out the positive democratic transformations achieved in the years of perestroika. Moreover, one reason is named—higher State interests. It would seem that there cannot be State interest without the interests of the enterprises and each work collective.

We firmly believe that the ministry is necessary, but not as an organ of dictatorship, rather as a political organ of management, forming the ideology of the sector, both in the country and abroad. In the proposed variant of the "Statute on the Ministry of the Maritime Fleet", there

are 52 additional functions. Perhaps I read incorrectly, but 19 of them are characteristic of exactly the administrative style of work. I will not quote all of them, but will present just one of them as an example. It said in the Statute that the Ministry of the Maritime Fleet provides daily control and, when necessary, efficient regulation of the work of the fleet.

In the first place, when necessary, it is possible to adjust any situation. In the second place, is it really easier and the main thing—more correct—to shift motorships at berths, let us say, at the Port of Nakhodka, or cars at the Port of Vostochnyy, from Moscow. Why? Just so that someone does not go without work?

One more standpoint. The Ministry of the Maritime Fleet is working out and approving norms for free catering for the sailing staff. Can the work collectives, who have the funds for this and understand the need, really not solve for themselves what and how to feed the sailors? Indeed, they must be fed in different ways: in the north and in the south, in Odessa and in Vladivostok. I think that this document must be reshaped.

#### **A. Gagarin, chief of the Northern Shipping Company**

Today we are holding a talk on the creation of a legal State, on reinforcing our legal personnel. Where can we take them from, though? I propose selecting, from among the sailors of each shipping company, intelligent kids who know a language, in order not to lose time later in getting to know the maritime profession and aspects of maritime activity, and give them accelerated legal training through the Moscow State University and the Moscow State Institute of International Relations.

Everyone realizes that the fleet presently operating in the shipping company has outlived its time, and the seamen have a right to ask: "The ship has been working for 25 years, and where is the replacement, the money that we have earned?" We are speaking out for an intensive path of development, but we forget what it is. An intensive path is the path of new technology, the updated capital of scientific-technical progress. How can we move, if we have nothing? The seamen often ask me what will happen and when. Today I can answer nothing. Therefore we must once more prepare to give an explanation that will give us unification of resources, and what figures and how many ships we can have, at least to the end of the 13th Five-Year Plan.

#### **A. Rusin, first deputy chief of the Baltic Shipping Company**

A few words on centralization. I feel that the Ministry of the Maritime Fleet must engage in ministerial tasks, of which there are a great many. They are commercial-legal work, scientific-technical progress, the development of foreign relations, supervision of shipbuilding, navigational safety, etc. And give us more independence.

We of course share the concern of the directors of the sector for the fleet, but all the same, the money has to be

kept for the shipping company. This will be a further step toward independent cost accounting. We propose that, beginning with the 13th Five-Year Plan, we convert to a tax system of economic activity, as well as to leasing relations. The proposal of the sector's council on the transition to currency self-financing must be supported.

The council of the work collective of the Baltic Shipping Company has entrusted me with informing the council of the sector that the draft of the "Concept of the Development of the Sector" proposed no measures to satisfy the interest of the sector's work collectives in the results of their work nor in the plan for increased material well-being, nor in the plan for social development, nor in the plan for legal and social protection of the work collectives against the dictates of the administrative-command system. This can lead to holding back the initiative of the workers for the future development of economic reform. The concept sets forth vaguely the problems of property in maritime transport, lease relations and the actions of the work collective and enterprises. The proposed system of maritime transport management essentially preserves the low-efficiency system now existing, and fails to take into consideration not only the effect of the Law on the State Enterprise, but also the need for a regional approach when drawing together various types of transport.

#### **O. Khalimonov, chief of Gosmorspetssluzhby of the Ministry of the Maritime Fleet**

With the sector's transition to full cost accounting, the new conditions have begun active stimulation of the production-economic activity of the enterprises. At the same time, cost accounting has led to serious problems in emergency salvage-rescue work, in particular, reducing the number of emergency-salvage-rescue teams to 20-30 percent, and consequently, the sector's emergency-salvage-rescue potential. Today our service is equipped with modern high-speed salvage-rescue twin-hull ships, purchased through import. Some of them are already laid up because of the shortage of wage and personnel funds.

In speaking of the specialized fleet and, particularly, the tugs, it can be said that we have the oldest ships of all types of fleet. They are up to 28-30 years old. The diving boats are antiquarians.

