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# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

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27 August 1985

## USSR REPORT

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STORE OFFICIAL ON BETTER MANAGEMENT TO BOOST PRODUCTION

Moscow PRAVDA in Russian 6 June 85 p 3

[Article by A. Kolesnichenko, deputy director of Tsentral'nyy [Central] Department Store, city of Khar'kov: "On Both Sides of the Counter" under the rubric "Industry--Trade--Customer"]

[Text] At one time the women's overcoat section threatened to "clog up" the quarterly plan for the whole department store. Every morning I arrived there hopefully and invariably saw the same sight: winter coats were on their hangers in solid rows and there was not a single customer at the cash register.

"They are not buying," the salespeople would say distressfully.

Yet it was severe winter weather outside--one would think just the season for these overcoats. But the cold did not help, because they were all made from one pattern from materials and in styles from "grandma's heyday," with collars of expensive fur.

However, items have been written on this topic over and over again. Anyone who follows press publications carefully knows several reasons for this state of affairs in business. And surely there is no need to list them again. Unfortunately, even after what the press has said there is still very little change for the better. Let's take the fundamental basis for our trade--the planning of commodity turnover. It is still being carried out as in the old days --"from past achievements." As a result there is no advantage to being in the forefront in business today. The time has come when no one tries to keep pace with the growth rate. And the leading workers are suddenly toppled from their pedestals. It is true that members of the work collective of our department store have succeeded in saving themselves from such a "fall," but this has been accomplished with great difficulty and at great expense.

It seems a truism that competition ought to stimulate initiative and economic drive, and to spur the workers of an enterprise on to set the highest possible goals for themselves. But such a situation can be attained only on condition

that the initiative and striving for the highest end-result be encouraged in an appropriate way. At present, outmoded planning principles work in the opposite direction--they stifle initiative and force workers to conspire and maneuver cunningly, so as not to overfulfill the annual plan by too much, even if there is every possibility of doing so.

I will say more: today managers of trade enterprises simply find it disadvantageous to undertake anything that will noticeably increase the turnover of goods. They are basically indifferent about which goods are delivered to their stores and whether the customer will want to buy them. The deadline will come, the unpurchased goods will be reduced in price (as was the case in our store, for example, this spring when the prices for men's light overcoats were cut in half), and then the goods will be bought up.

But if planning "from past achievements" does not push us, the enterprise officials, to sell at our very best, the same situation is unavoidably reflected throughout other units of the store as well. Moreover the salesperson has his own "economy"-- his personal material and moral interests. I am going to speak about moral incentives. They are sufficiently varied, and where they are employed spontaneously and capably, their educational influence is appreciable. But it is worth speaking about the material incentives. Rigid regulations exist. They provide wage increases for salespeople who overfulfill the monthly plan. The maximum additional pay in such cases is not to exceed 40 percent of the wage scale.

However they might fare in other areas, salespeople understand arithmetic very well. To facilitate their getting their whole wage increase, they aim at a lowered plan. Planning "from past achievements" prevails with them as well.

After many years of work in commercial trade, I do not remember a single time when even one section substantially overfulfilled its monthly goals. That is quite understandable, since you have no additional remuneration no matter how efficiently you work. It is definitely not from a lack of culture that the salesperson is inattentive to you, the customer, that he does not want to help you to select merchandise, that he does not try to charm you with politeness. It is simply not to his advantage that you buy a suit, for example, today when his section's plan is already fulfilled. Come when he is "on fire" and you will see his charming smile and obliging politeness and an ability to show his goods to advantage.

We have been trying to break this pattern. We have been working out our own system of progressive pay, according to which more intensive work is paid more highly. At the beginning the UkSSR Ministry of Trade supported us. As an experiment they permitted us to transfer six brigade sections to a new pay system. There was only one condition: that the brigade from the very start determine for themselves a maximum plan obligation. And what happened? The average monthly turnover of goods in these sections immediately rose by almost 11 percent--an unheard-of case in the work of the store. It was all easily explained: every member of the brigade had an interest in making a good showing and producing excellent quality work. And it suddenly became clear that the salespeople did not have to learn to be sophisticated, that they oriented

themselves perfectly well to customer demand, that they were not lacking in enterprise and could see to it that there was a broad selection of popular goods on their shelves. Now they no longer waited with a bored expression for goods to be brought, or discussed last night's television movie with each other while they were supposed to be working; they hurried, if it was necessary, to the back room to help the stock clerks sort things out by style, model and size, and also to keep track of the customers' orders and the sold merchandise. In short, the experiment was fully successful. But...

We hardly had time to be happy about what we had done when, lo and behold, they "killed" it. The UkSSR Ministry of Trade was afraid that our innovation, if it were widely put into practice, would lead to an over-expenditure of wage capital. What it really would have led to exactly; nobody knew, and didn't want to know. It was simplest to cut off the attempt at the very beginning. So everything returned to the way it was before. Can this be called a businesslike approach?

Labor efficiency, in my view, ought to be the starting point for evaluating the work and every worker in commercial business, and the collective of a store as a whole. For the good of the cause, I think that we must prescribe as few defining indicators for this efficiency as possible. However we must work out a scale of material and moral incentives more precisely. They should be different from and better than the present regulations on bonuses -- with respect to accuracy, concreteness and clarity. Then every salesperson, brigade and section who determine their own obligations would know in advance what incentives they would receive for fulfilling those obligations and what they would lose if they did not.

It is also very important, in my view, to grant more independence to executives of trade enterprises. All the more so at present when our sector is also beginning to participate in a large-scale economic experiment. Too much is now decreed by the ministry's regulations. It has come to the point where the department store collective is even directed how much and what to sell from the counter, how much on the street, how much merchandise to sell for cash and how much for credit. Or take the number of workers. Today the personnel schedule is strictly regulated from above. That seems to be good--there is no overexpenditure of wages. But surely it is much clearer to the store's management from close up how best to place personnel, naturally not going beyond the bounds of wage capital. But no, they will not allow it. Once again we have to disassemble. According to the regulations, let's say, if there are no fewer than five salespeople in the section team, there should be a chief as well. The enterprise official, of course, is more comfortable and calmer when there are section chiefs everywhere. There will be someone to question personally and there will be someone to whom to entrust the organization of the subdivision's work. What doesn't the director think up to enlarge the brigade? Here is the result: on a job where three could do the work there are five workers.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

## ROUNDTABLE DISCUSSION SHOWS CONFLICTS IN SUPPLY SPHERES

Moscow IZVESTIYA in Russian 19 Apr 85 p 2

[Report and commentary on roundtable discussion by IZVESTIYA special correspondents Ye. Borodin, V. Komov and V. Romanyuk, Voronezh: "The Branch and the Oblast--Why do Their Interests Not Always Coincide?"]

[Text] The following participated in the roundtable discussion: A.G. Shumeyko, second secretary of the Voronezh Oblast Committee of the CPSU; A.M. Voropayev, chairman of the ispolkom of the oblast soviet of people's deputies; A.V. Popov, chairman of the oblast planning commission; A.P. Malakhova, sewing machine operator at the Rabotnitsa Sewn Goods Association; A.G. Mikhaylov, general director of the Voronezh Aircraft Association; L.F. Nechayeva, metal worker and assembler at the Elektrosignal Plant; A.I. Mikhail'chenko, first deputy minister of installation and special construction work of the USSR; V.P. Shoshin, deputy chairman of the RSFSR Gosplan; A.A. Tatarnikov, chief of the oblast local industry administration; N.N. Yendovitskiy, administration chief in the Ministry of Machine Tool and Tool Building Industry; M.A. Morozova, deputy chief of the oblast trade administration; V.I. Vasil'yev, deputy department chief in the USSR Gosplan; I.I. Isayev, deputy chief of the USSR State Committee for Standards; V.I. Bortnikova, director of the Roskul'ttorg Wholesale Enterprise; A.G. Koron, director of the Association imeni Komintern; G.M. Ostapenko, chief of Rosshveypprom [Administration of the Sewn Goods Industry (RSFSR)?] and others.

## Between the Exhibit and the Counter

An exhibit of goods bearing the Voronezh trademark, displayed at the IZVESTIYA competitive review, was opened by the beginning of the roundtable discussion. The winners of the competition were collectives which had developed new goods for the home, for tourism and sports, technically complex products, toys and furniture.

The collective of a machine plant was among the winners of the IZVESTIYA competition--for the development of the economical Rossiyanka electric and gas stove. When they accepted the award, the enterprise leaders complained that

at the insistence of their head branch, the Ministry of Electrical Equipment Industry, they were being forced to reduce production volume from 130,000 to 50,000 stoves a year.

"Why? Is there no demand?" V. Ignatov, first secretary of the party obkom asked.

"The demand is there. What is more, we are forced to haul in kitchen stoves inferior in quality to the locally produced, Voronezh stoves from Kazakhstan. And people are always talking to us about national economic effectiveness."

"Do oblast interests really diverge from republic interests, let us say"?

"That sometimes happens...."

Another award was given to the aircraft association for developing the compact Ivushka washing machine. Once again, the enterprise leaders vacillated: There is no question that the washing machine is a good one, and capacities for the production of 30,000-50,000 machines a year have been set up, but the general consumer has still not received it. Why not? The head ministry, the Ministry of Light and Food Industry, is not "letting it through." On what grounds? Since several refrigerator models were taken out of production, the ministry has idle capacities.

Yes, relations between the territory and the branch are not simple. They are sometimes extremely complex. They would seem to have a common goal, but unfortunately, the ways of achieving it differ. They manage to overcome some things, but not others. Analyzing certain results of the five-year plan, A. Shumeyko noted that practically all of the plants and associations are producing goods for the market today, irrespective of their departmental subordination. The oblast produced 1 ruble and 88 kopecks worth of goods per ruble of wage fund last year, which exceeded the target. In addition, at the suggestion of the ministry's local agencies, plans were increased for its enterprises by a total of almost 70 million rubles. Could they have done even more? They could have! Unfortunately, far from all of the heavy industry plants have specialized production operations. Therefore, not even half of their wage fund is covered by goods.

A. Popov: For 5 years the oblast regularly proposed to the USSR Ministry of Installation and Special Construction Work that it set an assignment for consumer goods production for the Voronezh Aluminum Structural Elements Plant. Finally, in 1984, a plan was established, but at a level... one-tenth of what had already been achieved! A ridiculous case but not an isolated one. Soyuzglavshina [Main Administration for Tire Production?] lowered the slate production plan for the Voronezh Tire Plant to one-seventh of what it had been. Local party and soviet organs had to intervene to at least partially correct the situation. But do matters have to be resolved by such methods?

A. Mikhailchenko: We members of the Board of the Ministry of Installation and Special Construction Work will review this matter again, of course. I must point out, however, that our enterprises have limited resources--their production operations are mainly waste-free. And if we are to undertake something,

we would at least like to have a completely clear idea of local market needs. Unfortunately, we frequently do not have this information.

V. Shoshin: I can provide information on the Ministry of Installation and Special Construction Work: only 40 percent of its enterprises in the RSFSR produce goods for the market, while the others avoid this important work. At the present time, we see no serious readiness on the part of the branch headquarters to improve the situation locally.

A. Popov: The same applies to certain head ministries. The Ministry of Machine Tool and Tool Building Industry, for example, is responsible for supplying the market with household tools. We have six of its large enterprises producing machine tools and press assemblies. But they produce only... a small hacksaw for the home. At the suggestion of the oblast planning commission, the enterprises of other ministries manufacture dozens of types of tools. The Ministry of Machine Tool and Tool Building Industry, however, does not even reply to our requests, although the well-known decree on enhancing the role of the soviets of people's deputies in household construction directly states that the ministries and departments must consider our proposals for working out or changing plans for consumer goods production at their enterprises. Today, the wage fund ruble for branch enterprises is covered by only 25 kopecks worth of goods, whereas the machine builders have reached the level of 56 kopecks on the whole. How were these kopecks "accumulated"? A machine building plant which produces goods by a semi-primitive method has "mastered" only a toy shovel in the past 3 years. The situation is no better at the Plant imeni Kalinin.

N. Yendovitskiy: Our branch produces mostly household tools. Industry does not indicate any special interest in the tools, however. There have been cases of refusal to purchase the products. With respect to the Voronezh tool building plant, I can say that a new building is to be erected there and a shop set up in it for the production of consumer goods.

Comment from a participant: The new building is designated for other purposes and will not produce additional goods.

#### That Unprofitable New Item

Let us single out one of the numerous problems discussed at the roundtable--the quality of consumer goods and the fact that some enterprises producing obsolete products and consumer goods for which there is no demand are existing normally and sometimes even thriving. The question of why our management system permits such things was directly raised at a recent meeting of the CPSU Central Committee.

Let us begin with the fact that initiative is punishable. Enthusiasts who go for new items frequently come up against this bitter truth. The situations vary, but the essence is the same--what is good for the population is not always good for enterprise. It sometimes happens that an enterprise strives to achieve quantities specified by the plan in terms of value, which determine the collective's financial situation, by producing items which are expensive

but which no one needs, operating for the warehouse, as they say. In any case, this discussion has come about for good reason.

A. Koron: Our association has mastered the production of woodworking machines, which are very useful household items. We developed the capacities and set up cooperation. We were prepared to produce 2,500 of these lathes annually, but the trade organizations agreed to take only 700. Then there was a reverse situation. We planned to reduce production of unprofitable rakes, but the oblast planning commission stopped us. We had to renew production. We even acquired an expensive press and produced new gear. Six months later, trade gave us the order to stop. The items were not selling. Someone must precisely determine the need for complex household goods and the material possibilities for producing them. This will eliminate gaps in the plan-production-sales process.

L. Nechayeva: We have another problem at Elektrosignal: lagging development of the production of assembly parts. We produced the first lot of the fundamentally new Rekord VTs-311 color television sets. They are smaller than their predecessors, use only 90 watts of power instead of 300 and produce a clearer image with richer color. The plan for the first few months of the year was only 55 percent fulfilled, however. The people in Lvov also found themselves in a difficult situation. They began producing television sets of the same series only to find that they had not considered the capabilities of branches producing the assembly parts. In our opinion, we need to work out an All-Union standard for a strict but simple system for developing new consumer goods and supplying them to the trade system.

Comment from a participant: In order to have any kind of prospects for success, we would have to set up reserve stocks of materials and assembly parts at Gosstab territorial bases.

A. Popov: Indeed, the matter of providing the consumer goods shops with raw and processed materials continues to be a difficult one. There is a discrepancy: the ispolkoms are responsible for working out and implementing the plans for the goods, while the ministries are in charge of material stocks; the composite plan is worked out "from below," while the target for output per ruble of wage fund is set at the top. These matters should obviously be decided by the same bodies.

I. Isayev: Gosstandart considers it important for settlements with the enterprises to be based on the retail trade results. Whether an item will be bought is still the main thing, after all. Under the usual procedure, however, as soon as the wholesale base has purchased a lot and the enterprise has received the money, the fate of the goods is no longer of any interest to anyone. I feel that the price reduction for slow-moving items should not be at the expense of the state budget but that the funds should be taken out of the profits of the industrial enterprise and the trade organization. Both parties would then have a greater sense of responsibility for the assortment of goods offered the customers.

## The Right to Take a Risk

Let us digress briefly and say that Gosstandart's suggestion brought a lively protest from most of the participants in the discussion. It is a tough requirement, no question about it. This is not the first time life has placed it on the agenda, however. The entire system for planning and setting prices for goods needs to be adjusted, of course, and all of this work should be backed up with adequately extensive coordination of the production of items needed by the population.

A. Popov: The local trade system is now beginning to refuse to accept electric curlers, aerosol cans, minicalculators, rakes.... This is clearly a case of errors in forecasting demand. In our opinion, we must take immediate steps to precisely define groups of consumer goods planned and distributed by Union, as well as republic and local agencies. USSR's Gosplan has extensive possibilities, but it plans only 440 types of products.

Question: Why doesn't Gosplan assume the coordinating functions for all types of goods for the entire national economy?

V. Vasil'yev: It is extremely difficult to achieve the optimal combination of territorial and branch interests. And although the responsibility of the ministries, particularly the head ministries, for saturating the market with everything needed, and the role of the soviets of people's deputies in the planning of production locally have recently been increased, the problem is still acute. I share A. Popov's opinion that we need to specify more precisely what goods should be planned at what level. At least, someone could be held accountable. It is unrealistic to expect Gosplan to plan absolutely everything. The oblast planning commissions now submit a large number of counterproposals for the branch programs, and this is where agreement of interests should be achieved. It is planned for the first time under the 12th Five-Year Plan to introduce territorial planning. This will force the ministries to study the possibilities of each enterprise more carefully.

V. Bortnikova: As a wholesale trade worker, I too am concerned about the coordination problem. Fifteen wholesale offices specializing in different groups of goods cannot act as a single customer: each of them has its own interests. We also need to consider the fact that the purchase of items, especially those not in short supply, involves a certain amount of risk, and the wholesale offices are ordinarily unwilling to take that risk.

M. Morozova: The enterprises themselves are not distinguished by boldness in mastering the production of new items. Our Voronezhets store has a group of items recommended for production. No more than 100 of 300 items recommended for production have made it to the counter, however. The aluminum structural elements plant, which has already been criticized here, considered it too complicated to set up the production of badminton rackets, hoops for sports and a set of equipment for cleaning apartments. The heavy mechanical press plant "threw in the towel" when it came to scissors and electric waffle-irons. They always come up with an excuse: they lack either the equipment or the materials. Many things therefore have to be shipped in from other oblasts.

It is long since time to set up a coordinating center for goods not centrally planned in the Central Chernozem region like those which function in the Baltic area or the Transcaucasus.

Comment from a participant: The oblast produces large quantities of such centrally distributed goods as color television sets, electric mixers, bicycle tires, household electric pumps and aluminum cannisters. The local market is allocated only 1.5-3 percent of their total output, however. We need to establish a system whereby a considerable portion of new items are sold where they are produced for the first 3 years.

