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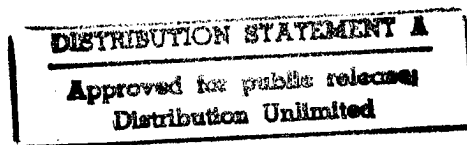


JPRS Report

Soviet Union

Economic Affairs

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Soviet Union

Economic Affairs

JPRS-UEA-91-044

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

One Year of Russian Commodity Exchange Operations Viewed

President on Results, Future

924A0218A Moscow *EKONOMIKA I ZHIZN*
in Russian No 44, Oct 91 pp 8-9

[Interview with Konstantin Natanovich Borovoy, president of the Russian Commodity Exchange for Raw Materials; interviewer, place, and date not given: "An Idea Which Has Shaken Up the Economy"]

[Text] Few people could have imagined a year ago what the RTSB [Russian Commodity Exchange for Raw Materials] is becoming for our economy. More than half of all the country's exchange operations now take place on its trading floor, and its strategy is largely determining the development of the entire exchange movement and of related processes in evolution of the market. It is no exaggeration to say that our entire economy has its finger on the pulse of the RTSB.

So, a year has passed, what does K. Borovoy, president of the RTSB, think about the exchange and the exchange movement? How do academic experts, businessmen, and public figures evaluate the results of the RTSB's activity and the problems facing business enterprise, including the exchanges?

[*EKONOMIKA I ZHIZN*] Konstantin Natanovich! The evolution of the RTSB over the year since its formation has been so very rapid that today the number of brokers' offices, judging by reports, is already approaching the limit set by the size of the exchange's trading floor.

[Borovoy] There are 1,100 formally registered, but between 980 and 1,010 offices actively in operation. The limit is 1,500, so that there is some room left.

[*EKONOMIKA I ZHIZN*] Quantitative growth is coming to an end, and obviously, we should now expect some sort of qualitative changes in the activity of the RTSB.

[Borovoy] The state, the public, and all consumers are very interested that the competition of the brokers be concentrated in one place and be as great as possible. Then the difference between the prices bid and the prices asked become simply microscopic. And then the brokers begin to fight for profit amounting to thousandths of a percentage point. For that, we need one large exchange—a superexchange. That is why in America, for example, although they have specialization in exchange commodities, there is one very large stock exchange and also one commodity exchange. The pattern is the same in England and Japan. And that is in everyone's interest. Because on small exchanges, where there is actually no competition, customers can be fooled.

Exclusive rights have always been the rule in our country. A small exchange is set up, let it be in Tyumen or Sverdlovsk, and inevitably the authorities give it an advantage, a priority over other economic entities. This, after all, is nothing other than destruction of our own producers.

Moldova is a typical example. Trading in the wine it produces is confined to the republic. They are beginning to organize auctions—the prices are low, there is not enough competition. Who is being destroyed? The producers. Or take the example of a small exchange. A client arrives and can choose among only some dozen brokers. The broker demands a 7-percent commission. An insane amount of money, but the customer has nowhere to go.

Today, our brokers in the "game" deduct 0.175 percent for the exchange, and soon it will be only 0.15 percent. Which means that now it is profitable for them to "play" at 0.180-percent commission, because the competition is very keen.

It is a great thing all around to have an immense network of exchanges throughout the country. Before, after all, there were almost no middlemen, they were suppressed. Yet they are among the principal figures on a market—the circulatory system of a normal economy. The vessels along which commodities and financial assets are carried. The merchants transport things, move things, level them out....

First and foremost, the exchange must be a nonprofit institution. In fact, there are always expenses. Above all, expenses of the state. The government presents buildings and information systems to all the large exchanges in the world and organizes brokers' associations for them. The next thing is maximum competition. Equal conditions and opportunities must be guaranteed to all on the exchange. And the third thing is that the exchange be entirely open. Above all to the news media. Television exchanges which are semiclosed or closed—that is all an anomaly. It is simply dangerous. The public must always know and see what is happening on the exchange.

[*EKONOMIKA I ZHIZN*] How will the RTSB expand? By setting up its own branches?

[Borovoy] Absolutely not. The largest commercial organization in the country does not have a single branch. Can you imagine that? Although there are proposals for opening branches in Bulgaria, Hungary, Poland.... The whole idea is that we have created an exchange which does not go anywhere. Put figuratively, we run the show. If you want to work here, fine, if not, not. It is very convenient here. There is maximum competition, here it is always possible to obtain a commodity, to find where to sell it.

[*EKONOMIKA I ZHIZN*] Is there a possibility of the small exchanges which are springing up spontaneously in the country to join with the RTSB and create a unified exchange field?

[Borovoy] We have done something very useful—the RTSB has actually created that system. But in the future there should be no small markets. That is an anomaly and even a crime, because in every case the customers are fooled. A customer, for example, comes to the Moscow Commodity Exchange [MTB] and thinks that the exchange is guaranteeing him fair competition, the minimum difference between supply and demand. But the MTB has existed the entire time as a small secondary market thanks to the difference in voltage between the input and the output.

Speculation is necessary by definition. It forces goods to move—from office to office. That is competition. But speculation based on certain exclusive rights granted, for example, by the Moscow government—that is dangerous, because nothing is done to earn it.

[EKONOMIKA I ZHIZN] A broker's seat on the RTSB today costs millions of rubles [R]. How realistic is that price? So the brokers who manage to acquire the right to an office on the RTSB for R100,000 are now millionaires?

[Borovoy] There is nothing unusual about that. Just as in any joint stock company, at the moment it is created the shares have their face value and then the price goes up or down depending on how effectively the company operates. We have a unique case. In world history, there are no cases when the value of stock has increased more than 100-fold in one year. This is for the *Guinness Book of World Records*. The main leap occurred after B. Yeltsin's election, when it became clear that the market would, after all, come into being. From R500,000 to R7 million—14-fold. This increase in the value of the share does not suit us at all. Because we have to maintain a large insurance fund. That is why we included a mechanism for managing the price—we organized time-sharing seats. And a drop in the price was planned from R4.5 million to R3.02 million. After the victory of democracy on 21 August, there was another sharp rise. Today, a broker's seat costs R6 million.

You have to understand that the rise in prices is not speculative in nature. It is related to the accumulation factor. Our stockholders—every one of the 500—gave us, as it were, an envelope containing R100,000. The RTSB began to operate as an exchange. There was profit. It is as though we were putting the profit in those envelopes. That is, it is once again being invested in the exchange's activity. And each of the envelopes does not, of course, contain R4 million, but somewhere around R1,950. This money has been invested in the computer system, in science, in personnel training, in know-how. That is, this is real growth, it is backed up by content.

[EKONOMIKA I ZHIZN] But still a large portion of commodity flows bypasses the exchanges, traveling through channels outside the exchanges. Although the "wildcat" dealers do run a big risk of being deceived, of losing on the price, and they do not have the organizational capabilities....

[Borovoy] That is unfortunately so. But gradually everything will fall into its own channel. It is safe to trade on the exchange. As soon as the exchange's stamp is put on a contract, the deal is guaranteed. A dishonest partner to a contract is deprived of everything in 15 minutes—several million rubles, the cost of his broker's seat. The juridical person is closed down. In addition to everything else, this means death for him in the business world, because no one will do business with him any longer.

A very large insurance company has been created on the RTSB. A deposit system has been in operation for four months now—the brokers insure deals by posting deposits.

We are very dependent on the rate of privatization, especially the stock-trading section. Two investment companies—the military investment company and "Rinako"—are being created to speed up and intensify this process. One is collecting R1 billion in authorized capital, and the other R1.2 billion. That signifies that the RTSB is suddenly involved in privatization. The conversion to a joint stock company will take place on the fly. The investment company buys 10 percent of the value of the assets of any enterprise, does the necessary retooling, invests money, supplies specialists, and distributes the rest of the stock on the secondary securities market.

Why has the process of privatization been held back? No one understood how to do it. So now professional companies have emerged. This is advantageous not only to them, but to the state as well. It is important that they operate in competition with one another.

The RTSB takes the interests of the state as its point of departure in structuring its policy. We have set up eight trade centers. So that immediately there would be competition. We immediately set up two investment companies. They have begun to compete for money beginning right with the project plan. This is very important. Everything we do, we do on a very large scale. In actuality, the RTSB is a state organization. The share of the individual investment in our case is very small. For instance, you cannot buy 10 shares, but only one. The exchange has a cellular structure. It is not possible, as Yu. Luzhkov asserts, to hide the money of the party with us. By no means! There is, for example, the All-Russian Exchange Center. That is where a very great deal could be concealed, and quite a bit has been concealed there. Our structure does not allow that, the money of the CPSU will not get into the cell.

[EKONOMIKA I ZHIZN] The RTSB is, after all, an economic barometer reacting to the political weather. What do the observations of Borovoy, the "weatherman," indicate?

[Borovoy] Right now, the barometer indicates "stable, but not very healthy." The processes which must take place are taking place just as slowly as before. Moscow's government has been talking about privatization for two years. And what has happened? Six stores have been sold. And that not completely, but rather they were

leased. The slowing down is forcing the press printing money to operate 30 percent faster.

The structure of the state administration—of tobacco kiosks, theaters, toilets, the reinforcement of that system, which penetrates everywhere, is a very powerful check on the market's development. The state must give up the management function. Calmly, of course. It is important that this process take place. The state is actually broadening its expansion. This applies even to the most democratic government of Moscow.

There is horrible speculation everywhere. Bribe-taking is flourishing. Half of the criminogenic situation in Moscow is stimulated by the state system, which manages everything. It creates feeding troughs. And the feeding troughs always have several control valves, and some of them are operated by those who break the law. The worst of them have ties to criminal elements through corruption.

Take the system for distribution of real estate, the leasing of real estate. Outright mafiosi work in that system; they are dangerous to the structure of society. They are dangerous because they are plugged into the economy.

Because they are parasites, the larger the economy, the better it is for them. Government authority, as it strengthens itself, also reinforces their strength.

The first convocation of the Moscow Businessmen's Convention was aimed against bribe-taking. There is no distribution of real estate, of space, without bribes. It takes bribes to register commercial organizations. The police, the OBKhSS [Department for Combating Thefts of Socialist Property and Speculation], the Ministry of Finance, the Sanitary Inspectorate, auditing bodies—they represent extortion. Producers who absolutely must have raw materials obtain them only by paying bribes.

And this system is continuing to become stronger. For various reasons. Partly through the good intentions of strengthening authority. But actually that is not happening. Democratic principles are of a piece—either democracy or a dictator uttering words about democracy.

[EKONOMIKA I ZHIZN] It is not customary in the West to talk about personal income. Nevertheless?

[Borovoy] Not so very much. The market price of a share of stock is very conditional. Now, suppose I sell a share of stock. Half goes to pay taxes. The market value of the stock which I possess is R10 million. Actually, \$30,000. By Western standards, nothing.

[EKONOMIKA I ZHIZN] Do you read EKONOMIKA I ZHIZN? What recommendations would you have for the newspaper?

[Borovoy] Yes, I read it regularly. For you, the market is still some kind of exotic species. I would like to see in your newspaper a publication like the FINANCIAL TIMES. For it to obtain information on the value of raw

materials on the domestic and foreign markets, the rate at which those prices are changing, forecasts. On the mechanism for conclusion of deals, contracts with brokers' offices. Explanations, why the small exchanges are a deception.

[EKONOMIKA I ZHIZN] What is the future for the Congress of Exchanges?

[Borovoy] This is a very strong organization—a federation of exchanges of all the republics. There are a great many alternative roads of development, but everything will depend on politics. We long ago joined forces with the Ukrainian Exchange. We would also set up a channel for trade. But how can we join forces if the authorities close the borders? The sole objective is power, and for that reason the Communists have now joined the extreme nationalists. The Ukraine is "stinking" with tomatoes. It is disgusting to go near it, but they do not haul them away. If it operates that way, it will lose its market. This is real destruction. Vegetable production will be cut back next year. Some have already given up growing tomatoes.

The congress has already made a decision to hold a symbolic burning of borders. We are inviting the population of Russia and the Ukraine living near the borders. Imagine what will happen, for example, if Russia removes the borders on its side.

[EKONOMIKA I ZHIZN] And finally, the last question. Is it difficult to be a businessman?

[Borovoy] There was a time when it was simply dangerous. A signature under any financial document might be represented as a crime at the discretion of those who held power.

But the times are changing. And now we need proper laws so that business is transformed from something exotic into ordinary and, be it said, difficult work.

Just take that same privatization. They are issuing appeals, let us divide up everything equally. But that is absurd. The objective of privatization is for property to cease being no one's, to become the property of those who can manage it and want to do so. Dividing up everything means sticking with the previous positions. For the purpose of privatization is intensification of social production.

In what fashion? We need to set up a system of equal opportunities. Every man must have an opportunity to obtain credit, to take a risk, to buy a store or enterprise. That will be fair.

Not everyone can be a businessman. Before, every person had his "bowl of soup"—his average wage, and he did not have to give it any particular thought or make any particular effort. After a time, we will live in a country with a normal economy. And if you do not want to really work, to make a contribution to society, then you have to take the corresponding niche in the "environment."

A choice has to be made. Either you want to become a businessman—to risk, to be nervous, to work without a day off, or to help the businessmen who are creating jobs. There has to be competition. And these are very complicated relations—competition on the labor market. The one who shows more initiative, more vigor, greater competence will come out ahead. There is no time to figure out why you did not do your work. The conditions are severe. But the objective, after all, is worth it.

Shatalin, Others Comment

924A0218A Moscow *EKONOMIKA I ZHIZN*
in Russian No 44, Oct 91 pp 8-9

[Comments edited by Yu. Kornev, V. Maleyev, and Yu. Yakutin]

[Text] A. VLADISLAVLEV, chairman of the Council of the USSR President for Business Enterprise, first vice president of the USSR Scientific-Industrial Union:

The most important task along the road of developing business enterprise is to create the infrastructure of the market, to create the attributes of a market economy, without which business enterprise cannot live and operate. I think the Russian Commodity Exchange for Raw Materials [RTSB] is really—and no one doubts it—one of the standard-bearers of this power process. But I must utter a commonplace in saying that that immense responsibility lies on the standard-bearer. In order to survive and triumph, for all those to triumph who are beginning to form a new social stratum in our country, the social stratum of businessmen, the most important obstacle has to be overcome. The prejudice against business enterprise in public opinion. And it can be defeated only when business enterprise becomes really competent, when we are able to form in our country a business ethics, which at present we do not have.

V. BABICH, president of the Ukrainian Exchange, vice president of the Congress of Exchanges:

The RTSB helped us to get on our feet. Helped us the way real friends and brothers help, without seeking benefit. It is a pleasure for me to say today that that help proved to be effective.

The Ukrainian Exchange is a standard-bearer of exchange activity in the Ukraine. The situation that has come about among the Ukraine, the Baltic republics, Russia, and others is unclear, but I would like to assure all the businessmen and the community today that business circles in the Ukraine are quite clearly aware that our main task is to develop market space. There must not be any borders for the economy. That is why we will continue to collaborate in the future. But even today we need to operate differently. After all, all the responsibility for restoring the economy to health is today being put on us, the exchange people, the businessman, and other market structures. Winter is coming, the people need to be fed. We need not fear big words. The Russian

Commodity Exchange for Raw Materials has very great responsibility in stabilizing the economy both in Moscow and also throughout Russia, in seeking channels for mutual relations among the Ukraine, the Baltic republics, other republics, and states.

CH. MATSULEVICH, president of the Congress of Exchanges, president of the Vilnius Exchange:

The Vilnius Exchange is an exchange that has completely and entirely adopted the ideology of the Russian Exchange. The ideology of the Russian Exchange has also been adopted by all members of the Congress of Exchanges. This is the first exchange, and many dozens of exchanges are learning and have learned from its ideology and its mistakes. This is the exchange which is integrating the ideas and carrying them out superbly. And I want to wish the Russian Commodity Exchange for Raw Materials a courageous career. I hope the road it travels will be straight and simple. And I hope it travels that road with wisdom and luck.

ALEKSIY II, patriarch of Moscow and all of Russia:

I cordially congratulate you on the first anniversary of creation of the Russian Exchange. Today, the national dignity of Russia depends in large part on the new Russian businessmen. It is up to them to show in fact that all those arguments so fashionable today on the subject of the laziness and passivity of the Russians, their alleged hostility toward the market and business enterprise, have no historical or psychological soil beneath them. We are also glad that in reviving the traditions of Russian business enterprise, you are not forgetting that philanthropy occupied such a large place in those traditions. Today, more than ever we need to invest all available opportunities and resources in man, in his upbringing and education. How long the shadow of communism will continue to hover over our history will depend on what kind of generation of people we are able to bring up today. God blesses you for your efforts, in which you are serving our fatherland.

V. KOMISSAROV, RSFSR first deputy minister of internal affairs:

Allow me to congratulate with all my heart the leadership and businessmen of Russia on their anniversary and express confidence that the new business world will be concerned not only about the prosperity of its structures, but will also remember that our people, our multinational people, expect the best of us, not what they have had from the command-administrative system. As opportunities grow, do not forget that the social welfare of a sizable portion of our population is not protected. Share with those people and help them. I can promise you that the Russian police will not only give understanding and support, but also every kind of protection, to the honest business world of the Russian state, to honest businessmen.

M. ULYANOV, chairman of the RSFSR Union of Theater People:

I will take the liberty to tell a little story with a moral. Caesar decided to invite guests and impress them with an unusual meal. He called his cook and said: "Claudius, you must impress my guests." "Fine," Claudius said, "it will be done, Caesar." The hour came for the meal. All the dishes which Claudius served were normal. It was impossible to astonish the Romans. Caesar began to get excited and said: "Claudius, you promised to impress my guests." He answered: "Now, Caesar." And he brought in a huge dish of boiled crabs.

"This is what I want to make my impression with." The Romans laughed, "How do you expect to amaze us with this?" "Well," Claudius said, "just look, they are boiled, but they are all moving." All the Romans turned their eyes and saw that actually the boiled crabs were moving. And they were impressed. "Fine," Caesar said, "how did you manage that?" He said: "Quite simply, I put one live one in the middle. He is moving around, and all the rest are moving with him." I think that the exchange is that kind of live crab that is moving and forcing everything else in our economy to move.

S. SHATALIN, member of the academy:

We are living in very thrilling times. Some day, historians will study the second transition from one system to another. And I would like to extend greetings to the RTSB on behalf of the Economics Department of the USSR Academy of Sciences, on behalf of the Fund for the Socioeconomic Reform, on behalf of the Democratic Party of Russia, as a representative of the Political Advisory Council which I head, and finally, as the honorary president of the Moscow soccer team "Moscow Spartak."

I no longer remember whether the "500-Day" plan was blocked in this building or some other one. But I do remember that Marx, with whom I do not always agree, expressed himself quite precisely in the *Critique of the Gotha Programme*. He said that one real step in actual movement was worth more than a dozen programs. We have had all manner of programs. That is, of course, something that is necessary. But you are taking a real step in actual movement. And I think that these steps will go faster and faster. Only let there be no illusions. You have difficulties ahead of you, a fierce struggle, so do not forget it.

I both agree with you and do not agree on one point. You say that almost all decisive matters will be settled by businessmen, and the state will go off to the side as it were. You are both right and not altogether right. We need politicians as well, and we also need the state. Because without normal politicians the businessmen would be smothered, and academic specialists along with them. Our great historian, Solovyev, said: "The state exists not to build a life that is paradise on earth, it exists only to prevent that life from turning into hell." Even the businessmen need that kind of state.

True businessmen have always been Maecenases in the best sense. I would like it very much if in the style of the

old traditions of our businessmen they helped to raise up both culture and education and science. You are already doing a great deal in this area.

God speed. Our economy needs a lift. Without economic freedom, there is no freedom in general. So long as there is no economic freedom, people are slaves. They all become hostages to politics, as do all other institutions. Only when a man is economically independent does he have the right not to be afraid to express his viewpoint, which may not please certain politicians. Create freedom, and I feel that you will do this and it will not be a verbal and declarative freedom, but a freedom based on our individual being free even in the choice of economic activity. Free politicians will make decisions that are not in fashion. Politicians who are not free in the economic sense will always act only to meet the needs of the day and will always make decisions which are less than the best. I think that in this sacred task you will help us a great deal.

L. VAYNBERG, deputy chairman of the Council of the USSR Presidency for Business Enterprise, chairman of the Board of the Association of Joint Ventures, International Associations, and Organizations of the USSR:

Exactly a month ago, our association celebrated its third anniversary, and it is the most ancient association of businessmen in the Soviet Union. Today, I congratulate you on your 10th anniversary, because in times like these one year counts for 10. I think you will succeed in keeping up the pace of your movement toward the market. We know the quantitative indicator of the pace of movement toward the market, for example, of "Menatep." They say it is 15 million per hour. But I think that your pace is equally stunning, and God grant that you do not fail and move the same way and further.

I want to say this. All joint ventures are international brokers' offices. On the other hand, I hope that your next year will also see you becoming an international association.

M. LAPSHIN, chairman of the Council of Brokers of the Auction Society of the Russian Commodity Exchange for Raw Materials, president of the Moscow Brokers Guild, and chairman of the Council of the Brokers Board of Trade:

I think that the past year might well have been proclaimed the year of the RTSB by the United Nations. Today, the Russian Commodity Exchange for Raw Materials numbers almost 1,200 brokers' offices. This is surely more than there are brokers in the entire country. The specialists who every day fill our trading floor represent a new generation of businessmen who tomorrow will be changing our economy. There are no other possibilities or other forces in our country. Only these young people are transforming our gravely ill economy. The Russian Commodity Exchange for Raw Materials has marked the beginning of an immense amount of initiative. Including interregional initiative. Both the interregional and the Moscow brokers' guilds

were created on that basis. The Russian Commodity Exchange for Raw Materials is today attracting into this sphere and creating jobs, as we estimate it, for 30,000-40,000 people, who for the first time have had an opportunity to provide a tolerable existence not only for themselves, but also their families. This also seems to me to be a substantial achievement.

INVESTMENT, PRICES, BUDGET, FINANCE

Customs Deputy on Gosbank's Foreign Currency Regulations

92UF0284A Moscow IZVESTIYA in Russian 19 Nov 91 Union Edition p 3

[Report by S. Mostovshchikov: "Hardly a Dollar Will Cross the Soviet Border"]

[Text] On 2 November 1991 the Committee on Operational Management of the USSR National Economy acknowledged the expediency of permitting Soviet people to take hard currency out of the country in amounts of up to \$1,000 without special permission. Judging by a small item published in Saturday's newspapers under a modest heading "In the USSR State Bank," the USSR Gosbank [State Bank], counter to the committee's opinion, put a \$200 limit on the financial freedom of USSR citizens at the time of their crossing the Soviet border.

IZVESTIYA has learned that the Gosbank decision came as a total surprise first and foremost for the USSR Customs Committee, which had assumed that the issue of dollars would be decided the way it had been written in the resolution of Ivan Silayev's committee; this resolution acknowledged the expediency of not requiring Soviet citizens to produce any bank documents if they take abroad hard currency in amounts up to \$1,000. In addition, it was decided at the committee meeting that citizens should also be permitted to take abroad up to 1,000 rubles [R] without the right to spend it abroad, since upon return to the USSR they have to somehow get home, and prices right now are outrageous. Representatives of all republic authorities agreed with these proposals.

That was not all. According to Valeriy Droganov, deputy chairman of the USSR Customs Committee, USSR Gosbank Chairman Viktor Gerashchenko, who was tasked with adopting appropriate resolutions, also agreed with all this.

"Gerashchenko promised to sign the required document. Suddenly, we learn on Saturday that the amounts are limited to \$200 and R300," says Valeriy Droganov. "This is simply not manly behavior."

Despite its doubts when it comes to the Gosbank leadership's virtues, the Customs Committee has to carry out its decisions, since by law the right to issue hard currency

regulations belongs to the all-Union Gosbank. Therefore, customs officials all over the country have already received official directives that are in compliance with the "Gosbank's unmanly action."

It is hard to say what the motives were for Viktor Gerashchenko's decision. Judging by the preamble to the item "In the USSR State Bank"—signed by him—all of this was done "taking into account the real state of the domestic consumer market, as well as for the purpose of making the procedures of passing through customs controls easier." According to Valeriy Droganov, it is silly to expect things to get easier, since \$200 is not all that much, so now customs officials will again have to count every penny in people's pockets, while real criminals slip through. As to the real state of the domestic consumer market, it is as follows: The USSR Gosbank retains a monopoly on hard currency exchange and on permission to take it out of the country—permission which, by the way, can occasionally be purchased for a bribe. Not in rubles, however—in dollars.