I wish to dwell on one impartial case of mismanagement and wastefulness. In 1986, a specialized ship-suction-dredge-oil-collector, the Professor Goryunov, was built in Holland to outfit Gosmorspetssluzhby from State budget funds for import. It cost in the order of 30 million rubles. It was sent especially for the operation and preservation of a no less important and ecologically vulnerable region than the Baltic Sea. In 1988, despite repeated appeals to the chief of the Baltic Shipping Company, the ship was sent to Brazil for bottom-deepening operations. When we attempted to get an explanation, V. Kharchenko answered that this was in the interests of the work collective and cost accounting

conditions. I think, however, that this does not correspond primarily to the State interests.

**V. Sakov, first deputy chief of Glavflot of the Ministry of the Maritime Fleet for Commercial Operations**

I should report to you that the decision to place seals on cars with imported goods at the ports of the Ministry of the Maritime Fleet was made last year without the agreement of the ministry. We have been working for a year and have seen the results and come to a definite conclusion—the experiment did not justify itself. The number of claims for freight preservation increased. The labor productivity of the dockers and machine operators dropped slightly, around three percent.

On the basis of this analysis, the Ministry of the Maritime Fleet decided to appeal to the Council of Ministers with the proposal that the person to be responsible for the safekeeping of the cargo should be the one who transports the cargo. This concept is also supported by the workers in our sector.

The speakers talked about the sector's poor commercial work. I must agree with this. We still have no one who has trained or is training the commercial workers. At a seminar of the sector's commercial workers at the end of last year, we made a global analysis of the situation in this direction and came to the conclusion that the commercial workers must be trained. Therefore, in conjunction with Glavkadry, we created a group in the OIIMF [Odessa Institute of Engineers of the Maritime Fleet]. The first recruitment will be this year. This will in some way solve the problem at the sites. And in the center? There are none, and oh, how we need them.

**V. Sedykh, chief of DVVIMU [Far East Maritime Engineering School]**

Today we must precisely determine the status of the higher education institution, as a center of training and retraining personnel and raising qualifications, and as a cultural and scientific center. All these years we have been going along in the "others" line. If you look at the "Concept for the Development of the Sector", you will see that there is a status of ship repair yard, shipping company and port, but no status of educational institution, and I would like to have this.

Now about the problems related to the economic-financial activity of the VUZ. An organizational-economic situation has been created in which we, while receiving financing from the centralized fund, have essentially remained budgetary organizations within the framework of the cost accounting sector. If it were not for a subsidy from the ministry, we would have long ago been on the verge of bankruptcy. After all, VUZes are essentially commodity producers.

What would we like? A basic source—a textbook, a teaching and monitoring computer system; each course should have 10 to 12 modules; each VUZ teacher—his own textbook; that the lecture could be set up on

videorecorders. The pace of the lectures should be determined by the strong students.

**I. Orlov, chief of the NTU [Scientific and Technical Administration] of the Ministry of the Maritime Fleet**

A few words on leasing. I feel that, in the problem of distributing leasing, we should stop at the level "up to the shipping company." The shipping company's work on leasing emphasizes everything that we would like to have at the center.

We can transfer the ports, yards, brigades and ship crews to leasing, but not the shipping companies.

We have now slated completion of the work on the long-term development of the sector for the year 2005.

If we speak about centralizing currency resources, it is unquestionably necessary. For new, advanced ships—it is strictly obligatory.

Today we are entering a sphere in which we must actually compete on the world market. When entering it, we should realize that we can appear properly only with actual embodiment of the specific decisions on scientific-technical progress. Without this, there is nothing for us to do on the market. I will give a simple example. The sector's total number of vessels sailing with automation classifications of I and II is 600, which is a little less than 30 percent of the total tonnage. What does this mean? Or, that on our ships the crew number reaches 35 persons, and abroad, using their automated ships, only 15 persons work. This is what automation is.

**V. Nekhoroshev, chief of Gosmorinspektsiya of the Ministry of the Maritime Fleet**

The minister's report on the evaluation of the state of navigation safety sounded an alarm. In reality, the situation remains serious. Unquestionably, violation of discipline may be named as one of the reasons for the accidents. But discipline and order should still be reinforced by professional knowledge and experience, and by the fact that on the captain's bridge, people should come to the position of senior staff command who realize their responsibility and have the ability to handle this responsibility for the job that is entrusted to them. Today, unfortunately, in many cases this does not happen.

There is still an organizational aspect to ensuring navigation safety. In almost every accident, when we begin to investigate, it becomes clear that navigation conditions have not been created, let us say, in Arkhangelsk. Even though a series of collisions has taken place on the river, no one thought about this. It was only necessary for the motorship Spartak to be lost to remind us that resources such as a hydraulic base, which could and should have contributed a great deal to ensure navigation safety for this complicated channel were not being utilized.