A. Mikhaylov: In addition to complex household equipment, the aircraft association also produces cannisters, various types of scoops, and locks. Is it really worthwhile using skilled personnel to produce such items, however, especially in view of the fact that the enterprises under local authority cannot fully load their capacities and have a shortage of raw materials. We are prepared to turn over these items and even the equipment to them, and we can share the use of by-products--everyone would benefit from this.

A. Voropayev: This is a very valid suggestion. The simple items are the primary concern of "small-scale industry." And I believe that assistance from heavy industry would be extremely appropriate. It is up to the Union ministries.

A. Tatarnikov: Our experience with such interaction has been mutually advantageous. The Khimprodukt Plant in Voronezh, for example, produces 100,000 plastic parts a year for mixers manufactured by the electrical equipment plant, and the streetcar and trolley repair plant makes metal parts for household items produced by the Gribovskiy Woodworking Combine. Trade receives an additional 10 million rubles worth of goods annually as a result of the cooperation.

Comment from a participant: It is still unprofitable to produce goods from by-products, however. Transfers into the material incentive fund are only made if the portion of industrial remnants exceeds 50 percent of the value of the raw materials going into an item.

A. Malakhova: I believe that the main incentive still lies in the creation of good working conditions for those who produce consumer goods. We exceed the output quotas every year, but we still have the same machines. We have almost no new ones. And we cannot particularly expect anything in 1985, although almost half of the machine pool has been in use more than 10 years. Ivanovo weaver Golubeva stated it correctly in her letter published in IZVESTIYA: Before judging a person's work, find out what kind of conditions he is working under and what is preventing him from performing better. I would like to address that to those in charge in the RSFSR Ministry of Light Industry. Can we expect a large output, when requests for new machines are being satisfied by only 50 percent? Or take our personal services and facilities. There are not enough cloakrooms; there is no recreation and reading room, although 400 people work in the shop; there is nowhere to buy food products on the grounds; and there are no receiving stations for dry cleaning or for clothing and shoe repair. The last apartment building was constructed in 1975, and nothing but dormitories have been built since then.

In his talk, G. Ostapenko, chief of Rosshveyprom No. 2, essentially tried to lay the blame on the equipment suppliers and was unable to respond intelligently to the criticism. In view of the importance of the problems raised in the talk by Aleksandra Pavlovna Malakhova, sewing machine operator at the Rabotnitsa Association in Voronezh, the IZVESTIYA editors have decided to invite her to come to Moscow to meet with the RSFSR Minister of Light Industry. An account of that meeting will be published in the newspaper.

And so, just what did we learn from the roundtable discussion? First of all, we learned that relations between the territory and the branch need to be further improved. We are going to have to do more with respect to working out coordinated branch and territorial programs. The soviets of people's deputies and their planning commissions are expected to take an active role in this. For a long time now we have needed to set up a coordinating body vested with adequate authority both in territorial planning and in the mobilization of the branches' material and technical resources.

It was the opinion of those participating in the meeting that the system for planning the production of goods is in need of reorganization. We cannot accept as normal the situation in which technically complex items come under the centralized distribution system almost as soon as they appear on the market and are almost all shipped out of the region. This is generating justified complaints by the population: the goods are apparently being produced, but they cannot be purchased. The USSR Ministry of Trade, together with the central planning and supply agencies, must carefully review this matter and see to it that the territory has priority with respect to saturating the local market with the goods produced by all enterprises located within the territory.

The IZVESTIYA roundtable discussion demonstrated that more precise interaction between the central ministries and departments and the local party and soviet organs is an important condition for implementation of the party's social policy. Local soviet agencies are required to make full use of the authority granted them by the decree passed by the CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the USSR Council of Ministers: "On the Further Enhancement of the Role of the Soviets of People's Deputies in Economic Development." The procedure specified in this decree for reviewing and coordinating draft plans for consumer goods is frequently violated, and this results in numerous instances of lack of coordination in relations between the territory and the branch. The list of items planned and distributed by both the Union and the republic and local agencies also needs to be more precisely defined.

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### AUTOMATED TECHNOLOGY FOR TEXTILE INDUSTRY IMPLEMENTED

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 9 Jun 85 p 1

[Article by A. Yefimov, USSR first deputy minister of light industry:  
"Electronics on the Threshold"]

[Text] The hands of a weaver: how many times have essayists, writers and even poets written with enthusiasm about their marvelous skills! I think the textile workers themselves take pleasure from reading these lines. However, I'm sure they'd take even more pleasure if the engineers and scientists would release them from manual labor--labor which is so painstaking and intense that it requires the utmost attention and great skill.

In essence, all the engineering solutions have already been found for transforming a weaver or a spinner into an operator of a complex where the work is performed by robots. Such complexes, they say, exist at the idea stage, and they've already begun to be put into effect; but the matter is moving ahead slowly.

Accelerating scientific and technical progress in the branch depends to a great extent on how our subcontractors operate--the machine builders. To a great extent, but not entirely. After all, the subcontractors make the equipment in accordance with our orders, on the basis of the plans developed by branch SRI's [Scientific Research Institutes] for Light Industry. And, one must admit, science in our branch for a long time did not devote serious attention to problems of automation.

One of the reasons is the traditional structure which took shape in SRI's for the textile industry. They've become specialised according to the type of raw material: there is a central SRI for the cotton industry, and one for wool; there is an all-union SRI for processing chemical fibres; and so on. Immersed in their specific area, they have not given sufficient thought to solving problems common to all of these subsectors. The only exception, I believe, is the Central SRI for the Bast Fibre Industry. Working in close association with the All Union SRI for Light and Textile Machine Building Industry, they proposed, for example, a complex of automation means for ring-spinning frames, combining the traditional with new methods of spinning. In an exceptionally short time the collective of scientists and design engineers, under the supervision of I. Gorn and V. Khavkin, created complex and highly-effective systems using microprocessor control, which have successfully completed production tests and have been accepted for serial

production. These systems guarantee 1.5 to 2.5-fold growth in labor productivity and surpass the best foreign models in terms of their engineering level. It is no accident that a number of foreign firms have displayed an interest in purchasing licenses for these systems.

Presently the ministry is examining the question of creating a scientific-industrial complex called "Soyuztekstilavtomatika" on the basis of the Central SRI for the Bast Fibre Industry and its experimental plant. The branch administration is proceeding from the necessity for creating a uniform technical policy in the area of overall automation of light industry, having in mind maximum uniformity of technical means and the corresponding software.

Planning for future retooling in the industry, the scientists are relying on principally new technical equipment: robot systems; flexible, resettable flow lines; and others. This is the general line. But what is to be done with the many thousands of good, sound machines and machine tools which have been installed in recent years, but which have not been equipped with means of automation? It would not be managerially sound to reject them. Therefore we have proposed that in the 12th Five Year Plan, energetically undertaking modernization of the technological equipment. According to estimates from the specialists, by equipping the existing machinery with means of automation we can achieve an economic effect amounting to more than 400 million rubles, while spending 75 million. Moreover, we can thereby make the textile workers' labor easier. What is there to say? The advantage is indisputable.

There are automated control systems (ACS) at many branch enterprises. But, they have a very narrow range of control functions and they are very costly. And their range of production control is even narrower.

A radical solution is to organize multilevel ACS. At their lower level are built-in microprocessor systems for equipment control. They collect and process information on the course of the manufacturing processes, and also--and this is the most important thing!--they control them efficiently with the help of the corresponding final control mechanisms. At their higher level the ACS at the same time transmits previously-processed, filtered and coded information. Beyond the higher level there remains only the final processing and documentation of the information. As calculations have shown, the least expensive and most reliable microcomputers can fully cope with this task, and they require practically no servicing.

Such an automated technological complex is now being set up on the basis of first and second generation microcomputers, and will be put into operation at the "Dawn of Socialism" Flax Complex in the city of Gavrilov-Yam, Yaroslavl Oblast. It was set up by the joint efforts of the Central SRI for the Bast Fibre Industry and the All-Union SRI for Light and Textile Machine Building. Taking an active part in the work on setting up the electronic systems were the following workers at the flax combine: Yu. Fomin, chief engineer; Yu. Zherebkova, chief of the spinning shop; and spinners N. Devyatkina and N. Vasina.

In the course of their work the scientists and engineers have encountered great difficulties, and chiefly the lack of serially-produced microprocessor systems of high reliability. They were forced to display their inventiveness in order to install an automated complex for just one combine. And how is the entire branch to be furnished such systems? This will be possible only when Minpribor [Ministry of Instrument Making, Automation Equipment, and Control Systems] has solved once and for all the problem of producing good Soviet-made microprocessors.

Completely automated spinning and weaving sections and separate production sections is our advance guard, the prototype of our automated factories of the future. But for now there are very few. On a mass scale, the branch is implementing only the first stage of automation: the introduction of a new generation of electronically-controlled tools and machinery. These include spinning and sizing machines, and knitting equipment. Unfortunately, many of these are far from perfect and suffer from design flaws. For example, in the sizing machinery, unreliable automatic components are disrupting the manufacturing regime of the process and are causing lengthy stoppages.

The manufacturers bear the responsibility for the quality, for reliability in operation, and for the overall technical servicing of the new equipment with electronic devices; however, in fact this responsibility has been shifted to the shoulders of the user. It is difficult to acquire spare parts for repairing the equipment and its components, especially for the means of automation. As a result, this costly equipment is not providing us the effect on which we were counting, for which we acquired it. There is only one possible way out of the situation: Minlegpishchemash [Ministry of Machine Building for Light and Food Industry and Household Appliances] must in the shortest possible time organize a broad servicing system for taking care of its equipment.

On our own part, we have undertaken to train all specialists in the sector in computer literacy.

On the threshold of the 12th Five Year Plan, the principal tasks are becoming especially clear: to achieve a breakthrough in the matter of intensification of production, by means of technical retooling and redesign, taking full advantage of the country's scientific-technical potential. It goes without saying that this is not an end in itself. It is only a means for providing the Soviet people with more goods of excellent quality.

9006

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

## QUALITY, ASSORTMENT OF CONSUMER DURABLES ANALYZED

## Editorial Examines Problem

Kiev PRAVDA UKRAINY in Russian 15 Feb 85 p 1

[Editorial: "The Quality of Goods"]

[Text] The editors received a letter. V.Z. Oleynik, veteran of the Great Patriotic War and labor veteran, now a pensioner residing in Kiev, reported on the trouble he had with an electric bell he had purchased. It was produced at the Elektrobytpribor Plant in Kiev. After installing and plugging in the device, instead of the promised melodious sound, it produced "a din so loud that no drill could equal it. This sort of melody did not suit me," Comrade Aleynik wrote, "and I was forced to send the bell back to the plant to have the defects corrected."

Nothing was heard from the plant for 3 months, and it was necessary to send a reminder to speed up the repair. This time, the manufacturers responded promptly: They sent the customer the bell, followed by a letter in which V.F. Furman, chief of the technical control department at Elektrobytpribor, gave his assurance that the item had been repaired properly and would not malfunction any more. This was not the case, however. The bell clattered the same as before. "Would it be possible to apply some pressure to the producers of the defective product with the help of the editors?" the customer asked.

Unfortunately, PRAVDA UKRAINY frequently receives letters like this. Each of them expresses the valid concern of people, their dissatisfaction with product quality and a desire to see the products well made, a credit to the enterprise collective. Most of the letters from the readers contain not just complaints or criticisms, but also serious suggestions for improving a specific product, and indicate ways to eliminate the flaws. And almost everyone of them includes an appeal to make the products better and more reliable. Our Soviet label is involved, after all!

When we speak of the quality of consumer goods today, we need to understand that the manufacture of an obsolete model--and one which functions poorly, to boot--this is nothing other than the reproduction of technical obsolescence and a demonstration of poor work methods, lack of principle and negligence. It means that the enterprise producing the defective item has a poor engineer service, that the designers and patternmakers are performing poorly. It means that something is wrong with the technical, labor and performance discipline, where product quality actually has its beginning. It means that the party and trade union organizations

have not engaged in a determined campaign in the collective for the best quality indices or have arbitrarily disassociated themselves from this necessary work entirely.

The very description of the task today--to attain the highest quality levels--rules out the old approach: "achieve improvement" and "overtake those out front." When the basic indicators have been achieved, then what? After all, those "basic" indicators still do not reflect product quality--that is, the most important thing, that on which all the efforts are focused. Labor productivity must not be improved to the detriment of quality, and in no case can production costs be reduced by producing defective items.

All of us are also consumers. We gladly buy items produced by the Voroshilovgrad knitwear manufacturers, by the Kiyanka factory or the Progress in Lvov, which manufacture first-class products. How frequently we still leave the store dissatisfied, however. There would appear to be everything we need, but finding a good item is a problem. Items produced by the footwear industry, particularly, are a source of irritation.

It is a paradox, but certain collectives specializing in the production of consumer goods are finding it even more difficult to resolve the problem of quality. We notice, for example, that the Darnitskiy and Kiev Silk Combines have lost some of their former traditions. Reality demands that the cameras, motorcycles and sewn goods produced in Kiev be improved.

This is certainly not a trifling matter, since it involves satisfaction of the urgent needs of the people. Comrade K.U. Chernenko directed attention to this aspect of the matter in his speech at a meeting of the Politburo of the CPSU Central Committee. Among other things, he stressed the fact that the USSR Ministry of Light Industry has not succeeded in achieving the necessary flexibility in studying and registering the state of the market and has not concerned itself with restructuring a number of important industries. This criticism was also directed at many machine building branches producing consumer goods, as well as trade organizations.

We know that supply is dictated by demand. Is it being thoroughly studied, however? Judging from the results, the answer is no. In the Ukrainian SSR Ministry of Light Industry, for example, slightly more than 300 people study market conditions, and this is the official job of 75 of them. Considering the fact that almost 12 billion rubles worth of all sorts of products is produced annually--from haberdashery to clothing--it is clear that it is extremely difficult to keep track of changes in the market situation. It is time for the ministries and departments producing consumer goods and the republic's Ministry of Trade to clearly define their position in this matter and to work out a common strategy and tactics for working for the general consumer.

We still have cases of incompetent work with suppliers and sub-contractors at enterprises producing consumer goods, and failures are frequently attributed to errors on the part of the former. The party organizations only have to begin dealing with these matters seriously, and the situation begins to improve. At one time it was very difficult for the collective of the Komsomolka Hoisery Factory in Zhitomir to sell its products. Today, however, the customers gratefully take its goods, which are manufactured, one might say, on the level of the best models. The

reversal at the Komsomolka was achieved at the initiative of the communists. They insisted on the technical reequipment of the enterprise: More than 500 new equipment units were soon installed, which made it possible to renew almost 40 percent of the line of goods. That was not all, however. At the insistence of the party organization, the factory began establishing the brigade system of labor, and more than 70 percent of workers are now members of brigades. Labor discipline and order in the production operation have improved markedly, and the people have a greater sense of responsibility for the quality of their work.

This example is further proof of how important it is to increase the activeness and the militancy of the party organizations, how important it is for them to take full advantage of their authority to monitor the performance of the administration.

There are many tools for improving quality indices. They include Quality Days held by decision of party and trade union committees and the enterprise administrations, skillfully employed methods of providing material and moral incentives to produce excellent products, and competitions for assigning specific products to the highest quality category.

The republic's workers have set themselves the goal of producing 600 million rubles worth of consumer goods (at retail prices) over and above the plan in 1985. This is a large goal. And they need to strive to see that all products--both planned and above-plan goods--are of excellent quality.

#### Light Industry Official's Response

Kiev PRAVDA UKRAINY in Russian 11 Apr 85 p 2

[Response to PRAVDA UKRAINY editorial, "The Quality of the Goods," by Ukrainian SSR Deputy Minister of Light Industry G. Alekseyev]

[Text] The Ukrainian SSR Ministry of Light Industry has discussed the 15 February article, "The Quality of Goods," and acknowledged that the criticism was fair. The article has also been discussed in the collectives of the republic's industrial associations and enterprises. The critical comments directed at the Kiev and Darnitskiy Silk Combines were discussed at party meetings and on Quality Days at those enterprises.

The branch is working to raise the technical level and to adopt progressive equipment and technology to provide for the production of items of the required assortment and quality. A total of 86 units of new and advanced equipment will be installed at the Darnitskiy Silk Combine in 1985, for example. They will include STB carriage looms and looms with Jacquard machines, which will make it possible to increase the output of fabrics of improved, complex textures. It is planned to master the production of new dress fabrics made with viscous lisle thread, fabrics for the youth and Jacquard fabrics for women's dress items, and others. The output of silk fabrics with various types of finishes and improved consumer qualities will increase by 26 percent, to 23 million meters.

The pool of doubler winding frames, reelers and looms is being expanded at the Kiev Silk Combine in order to increase the output of silk fabrics made of natural lisle thread, the demand for which has sharply increased. The question of allocating new printing equipment for the enterprise is being resolved, which will make it

possible to significantly improve the design and coloration and the quality of the fabrics. The assortment of silk fabrics will be 85-90 percent renewed with respect to design and coloration at the Darnitskiy and Kiev Silk Combines in 1985 as a result.

This year, 11.5 million rubles will be invested in the technical reequipment of the footwear subbranch to make it possible to more fully provide the population with footwear of the required assortment and quality. It is planned to install eight molding assemblies, which will make it possible to increase the output of highly popular footwear by 1.3 million pairs, to 6 million pairs. The output of children's footwear will be increased by 5 million pairs in 1985. The production of especially fashionable footwear will grow by 40 percent, to 3 million pairs. We will produce more footwear with velour and elastic box-calf uppers, footwear for youth and the elderly, especially dressy children's footwear, and so forth.

The ministry is increasing its effort to improve economic ties between industry and trade. Plans for the comprehensive study of demand and market conditions, the organization of exhibits-and-sales, consumers' conferences and so forth are being coordinated with the Ukrainian SSR Ministry of Trade. A total of 1,454 exhibits-and-sales, 656 consumers' conferences with models exhibits and surveys of the population, and a number of other activities were conducted jointly with trade organizations last year, for example.