INDUSTRIAL DEVELOPMENT, PERFORMANCE

Defense Concern Seeks Western Backing for Joint-Stock Company

924A0268A Moscow DELOVOY MIR in Russian 2 Nov 91 p 8

[Interview with Anatoliy Turchak, general director of the "Leninets" Concern, by Yelena Druzhinina under "Conversion" rubric: "The Defense Industry Is Revealing Its Cards"]

[Text] The "Leninets" concern, one of the largest representatives of the military-industrial complex, turned to EC headquarters through the well-known international auditing company Coopers and Laybrand with the proposal that it finance the concern as a joint-stock company and give it the status of a joint-stock holding company meeting the parameters placed on analogous companies in the West. In the opinion of Anatoliy Turchak, general director of the concern, this may establish a very useful precedent for all the industrial enterprises of Russia that face conversion into joint-stock companies.

[Druzhinina] Anatoliy Aleksandrovich, this is very peculiar, asking a Western company to carry out joint-stock conversion and with EC money. In making such a proposal, you are apparently counting on success and will benefit. But what is the sense in having the European Community pay for this action?

[Turchak] Truly wise and far-sighted businessmen will understand the prestige of this measure at once. I think that the cost of the joint-stock conversion will not amount to an astronomical sum. After all, Coopers and Laybrand is familiar with this work.

The main thing is that a very curious precedent arises. For the first time, a Soviet enterprise of the military-industrial complex that was formerly absolutely secret is putting its cards on the table. After the air exhibition in Le Bourget and the "Conversion 91" exhibition in Bologna, where for the first time we showed much of our output, interest in "Leninets" increased uncommonly. After all, we do indeed produce radioelectronic equipment of world quality. By the way, all of the equipment on the "Ruslan" and the MiG-31 fighter was developed and made at "Leninets." Naturally true commercial and state secrets will remain such.

In addition, in carrying out an international auditing evaluation of the Soviet enterprise, it will become clear what its real value is for Western partners. In this sense, our concern is rather significant, because it includes advanced technologies and also produces children's toys. That is, the spectrum of output is most diverse.

In my view, there are also other attractive aspects of our proposal. After having studied the concern and in carrying out its joint-stock conversion at the world level, the West obtains a partner that talks with it as an equal. And this is the guarantee of success in future cooperation. In my opinion, a deal is mutually advantageous and we are prepared to be pioneers in the joint-stock conversion of large-scale enterprises. We could subsequently extend our experience to other firms as well.

[Druzhinina] As far as I know, you have already begun to cooperate with Coopers and Laybrand and after evaluating one of the concern's plants they recommended that everything there be turned over to scrap metal.

[Turchak] The most interesting thing is that they have reexamined their initial "destructive" decision. And they made recommendations on how to make this same "Elektrobribor" plant profitable. Thus, the Coopers and Laybrand company already has an idea of the "Leninets" concern and in principle agrees to deal with its joint-stock conversion. Moreover, we can already see the contours of the future concern. We hope that the result will be the formation of a two-level management system: a holding company at the top level and separate independently functioning subdivisions at the lower level. Working conditions and remuneration of labor at each enterprise may change depending upon specific conditions. These firms will not depend upon the results or failures of neighboring structures functioning in a parallel manner.

The functions of the holding company will be reduced to a minimum. Nevertheless, they will cover such spheres of action as strategy, international financing, supply and provision of output from other countries, and the acquisition and sale of companies included in the holding company. Many of the most efficiently operating firms in the West work precisely in such a way that the management of production is given to independent companies, whereas the holding company retains only the functions of a strategic nature.

[Druzhinina] One gets the idea that your concern is carrying out conversion quite boldly and successfully. What does your version of a transition to exceptionally peaceful output involve?

[Turchak] At the present time, about 35 percent of our output goes to the military department. Consumer goods make up the rest. We intend to reduce military orders to 25 percent and stop there. Of course such a change in structure cannot be painless. The reduction of military orders leads to a freeing of jobs. To avoid dismissal, the people have to go over to other forms of production that are not yet as profitable as military production.

But this problem is not the most difficult one. The stumbling block is the psychology of the workers. For today all must understand that they cannot work as they are accustomed. Those who are used simply to passing their time at work are not needed anywhere. I understand that entire generations have been taught a cool and indifferent attitude toward labor and this cannot be corrected by some order. But precisely here is the psychological basis of the conflicts that today are shaking our enterprise and I know others as well. People think that the management is unfair and is demanding too much.

[Druzhinina] What kind of economic indicators does the concern have? Is there profit?

[Turchak] It is useless to talk about profit now. Not because there is none but because it is unknown how to count it in the continually changing prices and galloping inflation. A convertible ruble is very much needed. Only then will it make sense to speak of profit in monetary terms. But for the time being, whatever we produce is bought immediately. And there is also a huge demand for output under barter trade. It is self-evident that this system is now the most effective for the obtaining of raw materials and completing products. Nevertheless we are developing ties with many markets.

[Druzhinina] I witnessed your negotiations with the Italian managers of the SMA company. It seems to me that they themselves took the initiative and are very interested in cooperation.

[Turchak] Many firms are showing an interest in us and we welcome all contacts with Western specialists. This will raise the level of the concern's output. The concern has established joint ventures. The largest is with the Gillete firm for the production of razor blades and shaving cartridges and also for the production of absorption refrigerators without using freon. We organized a joint venture with the Italian firm Fata, in which the Americans are also participating.

Our plans include the formation of our own airline. As fixed capital, the concern is offering a military airport, aircraft, and all of the necessary ground services at Pushkin. We have an agreement with the military in this regard. In addition, there is still another airport in Hungary that was built by the group of Soviet forces that

was stationed there. It will also be part of the airline. Our plans include the establishment first of a freight and then a passenger air bridge from Southeast Asia to Western Europe through the territory of the Union.

For at the present time, airliners serving this route have to fly around our country. Considerable investments will be required to realize the project. It is necessary to build new airports and to modernize those secondary airports now in existence. This is why we need a solid foreign partner.

[Boxed material]

**Scientific-Production and Foreign Economic Concern
"Leninets" in St. Petersburg**

- number of workers: 50,000
- gross turnover: R1 billion
- volume of export deliveries: R20 million

The concern includes:

- 16 plants
- 2 joint-stock companies
- 10 research organizations
- 50 small enterprises
- a bank
- broker's offices
- an agro-industrial complex
- an educational center
- hotels
- recreation centers throughout the world.

Produced output:

- weather navigation locators for civilian and military aircraft
- stereo radio-tape recorders, vehicle radios, portable radios, players
- domestic absorption refrigerators
- vacuum cleaners
- kitchen machines (coffee grinders, coffee brewers, mixers)
- toys and souvenirs
- razor blades from stainless and carbon steel, cartridges and cartridge systems for shaving
- medical equipment

—dosimeters

"Leninets" is prepared to collaborate with foreign partners on the basis of mutually advantageous cooperation in different forms:

- joint ventures
- purchase of technologies on a compensatory basis
- industrial cooperation
- joint scientific and research studies
- professional training of personnel
- organization of recreation.

Latest Achievements of the "Leninets" Concern

"Nit" Radar System.

Monitors the state of forest lands and reservoirs, surveys the ice situation in the polar basin of the Arctic, and determines origins of fires. With its help, it is possible to carry on the cartographic photographing and search for objects in distress.

On-board digital computer Ts-176.

Set up on board an aircraft, it is used to control the work of the radar station, sonar, and other systems, instruments, and components.

On-board weather radar "Kontur."

Is intended for use on aircraft and helicopters. Provides for the timely detection of weather formations dangerous for flight and performs navigation orientation using the characteristic features of surface objects.

On-board radar Yur-40.

Is installed on helicopters of the search service and is intended for use in searching for objects. Ensures the performance of meteorological work under the most difficult weather conditions and in different types of terrain, including in the mountains.

On-board radar.

Controls landings when there is no visibility on the runway.

Rheogastrograph.

An apparatus intended for the diagnosis of stomach illnesses. With its help, the diagnosis can be made quickly and without any particular inconvenience for the patient.

Irkutsk Aviation Plant to Expand Consumer Goods Production

924A0267A Moscow DELOVOY MIR in Russian
11 Sep 91 p 4

[Interview with V. Markeyev, deputy general director of the Irkutsk Aircraft Production Association for foreign economic relations and consumer goods, by Aleksandr Kotov under "Conversion" rubric: "Better to Buy an Aircraft..."]

[Text] Even in the most "secret" years, it was not difficult to guess that they were either repairing or building military aircraft near Irkutsk: thunderous objects cut through the skies over Irkutsk at extremely low altitudes with the immutability of the rising and setting of the sun. All sorts of flasks and containers for berries and other fruits of spontaneous conversion have given a good idea of the strong and light metals that were used in this "box." I also saw a tape recorder that was almost entirely made from components taken out of the aircraft plant. In short, ask the KGB people there what they were and are receiving their money for and they themselves will not know.

Today the Irkutsk Aircraft Production Association produces not only jet aircraft but also more than 100 kinds of consumer goods. They include children's toys, aluminum dishes, washboards, choppers, back packs, tents, delta planes, dishwashing machines for cafes and dining rooms, and non-series products ordered by medical and transport people and agricultural workers. Their annual production amounts to 40 million rubles [R].

The aircraft plant began to produce civilian goods soon after the war: beds, cots, kerosene stoves, and sleds. At that time, however, their share in the total volume of output produced was minimal. It may even be said that the situation is analogous today but this time it is the mirror image. The defense theme has now been reduced to a minimum and there is every reason to speak of its further reduction in the future. Everything depends upon the main military department—whether or not it will have the funds and resources. For the time being, the plans at the plant have been drawn up taking into account last year's number of produced aircraft. So that without them it will be difficult for the production association despite the 100 other kinds of goods. After all, the capacities and equipment are intended for fighters and not for pots and pans.

As they said at the plant, the way out of this situation may be a transport aircraft or a plane for civilian aviation. By the way, one YaK-112 is already being prepared for series production. It was presented to us in the country not long ago and literally just two months ago it received positive comments at the exhibition in Le Bourget. This is a four-place business aircraft that is suitable for practically everything: for transporting freight, putting out fires, geological exploration, and for medical people. It is not impossible that private persons will also be able to purchase the YaK-112. But....

This aircraft will not save us. It is relatively inexpensive and very many of them will have to be built, says V. Markeyev, deputy general director of the aviation association for foreign economic relations and consumer goods. It will only be part of the load. To maintain the aircraft plant as it is, it is necessary to leave all of its existing subdivisions as they were, beginning with the air field and ending with finished output. For the YaK-112, we will not need the mass of people now working at test stations and on air field equipment. And all of them are highly skilled personnel whose training took years.

[Kotov] But conversion, Valeriy Ivanovich, is gaining strength and it is entirely possible that in the very near future you will not have any defense orders at all.

[Markeyev] This is why we are in a hurry and are searching. We want, for example, to organize a joint Soviet-Swiss enterprise for the production of the amphibious aircraft A-200. This is also a multipurpose aircraft but the first modification that we will undertake will be for fire extinguishing. The national economy has a very great need for such aircraft. The A-200 is a completely new design. It is capable of taking up water while gliding, that is, without landing. Starting next year, we are preparing to issue a two-place motorized delta plane. Preparations are now under way for its production.

[Kotov] Why did you turn to superlight planes? Or is it simpler to employ capacities in this way?

[Markeyev] No, they have no advantage whatsoever over other technology for a reorganization of basic production. The fact is that such aircraft are essential and who will build them if not an aircraft plant? I was recently in the United States, where at any large airport there are hundreds of private helicopters and airplanes. There they fly on business or for recreation and even to cafes—no problem. As light planes, they have elementary rules and elementary controls. For our YaK-112, the cabin will also be like that of the "Zhiguli" with pretty much the same kind of instrument panel. In addition, the grading of "amateur pilot of the USSR" was finally introduced here as well last year. In America and Canada, they think that for nearly inaccessible places such as northern Canada it is better to buy an airplane and build a small landing field 60 or 70 meters long than to bring kilometers of roads across swamps and the taiga.

[Kotov] Do you think that the demand will be high and stable?

[Markeyev] It is for the time being. It is another matter that there are now many aircraft plants producing delta planes and small aircraft. So that if nothing happens and all of the enterprises develop, after a certain time the market will become no less saturated than in America. We are also taking this into account and therefore we are working in many directions rather than just in aviation. We are cooperating with a number of research institutes in other areas and we are paying for separate studies. All of this provides reserves for the future.

[Kotov] What about the plans and tasks for the near future?

[Markeyev] As for consumer goods, to get away from the large number of items that we are now producing, to narrow the products list. We want to specialize in complex appliances. We are already prepared to make washing machines, mixers, and coffee grinders but it all comes down to a lack of electric motors. For there is not a single plant from Krasnoyarsk to the Far East that is producing them. For the time being, we are getting motors anywhere and however we can. We recently bought a batch of 30,000 in Japan but this is no solution. Conditions are absolutely unfavorable for us—there is no recovery of foreign exchange. We put an imported motor in our vacuum cleaner and sell it for rubles. To sell it abroad for a pittance does not solve the problem either. There it will cost \$25 or at most \$30, whereas the cost of the motor is almost \$16.

[Kotov] But then why do you intend to move away from an extensive products list?

[Markeyev] The fact is that most of these products are inexpensive and metal-intensive. And you know what the situation is with supplies at this time. It is practically senseless to buy materials in the market. Let us take the fabric that we used to sew protective covers for motor vehicles. It cost R15-30 per meter, whereas in the markets they are now selling the same thing for R100-150. That is, the covers are like gold and there is simply no more reason to produce them from market fabric. And so it is with all materials. We will retain some products like those kerosene stoves, for example, for which even KOMSOMOLSKAYA PRAVDA criticized us. They said: such a large and well-equipped plant and it is engaged in all kinds of nonsense. This is so and we would be pleased to remove some things from the conveyor that are not very advantageous for us. But along come the earthquakes in Tashkent and Armenia and we immediately get orders for hundreds of thousands of kerosene stoves. And who besides us can make them? And so, no matter what, we intend to hold onto to a number of products but I repeat that we face continual shortages. As for the fulfilling of the plan for next year, as of today not a single position has been provided with resources.

[Kotov] You do not work at all with the markets?

[Markeyev] Why, we have a number of agreements with brokering firms and we want to sell output that we have already mastered, for which we have begun to experience marketing difficulties. An example is dishwashers. There was a whole series of decisions and decrees of the Council of Ministers, the Ministry of Trade, and the Central Committee. In short, they obligated us to

develop our capacities and that is what we did. We issue 1,500 units a year. And then the Ministry of Trade said: we do not know anything, do what you want. And that is what we have been doing for three years now.

[Kotov] What about foreign economic activities? Possibly there are greater possibilities here?

[Markeyev] We receive offers for cooperation almost every day. We are negotiating with firms in China, Germany, and other countries but there are complications here. We are hindered by our own laws and the lack of conformity between Russian and Union laws. This is problem number one. In addition, it is very difficult for such a gigantic enterprise as ours to adapt quickly, which is precisely what is required in the case of cooperation with foreign firms. We are being held up by material-technical supply and the lack of available capacities.

[Kotov] But you were able to increase the output of consumer goods to the level of R40 million....

[Markeyev] Volumes do not by themselves indicate anything. When a defense enterprise using the same machine tools and the same technologies begins to produce consumer goods instead of military output, this requires a doubling of the number of workers. For as a rule, we have special or universal machine tools, whereas a pot requires a very simple flow line. What is happening here with the production of civilian goods cannot with assurance be called competent and economically justifiable. We are presently using the same machine tools and with the hands of the same highly skilled workers we are producing military aircraft and kerosene stoves. You must agree that this is not very intelligent.

[Kotov] I agree, but let us imagine the following picture: they take away your military orders tomorrow and there is no time for reorganization. Will you survive?

[Markeyev] It is not a matter of whether the output is military or civilian but of whether or not it is profitable. Formerly that was of no importance whatsoever, for military production is not always profitable. One can also lose big in the production of tanks and missiles. Provided, of course, that there is a real market and not what we have today. In general, and this is my profound conviction, conversion should have been approached from another direction. First prepare a base and then shift to a different, peaceful output. And take hundreds and thousands of people who are left practically without the means of subsistence, who worked at defense enterprises, and who were all dismissed at once! What is the guilt of people who did what they were told for years, often working overtime? They, as no one else, turned out to be socially unprotected.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Polls Explore Land Reform Attitudes, Expectations

Rural Opinions on Management Forms

924A0235A Novosibirsk *EKONOMIKA I
ORGANIZATSIYA PROMYSHLENNOGO
PROIZVODSTVA (EKO)* in Russian No 5, May 91
pp 118-121

[Article by Candidate of Philosophical Sciences L. V. Babayeva, Moscow: "Who Will Do the Feeding?"]

[Text] The poll among the rural population conducted by the Institute of Sociology of the USSR Academy of Sciences in the summer of 1990 revealed the place and role of various social groups in the spread of new forms of management in rural areas and their motivation during the transition to them. A total of 1,154 people in the RSFSR, the Ukraine, Belorussia, and Kazakhstan were polled. A total of 71.6 percent of them work on sovkhozes and kolkhozes and 23.2 percent, outside of them. The rest did not indicate the place of work.

Do Peasants Want To Take Land?

Some USSR people's deputies and kolkhoz chairmen give a negative answer to this question. Therefore, we asked directly peasants working on kolkhozes and sovkhozes whether they intended to leave them in order to work independently. About 15 percent have such intentions. Of them 3.3 percent have made a firm decision and the rest are thinking this over. About 40 percent of those polled want to work on the basis of a family contract, lease, or another form of management, not leaving the kolkhoz (sovkhoz). A total of 39.6 percent of those polled will under no circumstances leave, because such work suits them fully.

In the RSFSR there are more people wishing to leave the kolkhoz and to take a family contract, or to work on the basis of a lease on the kolkhoz. In Belorussia the majority (51.9 percent) do not intend to leave the kolkhoz. However, only 9.9 percent of those polled advise their children to remain to work on kolkhozes (sovkhozes) and 14.4 percent, to become farmers. A total of 22.2 percent of those polled recommend to their children to completely leave rural areas and to work in cities. Most of all, people aged 26 to 40 (about 10 percent) and, least of all, people over the age of 50 (1.3 percent) try to leave kolkhozes (sovkhozes).

The peasants who, despite the difficult working conditions on kolkhozes, have retained their work fitness and accumulated life experience and, apparently, funds talk about the new forms of management with greater confidence. The older population is afraid to lose guaranteed wages. Nor do young people aged 20 to 25 want to work in the new way. Only 20 percent of them want to leave the kolkhoz. Possibly,

because they have not created a family, on which they can lean on a private farm—after all, their parents are no longer able-bodied.

In fact, there are more people wishing to lease land or to set up a farm among those with families. However, their families are small and, basically, without elderly parents (8.2 percent). Only 3.7 percent of those who have firmly decided to leave the kolkhoz (sovkhoz) work on rich and successful farms (although workers on such farms made up approximately one-half of the sampling). At the time of the poll 80 percent of those who have firmly decided to leave worked on weak and unprofitable farms. And so, during a normal development of farming peasants will also leave prosperous farms, especially as the share of people believing that farming should be the basic form of management in rural areas is the same both on the richest and on the poorest kolkhozes.

For now peasants' opinions are distributed as follows: A total of 26.6 percent of those polled believe that kolkhozes and sovkhozes should remain the main form of management in rural areas and all new forms should be developed as secondary ones. A total of 17.9 percent talk about the need to preserve only profitable kolkhozes (sovkhozes). Unprofitable ones should be liquidated and land should be transferred to independent owners or cooperatives. A total of 11.8 percent assume that peasant farms should be the basis.

Thus, the share of those who unequivocally support kolkhozes and of those who categorically are against the preservation of unprofitable farms is approximately the same. A total of 36.7 percent think that all management forms (kolkhozes, sovkhozes, cooperatives, farms, and so forth) should have the opportunity to develop on an equal basis and life itself will determine their advantages and disadvantages. For comparison: Among the polled USSR people's deputies of the agrarian group approximately one-half hold the opinion that new forms should develop only within the framework of kolkhozes and sovkhozes and only 12 percent assume that their development will be useful outside collective farms.

Belorussia's peasants come out more in favor of kolkhozes and sovkhozes and the RSFSR and Kazakhstan, in favor of farming. An equal development of all management forms is discussed mostly in Russia.

Does Law Contribute to the Development of New Forms?

A total of 17 percent are confident in the stability of the new Union Law on Land, while 47 percent consider its cancellation fully probable. The same ratio was also observed among those who adopted this law—agrarian deputies. This coincidence forces us to assume that a lack of confidence in present policy and fear of a new "expropriation of the kulaks" often affect peasants' plans.

An analysis of the relationship between peasants' wish to leave the kolkhoz and the evaluation of the Law on Land shows that only 3.4 percent of those evaluating the law positively (they make up 51 percent) have decided to leave

the collective farm. Among those who have answered positively 34.6 percent want under no circumstances to leave the kolkhoz and 18.4 percent want to work on the basis of an intrafarm contract or lease. A total of 53 percent of those who believe that the law is correct have firmly decided to remain on the collective farm.

Thus, a positive perception of the Law on Land has little effect on peasants' decision to leave. Consequently, a mechanism of support for peasant farms is needed. Meanwhile, a clear-cut program for support for rural entrepreneurship is not visible in USSR legislation. This rather can be observed in Russia's legislation. However, it should be understood that even a good law in the hands of a rural apparatus with preperestroyka thinking will prove to be inoperative.

World practice shows that support programs, as a rule, are born in public associations, groupings, unions, committees, and commissions, that is, self-management bodies affecting state legislation. It is important that apparatchiks do not get into these structures, otherwise the same agro-industrial complexes, central unions of consumer cooperatives, oblast unions of consumer cooperatives, and so forth will appear.

On Forms of Land Ownership

Private land ownership has more advocates among the rural population than among deputies, but not much more: 23 percent against 19 percent. On the other hand, opinions on state land ownership differ sharply. Only 7 percent of the rural dwellers and 17 percent of the deputies obviously spoke in favor of it. Another thing is unexpected: Although the majority of the deputies who have answered the questionnaire belong to the kolkhoz and sovkhoz "establishment" and to the "working aristocracy" of rural areas, the prestige of kolkhoz and sovkhoz land ownership among them proved to be lower than among the rural population. A total of 27 percent of the peasants and only 13 percent of the deputies spoke in favor of it. This paradox requires an explanation.

Most of the answers to the effect that land should be in the ownership of kolkhozes and sovkhozes were received from Belorussia's population. There are more advocates of private ownership in Russia. The difference in land laws adopted in these republics also corresponds to this. And so, the referendum on private land ownership will hardly be in favor of it even in Russia.

In the opinion of those polled, the lack of a material and technical base is the main obstacle to the development of farming in our country: It is difficult to get a loan, to build something, to buy equipment, and so forth. A total of 50.1 percent pointed to this; people's unpreparedness for independent farm management (40.1 percent) and interference on the part of kolkhoz managers (25.9 percent). However, the rejection [as published] of rightlessness and oppression caused by the kolkhoz system is even a stronger obstacle. This includes low earnings, unwillingness on the part of management to consider people's interests, complete dependence on the manager, and, in general, bad living conditions

(almost 80 percent of the peasants pointed to each of these factors). Nevertheless, no less than about 40 percent of the polled kolkhoz members in all regions do not want to leave kolkhozes.

This research has made it possible to forecast the development of new forms of management in rural areas. These forms will develop most rapidly in Russia and more slowly in Kazakhstan and in the Ukraine. The slowest rates will be in Belorussia. In our opinion, not so much the sociopsychological attachment to traditional forms (although it should not be disregarded) as difficulties in independent management and a lack of confidence in state policy will keep people on kolkhozes. However, with the appearance of appropriate conditions and guarantees the number of those wishing to work independently, undoubtedly, will increase greatly.