An accident had to happen in Yalta for the Black Sea Shipping Company to actually come once again to the conclusion that many ports of the Crimean-Caucasus

line did not provide the basic devices for navigation safety. As the date of this accident faded away, the acuteness of the problem was removed, and today the order signed by V. Pilipenko, chief of the shipping company, has not essentially been fulfilled, and now the Black Sea Shipping Company is beginning to look for, by order of complexity—material, financial and a number of other points—which were already recorded, but not implemented, in the order of the shipping company chief for Yalta. We should respect a signature for decisions which we ourselves make.

A great deal is being said today about the administrative system of ship traffic. Why, though, do we have a system which does not prevent accidents, but leads to them, as happened in Vladivostok as the result of the incorrect, slipshod, criminal organization of work on Cape Koldobina, due to which a ship of the Yakutsk Production Association of Marine Transport and the fishing ship Sayanskiye Gory collided?

It would appear that other structural changes or more precise definitions of the work of the navigation safety service are necessary. Today the captain-mentor is in many cases torn away from the ship operator, from whom one's knowledge should be tested, his businesslike qualities learned and the decision made as to where this person can work. Therefore, I feel that the structure that has formed to ensure navigation safety on the organizational plane needs to be changed.

**K. Matskyavichyus, chairman of the Central Committee of the trade union**

Here, comrades, we have spoken quite modestly of the development of the sector, a center where we could concentrate certain investments and have centralized funds. For my part I wish to say that we should not undermine the infrastructure that is being created by our work collectives. On the contrary, we must create the necessary funds, those needed on the whole for our sector and unified policy.

I would like to assure you that our recommendations, which will be issued today and in the future, will be the property of the work collectives. The problems which have grown ripe are real ones, they are facing us and are exceptionally important, which must be reflected in our document. I have in mind the problems of social confidence and guarantee. This, comrades, is the catalyst which will create the necessary interrelation between work efficiency and the end results, responsibility and discipline.

There are wage problems. After all, the wage fund is spent all the same, and for whom is it, if not for us—the work collectives—to determine the expenditure of the wages, determine how they are distributed among the fleet, the shore, etc. It is incomprehensible why some comrades from Goskomtrud and the VTsSPS [All-Union Central Council of Trade Unions] are attempting to solve these problems apart from us. I think that the

council must show principles and express its attitude toward this to the organizations mentioned.

Everyone, unquestionably, is worried about the problem of pensions. We cannot at this time encroach upon the work of the Council of Ministers and the VTsSPS on this matter, but I dare assure you that all the suggestions that have come from the workers of the sector have been taken into consideration and submitted to the draft developments. It would not be a bad idea if the sector's council expressed its attitude in principle on this problem and entrusted the Ministry of the Maritime Fleet and the Central Committee of the trade union to continue working in this direction.

**Minister Yu. Volmer gave the concluding remarks.**

**We have gathered here to hear the opinions of people and to work out for the future ways to carry out the tasks posed for us by the national economy. I can say one thing, that all the contacts with crews, brigades, shore collectives and associations are not passing without a trace. I wish to assure you that the staff of the sector is taking no separatist, libertarian actions. We are confining ourselves totally to the opinions of the sector's workers. What we are together adopting to put into practice will be a higher document, which for all of us will be a document of unswerving execution.**

**Council's Findings, Decisions Noted**

*904H0060B Moscow VODNYI TRANSPORT in  
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[Statute and Decision of the Branch Council of the USSR Ministry of the Maritime Fleet]

[Text] Perspectives for the Development of the Sector—this was the heading under which, in issue No 119 of 5 October of this year, VODNYI TRANSPORT published materials on the work of the sector's council: the speech of Yu. Volmer, USSR minister of the Maritime Fleet, and the speeches in the discussions on the report by participants in the council.

The topic of the meeting of the council was the work of the enterprises under the new conditions of economic activity, the tasks for further acceleration of the sector's socioeconomic development and the basic directions for improving the administrative system of maritime transport.

We must also remind you that in the speech at the council, the sector's director analyzed the activity of the shipping companies, ports and ship repair yards working in the new way, set forth the program for the sector's development and touched on a number of problems of vital importance for seamen, dock workers and ship repairmen.