One of the forms of the collaboration between industry and trade is the holding of republic trade fairs-reviews of products made multi-skill brigades under the motto "Excellently made -- Excellently sold."

The study of the demand for the products being manufactured is being improved. There are 11 firm stores operating in the branch for this purpose. They assist with the study of demand for new products. In addition, together with the republic's Ministry of Trade, we have made a list of stores to sell test lots and especially fashionable items at prices fixed by agreement.

11499

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### INFERIOR QUALITY OF FOOTWEAR DISCUSSED

#### Commodity Inspector's Letter

Moscow IZVESTIYA in Russian 10 Jan 85 p 2

[Letter by S. Mikhalyuk, senior commodity inspector of the association, Barnaul: "Shoes With Return"]

[Text] IZVESTIYA has frequently written about shortcomings in the production and trade of footwear. At issue were large questions, on scales of the whole country or the entire industry. I would like to talk about what troubles me, a worker, who daily inspects finished footwear in terms of his job.

For a number of years, the demand of the Altay Kray Rosobuv'torg [Republic Bureau for Wholesale Footwear Trade of the RSFSR Ministry of Trade] Association for leather footwear has been satisfied to the extent of 75-80 percent. This year, of 260 assortment positions, the demand for 31 was fully satisfied. The provision of leather footwear is extremely low. From the total plan of deliveries for 1984, we received: Closed fashionable women's shoes with medium heels, sole made of porous rubber--8.1 percent; closed women's shoes with leather sole--7.3 percent; women's summer shoes--14.9 percent.

Given the strained situation that has developed with the output of leather footwear, it seems completely inadmissible that many suppliers, counting on our leniency, stubbornly supply footwear that does not meet the state standards. These are such enterprises as the Ul'yanovsk Leather Combine, the Magnitogorsk Footwear Factory, and the Kurgan and Gorkiy footwear associations. During 10 months of 1984, 235,300 pairs of footwear were rejected and returned to enterprises of the Ministry of Light Industry because of defects of a production character in the kray.

Of 5,900 pairs of women's fashionable box-calf shoes from the production of the Gorkiy Footwear Association, 950 pairs were rejected because of serious defects. On the basis of the Statute on Deliveries of Consumer Goods, this footwear must be replaced by good-quality footwear, but the Gorkiy Association not only did not carry out the replacement, but it also failed to fulfill its contract obligations, having undersupplied 2,300 pairs of shoes of this assortment.

Meanwhile the entire rejected footwear went into the resources, on the basis of which the actual demand for pairs per capita was calculated. Behind the dry figures of the calculation stand living people. What does it mean to exclude to all intents and purposes 235,300 pairs of rejected footwear from the resources? This means that, taking into account the rational norm of consumption (3.6 pairs a year per person), we could not provide 65,361 residents of our kray with footwear.

Evidently no penalty sanctions influence the supplies enumerated above. In particular, to this day we have not received from the Gorkiy Inspection for the Quality of Commodities and Trade copies of the order to exclude the indicated production from the reporting data of the Gorkiy Association. So they have not been excluded and are figured in the summaries and reports.

We always treat with understanding the shortage of raw materials, skilled personnel, and other difficulties in industry, but in this case difficulties are not the point. Raw material in short supply is being thrown to the winds, labor resources are spent for nothing, and the main thing--the footwear does not get to the consumer.

I hope that this letter will be discussed at the workers' meeting of the Gorkiy Footwear Association and that the collective will draw serious conclusions from this critique.

#### Officials Corroborate Inadequacies

Moscow IZVESTIYA in Russian 16 Apr 85 p 2

[Article by A. Yershov and L. Ochakovskaya, special correspondents of IZVESTIYA, Gorkiy and Moscow: "About Boots and Bootmakers"]

[Text] "Shoes With Return"--that was the title of a letter published in IZVESTIYA (No 10 for 1985) by S. Mikhalyuk, senior commodity inspector of the Altay Rosobuv'torg [Republic Bureau for Wholesale Footwear Trade of the RSFSR Ministry of Trade] Association. Of 5,900 pairs of fashionable women's leather shoes from the Gorkiy Footwear Association, wrote S. Mikhalyuk, 950 were rejected, i. e., practically every 6th pair. It is a pity that material in short supply is being expended, that money and labor resources are being spent, and that the footwear for which people have such a great need does not even reach the consumer--and with this the letter closed.

An answer has come from the USSR Ministry of Light Industry. The deputy chief of the Administration for the Development of the Footwear, Leather and Leather Haberdashery Industry, Evg[eniy] Bykhovskiy, reported that brigades of specialists from the RSFSR Ministry of Light Industry and from the best production associations of the industry were sent to Gorkiy to extend practical assistance on the spot. Measures have been worked out and introduced to improve the quality and the expansion of the assortment of production. At the Gorkiy Footwear Association, the output of new types of footwear has been mastered and the experience of the Moscow Zarya Footwear Production Association in regard to the engineering provision of production has been introduced. The Association has

been allotted 100 units of technical equipment, the administration has been strengthened--a new general manager and chief engineer of the Association have been appointed. Those guilty have been punished for the output of poor-quality footwear.

The introduction of organizational, technical, technological and other measures, it is stated further in the reply, has made it possible to improve the quality indicators of the work of the Gorkiy Footwear Production Association in 1984. There has been a reduction in the return and transfer of production to a lower grade, the penalty sanctions for quality have been lowered by 142,000 rubles. The footwear returned to the Gorkiy Footwear Production Association in the amount of 950 pairs has been given the finishing touches and has been sold. A production meeting of the workers of the collective of the Gorkiy Footwear Association was held, which discussed the article "Shoes With Return".

The words in this reply are impressive and the measures are also energetic. The trouble is, however, that the good report about the measures taken and planned in no way corresponds to the real state of affairs in the Gorkiy Footwear Association. At the same meeting, which was called a production meeting in the reply of the ministry, the question was that the unfit production, which went to Altay and was returned, is the result of the weakening of technological and labor discipline not somewhere there far away, but in the plants of the enterprise itself. Neither the engineers, nor the workers of the department for technical control showed the necessary exactingness. If the department for technical control were more strict, defective production would never leave the gates of the enterprise, everything could be corrected at an early stage of production, and then it would not be necessary to alter all the footwear returned from Altay, i. e., to expend labor and money a second time.

The low quality of this model shoe, the workers said, was, as it were, programmed by serious errors in the stage of the start of production, by insufficient engineering maintenance on the conveyers.

Now, by order of the association, the chief of the department of technical control of the Gorkiy Footwear Association, T. Sokolova, and the chief of Branch No 4, V. Strizhak, were issued a reprimand, the chief engineer of the branch, Yu. Ivanov, was held responsible for the recovery of unauthorized expenditures, material penalties were imposed on another 14 workers for allowing defective products, and special registers were introduced in the plants, in which bad workmen are recorded. However, many work as before in a slipshod manner; they evidently hope that, given the acute shortage of footwear, everything will pass. Not long ago at all, a document with a claim for replacement was received by the enterprise from the Buryat Rosobuv'torg Association: Defective were 250 pairs of women's boots from the production of the same Branch No 4 whose production was returned by the Altay people. It is characteristic that lately they have ceased to sew these boots, but send into trade the notorious defective goods from old supplies. 35,000 ski boots have accumulated in the warehouses of the association, from which the soles already now are falling off, trade does not take them, but the enterprise--produces them. Why does this happen? Above all, because in the Gorkiy Association conditions have not been created under which doing poor work has to be both shameful and to one's disadvantage.

Shameful! This word was uttered at the meeting by V. Nikolayeva, a brigade leader. It would be shameful for us, she said, to read in the newspaper about ourselves, about our brigade. We have basically experienced and mature workers and everyone has 15 to 20 years of service. And this only aggravates our guilt. We sew unprepossessing and poorly finished women's boots, of which the stores and the warehouses have an abundance as it is (it is precisely these boots that were returned from Buryatiya).

Having discussed its possibilities, the brigade of V. Nikolayeva took upon itself the obligation of turning out 25,000 additional pairs of shoes for children. This, she declared at the meeting, will be a business-like answer to the just criticism. We will add--it will be, if the brigade will give the children good street footwear. For the time being, as a result of the first quarter, the Gorkiy workers have basically fulfilled their plan with respect to children's footwear at the expense of house slippers and sports shoes.

The cutter Z. Tikhonova said: We have gotten out of the habit of economizing raw material. Previously we cut boots for adults together with parts for little children's boots, making rational use of raw material in short supply. And there was little waste. But now we are not doing this, we cut amply, without special calculation. There is more waste, and there is less footwear for children.

The second reason for defective products is the low responsibility of the suppliers and factories producing parts used by others. During the past year, the inspector of the department of technical control, V. Rapenkova, said at the meeting, the suppliers sent us soles of only two sizes--the smallest and the largest. And now produce the necessary sizes of footwear! And the Gorkiy Leather Association, as a rule, supplies the boot and shoe makers during the summer time for light footwear only black-colored leather (instead of colored leather according to the plan). During the 1st quarter the tanners again supplied the boot and shoe makers with one-tenth of the white leather called for by the plan, and one-fourth of the suede.

950 pairs of defective footwear--is this a lot or a little? A lot, because this is only part of the total, because during the past year alone 393 reclamations were received by the Gorkiy Footwear Association, and all in all 113,000 pairs of footwear were defective. The losses from the defective products came to 306,000 rubles. From the beginning of the five-year-plan, trade did not receive 610,000 pairs of footwear for the sum of 4.6 million rubles, including children's footwear--81,000 pairs, insulated footwear--249,000 pairs. The result: The association was charged with penalty sanctions amounting to almost 3 million rubles. And here we again return to the answer of the ministry: 142,000 rubles, by which, as appears from this answer, the penalty sanctions diminished, seem like a drop in the ocean. In the stormy ocean, since the association did not fulfill the profit plan and since it does not keep within the planned production cost and since May of last year has been operating under a special credit arrangement. Hence the shortage of working capital and the lack of funds for material incentives. That is congruent with the signal from Altay. And the ministry answered the criticism as if it knew nothing about this.

At the meeting they also talked about a third reason for the poor work: About the indifference to the needs and errors of the association on the part of the RSFSR Ministry of Light Industry. The brigade leader of the metalworkers, N. Yevstifeyev, for example, told about the extremely neglected state of the basic technical equipment, about the shortage of spare parts--hence the idle time, the losses of working time, and the low quality of the footwear.

In the shops of the association, the level of mechanization constitutes only 60 percent. The head enterprises and the majority of its branches are located in adapted old premises with inadequate ventilation, with poor facilities. But the technical reequipment is proceeding very slowly in the enterprise, "the 100 units of technical equipment" in the reply of the Ministry of Light Industry do not in any way solve the problem.

Thanks to the already adopted measures, the collective of the Gorkiy Footwear Association during the 1st quarter of the current year turned out 7,000 pairs of footwear above the quarterly plan. But of what is this good figure made up? As we were informed in the RSFSR Ministry of Trade, in terms of the most necessary--box-calf--footwear, as well as seasonal street footwear, the Gorkiy Production Association was 19,000 pairs of footwear short in its deliveries toward the quarterly plan, but then in terms of light and house footwear, i. e., only in terms of the same slippers (sports shoes, felt slippers, etc.) is there an overfulfillment of 35,000 pairs. Consequently, for the time being everything is going in the familiar circle--they collect quantity at the expense of quality, they produce what is simpler. What is more, how could everything be straightened out so quickly if, according to the data of the same ministry, the Gorkiy Association has been consistently losing personnel year after year, if for more than 10 years the RSFSR Ministry of Light Industry has not allotted a ruble for the construction of the long-projected new production building of the association, and if the Gorkiy workers have no prospect of a replenishment with personnel. No, because the future workers have nowhere to live, or to learn professions or relax. What is more, the conditions of work can hardly be called normal.

8970

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

## EFFORTS TO DEVELOP KNITTED-GOODS MANUFACTURE UNDERWAY

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 26 Jun 85 p 2

[Article by O. Berezhnaya: "Knitted Goods--On the Cutting Edge of Fashion"]

[Text] Today knitted goods are being called the material of the age. Comfortable knitted clothing has become indispensable for children as well as adults. In addition, it is extremely advantageous to produce knitted goods. The productivity of knitting equipment is three to five times greater than that of weaving equipment. On knitting machines, one can produce not only fabric but also finished articles with different patterns and weaves. There is no longer a need for cutters and there are no fabric scraps after cutting.

Knitted-goods workers have recently taken a big step forward. Items that were in short supply just yesterday are now freely available on the store counters. This is largely a result of the implementation of the decree of the CPSU Central Committee and USSR Council of Ministers "On Measures to Increase the Production of Necessity Goods in the Years 1981 Through 1985 and to Satisfy More Fully the Population's Demand for These Goods" issued 12 June 1981. Accordingly, the workers of the subsector have worked intensively to increase the production of those goods that were recognized to be most needed: underwear from cotton and mixed yarn, stockings and socks, and children's goods.

In the current five-year plan alone, 15 new enterprises and shops have gone into operation. Another 15 will be put into operation by the end of this year. And existing enterprises increased the volume of their production. Compared with 1980, the production of stockings and socks increased by 187 million pair last year and the production of knitted underwear from cotton and mixed yarn increased by 132 million pieces. They are now knitting 113 million more items of children's cotton underwear. The production of knitted outer wear for children increased by 18.1 million units.

Nevertheless, the demand for cotton articles is still not being met fully. The shortage of men's underwear, including warm

napped underwear, is being felt especially acutely. There is an inadequate production of cotton socks for adults and children, small-size plus fours, and some types of sportswear.

Two years ago, work got under way to create goods for youth. There are now more than 100 flow production systems and sections producing articles for youth. There are 43 stores in the country specializing in their sale. Special sections have been opened in many department stores.

Overall, the knitted-goods workers of all republics fulfilled the plan for the first quarter both for production as well as for deliveries. And still, as was already said, there are many sore problems in the subsector.

In energetically increasing the production of underwear, hosiery, and children's articles in this five-year plan, the enterprises have hardly increased the production of knitted outer wear. That is why, in going to a store for some new clothes, we often leave empty-handed. Or with skeins of wool. Many women have become convinced that it is much faster and easier to make their own original dress than to find something similar in a store.

I recently had the occasion to visit the exhibition of the best samples at the VIAlegprom [All-Union Institute for the Assortment of Articles from Light Industry and Clothing Culture]. Light and airy knitted fabrics designed with stripes of varying widths and with openwork and large-relief patterns. Apparently massive and heavy but in reality almost weightless fabrics resembling felt or chamois and shaggy fabrics. Refined and elegant items with fashionable reticulated insertions and assymetrical designs. Almost all of them are produced at industrial enterprises and almost all are from flow production systems. Why do you not find them in a store? It turns out that items produced at contract prices--and that is basically what is being presented here--account for only 1 percent of the overall volume. The share of production going to youth goods on the cutting edge of fashion does not exceed 3 percent.

The USSR Ministry of Light Industry prefers not to name these figures and uses an overall figure with the index "N." This indicator is much more impressive. But alas, practice shows that it is sometimes quite sufficient for an enterprise merely to change slightly the previous model to receive an "N."

The rights of enterprises have recently grown significantly. Many can now independently affirm the index "N" for their products (and, at the same time, an addition to the value of the articles) and produce according to commerce at contract prices. Through company stores, the number of which is growing rapidly, it is easier not only to study but also to form demand.

Many managers skillfully use the powers granted to them. Among the leaders of the sector, whose output has gained the recognition of trade workers and customers, are the Progress Production Association in Minsk, the Marat Association in Tallinn, the Knitted-Goods Association imeni F.E. Dzerzhinskiy in Alma-Ata, and the Moscow Association for the Production of Knitted Outer Wear.

Unfortunately, one must also name other addresses. It would seem that the enterprises of Lentrivotazhprom ought to be sector leaders in the establishment of a new long-term assortment. But their models presented to the artistic and technical councils often fail to distinguish themselves through innovation. Obsolete "novelties" are likewise no rarity at the enterprises of Sibtrivotazhprom.

There are still numerous enterprises that are quite simply producing defective merchandise.

In Uzbekistan, the proportion of output rejected was 21.4 percent, whereas it was 11.9 percent in Georgia and 9.2 percent in Azerbaijan.

Variety and innovation in the assortment involve more than just new designs and models but also raw materials. Knitted goods from chemical fibers are becoming more widespread. Not just any of them but those whose characteristics are similar to natural fibers.

Quite recently, the USSR Ministry of Light Industry and the Ministry of the Chemical Industry worked out a complex program to establish an assortment of knitted goods from new types of chemical threads. This is the first time that such a joint program has been worked out and knitted-goods workers have high hopes for it. But will the consumer be satisfied? The program presupposes a very modest output of new goods. Thus, in 1986, chemists are planning to provide a modified polyester for the production of only 400 tons of knitted fabrics of the crepe and chiffon type. This is barely enough for 12,000 articles. That is, one store can sell out all of the merchandise in one day.

The program foresees the production of high-count polyester but only an experimental run of 5,000 tons. There are not even any plans to go into series production. The situation is the same with high-count profiled capron threads.

There can be no development of the assortment without new technology. Now in fashion are geometric and asymmetric ornaments, multicolored articles, and fabrics imitating hand knitting. To make such items, it is essential to have flat-bed machines with electronic control. Knitted-goods workers are expecting them from machine builders.

Machine builders have, of course, some new developments. Last year, for example, the Uzbektekstil'mash Association made an

experimental model of the "KOV-100" machine for the production of thread with shaped twisting. Such machines are extremely necessary for processing acetate silk. Articles from this raw material, which is abundant in the country, are not now in demand. But after machine processing, it loses its negative qualities and becomes hygroscopic and is not electrified. So far, however, the matter has been limited to an experimental model. It is not known when the machine will be in series production.