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Urban, Rural Opinions on Land, Ownership

924A0235B Moscow SELSKAYA NOV in Russian No 6, Jun 91 pp 15-16

[Article by Candidate of Economic Sciences Lyudmila Khakhulina: "Land and Ownership"]

[Text] The USSR Law on Land was perceived as the first step enabling man to receive land for individual use and equalizing—though, to begin with, formally—his rights with the rights of kolkhozes and sovkhozes. In any case, this step corresponded to the interests of the majority of the population, which is confirmed by the research of the All-Union Center for the Study of Public Opinion conducted in January of last year. At that time one-half of the polled rural dwellers spoke of the need to transfer plots of land to individual citizens and one-third of those polled considered this fully permissible. However, the law did not solve the key and most controversial problem—concerning land ownership.

To this day passions rage around this problem. Some believe that without private land ownership there can be no question of the development of individual peasant farms, because only by being a landowner will the peasant be able to feel confident on it and build long-term plans for its use and for the development of his farm. For example, Russia's Supreme Soviet proceeded from such an assertion when it adopted its program for agrarian reform and revival of rural areas. Others are convinced that land cannot be the object of purchase and sale at all and that it is sufficient to transfer it for lifetime possession with the right of inheritance to those who want to farm on it, but not for private ownership. Belorussia's agrarian policy is now based on such a position.

How to explain the differences in the approach to the same question? Apparently, the reasons for this lie in the different traditions of rural life, in the historical experience in land management, in people's frames of mind, and in their world outlook. What frames of mind are these? How do people themselves evaluate different forms of land ownership?

The results of the all-Union poll conducted by the All-Union Center for the Study of Public Opinion makes it possible to judge this. A total of 3,400 people, of whom residents of rural areas made up one-third, participated in it. The poll showed that public opinion supports the transfer of land for individual use. Only one out of ten respondents believes that it is not worth doing this at all. With regard to forms of

ownership, no obvious preferences have been formed thus far. In general, there is support for all forms, only with some difference in the views of urban and rural dwellers.

To the question "what forms of transfer of land for individual use do you now consider the most correct?" answers were distributed as follows (see the diagram—data in it are presented in percent of all those polled):

	Long-term leasing from the state	Lifetime possession with the right of inheritance but without the right of sale	Private ownership with the right of inheritance and sale	Against the transfer of land for individual use	Had difficulty in answering
Urban dwellers	12	32	31	10	15
Rural dwellers	22	26	28	11	13
RSFSR	10	35	28	12	15
The Ukraine	16	27	27	11	19
Kazakhstan	15	24	35	12	14
Uzbekistan	31	29	19	7	14
Estonia	6	21	65	2	6

As we see, the leasing of land from the state is less popular among urban dwellers. Lifetime possession and private ownership of land, in practice, are supported to an equal degree both by urban and rural residents. However, these are data on the Union as a whole. If we look at the attitude toward forms of transfer of land for individual use in individual republics, we will discover serious differences. One can form a clear opinion of this from the same diagram.

And so, advocates of leasing are most of all in Uzbekistan—fivefold more than in Estonia. At the same time, the number of advocates of private ownership greatly predominates in Estonia. There their number is threefold higher than in Uzbekistan and more than twofold higher than in Russia and in the Ukraine. All this must be taken into account in the solution of the problem concerning the form of land ownership.

It is natural that the desire to independently manage on land is more widespread among rural dwellers. To the question "would you like to become a farmer?" one-fourth of the polled rural dwellers answered in the affirmative. For our times, when, in general, there are no conditions for a successful development of farming, 25 percent "for" should be considered quite a bit. This points to a favorable attitude toward farming and its attractiveness for the population.

It is interesting that 51 percent of the polled urban and rural dwellers believe that owners of peasant farms can feed the country. However, if we look at the results of the poll among rural and urban dwellers separately, we will see that among rural dwellers 40 percent think that kolkhozes and 35 percent, that farmers and lessees are more effective in this respect. But among urban dwellers it is vice versa: They give some preference to these farms (40 percent) as compared with kolkhozes (35 percent are for them). One-fourth of those polled both in urban and in rural areas consider sovkhozes the most effective.

It should be stated that the differences in evaluations by residents in different republics are quite significant here. However, virtually everywhere an individual peasant farm is considered the most effective form of management. They are especially highly evaluated in Estonia and least of all in Uzbekistan, where they have received the same evaluation as kolkhozes. In the RSFSR 89 percent of those polled were in favor of certain forms of individual farming and 59 percent, in favor of kolkhozes and sovkhozes; in the Ukraine, 86 and 57 percent respectively (the total exceeds 100 percent, because respondents were given the right to give more than one answer).

The results of the poll indicate that every republic itself should engage in the drafting of programs for the implementation of land reform. It is necessary to take into account not only the people's specific living conditions, experience in management, and traditions, but also the population's psychological readiness to accept certain forms of management on land.

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Grain, Sugar, Meat Prices at Markets Discussed
924A0208A Moscow DELOVOY MIR in Russian
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[Article by Larisa Sharayeva and Kira Spiridonova, researchers at the Institute for Research of Organized Markets: "Agrarian Market in the Fall: Bigger and Costlier"]

[Text] It is rather difficult to analyze the condition of the market of the agrarian complex output on Soviet commodity exchanges right now, since it is difficult to generalize or to discern stable trends. This mostly stems from the fact that practically every commodity exchange puts its own meaning into the "agrarian complex output." For instance, on the

RTSB [Russian Commodity and Raw Materials Exchange], agropducts include fertilizers, agricultural tools and equipment, food products, grain, tobacco, alcohol beverages, fodder, and products of technical use. With this classification method, it often turns out that the volume of goods in the "agrarian section" is inflated because of sales of noncommodity goods and goods of a nonagricultural nature.

If we still attempt to separate from the total volume of "agrarian products" the goods that may be more or less responsibly classified as commodities—that is, grain, meat, dry milk, rice, coffee, and cocoa—the following picture emerges: If in August the share of commodities in the total volume of agrarian section was 42.4 percent, in September it fell to 18.6 percent—the result of a large volume of deals on all kinds of food products and agricultural equipment.

Of commodities, the largest deals on the agromarket involve grain, meat, and sugar. Dry milk is also invariably in demand—its prices on the commodity exchange are ten times the state ones; however, the volume of deals involving it is so small, that at this point it has to be excluded from our review.

Grain

Commodity exchange trade in grain is experiencing a sort of a boom this fall. In September, the volume of offers and deals on grain of a wide range of quality have grown significantly.

On the MTB [Moscow Commodity Exchange], the supply of grain has stabilized, having reached the volume of 2,500 tons per business day. The assortment of produce offered for auctions has become more varied: not only wheat, but also rye and barley—the latter both of fodder and brewing variety. The volume of deals in grains in September more than tripled compared to August, reaching a total of 24,000 tons.

The volume of consummated deals has grown too: If during the period of March through July the volume of the average deal was 300 tons, in September it was about 600 tons, that is, practically double.

At the same time, at the MTB the supply of grain considerably exceeds the demand. For instance, out of 1,740 tons of wheat for a total amount of 5.572 million

rubles [R] offered for sale on 11 September, only 200 tons of valuable wheat was realized for the amount R560,000. Such a situation is probably related to the low liquidity of the market, as well as high asking prices on grain: In September, most grain was being offered at more than R3,000 per ton.

The October auction on the MTB confirmed a stable trend towards growing prices on offered grain. For instance, on 15 October auction most often indicated the price on sales on valuable wheat was R4,000 per ton. All in all, during the first half of October over 3,000 tons of grain have been realized on the MTB, which is much less than during the respective period of September.

A similar situation exists on the Russian Agrarian Exchange. Since the second decade of August, the supply of grain for sale has been rather stable; however, the trade effectively started only in the beginning of September (not a single deal on grain was concluded in August).

The RTSB also actively traded in grain in September: During the month, the total volume of grain deals exceeded 6,000 tons; however, in comparison with the MTB and the Russian Agrarian Exchange, this is not a high figure. Average volume of concluded deals in September comprised about 400 tons. The largest deal was concluded on 10 September—2,550 tons of Krasnodar valuable wheat was sold for the amount of R5.355 million.

In October, the supply of grain on the RTSB reached 5,000-6,000 tons a business day; however, the realization share was not high, and there were some days when no deals on grain were concluded.

Thus, the grain trade on commodity exchanges in the capital becomes more or less stable. The main reason for that is the specificity of the agricultural production—the seasonality—as well as peculiarities of trading on Soviet commodity exchanges, where the bulk of deals are those with real goods: forward contracts are rare, and futures are not used at all. Therefore, quite naturally the trading perks up during the period after the harvest, that is, in the fall.

Commodity exchange prices are considerably higher than state ones and show a stable tendency towards increase (see table):

Grain Prices on Some Commodity Exchanges in September 1991 (rubles per ton)

Product Name	RTSB Price	MTB Price	Russian Agrarian Exchange Price	State Procurement Price
Durum Wheat	2,140	—	2,500	300-700*
Valuable Wheat	2,040	2,700	2,000	300
Soft Wheat, 4th Class	—	2,040	—	200-250*
Rye	1,700	1,230	1,500	220-390*
Barley	960	2,030	2,020**	180-250*

*depending on zone

**brewing barley

The dynamics of commodity exchange prices in September has not presented any surprises. After a sharp (double) jump in prices in August, prices on the MTB remained practically stable. Prices on other exchanges grew considerably and are gradually approaching MTB prices. For instance, prices on the RTSB in September were more than 1.5 times higher than in August.

In October, grain deal prices remained stable. In the first part of the month, most soft wheat on the MTB was realized at R2,500-R2,800 per ton. At the same time, judging by the growing prices of the grain for sale, one can expect realization prices to increase, reaching R3,000.

On the whole, the gap in the level of prices on different exchanges is diminishing. Interestingly, grain prices on the MTB consistently remain considerably higher than on other exchanges. It is probably the result of the popularity the MTB has acquired as a sort of center for grain trade in the capital (and in the country as a whole): Since August, the exchange boasts a consistently high level of grain supply, with sale orders offering larger shipments of goods than on other exchanges (usually 1,000 to 2,000 tons of grain).

At the same time, the average price at this point is not a good indicator. This is related to the fact that on all three reviewed exchanges, in addition to buy-sell deals, also common are deals with special conditions attached—in other words, barter deals, in which prices are considerably lower than free trade prices and are close to state prices. At all three reviewed exchanges, special deals are not separated into special lists. This can also explain considerable fluctuations in grain prices within one business day. For instance, on the RTSB within the same day prices on rye were completely different in different deals—from R1,100 to R1,900 per ton. Lower prices do not mean, of course, that the deal is indeed a special deal, but it is a fair assumption.

Thus, the average price that is calculated from prices of a number of deals does not properly reflect the objective picture in the price level dynamics.

Grain deals in September-October were fairly uniform. They were predominantly deals with real goods. It appears that from spring onward deals may become more widespread, although it is possible that these expectations will not materialize, first and foremost because of the tense sociopolitical situation. The disruption in interregional ties cuts potential exchange customers out of participation in the trading and does not guarantee the fulfillment of deals already fixed. For instance, the Rostov Oblast authorities ban on exporting grain outside the oblast boundaries has led to a default on a number of forward deals on wheat concluded on the MTB in June this year. Therefore, one can hardly hope that in the near future grain trading on commodity exchanges will acquire a more civilized form through wider use of forward deals and thereby overcome its seasonal character.

Meat

The meat trade on domestic commodity exchanges has an air of some uncertainty in a sense that clear attributes of quality of offered goods are absent. At best, lists of goods for sale indicate that the item is beef, pork, or lamb, without the slightest hint of specifications, quality attributes, or grade. Sometimes, the dressing type is indicated—in full or half carcasses—but most often only the quantity and price. In some instances, goods are offered as simply "meat." Therefore, any generalizations should be made with serious qualifications.

In comparing sell and buy orders on meat on the RTSB at the beginning of September, it turned out that for 14 sell orders there were only six buy orders. However, the demand volume considerably exceeds the supply of meat: sell orders usually are small consignments of goods—on average 10 to 20 tons—while the buyer is usually looking for quantities of 100 to 1,000 tons.

Prices on meat on the RTSB and other exchanges are relatively low and sometimes are not that much different from procurement prices (see table). Therefore, delivering meat to Moscow from other regions, especially in small shipments, may be unprofitable if one takes into account the fact that the level of procurement prices increases proportionally to the distance between the region and the center (because of regional differentiation in procurement prices), while the cost of transportation increases respectively.

Meat Prices on the RTSB, Moscow Farmers Markets, and State Procurement Prices

	Beef	Pork
Average Contract Price (R/ton)	16,000-17,000	15,000
Average Buy Price (R/ton)	10,000-15,000	8,000-13,000
Average Sell Price (R/ton)	17,000-20,000	13,000-14,000
Prices on Moscow Farmers Markets (R/kg)	44.2	47.8
State Procurement Price (R/ton)	7,149-22,287 *	5,968-11,404 *

*depending on price zone

For instance, at the Perm Commodity Exchange the price of beef for sale in September was R10/kg, while procurement prices in this region are R11.6-13.2/kg (for below-medium fatness—R9.36/kg); therefore, if the cattle is of above-medium fatness, it is more profitable to sell it to the state.

As the table shows, meat prices at Moscow farmers markets are three to four times higher than prices on commodity exchanges. Also, as mentioned earlier, the volume of meat offered on the exchanges is very small; therefore, shipments of four, seven, or 10 tons clearly may be sold more profitably through farmers markets. On the other hand, at the exchanges farms have an opportunity to strike a barter deal, that is, not just sell, but exchange the goods for some other goods in short

supply. Quite possibly this is what explains such an insignificant gap between state and exchange prices on meat.

It is also interesting that sell prices often end up being lower than the completed deal price. In this situation, the deal price may exceed the seller's asking price in a process of auction bidding.

It is clearly premature to speak of a meat commodity market as an established reality, however, the preconditions for its creation are already present; therefore, it seems that in the near future the supply of meat at the commodity exchange will be sufficiently stable, although its volume will remain small.

Sugar

It is much easier to analyze the situation on the sugar market than on the meat market. This is because, first of all, this product has more definable qualitative parameters, which makes it possible to set certain standards in trade.

The situation on the sugar market is rather stable: continuously high demand and sufficiently regular supply. However, just as with the meat market, the volume of demand considerably exceeds the supply (see table). As a result, prices on sugar on Moscow exchanges (as well as on regional ones, by the way) are three to five—or more—times higher than the state price.

Supply and Demand of Sugar on the RTSB in 6 and 20 September Orders

	Supply		Demand		Excess of Supply Over Demand, 4:2, 5:3	
	6 Sep	20 Sep	6 Sep	20 Sep	6 Sep	20 Sep
Number of Orders	2	9	21	11	11.5	1.2
Order Volume (tons)	118	460	27,622	8,102	234.1	17.6
Maximum Per Order Volume (tons)	100	73	6,000	6,000	—	—
Average Price	14	14	10	10	—	—

The table shows that despite a considerable decrease in the number of sugar buy orders, the volume of demand is nevertheless higher than the volume of supply. Because of this, in September the average contract price on sugar on the RTSB and the Russian Agrarian Exchange was R14/ton; on MTB—R12/ton. During the first weeks of October prices went up and have now stayed for two weeks already at R15/ton. [Use of ton as the unit of measurement as published.]

However, to speak of the indicativeness of the average price on sugar is just as difficult as to analyze average prices on grain. The reason is the same—the presence of conditional deals, in which prices are much lower than those in free trade. For instance, on the Perm commodity exchange in the beginning of October in one business day two deals on sugar were made: one at a price of R14/kg, and another—at R2.4/kg. Such price spread is evidence that the deal with the lower price was a barter deal; otherwise, it is hard to explain the differential of a factor of six.

In the future, it may be expected that the trend towards rising exchange prices on sugar will remain; it is related, first, to the shortage of sugar in unrestricted retail trade, and also to a possible increase of state prices on sugar. At the same time, a considerable excess of demand for sugar over supply will probably remain.

It is too early to draw conclusions about the stabilization of the situation on the agrarian market; still, the foundation for its functioning has been laid and one may

expect that in the not so remote future the effectiveness of commodity exchange trade will keep increasing.

RSFSR Committee Chairman Khlystun Interviewed

RSFSR Land Reform Progress

924A0232A Moscow TRUD in Russian 5 Nov 91 pp 1-2

[Interview with V. Khlystun, chairman of the RSFSR State Committee for Land Reform and Support for Peasant Farms, by V. Shchurov: "Do We Have the Right To Own Land?"]

[Text] It was almost one year ago that the laws governing land and the peasant economy were adopted in Russia, laws which can be viewed as a point of reference for the agrarian reform. During this period, there has been no decline in the number of debates on the subject of just how to carry out the reform, although the existence of a different lifestyle throughout our countryside has already become a fact. Today there are approximately 30,000 farmers in Russia and still more are expressing a desire to become unrestricted farmers.

But these new farmers are encountering many problems. In the struggle and torments, the rural areas are being released from many years of mandatory actions and a barracks-like uniformity. This then is the subject of the discussion held with V. Khlystun, chairman of the RSFSR State Committee for Land Reform and Support for the Peasant Economy.

[Shchurov] Viktor Nikolayevich, I do not know if this is an irony or twist of fate, but the reorganization of the agrarian economy is viewed as the hallmark of the food crisis. And just try to convince people that the redistribution is not in vain, particularly when the all-important bread lines are becoming longer.

[Khlystun] I believe that it is completely wrong to blame the land reform for the product shortage. Here we have instead an inverse relationship: the general economic decline and the disintegration of the consumer market are creating tremendous difficulties for an individual who is commencing work on his own land. He is often defenseless, since it is extremely difficult to procure something that is needed for his work. On the eve of sowing operations, the following items of equipment were available for use by 100 Russian farmers: 47 tractors, 17 plows and 12 sowing machines. Further, when one takes into account the bad roads and the absence of an organized marketing system and enterprises for the storage and processing of products, then the extreme conditions under which the peasant farms are striving to achieve independence will become more clear. They are still not utilizing their main strengths and time in behalf of the work at hand.

[Shchurov] And is the land problem truly easier? The Ryazan Peredovik Sovkhoz does not even give Nikolay Fedosov a ravine in which to breed and raise carp. Yuriy Baykov in Velikiy Luki has for several years been asking to have an ownerless plot, which formerly belonged to his grandfather, assigned to him. The editorial board received dozens of complaints regarding the arbitrariness of those local authorities who were boycotting the redistribution.

[Khlystun] Alas, we also had our share of them. During less than a year's time, Goskomzem [State Committee for Land Reform] examined approximately 4,000 such complaints, not counting many appeals addressed to the oblast organs. Why? Today, in the face of this redistribution, many levels possess the right to vote—our committees, deputy committees and the local soviets. Moreover, at times their rights are delegated to the executive committees. Not every petitioner has the patience or strength to overcome these levels. In addition, the deputy committees are staffed by farm leaders and specialists who show no interest in helping those workers who leave for the purpose of obtaining "free grain." And one cannot ask for an illegal rejection, for the same soviet chairman will refer to the collective organ—it was not me, the people voted for it.

I believe that half measures will not rescue us from lawsuits. We propose to simplify the system by extending to the local administrative chiefs the right to allot land. They, and only they, together with the committee chairmen for land reform, must be specific individuals who are held responsible for observance of the Russian agrarian laws.

[Shchurov] It was long ago that the crisis in executive discipline became the talk of the town and not just in the agrarian sphere. But this made it no easier for those petitioning for land. Must they wait until new governmental structures appear?

[Khlystun] But why? The reform is still proceeding. During the past few months, our committees have uncovered 14 million hectares of unused and inefficiently used land, all of which was added to the funds for redistribution by the rayon soviets. More than one half million hectares have already been assigned to farmers and agricultural cooperatives. In addition, more than 12 million families were allotted garden and orchard plots in the spring—roughly the same number of city-dwellers were pleased by us by the assignment of plots of land during all of the previous years of Soviet rule.

Still another concern is the fact that a large portion of this land still is in the hands of the former negligent users. In Novgorod Oblast, for example, only 14 percent of the mentioned land fund has been redistributed. Generally speaking, there is much more free land in the northwest oblasts than there are people desiring to obtain land. But the problem is not simply one of the countryside lacking sufficient people. I am confident that people desiring to develop the non-chernozem "virgin land" will be found just as soon as we finally cease fearing private ownership of land and introduce appropriate corrections to Articles 11 and 12 of the Constitution. If a city-dweller is to move to the countryside, he must be confident that the land will belong to him and to his children without reservation.

[Shchurov] And so that he will be able to sell it. It is here that the opponents of privatization foresee trouble. The "mother of all wealth" may become the object of speculation and illegal gain.

[Khlystun] Perhaps, if the land is not protected against dishonest individuals. But we have a mechanism for the legal regulation of buying and selling. Thus, a norm for land area is introduced legislatively, one which can be employed in private ownership. Here we have in mind two limits: the lower one—a plot that is turned over free of charge and the upper one—a limit above which no additional land can be purchased. In Moscow Oblast, for example, the latter is 60 hectares and in Volgograd Oblast—400 hectares.

In addition, we place a clear limit upon special purpose land. If it is made available for agricultural use and the owner does not sow or plow, or if he undertakes to build a hotel—the land will be withdrawn. It is my opinion that these two limitations are adequate. Otherwise, we will once again create a paper whirlwind.

[Shchurov] Nevertheless, I cannot imagine how land can be purchased by a peasant who quite often is unable to scrape up enough money for a tractor. I recently discussed this matter with Noginsk farmer Vladimir

Goltsov. Commercial banks offer him credit at draconian interest rates and the price of a tractor or machine at a market has five zeros.

[Khlystun] Yes, indeed the payment must be made immediately—the purchase can be made on an installment plan and initially it is enough to pay the tax. In accordance with the recently adopted law on land payments, this tax is fully within one's capability: from 10 to 200 rubles per hectare annually. Our committees determine the specific norms for each region and for each plot. Moreover, the entire tax is employed for land improvement purposes: it is taken from the land and thus must be returned to the land. And this is a considerable amount—according to preliminary estimates, it is on the order of 33 billion rubles annually.

With regard to the lack of economic protection for a free peasant, here in all probability the fault lies with us, even though Goskomzem is not producing tractors and is not trading in "wooden" rubles. The land reform is not slipping because too little land has been turned over to farmers. The real problem lies in the fact that normal operating conditions have not been established for those farms already created. Indeed, we began essentially with a clean sheet. Quite possibly, it would have been better to have carried out a complete land evaluation according to its potential prior to the redistribution and to have created an infrastructure for the new way of life—from roads to the processing enterprises. But then the reform would have to be postponed for several years. Yes and it is still not known if such a postponement would make sense, since our budget for agrarian needs is always meagre.

[Shchurov] Comparisons are relative and yet here one must recall the Stolypin reform. Those desiring plots obtained them without delay, in Siberia the transfers were made at public expense and agricultural machines were procured at discount prices. The state even bought out the landowners and resold the land to peasants at favorable prices!

[Khlystun] Today it is also wrong to say that the state is doing nothing—one billion rubles have been allocated for the budget for satisfying the needs of the farmers and the settlers are receiving 10,000 for a head of family and 2,500 for each family member. In Volgograd Oblast, machine rental stations have been created in the various rayons. Certainly, this equipment was not sufficient and some "lifting" machines had to be obtained elsewhere. But even this was not the chief difference. During the Stolypin reform, all of the agrarian policies and the state resources supported the free peasants. The landowners did not receive assistance from the state. And what happened this year? The notorious 15 percent of the national income, which was "withdrawn" from the state budget with great difficulty, and also logistical resources, were utilized almost in their entirety for furnishing support to the kolkhozes and sovkhozes, including unprofitable ones. But this was a bottomless hole!

[Shchurov] This is precisely so and yet... The farmers must still justify their independence. And meanwhile the kolkhozes are already at the edge of bankruptcy. If they are deprived of support, who will provide them with food and drink? And what will happen to the workers?

[Khlystun] The food will be furnished by other kolkhozes. In addition to developing farming and the market infrastructure in the agrarian sphere, the third most important aspect of the reform—the radical transformation of the public economy. And today we are finally receiving support from the "corps of chairmen." Recently the director of the Bogoslovskiy Sovkhoz in Rostov Oblast stated to me quite frankly: "I was among some vehement opponents of the reform and I became convinced that we are at a dead-end. The people do not wish to work, they do not listen to orders and they are stealing. We will not be able to save even the remnants of good behavior if we do not convert over to private ownership on an urgent basis." Incidentally, we also believe that the distribution of land and means of production among family farms is the most promising direction to be followed. Independence is realistic in such an association and existing workshops and garages will facilitate farm cooperation. Although other variants are possible—for example, collective-share ownership, joint-stock companies and people's enterprises. Let the people themselves make the selection; a dictatorial policy will not be tolerated.