The topic included the updating of the fleet—the sector's most urgent problem. In the opinion of the ministry, it can be solved only if the sector makes the transition to currency self-financing and through this acquires on the

foreign market the ships needed to provide for the demands of the national economy for marine cargo transport. The next problem for today is to obtain this year about 150 million worth of above-plan currency, which will make it possible to solve the problems of financing fleet acquisition next year. In this connection the participants in the council emphasized that the work of the collectives of the shipping companies, managements, associations and ministries should be directed toward raising the level of intensification of the transport process on the basis of cutting down nonproductive idle times for ships in ports, introducing gross norms for processing ships in Soviet ports, optimizing the arrangement of the fleet by transport lines and routes, increasing the efficiency of using specialized ships, introducing advanced new transport technology and a further rise in the quality of operations work.

The Statute on the Council of the Sector and the decision of the council of the sector are published below.

#### **The Statute of the Branch Council of the USSR Ministry of the Maritime Fleet**

**General premises.** The branch council was formed in accordance with the Decree of the CPSU Central Committee and the USSR Council of Ministers of 17 July 1987, No 823, "On Restructuring the Activity of the Ministry and Departments in the Sphere of Physical Production under the New Conditions of Economic Activity," and created for the purpose of intensifying democratization, drawing representatives of the work collectives into the business of managing the sector and a more efficient combination of the principles of unified management and a collegium nature in management.

The council of the sector is guided in its activity by the resolutions of the party and government, the laws of the USSR and also by the statutes on the USSR Ministry of the Maritime Fleet and the branch council.

The branch council is headed by the minister and is a consultative organ. Its staff includes members of the collegium and the presidium of the Central Committee of the trade union, directors of the shipping companies, ports, ship repair yards, production and scientific-production associations, scientific-research institutions and educational institutions, representatives of party, trade union and Komsomol organizations, leading workers, outstanding students, specialists and labor veterans.

The candidates delegated to the branch council, are selected for a period of three years at conferences of work collectives, publicly and on a democratic basis.

Work collectives of enterprises of the basic types of activity are represented in the branch council.

The size and individual composition of the branch council are approved by the ministry and the secretariat

of the Central Committee of the trade union after preliminary discussion at a joint meeting of the collegium.

The branch council will hold its meetings (in Moscow or out of town) as necessary, but no less often than twice a year, and will build its work on the basis of yearly and long-term planning. Extraordinary meetings of the branch sector may be convened upon the agreement of 25 percent of its members.

The responsibility for high-quality and timely preparation of materials for the meeting of the branch council is entrusted to the chief of the Business Affairs Administration of the Ministry of the Maritime Fleet and the assistant chairman of the Central Committee of the trade union.

**Basic tasks.** The branch council considers the central questions of the economic, scientific-technical and social development of the sector, evaluates the results of its work and works out recommendations for a further rise in production efficiency in the sector and dissemination of advanced experience.

To fulfill these tasks, the council of the sector:

**Examines** the concept of the development of maritime transport and works out recommendations, in consideration of the proposals of the scientific and planning organizations and the work collectives, for the plans for the basic directions of the economic and social sphere of development of the sector, the most important scientific-technical and social programs, State five-year plans and precisely defined yearly plans for economic and social development.

**Analyzes** the course of accelerating scientific-technical progress in maritime transport in consideration of domestic and foreign achievements, the organization of work and introduction of types of transport devices and technology new in principle, correlates advanced experience of utilizing, in the fleet, at the ports and in the ship repair yards, the newest achievements of science and technology, advanced technology and transport-technological systems and prepares proposals to distribute them most rapidly at the sector's enterprises, including problems of updating the fleet and protecting the environment.

**Examines** the proposals and works out recommendations on problems of improving the economic mechanism and management in the sector, stimulating the interest of enterprises and associations in accelerating scientific-technical progress, distributing the advanced experience of production innovators and efficiency experts and introducing intraproduction cost accounting.

**Analyzes** the formation and use of centralized funds and reserves of the ministry and prepares recommendations for their efficient use and expenditure in the interest of the sector's long-term priority technical problems.

**Examines** problems of adhering to the requirements and principles of the USSR Law on the State Enterprise (Association), studies advanced experience in developing self-government in the production and social spheres, prepares proposals for further democratization of the management system, improving the organization of labor and wages in the enterprises and associations of the sector and distributing advanced achievements in this sphere.

**Correlates** the experience and discusses the problems of the development of foreign economic relations implemented by the enterprises, associations and organizations of the sector, evaluates the efficiency of the mechanism of foreign economic cooperation and also the favorable factors of the corresponding world trade market conditions.

**Prepares** proposals to increase the efficiency of the social program being carried out, and to satisfy more completely the demands of the national economy and population of the country for high-quality products (work, services) of the sector.