Similar situations are not the exception. The machine builders may make an experimental model and receive bonuses for the introduction of new equipment and then the grass may grow there. Would it not be more reasonable to change the system of economic incentives? Provide incentives not for an experimental model but for series production. And, of course, rely on the comments of consumers. It is possible that there would then be fewer experiments but probably somewhat more work.

Knitted goods have more enthusiasts every year. Providing customers with all essential items is, of course, primarily the task of sector workers. But no less responsible for this are those who create or fail to create normal working conditions.

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CSO: 1827/176

## HOUSING AND PERSONAL SERVICES

### STATISTICAL EVIDENCE SHOWS UPGRADING OF HOUSING CONDITIONS

Moscow TRUD in Russian 20 Jun 85 p 2

[Article by M. Shcherbachenko: "A Great Housewarming"]

[Text] "To consistently improve the living conditions of the Soviet people and to raise the level of comfort and improvements of housing...To build housing with a total area of 530-540 million square meters, and to foresee priority building of housing for workers of new enterprises, of regions that are being assimilated and of rural areas. To achieve the distribution of new state housing according to the principle of a separate apartment for each family. To strengthen attention toward questions of overall building in cities and settlements. Essentially to complete the transition to the building of housing according to model plans with improved apartment planning...To carry out measures to improve the utilization and preservation of the housing fund."

--From the "Basic Directions of Economic and Social Development of the USSR in 1981-1985 and in the Period to 1990."

Statistically, multiple-digit numbers are composed of single numbers. Of the 530-540 million square meters of total housing area planned for the 11th Five-Year Plan, 76 meters were obtained by Vladimir Pavlovich Safonov, molder in the foundry of Moscow's Dinamo Plant, by his wife and by his two daughters.

The same events are evaluated differently. We can say that Safonov "moved to a new apartment" or we can put it another way--that he "realized his right to housing as indicated in Article 44 of the USSR Constitution." Both versions are correct. But let us bring together the down-to-earth and the lofty, so to speak. Let us superimpose socially-significant facts and events related to the fulfillment of five-year plan's housing program onto the interests and concerns of molder Safonov and his family.

Vladimir Pavlovich did not think about the fact that by providing him with the apartment the government relieved the family of the necessity to pay 16,000

rubles for the purchase of similar housing from a ZhSK [Housing-Building Cooperative]. Safonov is also not familiar with a number of other economic details, which incidentally are important. For example, here is a contradiction--economy is an urgent requirement of the times, yet the average cost of a square meter of housing increases from year to year. This is a fact that is worth analyzing.

The first item involved in cost increases is improved quality of housing. New apartments, including the one belonging to the Safonovs, are better planned, they have more ancillary facilities, and kitchens, corridors and public bathrooms and laundries are more spacious. The selection of sanitary-technical services in the village is increasing; water supplies and sewage systems are no longer rarities here. Exterior and interior decor is becoming more attractive although it is more expensive. For example, facades are being painted less and less, whereas flagstone and marble chips are being utilized more and more. There is no doubt that comfort requires additional expenditures; moreover, these expenditures are increasing since within the total volume of housing construction there has been steadfast growth in the proportion of new model plans used.

What else increases the cost of a square meter? More and more housing is being built in regions that are being improved--in the north and east of the Urals. Housing there is far more costly than in the central European region. Labor expenditures are incomparable, for example, in instituting preparatory cycles. There is also the necessary additional insulation of the building. Finally, there is also the insufficiently-developed local building-industry base and the resulting total expenditures for shipping materials and structures.

Nevertheless, the increased cost of a square meter has no effect on the family budget of the Safonov's. In improving the housing standards of people the state has taken all additional expenses upon itself. Apartment rents, which have remained unchanged since 1928 and are minimal, comprise, together with payments for municipal services, an average of 3 percent of total expenditures by families of workers and employees. In capitalist countries, for example, the share of payments for apartment rentals and communal services is significantly higher. Thus, in the USA and Great Britain they comprise about one-fifth of the total budget. Moreover, apartment rents are increasing there without interruption--in 1981-1984 alone they increased by 48 percent in Great Britain, by 20 percent in West Germany and by 30 percent in the USA. Here at home, however, as we must note again, payments by the population for housing and municipal services comprises less than one-third of the state's operational expenses to maintain the housing fund and municipal services.

Moreover, the RSFSR Housing Code as well as the codes of most union republics put into effect during this five-year plan call for an increase in the allocated living area to 12 square meters per person as compared to the previous nine. This means that whereas previously the Safonovs would have had to pay extra for their 48 meters of living area, now this is no longer necessary.

This is all well and good, but the cost of a square meter must be decreased. Work is being done in this direction. Reserves for economizing are related to continued industrialization of building with an increase in the proportion of large-panel buildings which as a rule are cheaper to construct in the city than brick buildings. A great deal also depends on the organization of building operations. However, it is also important for us to know that not a single step directed at decreasing costs will result in decreased quality of housing.

Questions of housing construction are always given attention by directive organs. In the course of the five-year plan a number of important party-state documents related to erecting housing were adopted. The most recent is the resolution on the CPSU Central Committee and USSR Council of Ministers, "On Measures to Develop Services Related to the Repair and Building of Housing, Structures for Fruit-Vegetable Commerce, Garages and Other Structures Ordered by the Population in 1986-1990 and in the Period to the Year 2000." In particular, the resolution notes the significant increase in demand for services to improve the finishing and equipping of housing; it also notes that in such cases demand is still not being fully met.

"The finishing and equipping of apartments according to the orders of the new residents is undoubtedly a necessary and promising matter," says the director of the administration for housing construction of Gosgrazhdanstroy [State Citizen's Building Association], O. A. Zhagar. "But unfortunately its introduction on a massive scale is complicated by a number of impediments. Contract organizations do not have the economic incentives to carry out this work. It happens that the labor-intensiveness of finishing operations increases, and without a dependable organization of production processes this slows the pace of building, which is an extremely undesirable phenomenon. Our committee and the head institute, TsNIEPZhilishcha [Central Scientific Research and Planning Institute of Standard and Experimental Planning of Housing], are now actively working to solve this problem."

And what does Vladimir Pavlovich Safonov think about this matter? We must say that he was lucky--the apartment was decorated well, nothing has been repainted as of yet, and the wallpaper and linoleum have not been changed.

"Still, I feel that if a person has the opportunity to select a decor to suit his own taste and if the finishing work is done with quality, money should not be begrudged for this, within limits of course,"--this is the opinion of Safonov.

Vladimir Pavlovich Safonov has been waiting for an apartment since 1976. In Dinamo Plant in each shop there is a list of candidates for apartments hanging in full view. Does this guarantee precise adherence to order?

"Well, how shall I put it? I was put back on the list several times although I did not incur any disciplinary violations or other errors. The reasons? Someone had to be given an apartment without awaiting his turn--and that's the only reason."

Principles of publicity and social justice must be strictly adhered to by the administration and by public organizations. Unfortunately, the necessary order has not been brought to this matter everywhere by far, which is attested to by letters arriving daily at TRUD. In connection with this, we must remind everyone about the great power of labor collectives. According to the USSR Law on Labor Collectives, they "participate in dealing with problems related to giving consideration to individuals who are in need of improved living conditions and in making the corresponding recommendations; they guarantee controls and publicity over the distribution of housing."

Real people with real fates make up the multiple-digit figures in statistics. The housing situation will be improved for 50 million persons in addition to Vladimir Pavlovich Safonov, his wife and two daughters. The means a great housewarming in the country.

#### Assets of the Five-Year Plan

--During the 11th Five-Year Plan over 20 million square meters of total living area will be introduced.

--"The Bases for Housing Law in the USSR and Union Republics" has been passed. For the first time citizens have the legal right to obtain housing in the established order and to utilize state and public funds as well as funds from housing-building cooperatives for this.

--Eighty percent of the country's urban population now lives in separate apartments.

--Over 70 percent of housing is introduced by means of state capital investments and is distributed free.

--In the country there are over 500 enterprises involved in large-panel housing construction.

--There has been a constant growth in the average size of apartments. During the last 15 years apartment area has increased by 9 square meters and in 1985 reached 56 square meters.

--Today about 90 percent of the living area of the urban public fund is equipped with water supplies, sewage systems, and central heating, and 80 percent--with gas.

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## HOUSING AND PERSONAL SERVICES

### EFFORTS MADE TO IMPROVE TRAVEL SERVICES SECTOR

Moscow TRUD in Russian 15 Jun 85 p 3

[Article by V. Sergeyev, chairman of the Dnepropetrovsk Oblast Council for Tourism and Excursions: "Without a Guarantee of Success"]

[Text] Regardless of the year, tens of millions of people set out on trips. Many arrive home with excellent impressions, but not all, unfortunately, are satisfied.

Let us take, for example, the Dnepropetrovsk Oblast Council. Ninety percent of the overall volume of work is the dispatch of local inhabitants to other parts of the country. We accept very few tourists in our oblast, and then, basically during the three summer months of the year. Our main task is the timely conclusion of general agreements and contracts with the tourist councils of those rayons to which the majority of our compatriots strive to visit.

As a rule, we have agreements and contracts for no more than 70-75 percent of our capacity at the start of the fiscal year. This is about the same situation faced by the tourist councils located in the other industrial rayons of the republic and country. This occurs because the conclusion of agreements and contracts between councils and bureaus is built according to the principle of group exchange: You help me, and I will help you. Of course, it is easy for councils which control popular routes, including mountain skiing and maritime facilities, to conclude contracts, etc. But how would it be without these enticements? It is then necessary to draw up a plan at the expense of additional groups.

It is totally understandable that this situation presupposes poor conditions. In the off-season, people can find lodgings in the private sector. At the same time, additional groups are not guaranteed tickets, inasmuch as they have not been included in Ministry of River Transportation plans. Here is where you can find fertile soil for complaints.

It is obviously high time that we change the order of planned route distribution. It would be expedient to set up with the Central and Ukrainian republic-level councils, which deal with tourism and excursions, groups or sectors to plan the overall agreements. They would be able to conduct

annually a one-of-a-kind auction and determine then the number of groups for each oblast council based on its needs and capabilities.

The coordination between tourist organizations and their support agencies needs to be improved. We see the same familiar picture in everything and everywhere: A group of tourists is waiting in the hotel lobby for a bus to take them on an excursion or trip to the countryside. People wait and wait, but no bus arrives.

People get nervous, they make fair demands on the chairman of the travel bureau. He won't be the one to have to explain to everyone that it was the transport workers who dropped the ball, even though the bus had been ordered on time.

Another thing. There is a whole series of decisions concerning the procedures for providing tourists with hotel space. For this reason, oblast tourist and excursion councils conclude special agreements with the production associations of hotel management. These documents specifically stipulate how much space is supposed to be provided to the tourists during any season. It often happens, however, that hoteliers refuse to accept guests, and this occurs at the last moment when the group is already at the train station. We deny service to scheduled groups and break contracts concluded with other councils and bureaus.

We cannot help but recall the sad experience of cooperation with the Dnepr and Volga-Don river steamship lines. The water-transport workers are concerned only with their own indices and the number of passengers and kilometers. The interests of the tourists come last. Examples? The Dnepropetrovsk travel bureau rents the steamer Don from the Volga-Don Steamship Line. The steamer follows the route Moscow-Rostov-Moscow. The purpose of the trip is familiarization with the cities and sights along the Volga. Can one, however, become acquainted even superficially with Ul'yanov, Volgograd or Kazan' in only three or five hours?

The oblast council has twice approached the minister of the RSFSR river fleet, L. Bagrov, and the head of the Volga-Don Steamship Line, Yu. Zakharov. We offered to change the route and lengthen the first leg of the trip to 16 or 18 days. Having reached the terminal point, the steamship would take on board a new group of tourists. Thus, the groups would be able to dedicate no less than a day to each of the cities. These people have yet to respond to our suggestions.

We could cite many other incidents and factors. There can be only one conclusion: The time has come to increase the responsibility borne by the supporting agencies of tourist organizations for the quality of consumer service rendered.

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## HOUSING AND PERSONAL SERVICES

### MORE EFFICIENT TV REPAIR SERVICES REPORTED IN KIEV

Moscow EKONOMICHESKAYA GAZETA in Russian No 23, Jun 85 p 18

[Article by V. Kovtun, chief engineer at the Ukrbytradiotekhnika (Ukrainian) republic industrial association: "How to Improve Services to the Population: Isn't it Appropriate to Shift Sales, Service and Repairs of Television Sets to a Single Organization?"]

[Text] Each year, our industry produces more than eight million television sets, nearly half of which are color sets. There are now 96 television sets per 100 families. Unfortunately, the mail to the editors contains quite a few complaints about poor television set operation. How can we help owners? The article below discusses methods of radically improving household television equipment servicing.

Upwards of 20,000 people work in the Ukrbytradiotekhnika republic industrial association, which includes 15 oblast production associations and 10 oblast and two city Bytradiotekhnika enterprises. They offer technical servicing and repairing of all types of household radios.

Over the first four years of the five-year plan, the volume of services on rented television sets has risen 2.5-fold. The popularity of this service is to be explained by the fact that the customer is guaranteed reliable set operation and servicing. Each set to be installed in an apartment undergoes mandatory preparation which includes technical servicing and adjustment. It is delivered by enterprise transport and re-adjusted at the apartment. The customer deals with a single enterprise for all aspects of the arrangement, from payment and delivery to repairs or replacement, if necessary.

And what about radios acquired by customers in the trade network? It must be noted that preparations for sale are done extremely unsatisfactorily. Trade enterprises do not do that work, due to the lack of specialists.

Sets sold without appropriate preparation often malfunction, especially during initial operation. This causes frequent returns to the trade network and justified complaints by owners. Returns of sets to stores are accompanied by much inconvenience, difficulties, and sometimes by harassment of their owners due to

the fact that all the questions connected with this are resolved by enterprises of different ministries.

Improved reliability of sets sold can be achieved if presale preparation is set up using the principles used for preparing rented sets. We think combining radio set sales, service and repairs in one department, in one place, would ensure an interest among repair enterprises in thoroughly checking set quality at the time of sale and during installation and set-up in the home. The customer needs to be able to buy or rent a properly adjusted set at the same enterprise where he will go for maintenance and, if necessary, replacement. Here, too, is where all calculations with the customer should also be done.

We think it is appropriate, in order to improve services to the populace, to concentrate the sale, rental, technical servicing and repair of household radios in one department, in the Ukrbytradiotekhnika association. A number of socialist countries have experience in creating such associations.

The "trade-center - store" transmission link is eliminated when such sale-rental centers are created. Purchases can be made at the manufacturing plants. This reduces transport expenditures and saves labor expenditures; it also reduces the number of sets malfunctioning as a result of multistage transits. If this is done, both the shipper and the customer will have a maximum interest in maintaining television sets in good working order.

Given these new relations between the Ukrbytradiotekhnika association and manufacturing plants, we can simplify the system of paying for service under warranty. The existing payment system is cumbersome and inefficient: each month, the association sends about 150,000 coupons to manufacturer plants. It is not hard to imagine the time spent on filling out documents, on claims correspondence concerning those coupons. All this does not help improve work organization. It would be easier for both parties were we to anticipate a system of paying for warranty service in the form of deductions from the retail price of purchased sets.

And one final thing: the problem of returning sets not surviving the warranty service period to manufacturer plants. This problem is being solved in two ways, first through presale preparation, since the trade enterprise would then be interested in improved reliability during the warranty service period, and second, by overhauling a set not surviving the warranty period and then using it as a rental, for technological needs, or selling it at a discount.

Another problem whose solution is of decisive importance to improving work in the Ukrbytradiotekhnika association is that of readying repair enterprises to service new radio models.

Industry has now shifted to releasing third-generation television sets, distinguished from previous models by design improvements and requiring a particular approach to technical servicing and repair. Republic repair enterprises are experiencing great difficulties in readying the new television sets for servicing. Not one manufacturer enterprise has implemented the established "Procedures for Preparing Repair Enterprises to Receive New Household Radio Models for Servicing" regulation. And it states that draft technical service and

repair agreements for these items are to be sent to the lead repair enterprises six months prior to shipment of the new radio models to the trade network. Because this was not done, they have actually disrupted the prompt, quality preparation of repair enterprises to service the new equipment.

We now have an extremely grave spare parts and radio components supply situation, leaving repair enterprises unable to repair new-generation television sets promptly and properly. When placing orders for this year, we anticipated the repair of new-generation television sets, but the Glavelektronsbyt failed to allocate funds for these purposes. The republic populace has more than 30,000 television sets on which the warranties have expired, and by the end of this year there will be four times as many. There are already more than 3,000 of the new television sets waiting for repairs for want of parts.

The situation with regard to spare parts deliveries for service under warranty is also unsatisfactory. This past year, spare parts orders were filled by only 50 percent, and this year, the Elektron PO [production association] will supply spare parts only on a per-order basis, rather than so as to create a three-month stockpile. If one takes into account the fact that the Elektron PO ships more than a thousand television sets to the republic trade network in the course of a year, it becomes quite complicated to determine the labor intensiveness of work connected with providing repair enterprises with spare parts on a per-order basis.

In its search to solve the warranty service problem involving its television sets, the Elektron PO has set up an Orbita technical-trade center in Kiev. Orbita functions include preparing new television models for sale, marketing them along with the city trade network, and warranty service. Since Orbita was set up, 5,100 television sets have been marketed. In his article published in EKONOMICHESKAYA GAZETA No 8 for this year, A. Chaus, commercial director of the Elektron PO described the positive aspects of this center's operation and recommended that the experience in creating such centers be disseminated.

In fact, individual partial tasks are being resolved, but it is not yet fully clear who will service the new television sets acquired by the populace at other trade enterprises. One important aspect is that in Kiev, radio technical services and repairs are offered the populace by the Kievbytradiotekhnika association (whose collective, incidentally, is operating under an economic experiment). Repair orders are accepted daily and holidays continuously from 8 am to 8 pm. Service is performed in the home within three days and in the shop within 14 days. Home repairs are done from 10 am to 10 pm, hours convenient for the customer. The service schedule for customers at the Orbita shop is that warranty orders are accepted from 9 am to 6 pm everyday except Sunday and Monday, with a 10-20 day wait for a radio repairman. The repairs are done from 10 am to 6 pm. Thus, we see that the conditions for services being offered by Orbita are not more progressive.