It is time for everyone to understand one factor: it is wasteful and senseless to invest more money in unprofitable farms. A bankruptcy law is urgently needed—it will define a system for liquidation and a mechanism for transferring inheritances to potential farmers and it will ensure social guarantees for others. We are presently working on the draft for such a law.

[Shchurov] But indeed the dividing-up process will include not only land and means of production but also debts. In addition, what about the goszakaz [state order], which nobody has abolished?

[Khlystun] The debt question is a debatable one, particularly in view of the fact that they were written off only recently. I nevertheless believe that with a kolkhoz being transformed into an association, the new owners must not be held responsible for the former accounts. But this must not be the last "absolution of sins" in our history. The guarantee is that henceforth the demand is placed not upon an amorphous collective but rather upon a specific person. Farmer Ivanov or Sidorov knows that it is he who will be responsible for losses and that he will go begging if the work is not carried out in an efficient manner.

And the time is at hand for rejecting the goszakaz outright. Today's crisis in purchases has even convinced those of little faith, that in the absence of a liberalization of prices for agricultural products, the peasants will not wish to have any dealings with the state procurement specialists. It is possible that for a limited period of

time—until we more or less stabilize the ruble—the contractual agreements should be maintained. But not in today's form, with the state bearing no responsibility for its obligations. As soon as a peasant delivers grain to an elevator, he must immediately be given a tractor or, let us assume, mixed feed. If the goods mentioned in the agreement are not available, then nobody has the right to question the delivery service. Only in this manner will the authorities be able to restore the faith of those individuals who work the land.

[Shchurov] Before long, a year will have passed since the beginning of the land reform. And it would appear that no end is in sight, either for it or for our food problems. Is this not so?

[Khyystun] In two years we expect to have 300,000 private farms. And this will be an army of free peasants that will be capable of changing the food situation. Together with the transformed kolkhozes and sovkhozes, the private plots, orchards and gardens, they will be capable for the most part of feeding our Russians. Today, I repeat, the chief concern is that of achieving a new lifestyle and normal living and working conditions. In accordance with initiative displayed by Goskomzem, plans call for the creation of a land bank where, with land as security, the new owners can obtain credit without delay and under favorable conditions. Next year, in the Sovmin [Council of Ministers], we will withdraw seven billion rubles for the purpose of developing private farming and also stable deliveries of the needed resources. Legal documents are being prepared which must attract business people to the rural areas—through favorable crediting and taxation. Recently, I met with representatives of an association of industrialists, who are engaged in the processing and procurements of agricultural products.

Meanwhile, during those same Stolypin times, slightly more than 8,000 peasants left the communes during the first year. Just two years later, when the mechanism was operating smoothly, the private farmer movement became massive in nature—and Russia became the largest agrarian power. Today we also must create an economic and legal foundation for the new lifestyle and for the development of market relationships in the rural areas. The more we succeed in this work, the sooner the agrarian reform will be completed.

Agrarian Reform in Progress

924A0232B Moscow SELSKAYA ZHIZN in Russian
13 Nov 91 pp 1-2

[Interview with Viktor Nikolayevich Khlystun, chairman of RSFSR Goskomzem, by M. Seslavin; date and place not specified: "Our Right To Land"]

[Text] Viktor Nikolayevich Khlystun, chairman of RSFSR Goskomzem [State Committee for Land Reform], responds to questions sent in by readers regarding the land reform.

[Seslavin] The readers share various opinions regarding the country's land reform. Some believe that this reform, similar to the reorganization as a whole, has bogged down. Others are of the opinion that we are turning back to the private economy that we left some time ago. Viktor Nikolayevich, what is your opinion in this regard?

[Khlystun] I do not agree with either position. The reform has not bogged down, at least not if we look at the results of the initial stage, during which an absolute majority of the people accepted it. Compared to the first few months when it encountered a lack of understanding and resistance, during the spring and summer the situation changed considerably.

A new stage in the land reform is commencing at the present time. The tempo of this stage is accelerating. And this is being accomplished in the absence of any coercive actions on the part of the government. During the first nine months of the reform in Russia, 31,500 peasant (farmer) farms were created and 12.5 million families were assigned plots for horticulture and private housing construction. For the Russian Federation as a whole, almost 70 percent of the families have already been assigned orchard and garden plots. This spring the people were assigned more land than was issued during all of the years of Soviet rule.

Certainly, by no means is everything going smoothly. The peasant farms are being created under conditions involving an acute shortage of equipment and construction materials and an underdeveloped infrastructure. The plots being assigned to peasants are as a rule on non-fertile tracts and located at considerable distances from populated points and roads. The development of such tracts is very difficult. By no means are the peasant farms being provided with effective assistance and support.

Nevertheless, we carried out an analysis in six oblasts. And what were the results? In the majority of instances, the weight gains and milk yields on independent farms were higher than those obtained in the public sector. No, the approach employed was not biased and our statistics were reliable. Experts of the FAO [United Nations Food and Agriculture Organization] conducted their own analysis simultaneous with ours. Our data was in agreement with theirs.

Certainly, not everyone realized success. Many farmers painfully endured this year. In particular, the weather conditions were unfavorable and the starting conditions for the functioning of these farms were such that it was difficult for them to immediately organize normal and efficient use of the land. Judge for yourself. There were only 47 tractors, 12 sowing machines and 17 plows for every 100 peasant farms. For 100 farms! Thus it is not possible today to state that they enjoyed the same conditions as the kolkhozes and sovkhozes. Obviously, today even the public farms are also very poorly supplied with equipment. But it is impossible to compare them even in terms of their average indicators.

I oppose comparing the kolkhozes and sovkhozes against the private farms. The equality of these managerial forms was embodied in our policies from the very beginning. The position taken by the RSFSR State Committee for Land Reform is not to destroy the kolkhozes and sovkhozes, but rather to transform them into other democratic managerial forms and on a voluntary basis. The peasants themselves must determine which form is best for them—in a joint-stock company, joint ownership of the land, in associations of peasant farms, or to be divided up into private family farms. The peasants must decide for themselves! The task of the land reform committees—to ensure that the peasants take advantage of this right.

And in the case of unprofitable or low productivity farms, there must be no coercion. When they find themselves having to exist on their own food, the people will find the most effective managerial form.

I cannot agree with those who state that we are turning abruptly backwards towards a limited-goods individual peasant economy. We are discussing the revival of a farmer and in this regard we are truly turning towards that which existed formerly in the Russian countryside, for example during the NEP [New Economic Policy (1921-1936)] years. Although a peasant did not own the land during this period, he nevertheless was fully authorized to handle it as an object of management.

Today, possessing experience in international development, we are convinced that ownership of the principal means of production encourages an owner to make better use of and to improve his land and to turn it over to his descendants in better condition. Thus we advocate the private ownership of land. But, once again, such ownership must not be imposed in a forcible manner. The law presents a farmer with the right of selection—either life-long possession or ownership, with the latter being more preferable in our opinion. But this is not a step backwards, if only because today the peasant farms are not isolated, low-productivity, individual plots as they once were. They will invariably engage in cooperation—in the sphere of services, product sales and in the storage and processing of products. But this will be another type of cooperation—based upon an objective economic requirement for collaboration and not that mandatory type which we placed in operation in the late 20's and early 30's.

[Seslavin] I am interested in learning how the land fund is formed, the fund used for allocating land to private farmers, horticulturists and gardeners, for expanding the private plots and for other purposes.

[Khlystun] The problem must be divided into two parts. Today we are withdrawing from the kolkhozes and sovkhozes those lands which they are using in a very inefficient manner, land which is neglected or overgrown with weeds or undergrowth. We are using this land to form the land fund for allocating plots to horticulturists

and gardeners. Land from this fund is being given to those who come to the rural areas from cities.

With regard to kolkhoz and sovkhoz workers, they are authorized to receive a share of land the quality of which will be no worse than the average quality for the farm as a whole. If this portion is insufficient, they can expand it by means of the redistribution fund. But it turns out that quite often the city-dwellers end up better than the rural residents in view of the fact that they can obtain 60 hectares from the redistribution fund, whereas the average portion for a kolkhoz member in densely populated regions is only 2.5-3 hectares. For example, three individuals from a kolkhoz are assigned 10 hectares. And that is all! Indeed, this is completely inadequate for carrying out commodity production operations and particularly so if they intend to cultivate grain or breed dairy cattle.

[Seslavin] What legal documents do the land committees rely upon in carrying out their work?

[Khlystun] First of all, there are the Russian laws—the Law on Land Reform, the Law on Peasant (farmer) Farming and the RSFSR Land Code. And there is also the Law on Land Payments. In addition, there is the system of legal documents and decrees of the RSFSR Supreme Soviet, the Presidium of the Supreme Soviet and the RSFSR Council of Ministers. The decree of the Council of Ministers of the Russian Federation on the results of the first stage of the land reform and additional measures for supporting the peasant (farmer) farms has been prepared and will be signed within the next few days. This is a very important document and one which decisively supports the private farmer movement in all respects.

[Seslavin] Yes, the laws are adequate. Nevertheless, the mail being received by the Editorial Board contains many signals attesting to the fact that even low productivity lands and the unworked land of kolkhozes are being allocated very reluctantly. Strong pressure, many months of pestering and legal measures are needed if land is to be obtained. In your opinion, what is the explanation for this?

[Khlystun] This situation prevails in almost all areas. It is the result of two factors. The first—a subjective factor engendered by the psychological mood—to not give back that which is assigned to you today. Yes, if you please, this is a dog in the manger. I am not using it and I will not let others use it. I believe that everything would be different if the Law on Land Payments had been adopted much earlier. Unfortunately, its preparation was delayed and it was not adopted until October. It will enter into force on 1 January 1992. In the meantime, the land committees must withdraw even uncultivated lands using forcible methods. Quite often, this ends up in a fierce struggle. But the most weighty utterance here is not strong pressure but rather economic interest. The introduction of a payment for land will prompt the kolkhozes

and sovkhozes to reject useless and "barren" hectares, which only impoverish the public treasury.

[Seslavin] How much land is being distributed at the present time? What fund do the land committees now have at their disposal?

[Khlystun] At the present time, the distribution fund consists of approximately 13.5 million hectares. What is the apportionment? Roughly 1.3 million hectares have been turned over for the development of peasant (farmer) farms and approximately 300,000 hectares—to small agricultural cooperatives. As yet, approximately 7.5 million hectares remain undistributed. For the most part, this land is located in remote regions of the north and northwest areas of the country, where only limited numbers of people are willing to live and work.

These areas, which in recent areas have been withdrawn from agricultural use, are overgrown with weeds and undergrowth. They require a great amount of work. But it would be great if we could improve their condition and thereafter, on the basis of a payment, turn them over to private farmers. But a moratorium on the buying and selling of land prohibits us from doing this. These lands still remain with kolkhozes and sovkhozes. We have merely told them that they will be withdrawn from them as the need and requirements dictate.

[Seslavin] A question of vital importance—the privatization of land. Judging from the letters received, there are many debatable issues here: "necessary—not necessary," "worthwhile—not worthwhile," to turn over land for ownership. What is your opinion?

[Khlystun] Today practically everybody recognizes the legality and possibility of introducing the private ownership of land. Compared to February and March when the majority of the rural population had a negative attitude towards the introduction of private ownership of land, today the situation is changing. More and more people are beginning to understand that its introduction is not so much a misfortune but rather a blessing. The kolkhoz and sovkhoz leaders are beginning to realize this fact. I make this judgment based upon their contacts with the kolkhoz chairmen and sovkhoz directors in Rostov, Belgorod and other oblasts. Their attitude towards this vital question is clearly changing. They are beginning to understand that we will gain much more than we will lose.

Today it is written in our laws that land can be turned over to private ownership only for the carrying out of agricultural production. Let us examine exactly how correct this is. Let us say that an individual acquires a barber shop. Today this is permitted by law. He purchases the building. It becomes his property, his real estate. But what about the land on which this property stands? Formally, it does not belong to him. Or a house is sold. Simultaneously, the land is turned over to the new owner without question. But it is not property. This is absurd!

Let us look at what is happening in the Moscow area. A plot consisting of sixth hundredths of a hectare and a dilapidated shed costs 80,000 rubles. Can we sell it at this price today? It is clear to everyone—the land! Thus why do we assume the position of an ostrich and close our eyes to the real vital processes? Let us legalize them and place them under state control. The additional funds which will be added to the state budget will be used for improving the land and for creating the infrastructure. Thus we consider it necessary to introduce changes into the existing legislation. First of all, abolish the moratorium on the buying and selling of land. Secondly, permit ownership of land in any sphere—including in agriculture, forestry, industry, transport and in cities and populated points.

Importance is attached only to ensuring the creation and efficient operation of a mechanism for regulating ownership, one which will preclude the development of negative processes. What do I have in mind? First of all, speculation in land cannot be tolerated. Strong legal barriers should be erected in this regard. Monopolism in the ownership of land should not be encouraged. The amount of land that can be owned by one individual must be defined.

[Seslavin] And what if land is withdrawn from agricultural use for other needs? How will the payment for it be established in such instances?

[Khlystun] A system exists at the present time, according to which, if land is withdrawn from agricultural production, the damage and losses are reimbursed. But if the mechanism for the buying and selling of land is activated, naturally the price for the land will include the profit due from the plot involved.

[Seslavin] For how long a period? For 5, 10, 20 or 100 years?

[Khlystun] Here a differentiated approach must be employed. For example, if a plot is sold on which something was sown, its owner can demand reimbursement for the expenses involved (for plowing, seed, fertilizer and others). The profit due for a number of years must be reimbursed. For how many years? We believe for not less than five years. 100 years—certainly, this is unrealistic.

[Seslavin] Viktor Nikolayevich, what in your opinion are the prospects for accelerating the land reform? When do you think the principal means of production will fall into the hands of the true owners?

[Khlystun] It would be wrong to attempt to carry out the reform within a brief interval of time. International practice knows of no examples of a reform being carried out over the course of one or two years. The example of the Stolypin reform, which we are referring to frequently at the present time, is rather significant. It began at the end of 1906 and continued practically up to the beginning of the first world war—up to 1914—that is, for almost eight years. During this period, 27 percent of the

peasant farms left the community. Slightly more than one fourth—over a period of eight years. And we also have a fresh example—Turkey. Here the land reform began in 1986 and at the present time it is somewhere at the beginning of the second half.

But by no means is this meant to imply that we must intentionally prolong the period for carrying out the land reform. It should not be forgotten that this is not merely the redistribution of land. During the course of the reform, an appropriate infrastructure must be created for the new farmers and an entire complex of conditions must be established for ensuring normal land utilization. It will include a system of consultations for the farmers, a system for the supply, storage, processing and transporting of products, a marketing infrastructure and banking and stock exchange systems. Farming will not produce the desired results if firm support is not provided for these systems.

Today it is our intention to carry out the reform simultaneously in three directions—to create private farms, to transform the kolkhozes and sovkhoses into associations of peasant farms, people's enterprises and joint-stock companies and to create a complete commercial and business infrastructure for them.

We cannot delay. Nor can we establish new land attitudes using pressure or forcible measures. Coercion only begets retaliatory opposition. The work will proceed much better if we carry out explanatory work and create real economic prerequisites for the new management.

It can be said that the first stage of the reform is now behind us. By the end of 1992, according to our estimates, there will be approximately 200,000 private family peasant farms in Russia and in 1993—300,000-500,000. The transformation of the kolkhozes and sovkhoses must take place during this period. Here the modifications may vary greatly and yet the principle will be the same—each worker on a collective farm must become an owner or the co-owner of land and the means of production.

The redistribution of land will be carried out mainly during 1992 and 1993. But the creation of the infrastructure will require a longer period of time. We believe that the entire reform will be conducted over a period of 5-7 years.

AKKOR President Bashmachnikov Interviewed

RSFSR Peasant Movement Progress, Problems

924A0231A Moscow PRAVDA in Russian 18 Nov 91
p 2

[Interview with V. Bashmachnikov, president of the Association of Peasant Farms and Agricultural Cooperatives of Russia and Doctor of Economic Sciences, by N. Musiyenko; date and place not specified: "Is a Peasant War Possible In Our Case?"]

[Text] V. Bashmachnikov, president of AKKOR [Association of Peasant Farms and Agricultural Cooperatives of Russia], answers questions addressed to him by N. Musiyenko.

[Musiyenko] Vladimir Fedorovich, it was only recently that the word "farmer" had a somewhat foreign and outlandish meaning for us. We were assured by skeptics that our Russian peasant is by nature a collectivist and that he is not attracted by land.

[Bashmachnikov] They are mistaken. Life has shown that there are many who wish to work independently on their own land. In January 1990, when the first AKKOR Congress was held, there were only approximately 400 farmers throughout the entire territory of Russia. But their example turned out to be contagious. At the present time, there are already more than 33,000 peasant farms and small family rural cooperatives in the republic, in which more than 100,000 individuals are working. They own 1.6 million hectares of land. More often than not, this is rather bad land, but nevertheless it belongs to them.

[Musiyenko] What is their contribution to the Russians' food supply?

[Bashmachnikov] As yet, the production is not very great—today the farmers are producing slightly more than one percent of all agricultural output. But this is only the beginning. These "newborn" owners of land must still stand on their own two legs, acquire everything that is needed and accumulate experience. They will then be able to produce at maximum capability and they will prove that the hopes placed in them were not in vain. It bears mentioning that at the present time the farmers are obtaining on the average one and a half times more products per hectare of arable land than the kolkhozes or sovkhoses from which they emanated and the profitability level of these independent peasants is higher by a factor of 2-3. Is this not clear proof of the promising nature of the farmer movement? It continues to gather new "volunteers" under its banner. The local organs of government have received more than 200,000 applications from those desiring to obtain land. According to our forecasts, no less than 70,000 farmer families will move out onto the fields in the spring.

[Musiyenko] Is this meant to imply that the kolkhozes and sovkhoses will have disappeared by the end of this century and that they will be replaced exclusively by farmers?

[Bashmachnikov] Certainly not. The proportion of goods produced by the private sector, including private plots, orchards and gardens, will scarcely exceed 50 percent. Indeed, not everyone is capable of "free sailing." A peasant must make his own selection and without any type of coercion. You prefer to remain in a kolkhoz. For God's sake! Still another matter is the fact that the kolkhozes and sovkhoses will be unable to survive under market conditions if they are not released

from administrative shackles, if they are unable to activate such a powerful reserve as the personal interest of their workers and if they are not transformed into joint stock companies and associations of primary cooperatives, in which each will have its own land share and portion of the principal means of production. It is my belief that large farms, especially seed production, breeding, fattening and hothouse facilities and also poultry factories, remain an important part of the agrarian sector of the economy. But instead of a guaranteed supply in the form of material resources from state sources, they enter into extensive cooperation relationships with many equal partners, including farmers.

[Musiyyenko] However, for the time being the relationships of leaders of large farms, rank and file kolkhoz members and sovkhoz workers with farmers are often not the best. There are more than enough conflicts.

[Bashmachnikov] It's a great pity! It would be considerably more beneficial for both sides if there were mutually advantageous collaboration rather than confrontations. And thus a peasant war is not far off. The nickname "kulak" is still not the worst appellation for farmers. In some areas, envious individuals release "red roosters" on the farmsteads of individual peasants, they destroy the farm equipment and they lay waste the crops. And such danger will not disappear so long as the rural proletarians have nothing. The kolkhoz members and sovkhoz workers also will not become owners and joint owners of wealth acquired through joint effort and they will not have a real opportunity for influencing the work of their farms, rather than thoughtlessly carrying out overbearing orders.

[Musiyyenko] Sabotage and the "red rooster"—certainly, wildness and extremes, fortunately, are rather rare. On the other hand, there are problems which are literally encountered by every beginning farmer. First of all, there is a shortage of knowledge. But of most importance—where can the money needed for acquisitions be obtained, where can the equipment and construction materials be purchased and others? Nor can a farmer expect to receive assistance from the farm he left behind.

[Bashmachnikov] You are correct, a farmer cannot succeed in the absence of serious theoretical and practical training. Indeed, he is a man of many accomplishments: a machine operator, livestock breeder, agronomist, zootechnician, economist, bookkeeper and builder. Approximately 60 agricultural technical schools and SPTU's [agricultural professional-technical institutes] have converted over to the training of farmers. Such training centers can now be found in all oblasts and republics. We are also employing six-month probationary periods for farmers abroad—in Sweden, Holland and Germany. We are establishing similar contacts with England and the U.S.A.

There are no special problems associated with the money needed for acquisitions. After obtaining the land and

having registered his peasant farm, an individual needs only to go to a bank and obtain a loan.

As is known, one billion rubles have been allocated from the republic's budget and placed at the disposal of AKKOR especially for the development of farming. These funds could be distributed in a simple manner: free of charge in accordance with the principle "for all sisters according to ear-rings" [to each one equally]. But we proceeded differently. We transferred the billion rubles to the "Russian Farmer" fund which we created and which serves as a guarantee to the bank which extended the loan for the peasant farm. This fund is used for paying off a portion of the interest for the bank loans undertaken by the peasants. Thus the farmer is obligated to repay the bank, completely and on schedule, the entire amount issued in the form of a loan. This forces an owner to "get busy" during the very first year and produce output without delay. We issue an irrevocable grant in the amount of 10,000 rubles to the head of a peasant farm and 2,500 rubles for each member of his family only to those who resettled from a city or from one village to another. Roughly one half of today's farmers fall into this category.

The equipment problem is even more complicated. If one succeeds in obtaining it from a kolkhoz or sovkhoz, as payment for the amount due a departing member or worker, as a rule it is in need of repair. Here assistance must be provided by AKKOR.

Through our organizations in the oblasts and rayons, we have now sold to the farmers more than 5,000 tractors, made available from the state funds. But this is only a drop in the bucket. Thus a great amount of hope is being placed in the recently instituted, under the aegis of AKKOR, All-Russian "Farmer" Peasant Exchange, which will become an intermediary between the "farmer" farms and industrial enterprises in the acquisition of equipment, including by means of barter, in exchange for products. The exchange will move out onto the world market. At first, the rental points for agricultural machines will also prove to be of some assistance.

Certainly, we necessarily expect to receive some assistance from the Russian Government. As stated by B. Yeltsin during the 5th Congress of People's Deputies of the RSFSR, next year's budget calls for 6.5 billion rubles to be allocated to farmers. At the same time, they will be supplied with material resources and given 24,000 tractors, 22,000 trucks and many other items of equipment from the available funds. The government has prepared a program for organizing the production of machines, with the intention of attracting foreign firms to participate in this work on an extensive scale. Roughly 100 million dollars will be spent abroad for purchasing agricultural machines and transport equipment. In addition, a network of small enterprises will be created in the near future on a cooperative basis for providing services to farmers and for the processing, storage and sale of the goods produced by them. Naturally, the peasants will

become shareholders and co-owners of these enterprises and thus will receive dividends.

[Musiyenko] The distribution of funds for equipment and construction... Will not AKKOR, which will carry out this work, be transformed into a type of "farmer" ministry in terms of its administrative structure?

[Bashmachnikov] By no means. AKKOR is a democratic system that was created on a voluntary basis through the delegation of definite powers from bottom to top. Each farmer is independent and is an owner and legal entity. Nobody is authorized to order him to do anything. But by joining together in an association and having been given an elective aktiv and a small hiring system for certain assignments, the farmers can solve problems which they could not handle acting alone. The principal burden is borne by the lower farming organizations—the "group," rayon and, to a lesser degree, the oblast organizations. It bears mentioning that in some areas, in an atmosphere of notoriety, the funds for equipment (so long as they exist, and I hope temporarily), transferred from Moscow, are shared based upon three criteria: the number of farmers, their amount of land and the volume of goods produced. And the central organs—the presidium and the AKKOR council—are responsible for developing the overall policy, the representation in parliament, contacts with the government, foreign economic operations and the summarization and distribution of experience. At the present time, we are also devoting attention to the creation of a peasant land bank and an insurance company. During the last AKKOR conference, we prepared proposals for improving the land legislation.