**Evaluates** measures to improve the training and retraining of the sector's skilled personnel and correlates and prepares recommendations on distributing advanced methods of economic general education at the enterprises, associations and organizations of the sector.

**Examines** the state of enterprises operating at a loss and recommends to the sectorial management measures to rehabilitate, merge or abolish them.

#### **The Council of the Sector Is Granted the Right to:**

**Listen**, at their meetings on scientific-technical and socioeconomic problems of the development of the sector, to the minister and his deputies, the chairman of the Central Committee of the trade union, the supervisory workers of the ministry staff, the directors of associations, enterprises and organizations and representatives of the work collectives.

**Obtain** from the management of the ministry, scientific-research organizations, enterprises and associations and councils of work collectives the necessary planning, reference and statistical data and answers.

**Draw** the sector's workers in to prepare and discuss at their meetings the appropriate problems and to form work groups to prepare, examine and evaluate materials presented to the sector's council.

#### **The Decision of the Branch Council of the USSR Ministry of the Maritime Fleet**

After hearing and discussing the speech of Minister Yu. Volmer on "The Work of the Sector under the New Conditions of Economic Activity and the Problems of Further Accelerating its Socioeconomic Development" and of Deputy Minister G. Gerasimchuk on "The Basic Directions for Improving the Management System of Maritime Transport," the council of the sector resolves:

To note that the shipping companies and enterprises of the sector, in 1986-1988 and the first half of 1989 fulfilled the yearly plans, contractual obligations for cargo transport in coastal and foreign sailing, net currency receipts, putting into operation apartment houses, preschool institutions, schools, polyclinics and clubs, production of consumer goods and paid services for the population and profit from all types of activity. The normative correlation between increase in labor productivity and the average wage for basic and industrial activity was maintained on the whole for the sector.

In all types of navigation, about 50 million additional tons of cargo were transported. The average yearly growth rates for the indicators exceed those specified in the five-year plan.

The financial situation of the sector's enterprises is stable. The indicators for the efficiency of utilizing fixed capital—the capital-output ratio and profitability—improved as against the calculations for the five-year plan.

The results achieved were the result of the transition of the sector's enterprises to the new conditions of economic activity, the development of foreign economic relations, production intensification and activation of the work of the sector's collectives as a whole.

At the same time, the council is directing its attention to the fact that the results of the work of the sector's enterprises could be more significant under the conditions of actively utilizing the available reserves.

Nonproductive idle times for the fleet, commercial losses and operating expenditures are still high. The accident rates, injuries and discipline continue to be urgent problems. Some shipping companies are only slowly solving their social problems. The state of affairs with housing construction in the Far East, Primorye and Caspian shipping companies is still alarming.

The branch council proposes that all the work collectives carefully analyze the situation at the enterprises and direct all organizational work toward fulfilling the planned assignments for 1989-1990 and the five-year plan as a whole, having made the basis of the work of each worker high discipline, responsibility and efficient use of the fleet, port capacities, and yards, being guided in this by the organizational structure presently existing and its command-economic methods of management.

To begin forming drafts of the five-year plans for 1991-1995 in coordination with the resolutions of the directive organs on the periods and procedure for drawing up the plan for socioeconomic development of the USSR national economy in the 13th Five-Year Plan.

To approve, on the whole, the concept of improving the maritime transport management system for 1989-1995.

To commission the working group (Comrade Gerasimchuk, chairman), allowing for the existing exchange of

opinions and the proposals coming in from the enterprises, to work out this concept, paying particular attention to improving the command-economic methods of management.

To regard the shipping companies as unified production-economic complexes of maritime transport in the basins, the composition of which includes the ports, yards and other enterprises and organizations ensuring the transport process within the framework of the specialties and areas of responsibility approved by the ministry. In connection with this, to commission the management of USSR Ministry of the Maritime Fleet to work out this problem with the councils of ministers of the Latvian, Estonian and Lithuanian SSR, bearing in mind that removing any enterprise from the composition of the association into republic jurisdiction violates the wholeness of the transport complex and will lead to reducing the work efficiency of maritime transport with respect to providing for the demands of the national economy for transport.

To support the suggestions expressed at the council on further improvement of the forms of labor organization and intensification of cost accounting relations with both cargo owners and mixed types of transport and between the maritime transport enterprises.

On developing in the shipping companies, enterprises and organizations of the sector a unified system of economic responsibility for subdivisions to fulfill their contractual obligations, regarding an unfounded refusal to conclude a contract for the transport or transshipment of cargo or repair of the fleet as the grossest violation of the USSR Law on State Enterprises.