In turn, the Kievbytradiotekhnika still has a whole series of problems involving improving services to the city populace, primary among which are: insufficient production space, transport and instruments. Creation of a parallel service in the city would lead to a scattering of material and labor resources and would not help improve services to the populace. In our view, it would be

appropriate to create a television set sale-rental center based on the Kievbyt-radiotekhnika, on an experimental basis. This experiment would enable us to draw conclusions as to the appropriateness of organizing such centers republic-wide.

We think the creation of company stores for the various ministries producing household radios, setting up their work on the Orbita principle and having a limited sphere of operation, making only warranty repairs, does not solve the problem of improving service quality.

I should like to see the industrial enterprises and ministries producing household radios involved in the problems of personal services, taking a very interested and concrete part in solving them, because in the end we have the same goal, maximum satisfaction of the services requirements of the populace.

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## CONSUMER SECTOR POLICY AND ECONOMICS

### USSR DEPUTY TRADE MINISTER ON SECTOR IMPROVEMENTS

Moscow SOVETSKAYA TORGOVLYA in Russian No 6, Jun 85 pp 3-7

[Article by S. Sarukhanov, USSR deputy minister of trade: "To Analyze, to Plan, to Foresee"]

[Text] Preparations for the 27th CPSU Congress have been broadly launched in the country. At the congress a new edition of the Party Program will be examined designating prospects of the country's development for the next five-year period and up to the year 2000. It was emphasized at the March (1985) Plenum of the CPSU Central Committee that the strategic policy worked out at the 26th congress and subsequent plenums of the Central Committee was and will remain unchanged. This is a policy of speeding up the country's social and economic development and improving all aspects of the life of society.

Trade is frequently called the mirror and barometer of a country's development. Its role in the attainment of the goal of the party's and government's social and economic strategy, consisting of raising the well-being of the Soviet people, is increasingly growing. This is due to the fact that an ever bigger portion of the personal-consumption fund gets to the population through trade.

The developmental scale of trade is characterized by the following figures. Each year approximately 80 billion purchases are made in the country, stores are visited every day by as many as 150-160 million persons, and public dining services are used by more than 120 million persons. Daily commodity turnover amounts to approximately one billion rubles. The sector has more than one million stores, dining rooms, cafes, restaurants and other enterprises. The assortment of sold goods reaches 400,000 designations and, taking into account commodity varieties, numbers more than one million.

Retail turnover is the chief indicator of trade development. Significant and purposeful measures for the development of production of goods for the market and for increasing the population's income have already produced tangible results. Commodity turnover grew dynamically from 1965 through 1984, it increased threefold. Sale of clothing fabrics and footwear grew 2.8-fold. Provision of the population with durable goods per 100 families rose from 24- to 95 for television sets, from 59 to 93 for radios and radio-phonographs, from 11 to 90 for refrigerators and watches, and clocks from 319 to 525.

Last year the country's population was sold products in the amount of 316 billion rubles. In that year commodity turnover increased 10.3 billion rubles or 3.4 percent (in operative prices). It amounted to 1,149 rubles per capita. This indicator was highest in the Soviet Baltic republics, the RSFSR and Belorussian SSR.

At the same time, under conditions of saturation of the market with goods, the operation of many trade organizations and enterprises, especially wholesale, does not fully meet current requirements. The inertia of old and obsolete methods of management is still strong. This is reflected in the standards of services and satisfaction of the population's demand. It is displayed in organizational, commercial, planning and economic work. Today, on the basis of the experience acquired in the first four years of the five-year plan, it is necessary to disclose the causes of serious defects in the organization of trade services and to find ways of eliminating them in the concluding year.

Among the chief unsolved questions, there should be included absence of a connection between indicators of operation of the wholesale segment with the activities of retail organizations, which determine the end results of operation of our sector. All the efforts of wholesale trade are frequently aimed at the fulfillment of its own indicators. But we know that wholesale commodity turnover is not a goal but a means of attainment of the goal. The goal is fulfillment of the plan of retail commodity turnover on whose basis our work as a whole is in the final analysis evaluated.

What is it that interferes with the attainment of high results? First of all, serious defects in work with industry, lack of strict control over the fulfillment of contractual deliveries, inadequate demands on suppliers for expanding the assortment of produced goods and for improving their quality.

The commercial work of the wholesale segment should be primarily aimed at acquiring goods with allocated funds and procuring additional commodity resources in accordance with the population's demand and improving the commodity supply of retail trade. But wholesale depots still inadequately influence forming of production plans and do not display the requisite insistence in work on improving assortment of goods and full and timely receipt of goods from industry.

Laxness of personnel of the wholesale segment is to a large degree the reason for the fact that last year trade for the country as a whole had a shortfall of goods in an amount of more than 3 billion rubles. Such noncompliance of contracts has become a chronic phenomenon. It cannot be tolerated in the same way as, for example, cases where production is curtailed of goods needed by the population and haulage is carried out over long distances of the simplest of items of everyday need whose production could be organized locally.

In recent years, the problem of assortment of goods has become intensified. The fact is that industry produces in excess goods of a low consumer level while buyer demand is increasingly shifting to stylish, modern, high-quality goods. But manufacturing enterprises do not always take into account market requirements, and this costs the economy dearly. Items made of crystal and

porcelain, outer- and underknitwear and clothing remain unsold in the amount of 3-4 billion rubles just at interrepublic fairs.

Requirements and demand are becoming increasingly more dynamic. For this reason trade ministries and wholesale organizations and enterprises need to significantly improve the work of research on study of demand and to deepen its analysis in the wholesale segment. We frequently forget in everyday practice the old commercial truism, which says: to trade means to foresee. In order to correctly foresee possible changes in market conditions, it is necessary to widely study demand and on this basis to submit to industry economically based requests and orders.

The solution of the most current problems of development of the sector and improvement of trade services for the population is most closely connected to increased production of goods on the basis of trade orders which reflect the demands of the population on volume assortment and quality of manufactured items.

As we know, central and local trade-management organs have the duty to determine the needs of the market for consumer goods. For this reason its command is a social command in the name of the people to production. It expresses the party's aim for constant growth and improvement of public consumption. Today there is no need to prove that scientific-technical progress, growth of the population's demand and the creation of reasonable needs constantly impart a new content to the organization of all this work.

At the present time, from the point of view of supply and demand, the following situation has come to exist in the market. Trade in some goods proceeds with interruptions. This includes, for example, cotton fabrics and items made from them, some varieties of footwear, timber and construction materials and electric appliances. Targets for production of many of these goods were set for the years of the current five-year plan, and their production is constantly being monitored. Thanks to adopted measures, the range of items has been significantly expanded for which demand has been better satisfied, whereas two-three years ago, there was an acute shortage of these goods. They included synthetic detergents, clothing for children, socks, stockings, pantyhose, feminine toilet articles and so forth.

At the same time, the sale of certain types of clothing, rugs and carpet items, kerchiefs and jewelry items, watches, some kinds of refrigerators and television sets has slowed down. It is namely in this situation that the weak sides of commercial work in wholesale and retail trade have been revealed.

Analysis of the causes shows that industrial enterprises are slow in changing over to production of goods in an assortment corresponding to changed demand, while trade organizations have not displayed the requisite insistence and effectiveness in influencing industry and improving forms and methods of trade organization (increasing specialization and concentration, expanding sale of goods to the population on credit and improving their advertising).

Right now, trade, first of all wholesale trade, is faced with the following tasks:

to increase demand on suppliers for fulfilling delivery contracts and improving assortment and goods quality;

to improve study of the population's demand and on this basis to compile economically based requisitions and orders;

to provide regularity of goods supply to retail trade, to provide it services for the introduction of active forms and methods of selling and raising the level of service to the population.

The end results of the sector's operation--satisfaction of the growing demands of the population--depend on the accomplishment of these tasks.

Wholesale trade should not simply be a middleman but a genuine organizer of goods production and their supply to retail trade in accordance with the population's demand. It faces the task of increasing warehouse turnover and of bringing the share of stocks in its warehouses up to 35-40 percent. Today it amounts to about 20 percent.

If railroads are figuratively called the circulatory system of the national economy, then the wholesale segment may be called the circulatory system of trade. The efforts of its personnel should be aimed at the organization of effective ties with industry, on the one hand, and improvement of goods supply to retail trade, on the other.

The decree of the CPSU Central Committee and the USSR Council of Ministers on improvement of the economic mechanism points out that orders of trade should become the bases of determination of plans for production of goods in the necessary assortment. For the attainment of palpable results in this work, it is necessary to make proper administrative decisions and to actively protect requests and orders for industry for the purpose of their fuller satisfaction. End results of the work of the sector and its effectiveness largely depend on how economically valid requisitions and orders are made up and how completely they are satisfied by industry.

The trade organizations of a number of union republics (Uzbek, Azerbaijan, Armenian, Kirghiz and Tajik) poorly utilize the possibilities of industry for increasing output from local resources of goods in short supply. The relative share of these sources in their commodity turnover does not exceed 3-4 percent, while it reaches 9 percent for the country as a whole. At the same time, there are many examples of good work on the part of trade organizations and enterprises with industry (Lithuanian SSR, Chelyabinsk, Leningrad and so on).

In Lithuania, the wholesale sector has assumed full responsibility for the sale of all fabrics, clothing and footwear produced in this republic.

The experience of work cooperation of the collective of Chelyabinsk Wholesale Center with the oblast's industrial enterprises deserves consideration. The initiators here, as we know, were local party and soviet organs and the komsomol. As a result the return of substandard goods of industry in recent

years has been reduced fivefold, while the volume of high-quality products has grown more than sevenfold. Delivery contracts are strictly observed.

It should be especially noted that in this form of trade's cooperation with industry, one of the most important requirements of the time has been building up--working for end results, seeing not only percentages, rubles and articles but primarily the customer with his diverse needs.

When we speak of effectiveness of trade, we have in mind not only the economic aspect--fulfillment of plans for commodity turnover, profit, profitability and the like, although this is very important. Here it is necessary to take into account its social effectiveness: the degree of satisfaction of the population's demand, raising standards of trade, providing services in the sale of goods, economy of time for the customer as a result of good advertising of goods, intelligent specialization and concentration of trade. All this, taken together, means effectiveness of trade as a sector of the national economy.

Questions of increasing output and improving the assortment and quality of goods demand constant improvement of the mechanism of planning their production. Today production should be aimed not at the average statistical consumer but at a concrete addressee. Demand for goods for young people, for those of elderly age, for new stylish kinds of clothing and footwear and technically complex and social promising goods has already been impressively revealed.

Under these conditions, enhancement of the role of the trade order and of planning and contractual discipline acquires an exceptionally important significance. At the December (1983) and the April (1984) Plenums of the CPSU Central Committee, special attention was drawn to this. But, unfortunately, up to now such phenomena as nonaccommodation of production plans, irregular quarterly planning, violation of delivery contracts, curtailment and cessation of production and the like have been repeating from year to year. All this in the end affects the state of satisfaction of the population's demand.

Trade should answer for the correctness of orders while industry should be held responsible for fulfillment of contracts. In this connection, it is essential to strengthen the validity of orders in trade and the discipline of fulfilling delivery contracts in industry. Only in this way can success of the work as a whole be ensured.

The interests of the population require fulfillment of production plans both in quantitative and in cost indicators. But many problems exist here. For example, production of steel enamelware in the last three years of the five-year plan grew in its total by 12 percent, while being reduced by 17 percent or 38 million each in physical indicators. This includes namely those teapots, pans and mugs of which a shortage exists in trade. Or another example: the production of furniture in cost indicators for 1983 compared with 1982 increased 5.1 percent, while the production of chairs, stools, armchairs and beds was reduced.

The range of examples can be expanded, including in it cotton fabrics, leather footwear, wallpaper and china and porcelain ware. This indicates that policy in the field of goods production is dictated by the supplier and not by the consumer whose interests are expressed in the form of a request, order or contract.

Of course, there has to be a certain advance in growth of production as a whole over physical indicators as a result of improvement of assortment and the appearance of new goods, but in different proportions. The fulfillment of some indicators to the detriment of others frequently results in the artificial formation of the well-known deficit.

Furthermore, more than one-half of the enterprises of light industry each year fail to fulfill contracts for delivery of goods. In particular, numerous cases of violation of contracts for delivery of goods to trade with respect to assortment were allowed to occur in all of the union republics. And this results, as we know, in the formation of above-norm stocks both at light-industry enterprises and in trade. Let us point out that in the total sum of unpopular, long-stored and reduced-in-price goods, articles of light industry made up in 1983 the great majority--almost 80 percent.

It can be said that the sea of unpopular goods is growing larger, while the rivers feeding it are not getting shallower. The questions arises: what is trade doing?

Trade is fined for failure of deliveries. But this in no way improves the results of its operational activity, for retail trade transfers into the budget the entire sum of the fines and wholesale trade--95 percent. Thus the money shifts from one state pocket to another while the customer remains without his goods. There is but one conclusion for this--it is necessary to intensify contractual discipline and to work for deliveries of goods in strict accord with concluded contracts.

Demands on assortment and quality of goods are growing. Here the following principle is in operation: better is the enemy of good. Trade should prevent the production of substandard goods as well as those not needed by the population so that raw materials and people's labor are not expended for naught. An important role in the solution of this question is bound to be played by the wide-scale experiment being conducted in industry since 1 January 1984 in which 5 ministries initially participated; now there are 26.

Industrial ministries and associations have been granted considerable independence in use of the development fund for increasing output, expanding assortment and improving the quality of consumer goods. The chief aim of the experiment is struggle for a larger scale. In this, enterprises have been designated only three chief indicators from top side: products list, production cost and relative share of products of the highest category of quality.

The Belorussian SSR Ministry of Light Industry has been given the right to set wholesale and retail prices for experimental batches of goods up to 500,000 rubles. Development funds of enterprises have been increased and planning of production for assortment has been turned over to localities.

Work results for 1984 show that this has had a good effect on fulfillment of plan indicators. All enterprises taking part in the experiment fulfilled the plan not only for the sum total but also for the products list.

The growing scale of work demands rapid development of the material and technical base of trade, which should not only be expanded in terms of its scale and geography but also changed qualitatively. We have in mind rational organization of technological processes, creation of favorable working conditions and better use of existing capacities.

It should be noted that trade organizations of the sector have assumed since the beginning of the current five-year plan a course for successful assimilation of capital investment. Despite their limited volume compared to the 10th Five-Year Plan (for limits of construction and installation work, it is 39 percent smaller), accelerated growth of production capacities, especially in wholesale trade, has continued.

In four years of the five-year plan, 12 refrigeration facilities, 20 wholesale depots, 20 department stores, about 260 kolkhoz markets, 10 production and technical schools, 5 tekhnikums and a large number of other installations were built. There were put into operation more than 1.4 million square meters of warehouse area, which exceeds by 300,000 square meters the target set by the sector for the entire five-year plan. It is anticipated that there will go into operation during the current five-year plan approximately 2 million square meters of warehouse area versus a target of 1.4 million square meters for the state-trade system.

Considerable work has been done on modernizing the trade and warehouse network and converting enterprises to self-service with use of packaging equipment. About 40 percent of all capital investment, including noncentral sources, has gone into modernization and reequipment. During 1981-1984, about 3 billion rubles of capital investment were utilized in capital construction of the sector versus 1.9 billion rubles provided centrally.

The need of a sharp increase in the standards of service puts before the sector the task of significant expansion of area in retail trade and the wholesale segment. Under these conditions, there can only be one conclusion--in order to develop the material and technical base of trade, it will have to be two to three times faster than was done formerly. For this, it will be necessary to utilize material and financial resources with greater effectiveness.

Intensive growth of production and expansion of the assortment of consumer goods puts still another very important task before workers of the sector--to speed up produced goods getting to the final user and that with minimal outlays of time on their acquisition. The pertinence of this task is obvious if you take into consideration that the population spends more than 30 billion hours a year on purchases. A whole complex of measures implemented in the sector and aimed at intensive use of trade's material and technical base and

introduction into practice of the achievements of science, technology and outstanding experience will contribute to its solution.

The main direction is universalization of trade in foodstuffs, specialization and concentration of the sale of nonfood goods in limited quantities by stores, which creates conditions for customers saving time. This purpose is abetted by opening of stores of such types as department stores, trade centers, "Goods For Children" and "Goods for Young People" and others.

Today, the country's state trade has more than 800 department stores with a trade area of about 620,000 square meters. A network of stores is growing at a fast rate which trade in goods of cultural, personal-service and household use, radio, motion-picture and photographic products, goods for sports and tourism, household machines and instruments and household chemical goods. Specialty stores are becoming increasingly more prevalent for the sale of individual nonfood goods meeting the growing requirements of customers for assortment and quality of goods and level of trading service.

A leading role in raising the level of services for the population belongs to progressive forms of sale of goods: self-service, trade on the basis of samples and according to advance orders. In those self-service stores where the trading process is properly organized, the customer spends 30-40 percent less time than in stores of the ordinary type.

A promising form of service is the sale of food products on the basis of advance orders of customers accomplished in two ways: through a network of order departments in stores and through constantly operating centers for receipt of orders at industrial enterprises and construction projects. Today there are about 11,000 stores in the country engaged in the sale of food products on the basis of advance orders of the population and more than 9,000 centers for receipt of orders at industrial enterprises and construction projects.

A major social and economic effect is provided by the development of such an essentially new form of trade as organization of delivery of purchased products directly at fabricating enterprises and from wholesale depots to the homes of customers while bypassing stores.

Questions connected with organization of trade for the most part are not new, but under present conditions they require an increasingly deeper, carefully thought out and flexible approach. The idea is to more actively introduce new technological solutions and everything that is advanced. This ensures a high level of service and efficiency of operation by a trade enterprise. First of all it is necessary to introduce progressive technological schemes of commodity supply in stores, especially large ones where there is provided on this basis completeness of assortment of goods existing in ample supply and their constant sales availability.