The following plan for land utilization in the farming economy is proposed: a definite minimum amount of land is given free of charge to an owner on an ownership basis, but if he wishes to expand his effort, then the additional hectares (again within definite limits) must be purchased, including even on an installment basis. If this amount of land is still too small for him, he can procure some more on a lease basis. There is still one other important aspect: in order to avoid the buying up of land by newly appearing large land-owners, who thereafter hire farm hands to work under slave-like conditions, the land areas must be sold not to firms, nor to joint-stock companies or industrialists, but only to those peasants who intend to grow agricultural products using the resources of their own families.

Farming as a facet of Russian agriculture has proved its worth in a decisive manner. Today this phenomenon cannot be disregarded by anyone. Despite the difficulties involved, our independent peasants have a future. A great future.

Workings of Peasant Exchange

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[Interview with V.F. Bashmachnikov, chairman of the council of the Joint-Stock Company and Doctor of Economic Sciences, by SELSKAYA ZHIZN correspondent G. Mikhaylov; date and place not specified]

[Text] There has been an increase in the number of commercial formations operating in rural areas. Recently, still another joint-stock company was registered in Moscow—the All-Russian Peasant Exchange "Ferner." What is the status of "Ferner" within the system of other agricultural structures, what are the tasks and goals of the market and what problems are confronting it as it takes its first steps—these then are the subjects being discussed by SELSKAYA ZHIZN correspondent G. Mikhaylov and the chairman of the council of the joint-stock company and Doctor of Economic Sciences V.F. Bashmachnikov.

[Mikhaylov] Vladimir Fedorovich, what brought about the creation of still another agricultural structure in the country, have there not been too many changes and are not the results less than pleasing?

[Bashmachnikov] Our farming developed almost out of nothing. Our former experience and traditions, such as they were in Russia, have been forfeited. Today there is practically no system that can help the farmers become independent. It must be created anew. Moreover, this must be done immediately, since in real life the processes have accelerated: simultaneously throughout the country, farmers are coming into being as new owners and agricultural services are being established for actively assisting them in carrying out their work in a knowledgeable manner, such that nobody will undercut them or rob them blind and their farm money will not be wasted but rather retained by them.

The first step in regulating this process was the formation of AKKOR [Association of Peasant Farms and Agricultural Cooperatives of Russia]. It was instituted by farmers for the purpose of solving their own problems. The association carries out work in many directions, all of a socio-political and economic nature. For example, the most important economic task is that of achieving a situation in which a rural farmer is able, on the one hand, to obtain all of the logistical resources needed for his production and, on the other, to sell his products freely, profitably and without difficulty. How can this process be regulated such that it is carried out in a balanced, fault-free and uninterrupted manner?

The farmers carry out their own plowing, sowing and crop harvesting operations and they milk their own cows. They also produce their own raw materials. But they do not have nor should they have the opportunity to lose time searching for tractors, fertilizer or construction materials. Nor should they lose time by trying to sell

their crops, which would require them to stand behind counters. Someone must do this for them. But who?

Here we encounter several variants: either these functions must be undertaken by state structures (and recently these structures have shown a willingness to do this) or the work should be performed by private business. But in either case, a large amount of the money spent for goods and services will be transferred from the peasants into the pockets of others. The farmers will find themselves backed into a corner just as the peasants were on more than one occasion.

Hence, what conclusion can be drawn here? From the standpoint of the interest of the farmers themselves, they would profit more from the creation of commercial cooperative structures in which they would appear as shareholders and stockholders. Once they begin to administer the work of these structures, they will become their loyal assistants and they will be able to save and multiply their capital. One such commercial structure and one which must truly serve the diverse interests of the farmers and aid them in carrying out their "small business" is the joint-stock company known as the All-Russian Peasant Exchange "Fermer."

Its founders—AKKOR, the "Russian Farmer" fund, the "Land" Association, the Intoagro Firm, the Podolsk Commercial Land Bank and other structures oriented towards the rural areas—have established as their chief goal that of trading in the products produced by farmers and also in the goods produced for farmers. Moreover, whereas our other colleagues are arranging their work with reliance being placed mainly upon goods being obtained from kolkhozes and sovkhozes, we are counting upon the farmers, upon their "small farms" and upon the so-called private sector of peasants, where today up to 40 percent of the principal agricultural products, excluding grain and technical crops, are being produced.

[Mikhaylov] A peasant family and peasant structures, as is known, are traditionally oriented towards self-support. The range of their interests is broad and yet you mention only trade. Will a "farmer" engage in other types of activity?

[Bashmachnikov] Beyond any doubt. In the title for the AO [joint-stock company], we employed the currently fashionable term "exchange." But we see it as embodying a broader meaning. Actually, our exchange is not restricted to trade alone—it is, if we are allowed to state it in this manner, a service for providing marketing assistance to farmers. It will operate in connection with a broad range of problems, such as supply, marketing, making repair services available and the processing of products. Other forms of economic services for farmers are planned, including financial services, for which we are undertaking a study of certain bank problems. Thus the "Fermer" Exchange is thought of as a broad-profile joint-stock company which will loyally serve the farmers as they follow the path of their operational network—

from the production of raw materials, the processing and production of finished products and their delivery to the trade counters.

A broad spectrum of AO operations and diverse forms for its work are assumed. One of the chief forms will be the exchange operations, that is, the carrying out of trade work and the creation of broker offices, trade firms and farmer services.

We are commencing this work with the carrying out of initial trade operations, during which there will be a presentation of industrial resources and food goods from farmer associations and those farmers who have already achieved a strong position and already have something to present at the market. Here trade contacts will be initiated and bartering and clearing transactions carried out. In short, partners will become acquainted with one another and they will define their own interests and those forms of collaboration deemed more suitable for them. The first markets must be held during the second ten-day period in December.

In order to complete this question, I will make a further statement regarding the structural peculiarities of our joint-stock company. Since we are striving to create a cooperative, interdepartmental system, then it follows that the farmer associations and cooperatives in the various areas and those farmers who are already rather well off will become its chief participant-stockholders. A question arises: will this company be a special farmer company in nature, such as we find in Sweden, or will we hire a staff so that it can work for us? The decision was made to pursue the following action: only a control package of documents would be left for the farmer organizations and every attempt would be made to ensure that it does not go beyond the limits of the farmer system and to attract people of the new generation of Russian business—joint-stock companies, small enterprises, private and even state capital.

In such an arrangement, we will be able to observe the interests of the farmers, who experience more difficulties in this world of business and, on the other hand, we will create conditions for merchants that will enable them to engage in this work on a profitable basis. In other words, we are creating a type of holding and we hope that the work will continue to proceed in this manner in the future.

[Mikhaylov] Tell me please, how will the work of the "Fermer" Exchange interface with the kolkhozes and sovkhozes?

[Bashmachnikov] Certainly, we are not opposing other production organizations and our goal is not that of isolating ourselves from them by means of a blind wall. But in actual practice, we had to face the fact that collectives organized along the lines of kolkhozes and sovkhozes do not accept this form of "small business" or private business in agriculture. Unfortunately, many conflicts arise in this regard and we are saddened by this.

How can this be? We advise such collectives to change their life style to a modern form as quickly as possible. We prompt them to become owners. If it still pleases you more to work on a group basis, all well and good. But become a stockholder, since this is equivalent to being an owner. Only stockholders carry out their work on a collective basis, together. It is our opinion that the peasants must convert over to share stockholding ownership in a more bold manner. Let the average collectives detach themselves and acquire independence. Let the brigades and leasing and family collectives develop their own ownership. Do not let them turn over all of their profit to the center, but rather they should arrange matters such that a portion of their funds is used for purchasing a dairy barn. As a result, the entire system will become a system of peasant-owners.

Thus we are gradually moving away from the experiment that was imposed upon agriculture. A peasant is no longer a pawn, but rather he is acquiring his independence. Those with greater resources will manage their own farms and those with fewer resources will enter groups in order to perform work together with others. All of the collectives that started down the road to ownership—family, private, personal—and those who accept it in any form—all of them can be participants in our AO and can count upon the sale of their products through our exchange. Similarly, they will be able to procure material resources through it and participate in any other types of activity. Our goal—to furnish assistance to each small collective and to individual peasants in carrying out their work according to the principle: produced—sold—purchased. Herein lies our unique characteristic and our distinction from other exchanges engaged mainly in buying and selling.

[Mikhaylov] The number of farmer establishments is increasing while their technical equipping remains extremely weak: today there are only 12 sowing machines, 17 plows and 47 tractors for every 100 farms. Recently, on the pages of SELSKAYA ZHIZN, the Penza machinebuilders declared their readiness to convert the Belinskselemash Plant into a base enterprise for the production of equipment for such farms. They received support from other areas. The farmers of Stavropol supported this initiative with both hands. I wish to give you a copy of SELSKAYA ZHIZN containing their letter addressed to the president of Russia B.N. Yeltsin and to you, the president of AKKOR, in which they raise this question. What do you have to say in this regard?

[Bashmachnikov] Thank you for the newspaper. We read with interest the article by the director of the Belinskselemash Plant and people's deputy V. Fomin and we contacted him immediately. Following new publications regarding this initiative, we made repeated phone calls and asked V. Fomin to prepare a package of the necessary documents for AKKOR and to devote some thought to the financial and other calculations. Next week we will meet with the director or his representatives and also with the leaders of the "Tekhnofarm" Association for the purpose of discussing this question in detail.

We like the idea. I believe that here we must apply the joint efforts of AKKOR, the "Rossiyskiy Farmer" Fund and the "Farmer" Exchange. One way or another, we must all participate in the development of production at this enterprise. The proposal, I repeat, is an interesting one and we warmly welcome it.

[Mikhaylov] What other difficulties will confront a "farmer" when taking his initial steps?

[Bashmachnikov] Unfortunately, there are many difficulties and quite often they are artificial or far-fetched in nature. Here is some information that you can reflect upon. For example, a peasant received some products and yet the stores in which they can be sold belong to the state. If you try to buy them, too high a price will be asked. We wished to acquire an unfinished market in our native capital and we were obligated to trade there at prices which were 20 percent lower than the average market prices. Do you know how much we were overcharged? Fifteen million rubles.

Today, we now have additionally the struggle for sovereignty. Between the republics, or states as they now refer to them, customs barriers have been established. But this is still all right and it is possible to survive. Thus border barriers are being created between the oblasts in Russia. And the trade does not like this; it needs an open expanse for operations.

In all probability, this is not the last misfortune. But we will fight and we will overcome the obstacles with peasant persistence.

REGIONAL DEVELOPMENT

RSFSR Agricultural Reform Efforts, Peasant Movement

No Credit in Leningrad Oblast

924A0161A Moscow IZVESTIYA in Russian 4 Jun 91
Union Edition p 3

[Article by Viktor Tereshkin, Leningrad: "How the Bank is Robbing Farmers"]

[Text] Of the billion allocated by the Russian government to develop farming, our oblast has received 5,200,000. These assets were added to the accounts of peasant associations, labor enterprises and Sodeystviye agricultural consumers' cooperatives in Agroprombank. They were deposited and disappeared. Farmers cannot obtain credit. Farmers are thrown back and forth like a football and the lamest excuses are given. More often than not an interest rate for credit is quoted that makes the farmer runs out of the bank of his own free will—25 percent, no more, no less.

In my opinion, having frozen these 5 million, Agroprombank, for all practical purposes is ruining the farmer movement. I turned to the executive director of Sodeystviye, Valeriy Ivanovich Osipenko.

"The directors of Agroprombank received a telegram from Central Gosbank of Russia instructing them to provide credit to farmers for no more than 8 percent interest, but until now they have not sent directives to rayon departments to confirm this and to provide instructions on how to implement this operation."

Agricultural Bank Activity

924A0161B Moscow ROSSIYSKAYA GAZETA
in Russian 4 Oct 91 p 1

[Article by Sergey Panasenkov: "Rosselkhozbank [Russian Agricultural Bank] Will Receive 1.5 Billion"]

[Text] Vladimir Rasskazov, bank chairman, called the resolution of the RSFSR Supreme Soviet Presidium, "On the Russian Republic Agricultural Bank," passed on 23 September, a "victory of common sense."

The resolution does not give Rosselkhozbank the status of a government bank, a topic that had been the cause of a great deal of dispute. The authorized capital of the bank has been established at 1.5 billion rubles instead of the previously-planned 5 billion, although the possibility of increases has been foreseen. In this way the Bank of Russia retains control over the operations of Rosselkhozbank, since according to the RSFSR Law, "On Banks and Bank Operations," the Bank of Russia must be informed of any change in authorized capital.

In the same way, as compared to previous plans the authority of Rosselkhozbank has been reduced with regard to the distribution of budgetary assets. It has been given the "right to carry out technical operations related to financing state measures by means of budget allocations under the control of the Bank of Russia." This means that in principle it will be no different than other commercial banks.

The resolution does not give Rosselkhozbank the right to have subsidiaries. This means that the independent commercial agricultural banks in operation today can join Rosselkhozbank as affiliates at best. Russian bank law states that in this case the banks will lose their licenses to carry out banking operations, i.e. they disappear de jure as independent banks, and the corresponding reminder has already been sent to all regional commercial banks. This circumstance forces us to doubt that there will be very many desiring to become a part of Rosselkhozbank.

The resolution summarized the 8 month struggle that was carried out by some deputy-agrarians and directors of the Bank of Russia. The culmination of the struggle surprisingly coincided with the pressure campaign begun in the press in August and September, the main object of which was Bank of Russia chairman Georgiy Matyukhin and his deputy, Vladimir Rasskazov, who more than others were involved in the struggle against those who supported the revitalization of Agroprombank.

Garden, Orchard Start-Up Efforts

924A0161C Moscow EKONOMIKA I ZHIZN
in Russian No 30, Jul 91 p 6

[Article: "Garden House—Unattainable Dream?"]

[Text] The Russian Republic program to implement land reform foresees the allocation in 1991-1995 of up to 2.5 million hectares of land for gardening and orchards. In the course of the first stage of land reform as of 15 April 1991 about 1 million hectares were transferred to citizens for gardening, orchards and private residential construction. Unfortunately, the development of collective gardening is being held back by the shortage of building materials. This is what is being reported by RSFSR Goskomstat [State statistical committee].

According to data from budget studies, in the republic 13 percent of families who have orchard parcels do not have any structures on them and 18 percent have only a shed or temporary structure. This year orders for garden houses will be fulfilled by only 38 percent.

In 1991 up until now the production of garden houses, including parts for them, timber and assemblies, has been decreasing steadily from month to month. In May the situation became much more urgent; during one month the production of garden houses decreased by 1,800 (which comprises 56 percent of total decreases between January and May). The greatest decrease in the production of garden houses was tolerated by the departments indicated in the table.

	January-May 1991	
	Actual production	Percent of January-May 1990
RSFSR	42,876	93
Including:		
USSR Minneftegazstroy [Ministry for construction in the oil and gas industry]	142	46
Rossoyuzmestprom [Russian union local industry association]	364	68
Rostopprom [Russian fuel industry association]	779	90
Rosvezapstroy [Russian northwestern construction association]	1,103	35
Rosyugstroy [Russian southern construction association]	170	43
Rosuralsibstroy [Russian Urals-Siberia construction association]	351	45
RSFSR MVD [Ministry of Internal Affairs]	14,359	97
RSFSR Minselkhozprod [Ministry of Agricultural Production]	809	81
Lenstroykomitet [Leningrad construction committee]	131	84

The enterprises of 45 out of 68 regions that produce garden houses have curtailed production. The greatest decrease (29-57 percent) was tolerated by the enterprises of Ryazan, Tver, Tambov, Samara and Omsk oblasts, Stavropol and Maritime krais and Yakutsk-Sakha SSR.

The lack of timber for industry is the primary reason that garden houses are not being produced. The production of industrial lumber decreased by 12 percent in the republic in January-May as compared to the same period last year. Existing industrial capacities are also not being utilized to produce lumber or door and window sets (in 1990 capacities were utilized at less than 80 percent).

Agriculture Needs More Support

924A0161D Moscow ROSSIYSKAYA GAZETA
in Russian 3 Sep 91 p 1

[Article: "The Village Needs Help"]

[Text] The RSFSR Department of Information of the President has circulated among the Soviet and foreign means of mass information an appeal by a number of kolkhoz chairmen and sovkhoz directors to the directors of enterprises of the processing and food industry, farmers and all village workers.

In part, the appeal states that many people are inclined to lay the blame for the serious food supply situation that has developed in Russia only on the administrations of enterprises, kolkhozes and sovkhozes. At the same time we cannot but see the disastrous situation involving supplying peasants, the food and processing industries and the entire APK [Agroindustrial complex] with technology, petroleum products and other resources. This has considerably decreased their ability to complete harvesting operations and to process the harvest on schedule and without losses.

Agricultural Establishment, Kulik Critiqued

924A0161E Moscow ROSSIYSKAYA GAZETA
in Russian 26 Oct 91 p 3

[Article by Yevgeniya Pishchikova: "We Will Destroy the Grain, But We Will Not Capitulate"]

[Text] Yesterday and the day before a group of farmers and chairmen of farmers' associations, who had something serious to say to the president, sat in Yeltsin's waiting room. In addition to the cases of sabotage of agrarian reform in each one's home region, which is such a personal and very intimate thing for every farmer, these individuals are also concerned, surprisingly, about the question of the interruption in grain procurement. In particular, Viktor Pashinin, chairman of the Tambov Oblast Farmers' Association, wrote a memorandum to the president in which he persistently proves that the peasants have been tricked again. As of 30 September 1991 grain suppliers, who submitted their grain to SKV [further expansion unknown] above the food tax quota,

did not receive a single convertible ruble, whereas 445,000 tons worth 70 million of these convertible rubles were delivered.

It must be said that farmers are so concerned about the criminal inertia of RSFSR Finance Minister Lazarev not only because a portion of the tricked villagers are farmers but also because they fear the discreditation of the powers who they feel are their only protection. Farmers know fairly well which serious people with bright smiles of joy are taking advantage of the new government's omissions. Farmers are in a very bellicose mood because they are convinced that the president is not being totally informed about the situation that has developed today on Russian agricultural lands. This is attested to by a document which was given to the ROSSIYSKAYA GAZETA reporter privately. This is a report by V. Makharadze, RSFSR General Inspector, that was put together from reports by the president's representatives in different agricultural regions.

The report states: "According to reports from a number of oblasts, grain is being destroyed there. The grain that is being stored is becoming unusable, even for animals. An investigation carried out by specialists of the RSFSR Procurement Ministry has established the fact that 3,500 tons of grain have ruined in Belgorod Oblast. Local authorities are doing everything to conceal this crime. A local investigative committee was not created and representatives of the office of the public prosecutor did not come to the investigation site."

In Avangard Kolkhoz, Navlinskiy Rayon, Bryansk Oblast, an attempt was made to destroy 150 tons of grain. The APK administrative system remains strictly centralized from the RSFSR Ministry of Agriculture and Food to the rayon link. As an investigation carried out by representatives of the president shows (in particular, in Chelyabinsk Oblast, Krasnodar Kray and others), first secretaries of rayon party committees and other members of the party nomenclature remain in local administrative organs.

The first farmers have faced difficult circumstances; any growth in independence is interfered with. Farmers are given the opportunity to do something only under the strict guardianship of the agroindustrial administration. Everything is taking place on a background of the fact that as of 30 September 1991 food tax procurement volume equalled 46 percent. In general when consideration is made of both the food tax and state orders, 11.5 million tons fewer have been procured than on the same date last year, even though the procurement plan was decreased (11.5 million tons of grain is one-third of total grain usually procured by the state—Ye. P.).

Meanwhile, what is Minselprod [Ministry of Agricultural Products] doing? As reported by Golovachev, a representative of the president in Saratov Oblast, locally telegrams are received with demands to complete the privatization of kolkhozes and sovkhozes by 15 October of this year. Evidently, privatization does not mean the implementation of real land reform or the reorganization

of village enterprises within the channel of market economics to the advantage of farmers and other agricultural workers. The analysis shows that they have something completely different in mind. The workers of Minselprod and of agroproms on the local level already control commercial structures. There has been an organization of a number of commodity grain exchanges under the direct guardianship of the Ministry of Agriculture and Food. The passage of a decision to create a non-government joint stock land bank having the right to acquire and sell land is possible. Administrative posts there will also be occupied by people from the apparatus of the central agricultural departments and representatives of the not-unknown Peasants' Union, the basic structures of which have remained and are functioning. The sale of Russian lands are other land operations are leaving the control of the government.

The report notes another group of factors: "Many directors of organs of power and responsible parties, taking advantage of the confusion, are attempting to make use of their job positions. They are organizing commercial structures and are moving to direct embezzlement. Yu. Moskvich, representative of the president for Krasnoyarsk Kray, has discovered the illegal writing off of 35.4 million rubles in debts by the agroindustrial complex, by means of which in part the Niva joint-stock commercial bank was created. Executive organs of power and their administrators are creating various types of commodity exchanges, joint stock societies and small enterprises into which budgetary assets are being invested, but for all intents and purposes contributions to the budget from their organizations do not and will not exist. In some oblasts the debt of these small enterprises comprises 10-30 million rubles, and in some cases it is a hard currency debt. As a rule, the main role in these structures is played by former representatives of the local party elite.

In this way a monopoly is created in the production of agricultural products. Moreover, it is a monopoly by a group of individuals which is supported by political powers whose interests are contradictory to the course set by the RSFSR president.

It would be absurd to think that these monopolists, the influence of whom on the agricultural situation in the country is indisputable, know each other by appearance, have special tatoos in the bends of their arms or in general have secret meetings. These fellows—and they include kolkhoz-sovkhoz leaders and agroprom directors—do not need to reduce themselves to a clarification of their position. Their uniform and fairly savage reaction to the proposed reforms is the result of a 100-percent community of vitally important interests. They have no intention of giving up their kolkhozes and

sovkhozes to satisfy bold reformers. The struggle continues, the fallen banner is snatched up by a young drummer. In the newspaper SELSKAYA ZHIZN of 19 October Dmitriy Starodubtsev, brother of the "hero," the director of Sovkhoz imeni Dzerzhinskiy, spitefully exclaimed, "We will survive (kolkhozes and sovkhozes—Ye. P.) despite the wails from various tribunals, and we will feed Russia." This formulation of the problem reminds us of forced feeding in a psychiatric hospital. Thus, on the one hand we have the cohorts of legions within the kolkhoz-sovkhoz structure who are battle-hardened. What about on the other side? There we have G. Kulik, Minister of Agriculture and Food, who regularly hears in the Supreme Soviet from the agricultural lobby. Minister-reformer? The fact is that Gennadiy Kulik most likely sees all the fine points of today's agricultural situation. This explains his extremely subtle policies of European words and Asian actions. Kulik does not quarrel with kolkhozes, but he does have a special ministerial fund of agricultural technology from which from time to time he presents a gift of a tractor or a mower to a farmer who wanders in to see him and who is upset about the position of the farmer. It is true that this happens infrequently, and only if from the neighboring doorway the Kulik deputy does not appear to secretly show the farmer the barrel of a gun. Kulik is kind, he'll say, but I am smart. Most importantly, the minister does not control the situation, not only within the country, but within his own ministry either.

There is also Grain Procurement Minister Cheshinskiy. Can we depend on him? An official of this rank cannot but be a politician. It seems that it would not be hard to understand that any delay and even simply vagueness regarding the payment of hard currency for grain submitted this fall above the food tax quota is comparable to the well-known confusion of the Turks in the battle at Navarin, when they evidently shot at their own leading officer.

Again a situation is being artificially (?) created in which the only means of obtaining grain, and now not from the individual, but from kolkhozes and sovkhozes, which are obligated to the government by the very fact of their existence, is the food detachment with the devoted democrat at its head. Yeltsin has proposed that prices be set free. In this way prices for grain will increase, but will the Rabelaisian appetites of sovkhoz workers be really satisfied? It is impossible to wholly satisfy them because they have a totally non-economic, but political goal—to force Yeltsin away from his accursed agrarian reform.

As our newspaper supposed in its materials, the front line passed through our native fields. According to our reports, the industrial regions of the Urals, and in particular the homeland of Boris Yeltsin, Sverdlovsk Oblast, is experiencing much hunger. And evidently this hunger too has political roots.