In consideration of the catastrophic situation with updating the fleet, on the transition, beginning in 1990, to currency self-financing of the sector with the aim of centralized purchasing (in accordance with the proposals of the shipping companies) of the fleet in the amounts necessary to provide for the demands of the national economy for cargo and passenger transport.

To hear, yearly, the information of the management of the ministry at the branch council on directing the utilization of centralized funds.

On examining the practice that has formed of issuance by the directive organs of additional assignments for the transport of donated and other cargo consignments. To consider these additional assignments as a State order, the fulfillment of which should be paid for at a higher rate, which should fully cover the expenses of the ship owners incurred in removing the ships from other transport routes.

On activating the work of the shipping company to accelerate carrying out the program, approved by the joint decision of the collegium and the Central Committee of the trade union, for the development of production bases for internal construction subdivisions to fulfill the "Zhilye-2000" program.

**On retaining for the ministry the right to coordinate and control the transport process on the basis of regionalizing the work of the shipping company, approved by the minister.**

Appointments for duty and release from duty of the chiefs of shipping companies and ship captains.

Approvals of the norms, obligatory for all the enterprises of the sector, for processing ships at ports of the USSR Ministry of the Maritime Fleet, as well as publication of the rules and conditions for the transport of cargoes, passengers, baggage, rates and labor safety practices obligatory for all enterprises, organizations and citizens enjoying the services of maritime transport.

Determination, in conjunction with the shipping companies, of the technical policy in shipbuilding, the development of the ports, ship repair yards, guarantee of carrying out the program for fleet construction at domestic and foreign shipyards and its distribution by shipping companies, on the basis of the demands of the national economy for transport through the basins.

Fulfillment, on behalf and on commission of the USSR government and USSR representatives in the international arena, of the function of head USSR organ for the development and realization of bilateral intergovernment agreements on shipbuilding, as well as agreements on other problems of commercial navigation.

Creation, in the USSR and abroad, of joint enterprises, stock-holding companies and associations.

Management and coordination of the work of representatives of the USSR Ministry of the Maritime Fleet abroad, and selection and direction of specialists to foreign work.

On the change, beginning in 1990, in the interrelations of maritime transport enterprises in accordance with payments to local budgets instead of union budgets.

Working out a unified social policy and decisions directed toward providing the workers of the sector with social guarantees.

On a further improvement in the sectorial system of maritime education, raising qualifications and retraining personnel in consideration of the new directions of science and technology and the perspectives for development of maritime transport, paying particular attention to providing for the need for this direction of activity in the resources.

Organization of work on selecting and promoting personnel to management and command positions on the basis of the principles of democratization and glasnost.

Implement, in 1990-1992, the transfer from the ministry to the shipping companies of the functions of technical operation of the fleet and problems of capital construction through the FES of the shipping company.

Commission the collegiums and the ministry to activate work on updating the fleet, thus stopping the trend toward aging of the fleet and the country's currency loss for chartering foreign tonnage.

Considering the predictions of supplying the fleet, in the 13th Five-Year Plan, from plants of the USSR Ministry of Shipbuilding and the CEMA member countries, regard the main item in solving this problem as the transition to currency self-financing and a tax system.

Present the GEU [Main Economic Administration at the USSR All-Union Council of the National Economy] with proposals on concentrating the currency resources (in freely convertible currency) of the shipping companies, on the basis of the need to finance purchases of the fleet for specific shipping companies, as well as to obtain credit from foreign banks for this purpose.

Glavkadry, in conjunction with interested administrations and organizations, is to examine the forthcoming proposal on unification of the IPK [Institute for Raising Qualifications] and the OIIMF [Odessa Institute of Maritime Fleet Engineers] and to report the results to the minister.

The UDPR, GEU and Association of Soviet Shipbuilders are to prepare an appeal to the USSR Supreme Soviet and the USSR Council of Ministers on submitting changes in the USSR Law on the State Enterprise, reflecting the specific nature of maritime transport.

Take the decision of the council to the sector's collectives. For this purpose, commission:

- the members of the branch council to speak to the collectives;
- the editors of the newspaper VODNYI TRANSPORT, the journals MORSKOY FLOT, VYMPEL and RADIOBYULLETEN to publish the materials of the branch council;
- the Business Affairs Administration to direct to the members of the council, for familiarization, the corrected decision on problems 2 and 3 of the agenda.

The branch council is certain that the work collectives are mobilizing their efforts to increase labor efficiency and wage a decisive struggle against the shortcomings, and on this basis to achieve a decisive turnaround in the socioeconomic development of the sector.