It is necessary to effectively utilize trading areas. Today in Vinnitsa, Sverdlovsk, Kaunas, Minsk and Riga, the volume of goods turnover per square meter of area is as much as 18,000 to 30,000 rubles, while it is 13,000 rubles for the country. At the same time, there are enterprises where this indicator

does not exceed 5,000-7,000 rubles, as a result of which large amounts of goods turnover are lost.

Self-service in trade will also retain its importance in the future. It should be pointed out that, having achieved a certain level, the rate of development of this method of trade slowed somewhat because of a shortage of packaged goods. But today we should be concerned not so much with the quantitative as with the qualitative side of self-service.

Frequently in self-service stores, the assortment narrows down, areas are used ineffectively, the access of customers to goods is restricted and lines are created, that is, the advantages of self-service are essentially reduced to zero. The main reason for this is a conservative approach of certain personnel toward questions of improvement of the technology of sales of goods.

Lines to the cashier during peak hours are still a bottleneck in the operation of self-service stores. A key to the solution of this problem is organization of unified payment locations in nonfood and department stores, which has been recommended for introduction everywhere.

Or take as an example the sale of nonfood goods at department stores and large food stores. In Estonia and Belorussia where questions of goods supply have been worked out, an assortment has been carefully determined for each type of store and questions of material incentives have been solved. The relative share of these goods in the commodity turnover of a store designated by the USSR Ministry of Trade in the amount of 9 percent did not turn out to be a limit. And in such republics as Kazakhstan, Moldavia, the Ukraine and Tajikistan, the share of the said goods does not even reach 3 percent. This large reserve of commodity turnover and service improvements ought to be utilized everywhere.

It is necessary to activate the work of sales people who, with the introduction of self service, are transformed sometimes into guardians of goods. Trade under present-day conditions requires large scale advertising and information, a constant search for new methods of displaying goods and demonstration of them in action. We specially direct the attention of trade personnel to this. But often in difficulties in selling goods, one can hear that it is impossible to force the customer to acquire the products. We cannot agree with this conclusion, but to be able to display goods in such a way that they are purchased can and must be done. In this lies the meaning of socialist marketing and commercial work in trade.

As we know, the operation of trade in recent years has been going on under conditions of a significant limitation of size of personnel. For 1985, a total of 100,000 persons will be required for staffing solely the new network, but the plan provides a growth of only 22,000 persons. For this reason measures are adopted in trade for the rational use of manpower resources and reduction of the use of manual labor so as to release auxiliary personnel (loaders, packers, carters and others) and through this means to increase the number of salespeople, cashiers, cooks and those directly connected with serving the population.

People determine the success of an undertaking. The selection, placement and education of personnel working with the population are of particular importance inasmuch as a trade worker not only must know his goods but also possess understanding, tact and self-control, be honest, love his vocation and raise its prestige. It is necessary for heads of trade enterprises to occupy themselves not only with commercial and operational work but also to become real organizers of ideological and political education work among their collectives.

There largely depend on the solution of these problems improvement of trade services in the country and consequently the solution of the basic social and economic task aimed at raising the well-being of the Soviet people.

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## CONSUMER SECTOR POLICY AND ECONOMICS

### IMPROVEMENTS IN TRADE SECTOR PRODUCTION NEEDED

Moscow TRUD in Russian 16 Jun 85 p 2

[Article by Yu. Bobkov, secretary of the State Trade and Consumers' Cooperatives Trade Union Central Committee, under the heading "Machines for Stores": "Accelerated Introduction of Trade Equipment Facilitating the Labor of Salespeople and Raising Service Standards Required"]

[Text] We are all customers and are thus inclined to think that the labor of the salesperson in front of us is self-evident. But certainly less than a majority of us imagine the stresses of this seemingly simple occupation. Suffice it to say that the physical demands on a clerk in food store require moving about a ton per shift. And loading-unloading and stocking jobs require moving several tons per shift. Moreover, an absolute majority of the clerks are women.

True, the salesperson's labor is not easy. But that must not in any way lower our demands on service standards. Just the opposite. The efforts of branch management and trade-union agencies are currently directed towards overcoming shortcomings in this area, towards radically improving the quality of services to the Soviet people. Following the example of leading trade enterprises such as Yaroslavl department store and Vefovets food combine, branch collectives have taken on socialist obligations to work under the slogan "We Guarantee Good Service." An important place in these obligations has been given over to introducing the achievements of technical progress into trade, to reducing manual labor and improving the use of equipment and power resources. We include these lines of work among our top-priority tasks, both economically and socially.

The level of manual labor in trade is high. Thus, 85.5 percent of all retail trade workers are employed at manual labor. One in every five trade workers is not on the trading floor, but in adjacent buildings or basements, unloading or packaging goods, often using primitive, manual methods.

A predominance of the manual, unattractive labor done in many jobs in retail trade and public catering requires the diversion of additional manpower from the production sphere into the non-production sphere and has a negative impact on the prestige of the trade occupations and on securing skilled personnel. The introduction of new labor-saving technology, labor mechanization and the use of trade-technological and lift-transport equipment are therefore of especially important significance.

It must be said that quite a bit has been done along this line in recent years. The material-technical base has been strengthened. More than 850 department stores are now in operation here, with plans for a high level of labor mechanization, and every condition necessary has been created so that the customer will not lose time in lines. A whole series of cities here are actively implementing the multibranch comprehensive program of labor mechanization based on introducing a progressive system of commodity supply involving the use of packaging equipment.

Trade collectives have achieved good results in implementing this program in Voroshilovgrad Oblast. This year, 90 percent of all goods in the oblast center will be delivered in containers. Economists estimate that we would need to enlist another 5,000 people in trade this five-year plan to have ensured the current level of trade network development in the oblast. And the introduction of new commodity-movement technology has permitted a reduction in the number of workers of at least 3,000 as compared with this past five-year period. This is the practical result, and quite a convincing one, of this work, in which both administrative workers and trade-union organizations have taken an active part.

Early this five-year plan, our trade union central committee developed a special target program of trade-union participation in reducing manual labor in the branch. Control figures for freeing for other jobs workers employed at manual and hard physical labor were communicated to all trade-union committees, and systematic monitoring of this program was set up.

It is to the point to emphasize that work on reducing the use of manual labor and introducing new maximum allowable workload norms for women has, in turn, forced us to review the comprehensive plans for improving working conditions, labor protection and health-sanitation measures and to closely interlink all these programs.

As a result of their implementation, the USSR Ministry of Trade system has freed from hard physical work more than 20,000 people during the first four years of this five year plan. About 475,000 people now have better working conditions, and more than 132,000 female workers have been freed from work at which the established norms for women lifting and moving heavy objects by hand were exceeded. All this has facilitated a situation in which morbidity and accidents among workers have dropped significantly at a majority of our enterprises.

However, we cannot be at all satisfied with what has thus far been done. It must be said that, in solving these problems, much depends on trade workers themselves. Local branch administrative and trade-union agencies often are inert, slow to seek out internal reserves and ineffective in using equipment.

Trade engineering-technical services must also say their piece here; their role must be considerably increased. Material and moral incentives to engineering-technical workers must be made closely dependent on the end results of their labor, on raising the level of mechanization and improving equipment use.

At the same time, there are also a whole series of objective difficulties. First of all, there is a high percentage (more than 50 percent) of old, small

stores on the first floors of housing and not suited for the introduction of even the simplest mechanisms, much less progressive technology. At the same time, modern enterprises -- department stores -- comprise only 4.1 percent of the floorspace and only 12 percent of the trading space of all stores. And in this regard, capital investments for developing the network are, unfortunately, not fully used, year after year.

The situation is also aggravated by the fact that, counter to directive instructions, nonspecialized institutes which do not take into account modern requirements as to commodity-movement technology, labor mechanization and working conditions, are often the local planners and standard-plan coordinators for stores.

To this, we should also add the construction "liberties" often permitted construction organizations, the deviations from plans in pursuit of instant savings. As a result, we have new construction projects which do not meet elementary requirements both with regard to trade organization and with regard to working conditions. The trade union central committee labor technical inspectorate finds legitimate causes for complaint concerning almost one in every 10 trade facilities being put into operation.

Equally pressing is the problem of the critical shortage of needed trade-technological and loading-transport equipment, with only 20-30 percent of the demand being met. We have long failed to master the centralized series production of packaging equipment. Currently, half the containers are manufactured primitively, by the enterprises themselves. While the demand for packaging equipment in the 11th Five-Year Plan is 1.8 million units, we actually plan to manufacture only 600,000, that is, about one-third of the demand. Branches are supplying extremely insignificant amounts of specialized forklifts, hydraulic carts and lifts. We are very much in need of low-temperature refrigerated display cases and effective devices for slicing delicatessen products.

The main supplier of trade-technological equipment for the branch is the Ministry of Machinebuilding for Light and Food Industry and Household Appliances, which makes more than 80 percent of all deliveries to the branch. Unfortunately, the enterprises of this ministry are meeting their obligations poorly. The level of satisfaction of trade requirements for a number of machines and mechanisms has even dropped in recent years. The volume of deliveries lags more and more behind assignments on increasing trade turnover and reducing the number of workers. In our view, the target program for reducing manual labor which has been worked out must be supported seriously by deliveries of machinery and mechanisms and by capital investment.

Improvement in working conditions for trade workers and improved customer service quality are directly linked to the question of goods packaging. Industry today is wrapping only 34 percent of the goods, and the level of packaging has risen only two percentage points over the past 10 years. Trade currently enlists cashiers, salespersons, section heads -- in short, everyone it can -- in this work. No one doubts that packaging in trade is economically ineffective. In fact, in industry, the labor productivity of packaging workers is five times higher and losses of output are eight times lower, and the demand for packaging materials is two times lower. The advantages are obvious. Unfortunately, a departmental approach to this work has gained the upper hand over state expediency.

There is one other pressing aspect to this problem. More than 20 types of goods continue to reach the trade network in heavy, bulky packing. For instance, groats, flour, sugar, salt and starch come in sacks weighing up to 70 kilograms, and butter comes in crates and boxes weighing 50-120 kg. Window glass comes in crates weighing 500 kg to one ton, and a third of the nails come in boxes weighing up to 500 kg. Fish come in bundles weighing upwards of 30 kg. And salespeople have to move these "icebergs" around and break them up before the goods can be sold.

Clearly, this situation should be corrected immediately. However, The repeated appeals to the Gosstandart, Gossnab and industrial ministries on all these questions have in many instances not found support. Last year, the AUCCTU and the central committee of our trade union appealed to the Gosstandard, the Ministry of Heavy and Transport Machinebuilding, the USSR Ministry of Procurement, the USSR Ministry of Meat and Dairy Industry and the USSR Ministry of Fisheries specifically on this question, requesting an accelerated resolution of the question of lowering the gross weight of a unit of shipping container, as the weight does not now correspond to the new maximum allowable load norms for women. Unfortunately, all the ministries essentially rejected this request, citing the shortage of special equipment and packing.

No matter how complex the problems raised here are, they must be resolved immediately. The quality and standards of services to the populace, and the working conditions for and labor efficiency of branch workers depend largely on this.

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## PERSONAL INCOME AND SAVINGS

### CONSUMER INCONVENIENCES REPORTED IN TASHKENT SAVINGS BANKS

Tashkent EKONOMIKA I ZHIZN' in Russian No 3, Mar 85 pp 67-69

/Article by L. Sheraliyev: "By What Means Can Deposits in Savings Banks Be Increased"/

/Text/ In terms of all indicators, the Tashkent Municipal Administration for Worker Savings Banks is a leading enterprise in Uzbekistan and Central Asia and by some indicators -- for the country as a whole. But it was not this gratifying fact that served as the basis for our discussion with the administration's leader, Svetlana Vasil'yevna Shapovalova. The theme -- reserves for increasing savings bank deposits.

"Such reserves are available. And they are considerable" firmly stated Svetlana Vasil'yevna, "During 4 years of the 11th Five-Year Plan, the total amount of savings bank deposits in Tashkent increased from R 942,898,000 to R 1,196,227,000, or by 27 percent. The growth in the volume of deposits was affected by the rates of growth in the population and in the wage fund. And this means that the reserves for increasing deposits, which lie on the surface, have been exhausted to a considerable degree and thus new reserves must be found and placed in operation if a decline is to be avoided.

In like manner as a very accurate thermometer, savings banks react to the slightest changes in living conditions. A more intensive saturation of the market with goods, an expansion in the sphere of services or raised rates for the construction of cooperative housing -- all of these factors have an effect on the total amount of deposits. In order not to yield ground already gained, use should be made of new channels for adding funds to savings bank books.

Wages -- through savings banks. Several years ago the Tashkent Savings Bank Administration recommended that a number of large enterprises introduce a new form for issuing wages -- through savings banks. Agreement was obtained only from the leadership of a tractor plant. The leaders of other enterprises responded in a rather cool manner to the proposal. They viewed this innovation as offering an advantage only to the savings banks and for themselves -- only additional problems.

But it turned out otherwise. The plant was the first to profit from the innovation. A reduction took place in the degree of worker tardiness and

truancy usually noted on the day following the issuing of wages at the enterprises. In addition, the amount of working time spent in the departments waiting to receive wages was reduced to zero. At first, the savings banks were confronted with additional work and no increase was noted in the deposits. The amounts transferred by a plant were withdrawn by the depositors almost completely. However, the situation began to change with the passage of time. At the present time, the accounts of the plant workers exceed 7 million rubles. The average deposit amount is 700 rubles per individual.

And what is the picture with regard to introducing this new and progressive form for issuing wages throughout Tashkent as a whole? Alas, it is not too promising. This form is being employed only at 10 enterprises and it includes less than 18,000 individuals (there are more than 10,000 at the one tractor plant).

Why is it that the leaders of numerous factories and plants in Tashkent, including such large ones as the aviation association imeni Chkalov, Mikond, Tashtekstil'mash and a textile combine, are not converting over to the new system? Some wish to avoid the additional problems involved -- facilities must be made available for the savings bank branches at the enterprises or close to them, so that the depositors can obtain their money promptly and without problems. Other leaders do not wish to transfer a portion of their available cashiers over to the savings bank administration.

The issuing of wages through savings banks will make it possible to reduce the amount of money in circulation and it will increase considerably the amounts of deposits being made in the savings banks. Thus all measures must be undertaken to ensure that this innovation is introduced into operations on an extensive scale.

Non-cash payment for services -- this constitutes a second reserve for reducing the cash turnover. Over the past 4 years, the amount of non-cash transactions has increased from 1,049,000 rubles to 2,907,000 rubles, that is an increase by a factor of more than twofold. But this cannot be viewed as a great victory, since the overall volume of payments accepted for apartments and communal and other services amounts to approximately 85 million rubles annually -- greater by a factor of 30 than the amount being handled in the form of non-cash transactions.

Non-cash transactions are advantageous not only to the state but also to the population: a payer spends much less time -- he no longer has to enter a savings bank or stand in line. An order is issued to the savings bank in the form of a check and the matter is finished. Why cannot this work be organized on a more general basis.

This innovation has some very strong opponents -- Uzbekenergo, Gorgaz, Gorvodoprovod and the Telephone Network Administration. Their controllers require the presentation of paid receipts and their customers do not have them.

The solution for this problem is not all that complicated -- the account for services should be filled out in three rather than in two copies, with one being returned to the customer. But the solution for this rather simple problem is being dragged out unnecessarily.

Accounting -- by savings bank checks. Those who pay for their purchases using savings bank checks are unanimous in their evaluation -- it is convenient. One does not have to carry money, at times an extremely large amount, and if a check is lost the bank merely issues a new one. But even this type of accounting is being introduced into operations very slowly. In 1984, it amounted to 49,364,000 rubles. A grain of sand compared to the overall volume of goods turnover and 4 percent of the total amount of deposits being held in Tashkent savings banks.

For the most part, checks are being used for the purchasing of automobiles. However, vast quantities of other costly products are being sold in the city -- furniture suites, color television sets, refrigerators and radio equipment. Why is it that checks are used only rarely for purchasing these products?

There is a simple explanation -- the trade organizations are extremely unwilling to accept checks and many stores simply reject them outright. They maintain that a bank requires fulfillment of its cash plan only on the basis of cash. Is such a requirement reasonable? While the squabbling continues, this valuable work remains undeveloped.

The sphere of use for checks can be expanded considerably. The conditions required for accomplishing this are at hand. Here is just one example. USSR Gosbank, USSR Mintorg /Ministry of Trade/ and Tsentsosoyuz /USSR Union of Consumers' Societies/ decided to use accounting checks for services rendered by public catering enterprises, according to preliminary orders for various types of festivities. But this is still not being used in Tashkent.

Saved -- and what should be bought. A purchase truly depends upon the amount of money saved. And is it not time to ensure that the savings accumulated in savings banks are accompanied by additional blessings, in addition to the prescribed percentages?

In Magadan Oblast, for example, accounting checks of savings banks are used for paying for aviation tickets. And if we proceed farther, for example during the period of special workloads for the airlines, then a priority for purchasing tickets should be extended to those who purchase them based upon their savings bank deposits. This will obviously require solutions for a number of problems and yet the game is worth the candle.

Still another example. Last year the so-called youth deposit was introduced in our country -- with the payment of interest at the rate of 3.5 percent annually. Why is this undertaking not supplemented in the various areas by a statute stating that the owners of youth deposits have priority insofar as obtaining a housing cooperative? There can be no doubt but that this would increase the number of youth deposits. In short, thought must be given to the new forms for attracting deposits.

"To enrich" the monetary-material lottery. The lottery tickets are selling well and yet steps could be taken to ensure that they sell even better. A comparison of the list of objects being awarded in lotteries in Uzbekistan and in other republics reveals that this list could be expanded considerably.