FOOD PROCESSING, DISTRIBUTION

Warning Against Politicizing Food Issue

924A0253A Moscow *DELOVOY MIR* in Russian

No 248-249, 2 Nov 91 p 3

[Article by Leonid Vashchukov: "There Will Be No Hunger"]

[Text] Recently there has been talk of the coming hunger in the country. But what do figures say about this? First about bread. A total of 162 to 165 million tons of grain will be procured in the country. Of course, this is not enough. However, there were years when even less was gathered (135 million tons in 1962; 103, in 1963; 116, in 1965; 141, in 1967; 132, in 1975). There was no hunger. And so, the threatening situation, obviously, should not be called by this word.

In the current year kolkhozes and sovkhoses are holding back the sale of grain to the state. By October about 34 million tons were purchased, including 22 million tons of food grain. A total of 50 million tons are needed for a normal diet. However, it should be taken into account that part of the grain left on farms will be used to feed the peasants themselves and, moreover, other population categories in the form of sale and barter transactions. Furthermore, 24 million tons of grain have already been imported and, evidently, we will import 10 to 15 million more. And so, the situation should not reach the point of hunger. Of course, some acute moments can arise in individual regions, but this will depend on the activity of central and local authorities.

The situation with potatoes is not easy. During the current year collective farms have reduced the areas sown with this crop by 450,000 hectares. Both the yield and gross output are lower than last year. On collective farms the output of tubers will be small. The average yield is 100 quintals. Last year it totaled 108 quintals. The procurement of potatoes is proceeding with difficulty. Their sale is also held back by farms. About four million tons have been purchased. But in order for potatoes to be regularly in state trade and at an acceptable price, three times more are needed—approximately 12 to 13 million tons. However, it should be taken into account that in 1991 the area planted with potatoes on citizens' private plantations increased by 620,000 hectares. Here the yield is higher than on public land. Therefore, the population will have 75 percent of the total gross output of potatoes, or approximately 40 to 45 million tons, most of which will be sold at a high price.

On the whole, we expect that total potato production in public and private sectors will amount to approximately 65 million tons. This is even a little more than was in 1990 (63.6 million tons) and in 1988 (62.7 million tons). I recall that at that time there was no talk of hunger. Imported potatoes, which have already been bought, will

be added to this. They now have to be delivered. However, difficulties can again arise in individual regions.

There will be definite tension concerning vegetables. It may be assumed that the 105,000-hectare reduction in areas planted with vegetable crops on farms of the public sector and the yield, which is lower than last year, are the reasons for the scarcity of vegetable counters. Can there be hunger with a vegetable harvest of 25 to 26 million tons? In all fairness it should be stated that vegetable purchases are proceeding a little worse than last year. However, it should also be taken into account that the population produces more than one-third of the total gross vegetable output, which, undoubtedly, will get to the table.

As is well known, the decline in the production of livestock products began in 1990. It was not possible to stop it. The livestock population is decreasing and the production and purchases of livestock products are declining. Naturally, this has an effect on the state of food supply. Difficulties will continue for at least a year and even longer, but there are no grounds for evaluating this as a threat of hunger. Meat production on farms of the public sector and the purchase during the current year have decreased. It should be assumed that negative rates will remain for now. We will obtain 1.5 million tons of meat, eight million tons of milk, and three billion eggs less than last year. However, as calculations show, the production of meat in the country (without our former Baltic republics) will total 17.5 million tons, of milk, 94 million tons, and of eggs, 76 billion. This is with due regard for the population's farms, where recently, in contrast to the public sector, there has been a certain revival. The output of animal husbandry, which state procurement organizations have not received, nevertheless will go into consumption through barter transactions, or through the market—true, at higher prices.

From everything it can be concluded that, if we assume the worst and if we talk about the prospects for hunger, it will be of an obviously organized nature. There have already been similar precedents in the country's history. We must seriously fear the use of food as a means of a political struggle. The numerous cases of spoilage and hoarding of products (for example, as was the case in 1964 before Khrushchev's removal) and the ban on shipments outside oblasts and regions increasingly put us on guard and cause us serious concern. It is precisely such reasons, not production itself, that can cause difficulties with the population's food provision.

Produce Prices in Various Regions Listed

924A0229A Moscow *SELKAYA ZHIZN* in Russian
19 Nov 91 p 3

[Untitled report under the rubric "The Market: How Much for This?"]

[Text] Thousands of kilometers from south to north, from east to west—such is the widespread "geography" of this rubric, which the reader, as we know from responses, frequently peruses, keeping in mind that each

figure means the ruble amount per kilogram of product, and in parenthesis—the procurement price at societies of consumer cooperatives.

Well, it still does not look like we can report today on radical changes for the better. Judge for yourself.

DUSHANBE. Beef—23; pork—20; chicken (dressed)—15-16; honey—40; carrots—3; potatoes—2; radishes—1.5; onions—2-4; rice—12; cucumbers—8; tomatoes—1.5-4; cabbage—0.8-1.5; apples—4-12; pears—6-12; grapes—6-10; watermelons—2; melons—3; pomegranates—7-10; lemon (each)—3-5.

RYAZAN. A call from the editorial offices from our correspondent: "Do not publish figures I gave you yesterday! The situation changes daily. Here are more recent data..." Beef—18-35 (18 in cooperative stores, but long lines); pork—25-30 (cooperative—17); goose, cottage cheese—20; onions—7; carrots, potatoes—2.5; cabbage—3.5; sauerkraut—6; apples—12-15; honey—50; pickles—6-8; grapes—15. Cooking oil is nowhere in sight, and in general there is less variety than there was in September.

MINSK. Beef—30-35; pork—35; rabbit—25; chicken—23; lamb—20; cottage cheese—10; honey—50; potatoes—3; tomatoes—10; onions—8; cabbage—3; apples—10; pears—10-15; grapes—15; pickles—10.

ALMA-ATA. Beef, pork, lamb—20-25; chicken (dressed)—25-50; milk—3; cottage cheese—5; sour horse milk—8-10; sour cream—10-15; potatoes, carrots—3; onions—4; radishes, turnips—2; cucumbers—10-12; tomatoes—6-8; cabbage—4-6; eggplant, bell pepper—5; watermelons—3; melons—4; dried apricots, raisins, walnuts—30.

NIZHNIY NOVGOROD. There are four farmers markets here—Mytnyy, Tsentralniy, Sormovskiy, Avtozavodskiy. Which one shall we stop by today? Let us start with the Tsentralniy. Beef and lamb—30; pork—25; cottage cheese—15; sour cream—25 (not available at other markets at all); milk—5; potatoes—2.5-2.8; onions—5; garlic—20; cabbage—6; dill—10; pickles—10; fresh tomatoes—9; carrots—4; apples—13-15; pears—12; tangerines—20.

SMOLENSK. Beef—20-25; pork—25-30; cabbage—3; sauerkraut (half-liter jar)—3; apples—8-10; pears—18; grapes and walnuts—30.

GOODS PRODUCTION, DISTRIBUTION

Reasons for Car Shortage Detailed

924A0237A Moscow IZVESTIYA in Russian 23 Nov 91
Union Edition p 3

[Article by V. Tolstov, commercial observer of IZVESTIYA: "Everyone Wants To Buy a Car"]

[Text] What is now happening in the state car distribution system is not merely a crisis, but an ever growing scandal. To begin with, Pavlov's government approved the production programs of motor vehicle plants for 1991 only in August, literally a few days before the putsch. Of course, by that time motor vehicle plants had long ceased to give a damn about planning bodies and were trying to quickly sell their products through the firm network of technical service stations. There they were sold out to customers according to the lists of executive committees.

However, as is customary in our country, even different lines lead to one counter. In addition to lists of persons waiting for cars, which have been approved by local authorities, there are also lists of advanced workers in various sectors of the national economy. There is a line for those who have earned the check for the purchase of a car by their heavy labor at the Baykal-Amur Mainline. There are the lucky ones who have won a car in a lottery—they are also waiting. And there are also nice, but naive, people, who, believing the promises of the Soviet Government, bought commodity bonds a few years ago, paying the state for a car in advance. Finally, there are deliverers of agricultural products. They also have been promised cars for shock labor.

Since the beginning of 1991 Russia's market has received only 264,000 motor vehicles and by August, when Pavlov's Council of Ministers made up its production and distribution plans, the bulk of the cars had already been manufactured and sold. Crumbs have remained for recipients from centralized lines.

From these remainders an order was given to allocate cars, first of all, to deliverers of agricultural products and to move all the rest to next year. However, there will not be enough of them for everyone. No actual cars are available. Essentially, figures, not real goods, are divided and redistributed to trade organizations.

This year the situation of the persons on the waiting list was preferable to that of centralized recipients. However, this was due to the "advantages" of the planned economy. But how will it be in 1992? The car distribution procedure is now being worked out in Russia's government (the majority of the motor vehicle plants are on Russia's territory) and it is expected that the state order will remain to some extent. Otherwise, it is impossible to settle accounts with owners of commodity checks, of lucky lottery tickets, and of commodity bonds. To be sure, the list of centralized recipients (ministries, departments, and central organizations), the number of which Pavlov's government almost doubled during the short period of its existence, will be reduced.

Probably, most of us will have to buy cars at free prices. Such an opportunity also exists today. The first auctions on the Russian Motor Vehicle Exchange were held on 17 November. The beginning was modest—55 motor vehicles of sixth and ninth models manufactured by VAZ [the Volga Motor Vehicle Plant]. With the starting price

of the sixth model amounting to 16,000 rubles and of the ninth model, to 19,000, the cars went for 400,000 rubles, on the average.

A significant number of the latest cars have been bought up by the brokerage office representing the interests of customers from the Union's former Baltic republics. Energetically protecting their market against customers from Russia, the people of the Baltic republics willingly make purchases on foreign territory. In such a case either the parties should have equal opportunities, or appropriate customs duties protecting Russia's market should be introduced. We now have too hard a life to sell abroad—on terms favorable for our neighbors—things necessary to us.

The next auctions on the motor vehicle exchange will be held in the middle of December and as of 1992 auctions will be held regularly every two weeks. The AvtoVAZ Association is among the founders of the exchange and for now, basically, its output will be on sale. However, negotiations are going on with other motor vehicle plants, including foreign ones, which have shown interest in Moscow's market.

Enterprises for technical servicing of motor vehicles and producers of agricultural equipment have become interested in the Russian motor vehicle exchange. They intend to exhibit motor vehicle parts, rubber, fuels, lubricants, tractors, and harvesting combines at auctions.

Both an organization and a private individual can buy a car through the exchange. For this it is sufficient to turn to one of the brokerage offices. Today, however, the exchange price, of course, is beyond our means. True, founders of the exchange give a favorable forecast. They are confident that before long the richest customers will stop being interested in Soviet cars and will turn to the more advanced and expensive products of foreign suppliers. Then the price will drop and, probably, will be within the means of private individuals with an average income. In any event, middlemen will not affect it, because the exchange will receive cars directly from the motor vehicle plant.

The following are current state prices of some car models:

VAZ-2104—15,329 rubles; VAZ-2105—14,618 rubles; VAZ-2106—15,849 rubles; VAZ-2109—15,873 rubles; Moskvich-2141—19,360 rubles; Tavriya—12,760 rubles.

As one of my friends says, read and forget.

Supply Problems Halt All-Terrain Vehicle Production

924A0281A Moscow PRAVDA in Russian 3 Dec 91 p 1

[Article by N. Senchev, PRAVDA correspondent, Ulyanovsk: "A Contract Is Cheaper Than Bartering"]

[Text] The Ulyanovsk Autoplant halts the production of all-terrain vehicles. This fact is difficult to believe when each day throughout the country something is being established, started up or revived. And usually with the opening of a bottle of champagne. Nevertheless, this is so. On the eve of its 50th anniversary, the Ulyanovsk Autoplant is halting the production of its celebrated all-terrain vehicles—the popular "uaziks." Did it go bankrupt. No. Was a strike planned? There was no hint of this. What was the problem?

"Almost all of our traditional suppliers of many years standing," stated Ye. Kryukov, the autoplant's commercial manager, "have refused to collaborate with us on a contractual basis next year. We are left without metal, paints, canvas materials, wood parts and plastics. The consumers are already obtaining some of their automobiles from us in the form of semi-finished products."

I myself was a witness: the "uaziks" are moved beyond the plant's gates without bodies. Quite often they lack engines. Indeed, we are doing well when they are on wheels. Surprisingly enough, there are many who are grateful to be able to obtain the plant's products even in this "unfinished" state. Among those who for many years supplied the plant with its initial materials, there are many who love the "uaziks." Today they are prepared to collaborate, but only according to the bartering principle. A fraternal timber industry complex demanded that the Ulyanovsk workers supply 200 automobiles. Failing to obtain agreement to such an exorbitant condition, the complex's management terminated the shipments of wood parts.

The situation is hopeless. Hundreds of suppliers, as a rule monopolists in the production of a particular product, will haggle endlessly over the prices. And they will obtain a reduction through such haggling. The "Proletariy" Factory for Technical Cardboard (city of Surazh in Bryansk Oblast) is also aware of its monopolistic influence. This is what Yu. Bondareva, the factory's director, said in her reply to the plant: give us two automobiles and we will then, by way of an exception, review your order. Natural barter for an enterprise which produces the lion's share of its vehicles for satisfying the needs of the country's budgetary branches—is bankruptcy. But what, for example, will the army propose in exchange for all-terrain vehicles? Or public health?

"It is not only our plant that finds itself in such a situation," continued Ye. Kryukov. "Therefore there must be intervention by the Russian Government and by the president personally. In 1992, the monopolistic suppliers will interpret his ukase on economic relationships and product deliveries only in their own favor, thereby neglecting the interests of the consumers. It is my opinion that for such enterprises as the Ulyanovsk Autoplant we must in the future maintain the high level of the goszakaz [state order] for a certain period of time and with guaranteed logistical supply. Otherwise, production will come to a halt and thousands of people will be without work."

PERSONAL INCOME, SAVINGS

Russian Insurance Transport Company VP Interviewed

924A0181A Moscow ARGUMENTY I FAKTY
in Russian No 43, Nov 91 p 4

[Interview with O. Alekseyev, senior vice president of the Russian Transportation Insurance Company joint-stock society, by ARGUMENTY I FAKTY correspondent G. Valyuzhevich; place and date not given: "We Insure... Even Against Unemployment"]

[Text] The monopoly on insurance that until lately had been in the hands of the USSR Gosstrakh [Main Administration for State Insurance of the Ministry of Finance] has started to collapse. The first commercial joint-stock insurance organizations are appearing on the scene.

We are offering an interview given to our correspondent G. Valyuzhevich by O. Alekseyev, senior vice president of the Russian Transportation Insurance Company joint-stock society.

[Valyuzhevich] Oleg Leonidovich, is it true that cosmonauts M. Makarov and V. Afanasyev were insured by your company for the duration of their flight for 100,000 rubles [R] each?

[Alekseyev] With the cosmonauts' consent, I can tell you that they not only were insured for R100,000, but actually received R5,000 each as compensation for mental distress.

[Valyuzhevich] How do you determine such damages?

[Alekseyev] To determine this it was enough for us to have official reports that the flight program was not proceeding smoothly. We have not requested any documents or expert opinions from doctors.

[Valyuzhevich] Let us assume that I want to insure my life for three years for R10,000. What specific steps should I take?

[Alekseyev] Call our representative; an agent will visit you and write up a policy.

[Valyuzhevich] Under what circumstances am I entitled to compensation for mental distress?

[Alekseyev] This must be defined in the policy provisions. It could be (God forbid) having your car stolen, fire, theft, death of a close relative, road or transportation accident, etc. Essentially, we do not have strict rules

from which we cannot deviate. All terms are negotiated with the client. You can suggest your own options. We only calculate the degree of risk and the premium you will have to pay.

[Valyuzhevich] If you undertake such a great responsibility, your premiums must be very steep.

[Alekseyev] If a policy covers many types of insurance, we give a discount.

[Valyuzhevich] If, for example, during the period the policy is in effect something was stolen from me, how much will I get?

[Alekseyev] The amount indicated in the terms of the policy. When the policy period expires, that is, three years later, you will get not R10,000 but R12,500. Thus, while the Gosstrakh uses only the risk system, and the Gosbank [State Bank] the accumulation system, we combine both factors.

[Valyuzhevich] What if I want to insure my car?

[Alekseyev] You can insure it for its market value (with a certain coefficient). Let us say, your car is worth R13,000, but you insure it for R26,000 (coefficient 2). In this case, you pay 5 percent of the value—R1,300; if, however, your car is stolen, you get R26,000.

[Valyuzhevich] What if I simply have a minor accident?

[Alekseyev] You will be reimbursed for the cost of repairs. There was this situation recently. A car was damaged in an accident, and the repairs cost R1,500 (at state prices), but since the car was insured with the coefficient of 3, we paid the owner R4,500. For this amount he was able to have it repaired very quickly.

[Valyuzhevich] What are the payment terms and time frame?

[Alekseyev] As is convenient to the customer: in cash or by cashier's check through the bank. Time frame: three days at most.

[Valyuzhevich] Do you offer unemployment insurance?

[Alekseyev] Yes. An enterprise may purchase a policy that will stipulate the terms for payments to be made in the case of this enterprise being liquidated, or personnel laid off, or an individual employee dismissed. Payments may be made either in a similar way to unemployment benefits—that is, monthly—or as a lump sum covering a certain period.

FUELS

Sakhalin Oil, Foreign Investment Viewed

924A0196A Moscow ROSSIYSKAYA GAZETA
in Russian 14 Nov 91 p 2

[Interview with Sakhalin Deputy Governor Viktor Sirenko, by Vitaliy Kovalenko; place and date not given: "Sakhalin Petrodollars: How Shall We Spend Them?"]

[Text] The Sakhalin oil is not here yet, but dollars are already being offered. The largest companies in the world have landed on the island on the periphery of Russia: Shell, Exxon, Amoco, Mitsui, BHP... They are ready to provide billions in credits for the right to develop the Sakhalin shelf, where only two deposits are estimated to be worth \$50-55 billion. Theoretically, the excitement should have been subsiding by now: On 5 October, there was a final meeting of the committee, where it had been planned to make public the results of the bidding announced by Minneftegazprom [Ministry of the Petroleum and Gas Industry] for foreign companies. In preliminary appraisal, the Three M consortium—McDermott-Marathon-Mitsui—looked like a winner. Instead, a scandal erupted at the meeting; the final results have not been calculated, and a second round of bidding is announced for foreign companies. We asked one of the people behind this turn of events—Sakhalin Deputy Governor Viktor Sirenko—to tell us about it.

[Kovalenko] Viktor Sergeyevich, what was it that you were not satisfied with in the first round?

[Sirenko] Two points: Its terms and organization did not guarantee an honest competition between the companies and did not permit the accommodation of interests of Russia and the island to a maximum degree.

[Kovalenko] But you were the deputy chairman of the organizational committee...

[Sirenko] Which did not prevent setting things up in such a way that most materials were bypassing me. But these are trifles. The crux of the matter is that from the very beginning the bidding was conceived as a smoke-screen in order to create, under its cover, a joint enterprise between Sakhalinmorneftegaz and the Three M consortium.

[Kovalenko] Our newspaper already had written about Minneftegazprom's purposeful policy in the article "Tender, Ministerial Style." Does it mean that they succeeded in taking this policy to a logical conclusion?

[Sirenko] Almost. Anyway, they did everything possible to succeed. Of 28 seats on the organizing committee, 21 were given to oil industry people, while First Deputy Minister Nikitin appointed himself the organizing committee chairman. The terms were made deliberately confusing. So the majority of participants only shrugged their shoulders when it suddenly turned out at the very end that the decisive factor had been the willingness of

the Three M consortium to contribute their share of the charter capital in dollars while the Soviet side was contributing theirs in rubles.

"What do you Russians need?" representatives of the companies had been asking me. "Good project documentation? Fast and effective development of the shelf? To have your share payable in rubles? Just tell us; we can agree to many things. But first you have to clearly define the rules of the game."

I heard this from representatives of BHP, Mobil, and Amoco—companies with enormous gross sales, who annually earn \$1.5-2 billion in profits.

[Kovalenko] I think that the formulation of the question "What do you want?" is absolutely correct. If we find out the true interests of the organizers and participants in the bidding, much in their behavior will be easier to understand. The position of Russia and Sakhalin on this issue is transparent: There is an oil and gas deposit, but there is neither money nor technology and equipment to develop it. It means foreign companies have to be invited and the contract signed with the maximum benefit for us. The interests of Minneftegazprom...

[Sirenko] Which, by the way, no longer exists; there is a corporation that has emerged in its place. But its interests are the same as the ones of the former ministry—to survive. If you look at Marathon and McDermott, you will discover that they are also going through less than the best of times financially, and also are concerned with their survival. Here you have the communality of interests in regard to the Sakhalin shelf.

Without exaggeration, the development of this shelf may be put in the category of projects of the century. The income from sales of oil and gas alone will be \$50-55 billion; the cost—\$10-15 billion; and the profit for participants—about \$20 billion. With such a project any bank will provide any amount of credit without hesitation, and with these credits we could easily solve our own problems as well. The only condition is to obtain the right for the exclusive use of resources. The joint enterprise, at which the bid organizers were aiming from the very beginning, was supposed to get exactly that—an unlimited possession of the Sakhalin deposits.

That is why I am, in principle, against joint enterprises created for the purpose of developing natural resources. It is beyond the point of whether the people who work in the ministry are good or bad, and whether the company that becomes a foreign partner is weak or strong. The point is the objective interests: two are joining forces against the third, against the owner—the region, the state. This scheme was invented by Ryzhkov and Abalkin in order to create a semilegal mechanism for converting the nonconvertible ruble.

[Kovalenko] How does it work in your case?

[Sirenko] Very simply. The charter capital should be about 2 billion. The foreign partner contributes his share

in full-fledged hard currency; the Soviet one—in rubles. But the profit is earned in convertible hard currency and shared equally. That is the whole mechanism.

[Kovalenko] Is it really that the people in foreign companies are such simpletons that they do not see the disadvantages of such deals for them?

[Sirenko] They see it very clearly. Therefore, if they do accept it, they put such conditions in the contract that they compensate for their losses. In the Sakhalin case, it is first of all the prioritization of development and the financial formula of the project.

Both the island and the entire Far-Eastern region are in an energy crisis right now. Therefore, in order to remove this crunch, we are interested in getting the natural gas first. Also, its recovery is easier to set up. From the point of view of environment. But gas is unprofitable for the foreign partner: the domestic consumer will pay for it in rubles, while the demand for it on the external market is not high right now. Unlike that for oil. Therefore, different priorities are set up: First, oil deposits are developed, with practically all of it going for export, and only then are the profits from its sales invested in the development of gas deposits.

Such a financing model is also defective in that it does not allow the attraction of companies that are truly the strongest today, those possessing modern high-efficiency technology and organization of production. Such a scheme in general eliminates the difference between a strong and a weak partner, and the bidding becomes senseless. Any mediocre firm can get the needed loans with Sakhalin oil as a collateral and begin the development.

[Kovalenko] Yes, of course; except that the consequences will be quite different. We have already been through this. I think, Viktor Sergeyevich, that such senseless squandering of national wealth is considerably helped by the atmosphere of self-deprecation that has literally overcome the country. Empty store shelves, endless lines, worn out footwear—poverty has reached practically everyone these days. That is why we start thinking that it is not for us, the homespun peasants, to play tug with the strong ones; that we have to tone down our pride and look up to the weak—to those who are our equal.

[Sirenko] There is such a mood, and it is destructive. With all of this, the main point remains that we have been and still are the richest country. What we lack is the competency to expertly use this wealth, so that it would trickle down to a specific person.

It was not accidental that I called the development of the Sakhalin shelf the project of the century. This really is true. Not only because 50 billion is very attractive for any, even the largest, company. The Sakhalin gas and oil are the key to the future well-being of Japan. In the beginning of the next century, it is projected to have

tremendous economic growth. Where will they get additional energy resources? The extraction in Indonesia is going down; it is not increasing in Alaska. All prospects are pinned on Sakhalin. So when a problem arises—for instance that of the Kurils—and we take into account, generally correctly, our dependence on Japan, we should not forget that Japan also depends on us to an equal degree, and that for it Sakhalin really is more important than the “northern territories.” It is not accidental that the Japanese are on the island all the time. Nor that they put their company Mitsui into the Three M consortium. Other Japanese companies that have entered the competition are the semigovernmental company Sodeko, as well as Idemitsu, Mitsubishi, and others.

[Kovalenko] But how can one in practice derive maximum benefit from this heightened interest?