**Construction of 'Peace' Passenger Liner Urged**  
*904H0020A Moscow VODNYI TRANSPORT in Russian 10 Oct 89 p 1*

[Interview with P.D. Barabol, meritorious jurist of the RSFSR, acting chairman of "Peace to the Oceans," by an unidentified correspondent: "Contribution to Peoples' Diplomacy. Passenger Liner 'Mir' Must be Built"]

[Text] At the end of September our country celebrated the Day of the Sea, which is a holiday for all those who have tied their life to the peaceful ocean.

Our correspondent asked the acting chairman of the "Peace to the Oceans Commission," created within the framework of the Soviet Committee for Defense of Peace, meritorious jurist of the RSFSR, P.D. Barabol, to tell us about this public organization, and also to comment on the possibility of constructing the passenger liner Mir.

[Barabol] I shall begin with the second half of the question. The proposal to construct the ship Mir was made and approved at the general meeting of the Peace to the Oceans Commission in April 1988. Further, and independently of this decision, the crew of the motor vessel Mikhail Sholokhov of the Far East Maritime Steamship Line turned to fellow workers of the industry and all citizens of the country to create a public initiative fund "Ship Mir." This call was publicized in the newspaper VODNYI TRANSPORT, approved by the Central Committee of the Maritime and River Fleet Workers Union, trade unions of a series of union republics, and many public organizations of the country.

Broad support for this initiative was shown by the Soviet Committee for the Defense of Peace, Soviet Peace Fund, Peace to the Oceans Commission, many ship operators, and representatives of the Russian Orthodox Church.

In Moscow, in September 1988, a separate account for the public initiative fund was opened at the Bank for Housing and Municipal Services and Social Development labeled "Ship Mir," number 700357. Voluntary contributions started coming in significant amounts from citizens as well as governmental, public, and religious organizations. Collection of these moneys continues.

[Correspondent] Petr Demidovich, what are the purposes of building such a motor vessel?

[Barabol] We believe the liner Mir will be able to solve very broad peacemaking problems.

First of all, it is anticipated that this vessel, sailing under the light blue flag of the United Nations and the flag of the USSR, will, together with on-board representatives of peoples' diplomacy of various countries, be able to visit large ports of the Mediterranean, the North Atlantic, the United States, Canada, Australia, and Oceania, calling for a widening struggle against the military-naval armaments race, for the demilitarization of the world's oceans, prevention of the fouling of the marine environment, for strengthening confidence-building measures, and overcoming the "image of the enemy" among peoples.

In the foreign as well the Soviet press, it has been noted more than once that over 16,000 nuclear warheads are concentrated on surface vessels and submarines in the world oceans. This is enough to destroy all living things on the planet at least 3 or 4 times. The tragedy is that the

naval armaments race is growing constantly, new and the most ingenious forms of rockets keep appearing, even with chemical binary armament.

This is why it is essential to unite the efforts of all peoples to encourage large naval powers to sit down at the conference table to prevent naval arms races.

Second, such a vessel could be made available not only to Soviet, but also to foreign international organizations, to conduct on board international conferences, seminars, symposia, and other events.

Third, as proposed by the crew of the motor vessel Mikhail Sholokhov, international cruises of the world could be organized on this vessel along the routes of the great geographic discoveries, with representatives of the widest strata of Soviet people and tourists on board.

There is no doubt that the creation of such a vessel would serve the interests of broadening international glasnost and the interests of perestroika in the USSR, and is consistent with new political thinking.

[Correspondent] In your opinion, how should this vessel differ in its construction from the usual passenger vessel?

[Barabol] I am not a shipbuilding expert, but as an international relations worker, such a motor vessel should be calculated for no fewer than 500 passengers, and it should have several halls equipped for conducting international forums, a good movie theater, and the like.

The latest achievements of modern shipbuilding must, in general, be utilized, bearing in mind the peacekeeping tasks of the ship.

[Correspondent] Do you know that skeptics have appeared in our country, who insist that it would be very difficult to construct such a vessel in other countries for Soviet rubles?

[Barabol] In the most decisive manner I must disprove such assertions, which, to a degree, have led to a lowering of voluntary contributions.

The Soviet Committee for the Defense of Peace has been receiving proposals from a number of socialist and Western countries about acting as intermediaries on the question of building the Mir for Soviet rubles.

Furthermore, we are now ready to open an account at the USSR Bank for Foreign Economic Activity, since a number of organizations abroad expressed the wish to make voluntary monetary contributions or partly finance this project in order to receive in the future a certain interest from income from the operation of the ship. We are not now naming these organizations until the conclusion of corresponding agreements with them.