Some items intended to be used as prizes in our lottery are no longer in short supply and so have lost their attractiveness. Future prizes are gathering dust on the store shelves. This is why lottery tickets are becoming less and less popular.

It is known that the youth wish to have a small automobile or a stereo set and that their desires exceed the possibilities for obtaining such products. This fact has been taken into account in certain republics, where automobiles and expensive radio equipment are now included in the list of prizes. Yet they are still not available in the UzSSR lottery.

The appropriate and competent organs must undertake measures aimed at raising the effectiveness of the money and prize lotteries. They are profitable, since they provide local budgets with an additional source of money.

Manual work -- to be handled by machines. At the teller windows in savings banks, which receive and issue money, lines sometimes form. One must stand and wait in order to obtain money. Someone who is depositing money can turn around and depart. This sometimes happens. The money turns out to be not in a savings bank book, but rather in the "money box." Everybody is aware that the savings banks operate on the principle of voluntariness, but not everyone draws the proper conclusion from this fact. In a savings bank, as in no other place, the system for rendering services must be organized in an efficient manner. First of all, there should be no lines. A depositor must not have to wait, but instead the bank authorities should await his arrival.

During 4 years of the 11th Five-Year Plan, the number of deposits increased by 16 percent and the network of savings banks -- by less than 7 percent. The increasing volume of work is becoming more difficult to carry out, since manual labor predominates in the savings banks.

Automatic machines which make it possible to accelerate the filling out of the necessary documents by a factor of 4-5 have been available for some time now. But the republic's capital has been supplied with only a few of them. Over the past 5 years, these automatic machines appeared in only 56 savings banks and yet there are more than 190 such banks in the capital of Uzbekistan. At this rate, the technical re-equipping of the savings banks will require another 15 years. And perhaps even more. Indeed, not one automatic machine was received throughout all of last year.

In the absence of machines it will be impossible to eliminate the lines in front of the teller windows and if lines are present the depositors will be discouraged from making considerable deposits into the savings banks.

For the largest customer. On average, the savings banks in Tashkent provide services for more than 13,000 payers daily -- bills for apartments, telephone and other services. But for one half month the banks operate at one half their capability owing to a lack of customers and during the other half of the month -- they operate under an extreme workload. Nothing can be done about this situation. It is simply tradition.

The savings bank administration is carrying out a great amount of work directed towards ensuring that the payments for services do not become a troublesome

problem. Over a period of 4 years, 11 banks have opened up for service. Nevertheless, at times it is not always easy to settle accounts with the state.

It is my opinion that this is the result of tactical mistakes on the part of the rayon executive committees. They require the existence of as many banks as possible and invariably in each microregion. There are already 173 banks in the city. But it is unfortunate that many of them are often closed.

As is known, women work mainly in the banks. And experience has shown that of 1,000 women employees, 200 do not appear for work daily -- mainly because of sick children. The smaller banks lack maneuverability. If one individual is absent -- a cashier or controller -- the bank is unable to function. The customer must go to another or a third bank. The situation is different in large banks; here replacements are possible. If several workers are absent, a customer at worst might have to stand in line for a period of time.

It sometimes happens that the problem is solved not by an overall number of banks but by large banks. There are only a few of them in Tashkent. The difficulties involved in payments for services led to a situation wherein some citizens with monthly salaries converted over to quarterly payments -- the fine is not very large and it is not always collected. The delivery of funds into the treasury is slowing down.

In a crowded state. Forty percent of the savings banks in Tashkent are located in crowded and unsuitable facilities. And a billion ruble turnover is involved here. At times the customer does not have a place to sit down where he can fill out a receipt for receiving or turning over money. A slight turn of the head and he can see his neighbor's figures, despite the fact that a savings bank is obligated to protect the secrets of the depositors.

Prior to the earthquake at Tashkent, the savings banks were located in specially built facilities. Today such facilities are no longer available. As a rule, the savings banks are found on the first floors of apartment buildings, which are poorly adapted for the carrying out of specific functions.

The architectural-planning administration and the capital construction administration of Tashgorispolkom /Tashkent Municipal Executive Committee/ has been very slow in correcting its negligence. The construction of central savings banks in Kuybyshevskiy and Oktyabrskiy rayons is being completed at not very fast rates and the facilities for savings banks in Chilanzarskiy, Leninskiy and Sergeliyskiy rayons are only in the planning stage and nobody can say exactly when they will be placed in operation.

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## PERSONAL INCOME AND SAVINGS

### FACTORS WHICH ASSIST GROUPING OF PERSONAL INSURANCE BENEFITS

Moscow FINANSY SSSR in Russian No 5, May 85 pp 53-57

[Article by E. T. Kagalovskaya, senior scientific colleague, NIFI [Scientific-Research Finance Institute], candidate of economic sciences, and N. A. Levant, junior scientific colleague, NIFI, candidate of economic sciences: "Influence of Socio-Economic and Demographic Factors on the Development of Insurance"]

[Text] In order to evaluate the level of the dissemination of insurance among the population and to evaluate the quality of the work performed by the organs of Gosstrakh [State Insurance Main Administration], insurance operations are analyzed periodically. Analysis also precedes the drawing up of plans and forecasts; it is likewise necessary for elucidating the prospects for the development of the insurance business. Serving as the basic materials for analysis are the data of USSR Gosstrakh's bookkeeping and operational reporting organs. Accounting is conducted with respect to a broad range of indicators, characterizing the dynamics of incoming insurance premium payments, the number of insurance contracts in force, the dimensions of insurance totals, financial operations, etc. However, present-day requirements for planning and forecasting the developments of insurance pose newer and newer questions for which statistical reporting does not provide answers. For example, we do not know how insurants are distributed in relation to level of income, social and property status, sex, age, education, etc. Such data can be collected by means of conducting sociological surveys of insurants. It would also allow us to discover how the need for insurance is formed in the population, what place it occupies in the structure of all the needs of the population, and what kind of influence insurance exerts on the family budget.

The possibility of using the results of a sociological survey assumes a rigorously scientific approach to conducting it.

The principal problem of any sampling survey is ensuring the representativeness of the data received. Only a representative sample will allow us to disseminate conclusions relating to a limited range of insurants and for the entire insurance field.

The organization of a representative sample requires the observance of conditions which guarantee the absence of systematic errors. In the first place, the selection of insurants must be random. In the second place, it must be free from any sort of tendency whatsoever. In the third place, every insurant must have equal chances of being included within the sample.

A further skewing of the sample would be called a systematic error. For example, if, in order to study the degree of development of personal insurance, only the leading inspectorates of state insurance were selected, then such a sample would prove to be skewed and would not reflect the population's inclusion in personal insurance characteristic for the entire country.

At first glance, it might appear that the most correct results could be obtained by means of a premeditated selection of a unit for observation with average characteristics for the indicators being studied. However, this is an incorrect approach. It leads to systematic errors, since one and the same miscalculation can be made in the selection of each unit.

Thus, even a sampling which is large in scope, if it is organized without taking into account the indicated conditions, is not representative and is skewed. And, on the contrary, taking into account all the requirements of mathematical statistics proposed for the sampling allows us to obtain reliable results even with a modest-sized volume.

A sociological survey regarding a wide range of indicators with a high degree of reliability for the data collected was carried out by the State Insurance Sector of the USSR Ministry of Finance's NIFI [Scientific Research Finance Institute] as a result of the participation in the sociological survey of the population of a large industrial center, a survey which was conducted by the TsEMI [Central Economics and Mathematics Institute] of the USSR Academy of Sciences. One of the survey's segments was devoted to insurance.

The task which the colleagues of the TsEMI of the USSR Academy of Sciences set for themselves consisted in studying the degree and dynamics of the people's prosperity. It is part of the research being conducted by several institutes of the USSR Academy of Sciences on the problems of the industrial center. Information was collected in urban families. Serving as the subject of study were the following demographic characteristics of the population: sex, age, family status; the following social characteristics: level of education, occupation, field of specialization, and the following economic characteristics: wages, supplements, pensions, stipends, property status, and housing conditions. The survey encompassed all strata of the population without exception.

This set of indicators was also used to characterize insurants. Moreover, with regard to the existing types of insurance contracts, data was collected on the scope of coverage provided for by the insurance contracts, the size of the premiums being paid to Gosstrakh, as well as the procedure and forms of paying them.

In conducting the survey use was made of the method, well-known in statistics, of instantaneous observations. This method allows us, without increasing expenditures, to increase the sampling volume many times over, to achieve a representative selection in accordance with the requirements of the sampling method. Furthermore, the method of instantaneous observations ensures a great reliability of the records, without causing a negative reaction from the families being surveyed. The volume of the sample is determined by calculating that in generalizing from the materials received the deviations should not exceed 5 percent.

The families were selected by a mechanical means. Each of them had the same probability of being included in the selection, which ensured the random nature of the sampling and the absence of systematic errors.

The materials which were collected allowed us to obtain for the first time abundant information not only for the practical insurance workers; they also provided the opportunity to approach insurance from a general-theoretical viewpoint, having defined its place within the system of indicators of the population's prosperity. Up to this time state insurance has not been taken into consideration in studying the standard of living and the social problems of prosperity. The reason for this, evidently, was that for a lengthy period it was relatively weakly developed and did not exert any noticeable influence on family budgets.

At present the number of personal and property insurance contracts has exceeded 170 million, and this has made it necessary to take this fact into account as well.

The survey demonstrated that in a city with a well-developed industry insurance has become very widespread: more than 70 percent of the families have insurance contracts of one type or another. It is characteristic that not all the families surveyed were insured. However, families which do have recourse have not one but several insurance contracts. For example, a family having joint life insurance contracts accounts for an average of 1.6 of them; each family having recourse to insurance for their children has an average of two contracts each.

Of the total amount of all insurance contracts in force among the population, approximately one-third are accounted for by joint life insurance, one-fourth--by insurance for children, one-fifth consists of mandatory building insurance, 14 percent--personal property insurance, 3.5 percent--accident insurance, while 2 percent each are accounted for by voluntary insurance on buildings and transport means.

Serving as the principal indicators by which the people's prosperity may be judged are incomes as well as the level, structure, and forms of consumption. Table 1 presents the distribution of insurants who have life insurance contracts, by level of income.

Table 1 (in percentages)

| Level of average per capita income in the family | Proportion of families within the total number of insurants |                          |
|--------------------------------------------------|-------------------------------------------------------------|--------------------------|
|                                                  | By joint life insurance                                     | By insurance on children |
| Relatively low                                   | 8.1                                                         | 16                       |
| Average                                          | 36.0                                                        | 50                       |
| Relatively high                                  | 55.9                                                        | 34                       |
| TOTALS                                           | 100.0                                                       | 100                      |

As we see, three-fifths of the insurants in the category of joint life insurance are persons with a high level of average per capita income. Moreover, a more detailed examination of the distribution of insurants within the group has shown that within the high-income category there is a predominance of persons with the highest incomes. Even within the total amount of all insurants they constitute one-third. The average income group of the population comprised slightly more than a third of the insurants. Representatives of low-income families in the category of joint

life insurance are very few, amounting to merely 8 percent, while those with a per capita income of under 50 rubles comprise only 1.5 percent.

It is characteristic that the category of children's insurance presents a different picture. Here the high-income insurants constitute only 34 percent, while half of the insurants are from the group of families with an average amount of per capita income. The proportion of the low-income groups rises to 16 percent. Apparently in families having children there is a change in the hierarchy of values; the striving to provide for a child shifts other needs to the background and, therefore, depends less on the income level.<sup>1</sup> On the whole, almost all families with minor children have life insurance contracts, concluded for the purpose of providing for the children.

Income growth is a potential factor in the development of insurance. However, insurance operations under the influence of income growth develop only where there is a parallel rise in the need for insurance.

Income growth brings about the appearance of new needs, the satisfaction of which gradually becomes a customary element in the way of life. At a high level of material security such needs arise as the need to collect books, to travel, to have an automobile, a dacha, furniture, and fashionable clothing.

Under present-day conditions even persons with comparatively modest-sized incomes frequently accord preference to needs of a higher order rather than physiological ones, for example, when it is a question of education, utilization of free time, etc. During the conducting of questionnaires among the population we became convinced that families with two or three children, those whose incomes are modest-sized, have contracts concluded for the purpose of insuring the children during their education at a VUZ.

In order to satisfy an entire range of needs, it is necessary to have a preliminary accumulation of monetary means. This means the acquisition of expensive goods for long-term use, the rendering of material aid to children when they get married or are admitted to an institute, the need to maintain an achieved level of prosperity during one's declining years, in case of fire, natural disaster, or other unforeseen events. Insurance not only facilitates but also guarantees the preliminary accumulation of means, whereas the growth of monetary income creates a potential opportunity for utilizing the services of the state insurance organs. The urgent need for insurance in a socialist society arises when there appears an aspiration to maintain the achieved level of material security.

Furthermore, it seems to us that when the level of prosperity is sufficiently high, there is formed a financial cultural standard of the population which presupposes a definite level of people's general culture and education. It expresses itself in the broad-scale use of non-cash accounts, the services of savings banks, etc. It forms in people a favorably inclined attitude toward insurance.

An interesting characterization of the inducement toward insurance is provided by summarizing the responses to the survey on the motives for concluding life insurance contracts (Table 2).

Table 2 (as a percentage of the total)

| Motives                      | Insurance |            |
|------------------------------|-----------|------------|
|                              | Joint     | Children's |
| For savings                  | 42.7      | 31.2       |
| Convinced by insurance agent | 17.1      | 8.6        |
| In case of injury            | 11.4      | 0.4        |
| For old age                  | 6.6       | 0.4        |
| For marriage                 | 5.4       | 26.9       |
| For purchasing items         | 5.4       | 1.2        |
| To provide for a child       | 3.6       | 22.3       |
| In case breadwinner is lost  | 2.1       | 0.4        |
| Other reasons                | 5.7       | 8.6        |
| TOTALS                       | 100.0     | 100.0      |

As may be seen from the table, in both the category of joint life insurance and in that of children's insurance the most frequently encountered response was "for savings." In the category of children's insurance many of the insurants answered: "for marriage" and "to provide for a child." Quite a few (17 percent in joint insurance and 9 percent in children's insurance) answered: "convinced by insurance agent."

This is a characterization for the entire aggregate of insurants as a whole. Meanwhile, of great practical and scientific interest is the study of the influence of the insurants' socio-economic and demographic structure on the distribution of life insurance contracts with regard to the motives for making them, as well as with regard to the insurance totals and terms.

Summarizing the materials of the survey has allowed us to obtain such information. It turned out that within a family a contract is more often concluded by the wife than by the husband. However, the husbands sign up for higher insurance amounts. Thus, in the category of joint life insurance with an insurance total of 300 rubles half of the contracts concluded are drawn up by wives, while a third are drawn up by husbands. The remainder are accounted for by various other family members. As the insured total of the contract increases, there is an increase in the proportion of men-insurants. In contracts with an insured total of 1,000 rubles the proportion of men already increases to 60 percent. In the category of children's insurance women (mothers and grandmothers) are also the most active (55 percent), but men lead in concluding contracts for the maximum insured amounts and the longest terms. This latter factor is linked to the fact that they most often insure the new-born babies. It is interesting that the grandmothers and grandfathers from the mother's side are more eager to become insurants than they are from the father's side.

The predominance of women involved in insurance may be explained by the fact, in the first place, there are more of them in the composition of the population than there are men, and, in the second place, it is possible that they more frequently play the main role in distributing the family income.

Men and women have differing attitudes toward insurance. The motive "for savings" is encountered more often among men--in 45 percent of the cases, as contrasted with 32 percent among women. Ranking second is the motive of "convinced by the insurance agent." However, it must be said that men approach insurance with more awareness: they indicated the above-mentioned motive in 16 percent of the cases, while women indicated it in 21 percent of the cases. Among women considerably more frequently than men one encounters the motive "for old age": 14 and 5 percent of the responses respectively. With the motive "for purchasing items" the percentages are approximately equal.

For the first time data was obtained regarding the distribution of insurants by their civil status. In the category of joint life insurance 82 percent of the insurants were married, 5 percent were widowers or widows, 5 percent were divorced, and 8 percent had never been married. A characteristic trait manifested itself. Whereas among the majority of the insurants five-year insurance contracts predominate, among divorced persons a significant proportion (12 percent) of the joint life insurance contracts are concluded for terms of 10 years or more.

The process of changes in motives depending upon the family status of the insurants is interesting. Here are just a few examples with regard to life insurance. Persons, whether married or unmarried, frequently regard joint life insurance as a form of savings (44 and 60 percent of the responses respectively). But among divorced persons the motive "for old age" predominates--accounting for 35 percent of the cases. Among them the interest in savings drops to 12 percent. Approximately one-tenth of those insurants who are unmarried are accumulating money for marriage by means of insurance.

In the category of children's insurance the distribution of insurants by civil status almost coincides with the corresponding distribution with regard to joint life insurance. Here married persons constitute 79 percent of the insurants; widows and widowers--less than 1 percent, divorced persons--6 percent, and unmarried persons--14 percent.

In Gosstrakh's practical work there frequently arises the need to have at its disposal information concerning the ages of insured persons. There is an acutely felt insufficiency of such information in connection with analyzing the existing rates and forming a reserve of insurance premium payments; in solving the problem of the possibility of extending insurance to elderly persons. The survey showed that the principal bulk of insurants are persons at the most active age: 30-45 years old. Moreover, more than a third of the insurants are 40-45 years old, and one-fourth are 30-39 years of age. Some 6 percent of contracts are concluded with persons who are older than 60. And only 2 percent of the contracts are accounted for by persons under 19.

An interesting principle manifests itself when one compares the total insurance amount with the age of the insurant. It turns out that young persons under 19, although they rarely have recourse to life insurance, nevertheless, do conclude contracts with high total insurance amounts. Contracts for the very highest

insurance total amounts—more than 1500 rubles—were also concluded by predominantly comparatively young insurants—ranging in age from 20 to 29 years. Analogous results were obtained in analyzing children's insurance contracts. Here contracts for 1,000 rubles were concluded by about 90 percent of those persons 20-29 years old and half of the persons ranging in age from 30 to 39.