[Sirenko] By not trying to be cunning and complicating the situation. Any increased complexity of the management scheme and profiteering are two sides of the same coin. The more convoluted the organizational side, the easier it is to squeeze in one's own narrow interest. Therefore, we announced a second set of bidding for foreign participants, and defined three extremely simple and clear requirements: to make natural gas a development priority; to create the necessary infrastructure on the island; and then the bidding itself—it should be based on production-sharing.

[Kovalenko] Sounds pretty but incomprehensible. Please decipher.

[Sirenko] There are three ways of bringing foreign companies in to develop natural resources. Two, to be precise: concession and production-sharing, because the third—joint enterprises as independent legal entities—is not used anywhere else in the world. The principal difference between the first two is in the form of payments. A concessioner becomes a full-fledged owner of the produced output and pays for the concession with money; in production-sharing, the owner gets his payment as a share of the product. Rich countries with healthy economies, as a rule, prefer concession. For us, however, especially in the environment of a free economic zone that envisages aggressive development of the petrochemical industry, it is much more profitable to receive the natural product than to later buy it for hard currency. That is why we chose this option.

[Kovalenko] How did the companies react to your requirements?

[Sirenko] In a normal way; everybody agreed. It could not be otherwise. Business always involves a compromise between interests. Everybody understands that it is not possible to pull through a project of this magnitude without a normal infrastructure. Company representatives are now literally crawling over Sakhalin looking for the best place to put an airport for heavy machinery, how to reconstruct the roads and sea ports, and to outfit cities and settlements. The island administration is already receiving a stream of most interesting proposals. Amoco,

for instance, promises to produce gas not in 1995—as we had requested—but in 1994! And I believe that we have already achieved a breakthrough in the main point—foreign participants started to look for, and propose, specific solutions that take into account the interests of the island and of Russia.

[Kovalenko] Not to their own detriment, though. I would imagine it would be more profitable for Amoco—just as it was for Three M—to start with oil. You are forcing the company to take a more difficult road. This means that it must know how it will compensate for its losses. After all, they are not making all these concessions out of charity.

[Sirenko] God forbid! Charity in such situations is a sure sign of profiteering. What we have here is a clean business game: we are selling, they are buying; we are interested in getting a maximum price, they want to pay the minimum. But that is what the bidding, the open competition is for. It provides the mechanism that allows for sufficiently objectively establishing the price. How does it look in practice?

There are two mandatory conditions that are the same for everyone: gas and infrastructure. Then, two variable factors come into play: development expenses and the share of profits the owner will get. These two parameters are determined by the companies; each is, of course, interested in receiving maximum profit; at the same time, they are afraid that the competition will offer a better deal and will win the project. Therefore, they have to bring out their entire technological, organizational, and financial potential in order to prove their competitiveness. Why is Three M clinging to oil so much? Because they need the money now. While Amoco has calculated that it can profitably wait for seven to eight years by throwing earnings from its other branches into Sakhalin. Later it will undoubtedly get all of it back. But it will be later—after they first give us the gas we need.

[Kovalenko] Still, one cannot conduct a bidding like this without serious expert evaluation.

[Sirenko] Moreover, we believe that there should be double expert evaluation—domestic and international. There are, by the way, quite qualified organizations that could handle this task. For instance, the foreign trade association Machinoimport and the auditing company of Arthur Andersen.

On the whole, however, it is the government of Russia that should make the decision. First, it has to remove the uncertainty that has emerged after the Minneftegazprom liquidation—after all, it originally announced the bidding. Second, it has to establish a clear procedure for selecting the winner in the bidding and to approve the terms for the implementation of the project. I think that this work could be commissioned specifically to the RSFSR [Russian Soviet Federated Socialist Republic] State Committee on Antitrust Policy and Support of New Economic Structures. It participated in the creation of a free economic zone on Sakhalin, is familiar with the

concrete situation, and is quite capable of ensuring the protection of interests—both of the island population and of the Russian state as a whole.

ELECTRIC POWER GENERATION

Power Station Difficulties Scored

924A0242A Moscow ROSSIYSKAYA GAZETA
21 Nov 91 p 2

[Interview with G. Levchenko, general director of “Krasnyy Kotelshchik” factory, by Ye. Kremontsova, date and place not given; “Without Heat and Light, But With Sovereignty”]

[Text] The vigor of power engineering in “one sixth of the world” and a number of Asian and African countries depends directly on the smooth functioning of the Taganrog association “Krasnyy Kotelshchik” [Red Boilermaker]. Maybe the plant wasn’t lucky with its name, but from prerevolutionary times to this day the enterprise produces the bulk of the basic equipment for our thermal power engineering. One might say it regulates the pulse of the most important sector. And it, this pulse, of late is very irregular, uneasy. Our correspondent met with the general director of the association, Doctor of Technical Sciences, Gennadiy Levchenko.

[Kremontsova] Gennadiy Ivanovich, tell me, is Russia really threatened by a power shortage this winter?

[Levchenko] And not only Russia. The Soviet people were deliberately trained to ignorance; this is why all of our misfortunes happened “suddenly.” But even today the people often do not know what awaits them tomorrow, traditionally counting on the government’s competence. The mass media are all buzzing about the obvious—the food shortage. But only specialists know that many of the thermal plants have reached the end of their life; without spare parts and modernization the power units will not survive a severe winter. Last year Siberia lived on rationed heat, but this year it could happen to huge areas of the former Union. Journalists will become tired of broadcasting how this or that place is without light and how midwives in maternity wards are delivering babies and surgeons in clinics are operating in subfreezing temperatures.

[Kremontsova] How can we be protected from such a fate?

[Levchenko] How?! You are late with this question. In Khabarovsk people already are dying from the cold.

We must save the unified power system. It is a genuine achievement of the USSR. One can talk about this without shyness. The Americans were astonished by its optimal solutions. Namely that the reliability of the system made it possible for the people who were in power but were far from power engineering not to feel the nearness of catastrophe during all the years of perestroyka. Consider: in France the reserve capacity

amounts to one third of the potential output of electric power by all the power units of the country. Our reserve, on the other hand, with a standard of only 12-15 percent, is already practically down to zero. And you are surprised at the anxiety of professionals who have been forced to make risky technical decisions, again and again extending the service life of worn-out equipment. The emergency shutdown of one or two plants will lead to unforeseeable consequences. That is why it is essential to immediately plan out and adopt a comprehensive program of power engineering development, encompassing all phases—from fuel production to kilowatt-hour output. The politicians of our sovereign states need to sit down at the negotiating table with their power engineers and work out a document with legal force, which will maintain the viability of the unified power system.

[Krementsova] Why do power engineers need politicians?

[Levchenko] The authorities of individual republics will in no way temper their spontaneity. I have an understanding and sympathetic attitude towards sovereignty, but only as long as it doesn't degenerate into the disregard of the rules of state morality and business cooperation, reducing the idea of the market to the level of the bazaar.

[Krementsova] ??

[Levchenko] I sell what I have, but I produce what is easier to sell or make. In the Ukraine they composed a document with essentially the following content: until we have provided for our own needs, we won't give anyone anything! And the republic left us without the thick-walled pipe that it produces exclusively. As a result we cannot put new power units into operation in Russia or modernize old plants.

[Krementsova] But doesn't the Ukraine itself need spare parts?

[Levchenko] It does. But on the whole it is in a better position than other regions. After the Chernobyl accident a lot was done on this. The Ukraine is in a position to hold out about two more years without our spare parts, using its reserve. But in that case it will not give Russia about three million kilowatts—this is the total power consumption of Rostov Oblast.

Now, when due to the ethnic wars planned units in Georgia and Armenia have not been put into service and the construction of the Rostov AES and the operation of the Armenian AES have been frozen, the Ukraine should be giving even more electricity to the circuits of the unified system. But it doesn't give a damn about our problems. So if the barely functioning Novocherkassk GRES [state regional electric power station] goes out of operation—a neighbor, which we can't supply with spare parts—we will freeze.

In August we appealed to the USSR Cabinet of Ministers and to various authorities in the Ukraine. No answer was

returned, or, by the way, from I. Silayev, then still the chairman of the Russian Council of Ministers. A month ago we sent a letter to his deputy O. Lobov. . . It is convincing: in the present situation the government should, no later than November, work out a system to provide resources for power machinebuilding, after finally defining the concept of "state needs," the needs in the area of power engineering, and taking control of the achievement of the planned needs.

[Krementsova] Are you suggesting that the Russian government influence the republics by means of the familiar "resolute methods"?

[Levchenko] Not at all. In international practice, there is "clearing," which does not impede sovereignty and stimulates business cooperation.

[Krementsova] But why cannot a wealthy plant, working for the export market for decades, interest the industrial workers of the Ukraine, or make purchases in the West?

[Levchenko] In conditions of industrial monopolism and continuous shortages barter and currency rip-offs reign. It is ridiculous, but for our own metal- and labor-intensive equipment we are forced to take payment in cement or Chinese consumer goods, which we then take to the supplier plants, to the same Ukraine, so that the republic will make for us at least some of the technologically irreplaceable materials for which it is the only maker within "ruble territory." This year we did not persuade it to produce, for example, pipe with a wall thickness of up to 80 millimeters, which no one in the national economy besides us uses. In general it is technologically complex to roll pipe for boiler manufacturing needs; it must go through ultrasound and other strength testing. A small batch of labor-intensive product is all the more unprofitable to the pipe rollers. They demand payment in hard currency, which the plant for all practical purposes does not have.

[Krementsova] Why?

[Levchenko] Because of the "charitable" intergovernmental agreements, by which the consumer countries settled up with the association mainly with domestic currency, half of which was then taken by the center. As a result, right now there is nothing for us to make purchases with, either here or in the West.

[Krementsova] The reader, not feeling the effects of the power engineering crisis, may think that the director of an association, having been left without metal, is exaggerating, simply not knowing how or not wanting to shift to market relationships.

[Levchenko] I understand, I will answer that. The market is where there is choice. We produce a standard small boiler—a life-saver for farms, forest industry collectives, and other small enterprises. For now we use them for barter. With these we can enter the market. As, really, with any of our standard equipment. But what can we do with a large capacity boiler manufactured for a given

plant? Each such boiler is unique; it is made to order for a specific kind and quality of fuel, the cheapest for a given region, and is expected to function under certain climatic and seismic conditions and a whole range of other characteristics. You can't sell such a boiler wherever you like. Knowing this, our customer cannot pay the bill for months, citing the increased cost of the item, which is unavoidable during price liberalization.

[Krementsova] But didn't you try to appeal to the stock traders with your problems?

[Levchenko] We tried. But so far not one Russian exchange has helped us. We created our own information and commercial center; with the aid of personal computers we are collecting information about the exchanges and the deals being done in the country. So far, as the saying goes, "we are meeting our intellectual requirements..." It's not all without benefit, of course, but the scale of this benefit will not save the country's power engineering.

[Krementsova] It looks like the association is not in the mood for the privatization about which they are talking so much right now.

[Levchenko] No, of course we're in the mood. We are carefully studying this issue. So as to be prepared when, on the list of enterprises subject to privatization, on the

line "Krasnyy kotelshchik" there appears a checkmark, meaning we are to be privatized. But in our country it is not defined which enterprises are not subject to privatization. The criteria on the basis of which decisions may be made have also not been published. As far as I know, power machine building is not a private industry anywhere. But in our country everything is not like everywhere else. So far I have personally not answered for myself the question: do we have to privatize ourselves in principle? Who do we consult? Who is competent? Form and technology are by now a secondary matter.

A millionaire from Switzerland came to see me recently. He wanted to buy us immediately. Our enterprise is highly regarded on the market: in "Tyazhmash" only a few individual plants operate so profitably. The value of the plant at present is assessed at 600 million. The businessman was agreeable to investing dollars for a total of 500 million of our rubles in order to become the owner of a controlling stock package and dividends which could pay back all his investments in a year. It would seem to be advantageous to the collective; at a minimum, salaries would rise. But does a Swiss millionaire care about the power engineering of my country? I'm not sure. And I am leading this whole conversation to the fact that I no longer know if our government cares about it. And if it does, what kind?

Spot Check of Regional Labor Markets

924A0239A Moscow TRUD in Russian 26 Nov 91 p 1

[Article by V. Loktev: "Planner in Line for Allowance"]

[Text] A seminar on problems of the population's employment was held on the initiative of the Federation of Independent Trade Unions in Saltykovka, which is located near Moscow. Managers of the republic's regional trade-union associations, people's deputies, and Fedor Prokopov, chairman of the Committee on Employment of the RSFSR Ministry of Labor and the Population's Employment, took part in its work.

It seems that the concept of "unemployment," which not long ago sounded like something abstract to most of us, acquires a tangible, real nature every day. Moreover, unemployment will become one of the acute problems in the very near future. Specific measures of social protection for those who can be deprived of earnings are needed right now.

The seminar persistently stressed the idea that the Russian Law on the Population's Employment requires modification, comments, and various methods making it possible to clearly define the status of the unemployed person, the mechanism of computation of allowances, and so forth.

In the solution of unemployment problems certain hopes are pinned on the republic employment fund. The retraining of personnel, placement of people in jobs, and payment of allowances are to be financed from its reserves. However, only every 7th out of 36,000 enterprises in Russia pays dues to this fund. It is not difficult to guess the consequences of such, if I may say so, sluggishness...

In his speech F. Prokopov noted that in the Federation of Independent Trade Unions he saw a reliable, equal partner in the solution of social problems and conflicts and firmly promised to uphold the financial independence of employment services and their independence of the government.

Responding to a question concerning the republic program for the population's employment, Fedor Timofeyevich noted: In his opinion, he is not sure of the possibility for the creation of a working program. Instead of it there is a need for a strategy pursuing a specific goal—not to let unemployment spread and to make this process controllable. It is necessary to conclude sectorial contracts between trade unions and ministries, he said,

which would specify the assistance to dismissed workers. The employment fund will not be sufficient for all the unemployed...

As a preliminary forecast the following figures were heard at the seminar: By the beginning of 1992 the labor market in Russia will total about 15 million people, of whom more than two million will receive the status of the unemployed. For now only 8 to 10 percent of the total number of those registered by employment services can expect allowances.

* * *

This is what our correspondents reported on the situation in the labor market in some regions:

ASHKHABAD. According to official data, in Turkmenistan there are 5,043 vacancies, of which more than one-half are in construction organizations. There is a shortage of skilled workers in industrial production. Although there is no surplus of these specialists, lawyers and teachers experience some difficulties in finding jobs. At the same time, a mass of people with pedagogical education do not work in their field.

BLAGOVESHCHENSK. A total of 1,613 people are looking for jobs in Amur Oblast. A total of 130 unemployed people are registered. There are 8,000 vacancies at enterprises and organizations. More than 7,000 vacancies are intended for workers' occupations. There is a particular shortage of builders and—in rural areas—of machine operators and livestock breeders. There is a surplus of specialists connected with mental labor: teachers, technicians, and economists.

OMSK. Since the beginning of the year 25,000 people have turned to the oblast employment service. On 1 November there were 9,851 vacancies in the oblast. An acute shortage of personnel is felt mainly at work places requiring low skills, as well as at those with difficult working conditions. Rank-and-file planners, bookkeepers, programmers, sociologists, and economists cannot find jobs. Only 14 out of all the people who turned to the employment service agreed to be retrained for a new specialty.

KHARKOV. A total of 3,433 people have turned to the oblast employment center in the last four months. In the oblast there are about 28,000 vacancies, of which 1,220 are for engineering and technical personnel.

It is most difficult for women who held engineering and technical positions and employees over the age of 50 to find jobs. There is a surplus of jobs for workers in all fields requiring low skills.

**ORGANIZATION, PLANNING,
MANAGEMENT****Former Minister Ye. P. Slavskiy Obituary***924A0274A Moscow TRUD in Russian 30 Nov 91 p 3*

[Obituary: Yefim Pavlovich Slavskiy]

[Text] On 28 November 1991, Yefim Pavlovich Slavskiy, three times Hero of Socialist Labor and former USSR Minister of Medium Machine Building, died suddenly at the age of 94.

Ye.P. Slavskiy was born on 26 October 1898 in the city of Makeyevka. During his early childhood, he became acquainted with the difficult life of agricultural workers and subsequently he worked at coal mines and plants in the Donets Basin. During the Civil War, he participated in battles as a member of the 1st Cavalry.

In 1933, after completing a program of studies at the Moscow Institute of Non-Ferrous Metals and Gold, he worked at enterprises of non-ferrous metallurgy and in the process he rose from engineer to director of a plant.

During the Great Patriotic War, as director of the Dneprovskiy Aluminum Plant, he carried out the evacuation to the Urals and the organization of metal production for the front in need. At the end of 1945, he was assigned to serve as the deputy narkom [people's commissar] for non-ferrous metallurgy.

In 1946, Ye. P. Slavskiy was transferred to the atomic industry. Here his talent as an excellent organizer and leader was revealed more fully. While serving as head of

the USSR Ministry of Medium Machine Building from 1957 to 1986, he made an invaluable contribution towards the formation and development of the branch and he ensured fulfillment of important governmental tasks concerned with the creation of nuclear weapons and the use of atomic energy for peaceful purposes. He enjoyed great respect among scientists and engineers, workers and technicians and all simple and honest workers.

For exceptional services in behalf of the state, Ye. P. Slavskiy was on three occasions awarded the title of Hero of Socialist Labor and he was also awarded ten Orders of Lenin, the Order of the October Revolution, two Orders of the Red Banner of Labor, the Order of the Patriotic War 1st Degree and medals. The title of Lenin Prize Winner was conferred upon him and on three occasions he was awarded the USSR State Prize.

An eminent organizer of the atomic science and industry, Ye. P. Slavskiy played an active role in the country's social life and he was repeatedly elected to serve as deputy to the USSR Supreme Soviet.

The warm memory of Yefim Pavlovich Slavskiy, who devoted all of his resources and energy to strengthening the might of our homeland, will remain forever in our hearts.

[signed] M.S. Gorbachev, B.N. Yeltsin, N.A. Nazarbayev, I.A. Karimov, R.N. Nabiyeu, S.A. Niyazov, I.S. Silayev, V.P. Fokin, V.S. Pilyuto, A.A. Iordan, A.I. Volskiy, Ye.P. Velikov, Ye.I. Shaposhnikov, E.A. Shevardnadze, V.F. Kononov, G.I. Marchuk, B.V. Nikipelov, G.A. Yagodin, A.P. Aleksandrov, A.A. Logunov, F.M. Mitenkov, Yu.B. Khariton.

INTERSECTOR NETWORK DEVELOPMENT

Preferential Treatment Issue Examined

924A0248A Moscow IZVESTIYA in Russian 21 Nov 91
Union Edition p 3

[Article by I. Taburyanskaya: "Please Put a Word in for Benefits for the Poor"]

[Text] Our country has in effect over 20 decrees, of the government and directive organs, on establishing benefits for train and plane travel for certain categories of citizens. Quite impressive figures are concealed in the expression, "certain categories." For example, there are 44 such categories in railroad transport, over 73 million persons, and in airline transport—22, or over 18 million passengers a year.

These are first and foremost needy and socially defenseless people: invalids, elderly people from boarding homes, the inhabitants of the Leningrad blockade, military veterans, pupils from schools, vocational-technical schools, students and participants in the clearing up of the Chernobyl AES [nuclear electric power station] accident. There are also honored people: heroes of the Soviet Union and Socialist Labor, personal pensioners, holders of the Order of Glory of Three Degrees and others. Traditionally, the expenditures borne by the Ministry of Railways and the Ministry of Civil Aviation because of free or preferential rates for transport were taken into consideration when financing the sectors from the State budget. There is great doubt, however, that this practice will be maintained in the future. Because of this, several questions arise, which would best be asked in advance, so that on 1 January 1992, they will not suddenly become an unpleasant surprise for many people.

On the one hand, a unified Soviet State will no longer exist, although the transport system will remain unified. Eight republics out of the fifteen have signed an Agreement on an Economic Community. It would be nice to make certain that there will be a positive solution to the problem of benefits. On the other hand—no one has repealed the union laws, and in many ways we continue to live by them. But not always and everywhere. After all, in the legislation of all the present sovereign republics, the right has been secured not to ratify union laws, if there is a disagreement with them. It is precisely here that the apprehension arises that it will be difficult to count on a loyal attitude toward providing the population with transport benefits. Suffice to recall, for example, the debates in Latvia on the subject of citizenship, to imagine the situation in which war veterans, heroes of the Soviet Union and other "individual categories of citizens" found themselves there.

Railroad workers and pilots are not worrying for nothing: there is so far no one to take on the solution to this problem, even though the New Year is not far off. Preliminary estimates have already been made, according to which the loss of income of the railroad

workers, with regard to preferential travel, is over 2 billion rubles [R] a year, and for airline pilots—almost R625 million.

They have no legal right to refuse this transport, but they are within their rights to raise the question as to whether the social problems of some groups of the population can be solved at the cost of other groups and at the cost of transport work collectives. Life makes us look into the future and seek a way out of a situation. Next year the airmen will be forced to give up the so-called economic privileges, earlier granted in the fall-winter period to young students.

The most convenient for transport workers would be this variant. At the ticket offices, all the tickets would be sold at full price, but a compensation would be paid to those for whom residual benefits were determined, at the place where the tickets were made up, at the expense of the appropriate organizations.

The suggestions of the transport workers, of course, are based on the fact that they are guaranteed a reduction in the losses that the sectors bear, despite the rise in tariffs. Obviously, though, there will be no small number of objections on the part of the passengers. After all, it is not convenient for them to get a compensation after they have bought a ticket at full price. Indeed, where is there any guarantee that the officials will not make a long-term, onerous procedure with many inquiries and long queues, out of a good deed.

Specialists on labor and social problems also think: both departments are within their rights to pose the problem of losses, although they have their own variants of solving the problem. In the first place, stop expanding the list of categories of citizens who receive free or privileged travel, but retain the existing ones. In the second place, obtain an agreement on this from all the republics, one which should be confirmed at the highest level. In the third place, and on this the specialists on social problems agree with the transport workers, payment for the travel of the so-called official privileged (deputies, members of the government, policemen, officers of the court) should be taken on by the appropriate organizations, just as the USSR Ministry of Defense is doing. There is also a suggestion that, if the problem of direct financing of these privileges cannot be solved, it may be a question of reducing the taxes of the transport enterprises.

Yes, it is the business of the transport workers to do a good job of carrying passengers. It is the business of the passengers to pay money, to travel and to enjoy their agreed privileges. It is the business of the legislators to pass reasonable laws.... It is just that—who will take on the solution to the individual specific problem of preferential treatment and when?

RAIL SYSTEMS

Collegium Informed of Railway Structure

924A0244A Moscow GUDOK in Russian 19 Nov 91 p 1

[Article by N. Vasilyev: "The Ministry of Railways Remains, but in a New Capacity"]

[Text] At the session of the expanded collegium of the MPS [Ministry of Railways] opening last Friday, V. N. Ginko, first deputy minister, informed those assembled that Gossovet had passed a resolution to preserve the unified railroad transport managerial body on the territory of the Union of Sovereign States. The majority of those present were enthusiastic about this.

Nevertheless, the discussion of the Statute on the Ministry of Railways as an inter-republic (interstate) railroad transport managerial body and on the organization of finances for the sector was quite stormy and emotional. G. M. Fadeyev, first deputy minister, spoke on behalf of the workers' commission, which had prepared these important documents. Even though the commission includes representatives of all the mainlines, almost every speaker—and over half of them were road chiefs—submitted many additions and refinements or proposed basically new formulations of individual items of these documents.

There was a particularly large number of disputes over the sections on tariffs for foreign economic activity and material-technical supply. The exchange of opinions held made it possible for the speaker, in his concluding remarks, to draw this conclusion: while the points of view on the basic problems did not converge, they were at least essentially close. The confirmation of this is the unanimous acceptance of the proposed documents "as a basis." This means that the MPS functions were reformed.

A detailed report on the session of the collegium will be published in one of the next few issues.