Beyond that, at the international conference "Peace on the Seas" which took place in Moscow at the end of June, I personally discussed this question with the USSR Minister of the Maritime Fleet, Yu. M. Volmer, in whose

opinion, while there will be many difficulties, this initiative deserves all kinds of support.

Naturally, public organizations count on a full spectrum of active support from the USSR Ministry of the Maritime Fleet and all shipping lines, since it is obvious that the vessel, after being built, must be manned by an experienced crew and registered in one of the Soviet ports.

It is also well known that these are difficult times in our country as far as passenger ships are concerned. For instance, the Peace to the Oceans Commission for the last 2 years has been asking the Ministry of the Maritime Fleet and the Baltic and Black Sea Shipping Lines to make available for only 3 weeks a passenger motorship for a cruise along the Baltic Sea with about 200 foreigners and 200 Soviet representatives of peoples' diplomacy under the motto "For a Nuclear-Free and Ecologically Clean Baltic."

On such a vessel it is planned to conduct debates on the most acute problems of limiting the naval armaments race and averting an ecological catastrophe on the seas and oceans.

In addition, the vessel should be able to enter Helsinki, Stockholm, Copenhagen, Kiel, Rostock, Szczecin, and the ports of the Soviet Baltic republics to meet advocates of peace there, etc.

In connection with this, the shipping lines were not only assured of being paid for all expenses, but of creating conditions for obtaining a sufficient profit.

Unfortunately, so far we have not received a positive reply, even though the cruise is planned for September 1990.

This is one of the most convincing examples of the need to build the ship Mir as quickly as possible.

I would nevertheless like, through the newspaper VODNYY TRANSPORT, to appeal to the head of the Baltic Shipping Line, V.I. Kharchenko, with the request to examine the possibility of renting a passenger vessel for 3 weeks in August, September, or even the first half of October 1990 for this international cruise on the Baltic. The general membership of the commission "Peace to the Oceans," counting over 200 members in Moscow and about 1,000 in branches created in a number of ports of the country, will be grateful to the citizens of Leningrad for that kind of support for its activity.

[Correspondent] And what is needed in real terms to speed the building of the motor vessel Mir?

[Barabol] I am deeply convinced that now is the time to appeal to all shipping lines, Soviet institutions and organizations, trade union organizations, institutes and other educational establishments, and religious organizations to renew on a wide scale the collection of voluntary contributions to account Number 700357. We

need to collect approximately another R40 million, which is slightly less than what we already have.

It would follow that we should give assurances to those organizations that gave larger contributions—I have in mind in the first place religious organizations, the Soviet Peace Fund, and others—that they will have rights for a number of years to several cabins to send their representatives to participate in cruises on advantageous terms.

Apparently, we should broaden the campaign to collect means and contributions in hard currency from foreign organizations and while searching for partners to participate in joint construction.

### **Maritime Rescue Training Courses Conducted**

*904H0020B Moscow KRASNAYA ZVEZDA in Russian  
13 Oct 89 First Edition p 2*

[Article by A. Karpenko, captain of the training ship Kamensk, Baltic Maritime Shipping Line: "Ready To Offer a Base"]

[Text] With great interest I read in KRASNAYA ZVEZDA of 19 August the correspondence "accident alert!" Problems raised in it are familiar and understandable to us sailors of the Ministry of the Maritime Fleet. Until recently we, too, had poor knowledge of the equipment and manning of inflatable rescue means and rules of their use.

But recently the Ministry of the Maritime Fleet organized a network of special training ships (UTS) for the purpose of training crews to fight for life and rescue human life at sea.

At the Baltic Maritime Shipping Line in Leningrad the UTS Kamensk functions successfully. It is a former freighter especially reequipped for training. For training purposes the UTS has a special 4-meter deep basin, lifeboats of the closed and throwing types, inflatable rafts of the types PSN-6 and PSN-10, thermal underwater suits both of domestic and import origin, life vests of all types, and other equipment. In general the UTS can process about 12,000 trainees per year. Today we are training the seagoing crews of ships of the USSR Academy of Sciences, of "Sevmorgeologiya" [Geology of the Northern seas], of scientific institutes, and students at maritime schools. But the training ship is far from running at full load.

We understand that the task of training naval personnel in the use of individual and collective life-saving measures that faces navy leadership is not a simple one. And therefore we offer an invitation to a representative of the Navy to come on board to familiarize himself with conditions of training crews and to conclude an agreement to train navy men to use rescue devices and to survive at sea.

Incidentally, very recently two groups of seamen from the Baltic Fleet went through training on our ship. They spoke highly of the quality of activities on the UTS.

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