Persons of an advanced age most frequently insure children for 500 rubles: 60 percent of the children's insurance contracts, concluded by persons over 60. Obviously, a role is being played here by the relatively low level of incomes among grandmothers and grandfathers as compared to parents.

As people grow older, their motives for concluding contracts change. If for young insurants 20-30 years of age the concluding of a contract is, to a considerable degree, a random matter (among their responses one encounters most frequently the motive "convinced by the insurance agent"), insurants 30-40 years of age conclude contracts with full awareness, for the most part, in order to accumulate funds "for purchasing items" and in order to "provide for a child." It is basically persons ranging in age from 40 to 50 who propose to utilize the insurance amount "for savings."

The older insurants become, the more often they regard life insurance as a means of material support in their declining years.

The distribution of insurants by the contracts' operative terms within each age group indicates that only persons ranging in age from 30 to 50 have joint life insurance contracts for 10-year terms, while the 40-49-year-old group have terms for 15 years.

There are certain differences in the motives for concluding insurance contracts among working people and pensioners. For example, pensioners ascribe greater significance to providing for their old age with the aid of insurance: 15 percent of the responses. And just as often they regard life insurance as a means of helping to provide for a child. Insurance is utilized for savings by working people and pensioners with equal frequency.

In analyzing the terms of insurance among various categories of the population, our attention was drawn to the circumstance that in pensioners, as compared with working people, a large proportion of the contracts are concluded for a term exceeding five years—15 percent.

The materials of the survey have likewise permitted us to make a judgement about the educational level of insurants. In the category of joint life insurance 73 percent of the insurants have a secondary education. Persons with an education up to the sixth grade constitute 8 percent of the insured, 3 percent are persons who have completed a PTU [vocational-technical school] without a secondary education, and 16 percent are persons with an incomplete higher or a complete higher education.

The educational level of persons who insure children is higher than those who have concluded joint life insurance contracts. Here there are more (one out of every five) insurants with a higher education. Two-thirds of the insurants have a secondary education.

The distribution of insurants by occupations has shown that office workers comprise 30 percent of those persons with joint life insurance; from 8 to 13 percent are workers, fitters, machine-tool operators, mechanics, and operators of mechanical apparatus; 5 percent are unemployed; 4 percent are drivers; 2 percent are junior service personnel; the remainder are engaged in other miscellaneous occupations.

Children are likewise insured by persons in the most diverse occupations. Most numerous among them are office workers—one-third of the insurants. The unemployed constitute one-fifth.

As a result of the sociological survey of insurants there has been a revision of the traditional idea that the development of insurance operations is affected only by the income level of working people and the operational organization of the Gosstrakh organs. In fact, this process is extremely complex; interwoven within it are economic, demographic, and psychological elements.

Analysis of the survey materials has allowed us to put forth a number of proposals directed at improving and further developing insurance. Among them, for example, is a proposal to activate the work of agents with the population which is not involved in public production. At the present time joint life insurance encompasses 87 percent of the insurants who are workers and office employees of pre-pension age and 7 percent who are employed pensioners. The remaining categories of the population are poorly encompassed by this type of insurance. Among insurants, pensioners constitute 4 percent and homemakers 0.9 percent. It is evident from this that insurance agents conduct their work primarily at enterprises, while the insurance field beyond the bounds of enterprises remains untouched.

The distribution of insurants by type of occupations and mode of paying insurance premiums makes it possible to draw a conclusion concerning the presence of prerequisites for introducing group insurance. As already noted, the basic mass of life insurance contracts are concluded with the working population. Furthermore, 79 percent of the workers and office employees, as well as 70 percent of the working pensioners prefer to utilize the non-cash method of paying their premiums. Paying their premiums by cash directly to the insurance agent are mainly homemakers and unemployed pensioners.

Study of the relationship between the age of the insurants and the insured amounts on the contracts concluded by them allows us to talk about the possibility of standardizing these insured amounts. Indeed no single age group has insured amounts of 700 and 800 rubles. Contracts for 100 rubles are encountered only among persons ranging in age from 30 to 39. Only persons of advanced age—the group over 60—have insured themselves for 200 rubles. The amount of 400 rubles is also encountered extremely rarely in the two medium-age groups. But contracts for 300, 500, 600, and 1,000 rubles are concluded by almost all age groups and comprise 92 percent of the concluded contracts. Thus, contracts could be offered to the population practically painlessly for the following standardized amounts: 300, 500, 600, and 1,000 rubles.

The experience gained from the given sociological survey has laid the foundations for a scientific method of conducting analogous studies by the efforts of Gosstrakh, studies necessary for developing new directions in improving the insurance business. Furthermore, it has made a definite contribution to solving the general theoretical problems of studying the standard of living.

#### FOOTNOTES

1. Joint life insurance can also be used for the purpose of providing for a child, but not always. Children's insurance, on the other hand, is directed solely at providing for a child.
2. By the way, this motive testifies to the still-unused possibilities for extending marriage insurance to families with children.

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## PERSONAL INCOME AND SAVINGS

### RUTGAYZER REVIEWS BOOK ON NONPRODUCTIVE CONSUMPTION

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian No 2, Feb 85 pp 131-133

[Review by V.M. Rutgayzer of Book "Analiz i prognoz neproizvodstvennogo potrebleniya" (An Analysis and a Forecast of Nonproductive Consumption) by A. Misyunas and R. Rayatskas, Mintis, Vilnius, 1983]

[Text] This book deals with the comprehensive forecasting of resources for nonproductive consumption. The authors' systematic approach permitted them to present the main methods for analyzing and forecasting conditions for improvement of the people's welfare in their unity. The important thing is that these methods are based on actual planning information, which is what, we feel, determines the obvious practical focus of the book. Based on data for the Lithuanian SSR, it can nonetheless be extensively employed in the system for planning the people's welfare at the Union republic level.

We would make special mention of the fact that along with considering the group of traditional problems having to do with growth of incomes and consumption for the population, the authors have defined the conditions and the main factors underlying the development of the nonproductive branches. An economic-mathematical analysis of the influence of these factors on the development of individual service branches makes it possible to use the methods and models proposed not just for analyzing trends in retrospect, but also for making forecast calculations. The methods for basing the predicted values for individual indices of nonproductive consumption are not combined into a single algorithmic process, however, as demonstrated by experience in the application of economic-mathematical methods in planning praxis. And this is frequently not even necessary. It is the procedure for making intermediate decisions at separate stages in the substantiation of directions of improvement for the people's welfare which is important, after all.

The study of nonproductive consumption calls for an analysis of the social and economic essence of its individual elements and the development of methods and models for determining their possible level on a long-term basis. In the first part of the book, the authors described the general structure of consumption resources in the national income and examine the individual components of nonproductive consumption and the growth factors for each of them.

We would point out, however, that while correctly describing the makeup of resources for consumption in the national income as the aggregate of the personal consumption fund, material outlays in the nonproductive area and the nonproductive accumulation fund, the authors still incorrectly refer to them as the nonproductive fund (p. 7). In planning, they are linked together under a different term--consumption resources in the national income. This is because they include, in addition to routine consumption funds, also the nonproductive accumulation fund.

The personal consumption fund constitutes the basis for improvement of the population's standard of living. Monetary incomes in the form of wages and payments out of public consumption funds are the source of this fund. Examination of the personal consumption fund must therefore be preceded by a study of the conditions and factors underlying the production of the population's monetary incomes, their structure and differentiation. This is why the authors point out the possibility of using the differentiated balance of monetary incomes and outlays of the population for forecasting the population's expenditures (p. 19). It seems to us, however, that the differentiated balance model is little suited for this purpose. It is adapted for assessing the general conditions differentiating the population's use of individual benefits, regardless of their sources--monetary incomes or the personal plot, for example. Nor does the model for this balance distinguish purchases made by the population on the kolkhoz market. It is impossible to forecast the structure of the population's expenditures without taking all these factors into account. We feel that data from budget surveys are the most acceptable as the basis for forecasting the expenditures portion in the population's balance of monetary incomes and expenditures. This matter is not adequately studied in the monograph.

The analysis made by A. Misyunas and R. Rayatskas of the main trends in the expenditure of monetary incomes is of interest, however: for the purchase of goods in the state or cooperative trade system or on the kolkhoz market, to pay for services, to cover payment commitments or make voluntary payments, and to build up savings. While payment commitments and voluntary payments are regulated, however, other types of expenditures undergo extensive variation and are influenced by numerous factors. The book analyzes the formation of effective demand for purposes of studying monetary outlays for the purchase of goods. Payments for services are determined by the development of the service branches, and their forecasting is therefore based on the development characteristics of the nonproductive branches. The population's savings are considered from the standpoint of a quantitative assessment of the influence of individual factors producing changes in their dynamics.

The analysis of the conditions underlying the formation of the bulk of the population's savings is exhaustive. "The population's monetary reserves," the authors state, "excluding the irrational portion (when the population's effective possibilities exceed its effective requirements--V.R.), as well as forced savings produced by unsatisfied demand--can be referred to as normal, or objectively necessary savings" (p. 64). The forecast figures show that there is a trend in the process of the formation of objectively necessary savings toward a gradual increase in the portion accounted for by them in the

population's monetary outlays, and we agree with the authors on this point. The attempt, frequently encountered in the special literature, to consider the entire amount of the savings of the USSR's population as forced savings, is therefore entirely unjustified. According to the authors' calculations, "the portion of surplus savings accounts for approximately one-fourth of the population's monetary assets and constitutes a reserve for expanding consumption" (p. 66). But is this true? We believe that only part of the surplus savings can actually serve as a source for increasing consumption, while the rest of the monetary accumulations, which are in the form of a specific benefit in life, is taken out of actual economic circulation and should therefore not be considered for basing prospects for expanding consumption by the population.

Most of the book deals with the development of the consumer service sphere. In general, these questions are examined at a high theoretical level. We disagree with just one of the authors' premises for substantiating long-term conditions for development of the service branches. "The role of services is constantly growing in the improvement of the population's standard of living," they write (p.82). We cannot dispute that, of course. We suggest, however, that the authors have wrongly limited their explanation of this growing role mainly to the fact that most of the services received by the population "are provided free or on special terms" (p.82). We believe that the importance of the service sphere as a means of applying the population's monetary incomes will constantly grow over the long term. In accordance with objectively functioning consumption patterns, it is therefore inevitable that the portion of paid services in the population's monetary expenditures will increase, and outlays for them will grow more rapidly than outlays for purchases of goods, and finally, paid services will increase more rapidly than free services or services provided on special terms. This is precisely the focus of the Comprehensive Program for the Development of Consumer Goods Production and the System of Services for the Population of the USSR for the 15-Year Period presently being worked out.

The authors' approach to substantiating the development of the materials and equipment base for the individual nonproductive branches deserves special attention. The accuracy and the validity of forecasts of capital investments in the nonproductive branches depend in great part upon the effectiveness of the methods used for assessing the lag parameters. The proposed modification of the method of assessing lag parameters as applicable to the processes with an outstripping lag structure, whose efficiency has been verified with practical calculations, makes it possible to specifically resolve this problem.

The inclusion of methods and models for defining manpower needs for the nonproductive sphere in the group of problems pertaining to nonproductive consumption is justified. The degree to which the nonproductive sphere is provided with manpower depends most directly upon the quantity and quality of the services offered the population.

The proposal made by an author of the monograph that nonproductive consumption indices be included in the general system of national economic forecasts

is important. This would provide for coordinating them with plans for the production and distribution of material production output and make it possible to provide a more complete description of the development of the Union republic's economy.

The monograph being reviewed constitutes a complex and multilevel study. In general, it can be given a fairly high rating: The authors have succeeded in combining theoretical questions with the practical application of the proposed economic and mathematical methods and models of the development of national consumption.

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## FOOD PROCESSING AND DISTRIBUTION

### USSR FISH INDUSTRY MINISTER REPORTS ON SECTOR PROGRESS

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 1 Jun 85 p 2

[Article by V. Kamentsev, USSR minister of fish industry: "The Fishermen's Search and the Engineer's Search"]

[Text] The fishermen work hard. Hard in the literal sense of the word. Many of the operations on vessels at fish processing enterprises and on fish farms are still performed by hand. Mechanization and automation of all the work is a pressing and priority task and an enormous reserve for enhancing the effectiveness of management.

A special, comprehensive program has been worked out in the sector for reducing manual labor. It covers the period to the year 2000. Good conditions have been created for its successful realization. We have a large ocean fishing fleet. It is constantly being enlarged with more modern fishing, processing, receiving and transport, and special vessels. Together, they form a single production-technological system for catching and processing fish at sea.

In the past 5 years alone the fleet has been enlarged with a line of the latest Gorizont and Pulkovskiy Meridian class fishing vessels, Al'pinist and Orlenok class refrigerated seiner-trawlers. The new vessels make it possible to increase the catch per crew member 1.5-fold. The machinery and automation equipment provides for highly productive labor, considerably surpassing the average for the sector.

The fishermen today are using the most modern fishing equipment and methods.

Sector scientists and engineers have done a great deal particularly to improve the trawlers and purse seines, with which more than 85 percent of the total catch is made. For example, considerable successes have been achieved by designers of the Scientific Production Association for Industrial Fishing in the city of Kaliningrad in the development of equipment for mechanizing purse-seining and trawling. The fishermen give a high rating to the Sayra seine intake machine, the Istok pumping unit for removing the catch from the trawl, and the Fregat device for controlling the trawling depth.

Success is now being assured for the fishermen by the latest electronic and sonar devices.

The portion of manual labor has been reduced considerably by baling the load on the vessels. This has increased labor productivity not just for the fishermen, but also for dock workers at maritime fishing ports.

Despite the fact that fishing conditions in the World Ocean have changed, the industry caught 11.1 percent more fish last year than in 1980. The output of fish products was increased by 6.9 percent, and annual per capita consumption of fish products in our nation has risen to 17.6 kilograms. Today, sector enterprises produce more than 5 million tons just of fish products for food a year. What does this mean? It means that one-fifth of all the animal protein in the nation's food balance is comprised of products from the oceans, seas, lakes and ponds.

In addition, we provide fish meal for agriculture and produce extremely valuable health products, fish oil and so forth.

To have a good fishing fleet for the industry is the main, but not the only task. It is no less important to build up the capacities of the on-shore fish processing base and to raise its technical level. We have set out on a course of expanding the system of fish product combines where the products are consumed, mainly in large cities and industrial centers. A total of 26 such enterprises and 37 shops for processing small fish and producing an improved assortment of products from them have been built during the past 10 years alone.

The adoption of new technological processes requires also new machinery and flowlines making it possible to mechanize the people's labor in the grading, cutting up and canning of the fish and the preparation of filets.

The industry's designers have worked actively with the production-process engineers to develop many excellent items of equipment. Individual mechanisms make it possible to considerably increase labor productivity, 10- to 15-fold in some cases. A filling machine, for example, reduces the number of workers employed in the canning of fish to 1/15th, and a line of machines for cutting up the fish reduces the number of workers employed in this operation to 1/5th-1/6th.

In order to accelerate mechanization of the production processes, the USSR Ministry of the Fish Industry has been forced to practically create its own machine-building base for producing the fishing, fish farming and fish processing equipment, since the machine-building branches do not produce it. We are developing it ourselves and producing it ourselves. Specialists with the Production Equipment Association of the Fish Industry for the Northern Basin have developed more than 50 fish processing machines during the past few years, for example, including an experimental model of a machine for cutting up small fish with a capacity of 1,100 fish per minute. Designers with the Tekhrybrom Production Equipment Association have created the world's first robotic system for loading and unloading the fish curing frames. The engineers in that association are presently engaged in a further search for possibilities for using robots and manipulators in the fish processing operations.

We cannot be satisfied with what we have accomplished, however. We must rapidly move up to the most forward positions, to the highest level of labor productivity, as demanded by decisions coming out of the April 1985 Plenum of the CPSU Central Committee. The comprehensive program is aimed at accomplishing this. It is designed to assure an offensive by scientific-technical progress on the entire front of the production processes and to create the conditions for a decisive shift by the industry onto the path of intensification.

Implementation of the program has already begun. The industry has a large network of scientific research and planning and design establishments with 26,000 employees, including 1,827 candidates and 69 doctors of sciences. We cannot say that it is functioning at full capacity today. We expect far more from the scientists--first and foremost, in the improvement of the technology for processing products from the sea. We have had a chronic lag in this area for many years. It has taken industry science too long to work out methods for the complete, waste-free use of raw materials and technology for the production of new types of products. Furthermore, the practical results have frequently not measured up to modern requirements.

We can no longer accept this situation. We are planning to improve the structure of the scientific research, planning and design and technological organizations, to build-up the materials and equipment base for science and to place a number of testing and experimental enterprises into operation. Also, of course, we demand that the scientists intensify their search, strengthen their ties with production and be on a par with the tasks of the day.

There is an enormous amount of work to be done with respect to reducing materials-intensiveness and fuel consumption and to increase the specific productivity of the equipment. We are not entirely satisfied with the power units, and the durability of certain mechanisms in the seawater is not adequate. We are counting on help in this matter from enterprises of the Ministry of Heavy Machine Building which provide the diesels for the vessels and from the Ministry of the Shipbuilding Industry, which produces certain parts for the fish pumps and other devices. In short, a comprehensive approach to raising the industry's technical level requires an effort not just from fish industry specialists, but from our sub-contractors as well. The fishermen have long since established good business relations with the shipbuilders and machine builders. We are counting on an important contribution from them toward raising the industry's technical level. We intend to continue developing our own machine-building base in order to accomplish all the points in the special, comprehensive program.

Having fulfilled the plan for the first 4 years of the five-year plan and the first quarter of this year ahead of schedule, industry workers have now launched socialist competition for a fitting reception for the 27th CPSU Congress. They are mobilizing their strengths and reserves in order to assure the industry's certain and dynamic development and to improve the supply of food products for the Soviet people.