Computer Aids in Freight Shipments

924A0244B Moscow GUDOK in Russian 19 Nov 91 p 3

[Article by A. Streltsov, MPS Press Center: "The Computer Helps"]

[Text] How quickly can the distance and time of freight transport along a designated route be determined, as well as the cost of this operation? Thousands of railroad customers, and indeed, railroad workers themselves, run up against this sort of problem every day. So far, the only "tool" that freight cashier offices and dispatchers have is the "Album of the Shortest Distances on the Railroad Network of the Country," in which all the accounts are entered by hand. This is long and very laborious work, and requires attention and concentration. All the same, there are bound to be mistakes. Then scientists of the MIIT [Moscow Railroad Transport Engineers Institute]

came to the rescue of everyone dealing with freight transport. L. Bolukh, V. Galaburda and S. Matusovskiy, research assistants from the Transport Economics Department, set up an automated transport expenditure determination system (ASOTR). It will contain information on 8,300 stations of the railroad network and the distances between them and on types of rolling stock. By dialog with the computer, it is easy to calculate the distance for which freight is transported, the amount of the tariff payment and the time for its delivery along any given route. Moreover, the calculations can be made for one or for several traffic routes. The results of the calculations and the total of transport expenditures of the freight owners are displayed on the screen or printed out.

ASOTR puts data on the disks of the information bank and supplies the user with explanatory notes and instructions. In the opinion of the authors, the system of determining transport expenditures can save the time of all the supply organizations, firms and associations, shipping their products by rail and having personal computers at their disposal. In addition, ASOTR is indispensable in making scientific and design developments, in analyzing and calculating transport expenses in the national economy and establishing the optimal economic ties between suppliers and consumers.

Transport Computer System Training, Implementation Examined

924A0150A Moscow GUDOK in Russian 29 Oct 91 p 3

[Article by GUDOK correspondent V. Martynov: "An Abridged Lesson Does No Good"]

[Text] Khabarovsk-Vladivostok—The lesson in this "school" is not likely to be interrupted because of a lack of teachers, although they began to prepare the lessons a year and a half ago. I saw the preparations with my own eyes since the GUDOK correspondents' bureau is located in the same building with the Vladivostok branch of the transportation computer center. They built especially for it a seven-story brick building in which the spacious halls and rooms are filled with domestic and imported computer equipment.

This is why the selection of a location for conducting the network-wide school for the introduction of the Automated System for Operational Control of Shipments (ASOUP) and the use of computers in the shipping process was no accident. The main organizers of the large meeting on the shores of the Pacific Ocean—namely Khabarovsk, Nakhodka, and Vladivostok, to which, as we know, the road is not only long but also costly—are two main administrations of the branch: transport and signals, communications, and computer technology. They sent people here, probably taking into account the fact that there is something to see on the Far Eastern Railroad.

For example, at the Khabarovsk-2 and Komsomolsk-sorting stations they have introduced an automated

system for control of sorting. At the Nakhodka-East and Vladivostok stations the first section of the ASOUP is already in operation, making it possible to monitor the movement of the trains through inter-railroad and intra-railroad junctures, and they have organized advanced notification of the stations of the approach of trains and cars. Many technical documents are being issued automatically. Freight recipients are informed about the approach of the cars.

The railroad computer center's 20th anniversary coincided with the arrival of the guests from all corners of the country. Specialists from the center have successfully resolved such local problems as integrated processing of railroad information on the arrival and dispatch of freight, analysis of unprotected shipments, and the availability of transit technological equipment. For the first time the network has organized inter-computer exchange of information over the telephone lines between the computer centers of the Far Eastern and Transbaykal railroads and also between the computer at the Khabarovsk-2 station and the railroad computer center. The railroad computer center performs a total of 42 tasks, saving more than 600,000 rubles [R] in operating costs. And "turning on" the automated system for operational monitoring of shipments will save more than R1.2 million per year. The introduction of the first section of the ASOUP changed the work style not only on the line but also in the railroad administration. The most important gain is time. Upon entry into the market this becomes an economic category.

But they are still a long way away from complete automation of the shipping process. Even though the train model is important, it is only a part of the more complex mechanism of controlling the mainline. Therefore Khabarovsk workers recently considered a comprehensive program for the development of the automated control system right up to the year 2000. In addition to the train model, it was decided to create railroad car, container, and freight models at the stations, in the depots, and in the divisions. Jobs are to be automated using personal computers.

The introduction of automated collection of information on the movement of trains with devices for automation and telemechanics for transmitting information to the railroad system will be a very important event. They have already begun to develop a design of a railroad dispatch center for control of shipments with a full set of automated equipment. Telegraph stations will be replaced by information concentrators and in the railroad computer center computers will be replaced by more powerful ones which will be joined together by a local network. The second section of the automated control system on the railroad will develop precisely in this direction.

An intelligent overview of the new generation of computers was presented by a representative of the Kazan production association for computer systems, N. Mukhamedov. He emphasized that the railroads are one

of the main clients for such systems and therefore the association is vitally interested in business cooperation with the developers of the mainline.

The dead-end railroad which goes through sea ports and border stations to countries of the Asian-Pacific Ocean region cannot increase its shipping and handling capacities without new technical equipment. Having earmarked the priority directions for the next few years, the engineers of the mainline have not forgotten the sequence of work with the introduction of the second section of the ASOUP.

This is why the Far Easterners wanted not only to show their achievements but also to hear something useful from their colleagues. They were expecting an instructive lesson, but it did not turn out the way it was conceived. Literally a couple of days before the guests arrived the two deputy chiefs of the aforementioned main administrations, A. Chernyugov and V. Malyavko, who advised conducting a network school on the shores of the Pacific, "rang off." They probably had good reasons for this.

As a result of this, the specialists from the computer centers and the shipping services of the majority of railroads of the network, especially the European part, and also the VUZ's [higher educational institutions] and scientific research institutes of the branch did not show up for the classes in the "school." The rest of them came at their own risk. So the railroad commanders, particularly head engineer V. Krapivniy, had to open the school and take onto their own shoulders all the organizational, methodological, and other concerns.

True, the discussion still took place, and it was fairly useful. Participants in the meeting also spoke of this. But it could have been more instructive and produced better results if leaders and specialists from the branch staff had participated in it.

In words we are all in favor of new technical equipment, but in deeds we are stewing in our own juices. We have no unified general program for the development of automated control systems for the entire network. Rather, it exists on paper, but in reality every one does as he chooses. Specialists who attended agreed with this opinion of the railroad's head engineer.

Having visited the stations of Khabarovsk-2, Nakhodka-Vostochnaya, and Vladivostok, participants in the meeting more or less felt their way, observed the automated control systems in operation, and left satisfied. Especially at the Vladivostok station, where the first section, the system for controlling the pre-port cargo station, has been put into experimental operation. It includes a complex of three computers and peripheral terminal equipment at facilities of the Vladivostok commercial and technical station, offices of the technical service point, the maneuver dispatcher, and the station office, and also at the docks of the maritime commercial port.

The guests left and the hosts were left with a bitter aftertaste: The "lesson" in the network school was abridged and ministry workers were to blame.

Rail Ticket Price Increases

924A0246A Moscow IZVESTIYA in Russian 20 Nov 91
Union Edition p 2

[Article by V. Belykh: "26,700 Rubles for a Ticket to Paris"]

[Text] The Ministry of Railways recently decided to sell tickets for international trains only for freely convertible currency.

This was in no way caused, explained Valeriy Butko, deputy minister, at a press conference, by the desire of the railroad department to make a fortune from our defenseless citizens who aspire to go abroad. It was caused by the fact that the MPS debt to neighboring foreign companies for passenger transport was \$75 million, and no one wants to service our trains any more. It is expected these unpaid accounts will pile up to \$150 million by the end of the year. After all, the MPS and its partners are still paid in currency when selling tickets for a trip abroad.

Besides, Valeriy Butko reassured us, it was too early to despair. Last November the MPS had already announced a conversion to SKV [freely convertible currency]. An unbelievable scandal flared up, and as a result, the government still allotted \$60 million to cover the losses from international passenger transport.

True, the railroad workers managed to set free only six million of them to pay the debt, and the rest as ever, remain on paper. Nevertheless, though, the possibility would then still remain for all of us to travel for "wooden" ones.

And now, having sent off imploring letters to the President and to the USSR Committee for Operational Management of the National Economy, the MPS has announced the transition to hard currency in the hope that, as stated at the press conference, the events of last November will be repeated. True, the transport department, in consideration of the fact that double or triple the number of passengers is expected, now needs about \$300 million.

If, however, the cunning plan of the MPS management does not succeed, most of our fellow citizens will be forbidden the road abroad once and for all. Tickets will be sold for currency or for equal sums in rubles [R]. For example, while a first-class ticket to the famed city of Paris from the Brest Station costs \$356, in conversion to the "tourist rate of exchange" (47 rubles to a dollar), it will be R16,732 for anyone wanting to visit the French capital. Plus just as much if one intends a return trip. Second class—10,857 "wooden ones." With the possible general conversion to a unified rate of exchange, however (today it is R75 to the dollar), the price of a trip to

Paris increases, in first and second class respectively, to R26,700 and R17,325 for a one-way trip.

In Valeriy Butko's opinion, only very wealthy people will be able to permit themselves the luxury of going abroad. Since there are few of those among us, with the introduction of currency tariffs, the number of international trains will be sharply curtailed. Many of them will deliver passengers only to border points, from where those who have funds to arrange it and hold foreign passports can continue to move, at least on foot.

There is no possibility today, as the deputy minister explained, to defray expenses for those passengers aspiring to go abroad through revenues from international freight transport. Our railroad department has losses here, as well. Foreign entrepreneurs frankly fear carrying their containers through our uneasy country, preferring round-about, but safer routes.

The MPS representatives had a hard time answering just how real this terrifying picture actually is. They could not elucidate on whether, in the near future, trains to Riga, Tallinn, Vilnius, Yerevan, Baku, Tbilisi would run as international trains with payment in SKV.

Fate of Railroads, Sovereignty Issue Viewed

Azerbaijan Railroad Chief's Comments

924A0192A Moscow GUDOK in Russian 30 Oct 91 p 2

[Interview with chief of the Azerbaijan Railroad, Elbrus Farmanovich Abdullayev, by V. Lisitsyn; place and date not given: "The Railroads Must Be Unified"]

[Text] Baku—Today, when the republics have proclaimed their sovereignty, we must be concerned about the fate of the railroads. This was the subject of an interview with chief of the Azerbaijan Railroad, E. Abdullayev, by GUDOK's new correspondent for mainline railroads.

[Lisitsyn] Elbrus Farmanovich, the painful process that our country is undergoing has also affected the "state within the state"—the network of railroads. Voices are heard ever more loudly calling for the transfer of the railroads to the republics and the dismantling of the Ministry of Railways and the creation instead of new organs—railroad departments, a council to manage the work of transport, councils of transport ministers, and so forth. What is your attitude toward the question of dismantling the Ministry of Railways?

[Abdullayev] The idea of division contradicts the very essence of the railroads. The objective is to approximate and unite the peoples. Disconnection and separation is alien to their nature. Anyone who thinks that a republic railroad that has been separated from the network will flourish and function normally is deeply deluded. The network that was born a century and a half ago and has been developed always as an integrated organism would become an invalid after this kind of truncation. Our economy is sick and it must be treated. What kind of

physician is it who during a complicated operation starts to use an axe instead of a scalpel? Unfortunately, the idea of breaking up the railroads, if implemented, will create precisely that kind of unbelievable situation. Irreparable harm will be inflicted on the economy.

[Lisitsyn] Society is being shaken not only by the crisis associated with the painful transition to the market economy but also the crisis in interethnic relations. These upheavals have also affected the railroads. They have been felt with special force in Nagorno-Karabakh. I have heard that it is even planned to build a bypass route across the territory of Iran so that trains going to and from Nakhichevan will not pass through the territory of Armenia. Is this information correct?

[Abdullayev] Yes, this is indeed so. The government of Azerbaijan has made such a request of the Iranian Government. It was met with understanding of the existing situation. One of the institutes has already been assigned to elucidate the technical and economic grounds for the project. Many questions still have to be resolved at the diplomatic and legal levels.

In incidents along the Megrinskiy section of the line, which runs through the territory of Armenia, all the possible consequences of splitting up the railroad network have been reflected like the sea reflected in a drop of water. We have already sustained losses valued at R10 million. Because of the stoppages along the Barkhudarly-Inzhevan section (along the Baku-Nakhichevan-Yerevan route) about 5,000 cars with foodstuffs, fuel, and other freight bound for the Nakhichevan Autonomous Republic and for Iran have been stacked up. Another blockage affecting a stretch of almost 1,000 kilometers has been formed at the junction of the Azerbaijan and North Caucasus railroads, at the Derbent station. It has been necessary to re-form trains bound for Nakhichevan, Iran, and Yerevan and send freight by a circuitous route.

Construction of a bypass route is a necessary step. We have been forced to do this by sabotage, the blowing up of railroad permanent way, the shelling of trains, the forcible stopping of trains, and the seizures of hostages—all consequences of the interethnic conflict. We have no other solution to this situation. We simply do not have the right to endanger the lives of passengers and railroad workers.

Now imagine that all the railroads have become the property of the republics. In our extremely heated political and interethnic quarrels, the latest conflict has arisen for society. And obstructions have appeared on the railroad lines, and the barriers are being closed. Does this seem absurd? No, that is probably exactly how it will be. My opinion is that interethnic conflicts must be resolved at the negotiating table not along the railroad track. Let me repeat what I have said: The railroads were created to unite people, not estrange them. Splitting them up and decentralizing them will only worsen the sorry state of the country's economy.

[Lisitsyn] Can you give us your assessment of the economic harm that will follow from decentralization of the railroad network?

[Abdullayev] No, I cannot. The consequences cannot be measured or predicted. It is known, however, that they will be very great. Just take the construction of the bypass route through Iran's territory. It will be necessary to build bridges and lay permanent way across a complicated mountainous relief. Iran will have to be paid for the use of its territory. And this with the present shortage of funds!

[Lisitsyn] I share your concern. But "in our combative and turbulent times" anything is possible. So, suppose that the railroads have been decentralized and nationalized. What will the leadership of Azerbaijan do in that event?

[Abdullayev] I do not want even to think about it. Of course, steps will have to be taken to protect the economic interests of the Azerbaijan Republic. It is difficult to say what they would be. They would, of course, be taken according to the specific situation. Most likely many lines would be disrupted at the borders. It is also possible that we would face a dilemma: bankruptcy or multiple increases in rates for services. Both would be bad.

There is another not unimportant consideration: The conditions under which the republic railroads would start to operate would be strikingly different. In Azerbaijan, for example, there is no car-building plant. There are no enterprises producing rail or wooden ties. That is, there are none of the things without which the railroads cannot operate. The republics on whose territories such enterprises are located would win out.

In past years the technical policy of the Ministry of Railways has led to a situation in which electric locomotives that have been in operation for more than 20 years have replaced the old kinds of traction engines. Here, there has been absolutely no development of a repair base, which in recent years has been leading to major and serious problems. It is clear that the railroads equipped with the new locomotives will find themselves in the best position.

[Lisitsyn] But can the financial situation be corrected by commercial activity?

[Abdullayev] It is still in a rudimentary state. The railroads' main income is from carrying freight. The larger the quantity of freight the faster car turnaround time. As far as commerce is concerned, at present there are more plans and ideas than actions. An inventory of fixed capital is now being made. When it has been completed we shall know what we have enough of and where the shortages are to be found. Surpluses can then be sold to other railroads and administrations.

[Lisitsyn] A final question. What do you think about the idea of creating organs such as a council to manage transport operations, a council of transport ministers, and a railroad department?

[Abdullayev] Well, you see, those who are putting forward these ideas understand the need for centralized management of the railroad network. And so they are planning to create some kind of interrepublic railroad department, and so forth. They do not call it what it is. What is especially interesting is that they are proposing that these organs be empowered and designed to carry out functions such as have been given and are given to the corresponding services within the Ministry of Railways. But they are being granted those rights and powers in a somewhat truncated form, essentially leaving room for a local approach to the organization of operations in railroad transport. Nothing but harm will come from this way of dealing with matters. Let me explain using an example.

Yesterday, 550 cars on the railroad were unloaded, and 400 were loaded while another 100 empty cars were dispatched to other railroads. From the view from the local "hill" we acted incorrectly. We could have loaded the empty cars with our own freight for movement within the republic. But then some cities in the north of the country will remain without fuel, they will be unable to load grain in Rostov Oblast, the dispatch of freight from Donetsk will be held up. And what happens if they do the same on other railroads?

I in no way idealize the Ministry of Railways. There are flaws in its structure, there are shortcomings. We have claims against it with respect to providing the republic railroad with resources according to the plan. I have already mentioned some of these. Let me add others. In my opinion, the four-tier system in the Ministry of Railways is too complex. We are proposing that the third tier, or department, be removed from the existing scheme, thus eliminating duplication of commands and cutting back on management personnel. We have been working on this kind of management system. But the Ministry of Railways answers neither yes nor no but ties our hands with instructions and directions drawn up taking into account the effect of the obsolete management scheme.

Sometimes it is astonishing to see what guides those in the Ministry of Railways who draw up the plans for providing the railroads with material-technical resources and planning increased wages. For example, in 1992 wages in the network will be set at R280, but on our network the figure will be only R188. One asks what "fault" lies with the railroad workers in Azerbaijan that they incur this.

So that there are distortions and defects in the work of the Ministry of Railways.

I have nothing against the creation of a coordinating council to deal with problems on the railroads, similar to the one existing in the EC countries. It would assume the

task of settling disputes, working out a definite system of tariffs, offering recommendations for work on strategic directions in technical progress. But it would at the very least be senseless to smash the structure of centralized management that has been put in place and create some kind of management organs that have no practical experience. Would the game be worth the candle?

Latvian Transport Minister's Comments

924A0192B Moscow GUDOK in Russian 30 Oct 91 p 2

[Interview with Latvian Minister of Railroads J. Janovskis by V. Ivanov; place and date not given: "We Do Not Need the Ministry of Railways"]

[Text] Riga—The Latvian minister of railroads, J. Janovskis, believes that the main task for the USSR Ministry of Railways and the republic ministries of railways during the period of restoring the national railroads is to learn to respect each other.

[Ivanov] Janis Petrovich, the last interview you gave to GUDOK was in December last year. In it you expressed the idea of independence for the Latvian railroad. Today this is a reality. With the USSR leadership's recognition of Latvia's independence the railroad automatically obtained the right to separate itself from the guardianship of the center.

[Janovskis] Not quite automatically. First, when we proposed this to the Ministry of Railways' leadership we received a peremptory refusal: the railroads, they said, must remain unified and indivisible, come what may. Now, on the one hand they do sort of understand that it is already a fact that the republics have acquired political independence and they must work on the division of the railroads. At the same time there is still a tendency to preserve the old ways, maintain some kind of overall body that will manage the railroads, that is, engage in petty tutelage. This is why nothing is being done automatically. Moreover, our negotiations with the Ministry of Railways' leadership are extremely difficult and are not as quick as we would like.

For the fact is that the republics are demanding independence not from each other but all from the center. In our case, it is the republic railroad demanding independence from the USSR Ministry of Railways. An organ like the Ministry of Railways is unnecessary. In any event, in the form that the ministry exists today. If we decided on some particular program we must work together; we are ready to make our financial contribution. Moreover, I believe there will be an ineluctable need for this, but the republics want to define their own participation for themselves.

While the Ministry of Railways exists in its earlier form its role will be reduced to executing the will of the independent railroads. Up to now it has been the other way round. But colleagues in Moscow cannot admit that they must be transformed from a command into an

executive. And the attempts to maintain earlier positions are being expressed in the desire to engage in long and pointless disputes.

[Ivanov] Nevertheless, since those fateful days in August it has been possible to resolve many issues. At least the question of ownership: Who now owns what?

[Janovskis] Latvia owns everything that is on its territory and everything found on the balance sheets of enterprises located in Latvia. The position is the same in Lithuania, in Estonia, in Russia. All the republics have agreed to this. Up to now the only exception is the inventory of railroad freight cars. And that is only because no methodology exists for dividing them up. However, the problem lies elsewhere, and when one has examined it one understands whence the question of ownership stems and for whom it is advantageous. For there are 15 republics, 15 owners of the common railroad, but the Ministry of Railways wants to be some kind of 16th owner that along with the republics will have the right to property. That is why the Union ministry is again trying to raise this issue.

Unsubstantiated assertions like this are made: The railroads should be unified but the Baltic railroad is unprofitable and you cannot get by without central leadership.

Why not, exactly? For example, in the matter of profitability everything depends on the "upside-down" rates that have been set by that same ministry. It is clear that on the territory where goods are loaded and trains made up, and so forth, the kilometer rate should be higher than on territory across which freight is simply transported. This is the procedure throughout the world and no one is surprised about it. Because everyone understands that in the former case considerably more efforts and resources are being used. But we have leveling. Hence the groundless conclusion about supposed unprofitability.

[Ivanov] However, there will undoubtedly be cooperation among the republic railroads of the former Union. How will it be?

[Janovskis] Undoubtedly. We need a unified network as well as our own networks, and so of course we will not disrupt coordination between the republics and states. We are not about to isolate ourselves from our former colleagues on the unified railroad. We shall resolve questions of material-technical supply together. The purely technological links will remain. All these matters will be stipulated and resolved at the level of intergovernmental agreements, under mutually profitable conditions.

[Ivanov] What will the former Baltic Railroad be like in the future? Do you foresee, for example, its transformation into a joint-stock company with the participation of the independent railroads of the three republics of Estonia, Latvia, and Lithuania?

[Janovskis] The first thing to be noted in this connection is that the ministers of transport in the three Baltic states

have signed an agreement that defines the transitional period during which the Baltic Railroad should be transformed into three separate railroads. It will last until January 1992, and at that time, if the parties have not decided otherwise, the existing management structure will be preserved; it is impossible to resolve everything all at once. At the same time, new structures for the republic railroads have already been created. There will also be some kind of coordinating center in the future, but not with the composition or functions that the Baltic Railroad has had up to now. The center will be elected by these railroads, and perhaps they will set up some kind of association.

Indeed, in general it is still too early to guess at what kind of structure the former Baltic Railroad will have. A working group has been set up with the participation of all the reconstituted railroads, and knowledgeable experts have been recruited and are working, and they will soon be answering the question of whether or not a center is needed. Perhaps some kind of convention will be needed for the railroad, something like the one that existed before 1940.

It is a different question that we have enterprises that operate for the entire region, and some for several regions. For example, the refrigeration depot in Valga. Here we must seriously weigh and consider its further use. That same working commission is now working on these issues. The possibility is not excluded, for example, that the refrigeration depot will be converted into an interstate joint-stock company.

But in general, the railroads need not be preserved as a unified whole. That is a mere stereotype: If we split them up the trains will grind to a halt. But why, exactly, should that happen? The fact that each railroad will be dealing with its own money in no way weakens cooperation between the states, but on the contrary. If this kind of unified economic space will be advantageous for everyone, it will be created immediately. Including the railroads, which will agree among themselves and find optimal forms for cooperation. We have already agreed that the technology on the railroads will not be changed during the transitional period.

[Ivanov] But what if it becomes unprofitable to maintain a particular large enterprise on one railroad? Then the role of the subjective factor will grow: The Estonians, for example, may decide to sell off the refrigerator facilities, or the Latvians may convert a locomotive depot to produce washing machines or refrigerators because that is economically profitable. But what will everyone else do?

[Janovskis] I do not think that this will happen because we are too closely interconnected. If those kinds of failures occur between enterprises, then they will be eliminated at the level of interstate agreements. And the first steps taken to reconstitute the railroads indicate that this is precisely what happens. For example, the

Latvian Railroad has already held talks with the Oktyabrskiy Railroad, and they have decided that the "partial runs" will be retained and that our train engineers will, as before, travel to Velikiye Luki, while theirs will come here. In exactly the same way, the Lithuanian Railroad has been meeting with the Belorussian Railroad to resolve all these issues. Nothing terrible is happening, nor will it. It is just that economic relations will be different.

[Ivanov] What are the main tasks for the transitional period?

[Janovskis] Along with the formation of new management structures, the most important thing is to resolve the question of distribution of earnings. The system that exists in the Ministry of Railways absolutely does not suit us, and it is simply impossible to adapt it. The longer we delay resolution of these questions the more the railroads will be disrupted. From the new year there will be no centralized funding and investments or centralized funds. But if the question of earnings distribution has not been resolved the republic railroads will find themselves without money. And then they will grind to a standstill.

[Ivanov] How will the Baltic railroads cooperate with their European colleagues? Surely there will be more people who want and are able to travel to the West, will there not?

[Janovskis] In order to cooperate successfully with the West we must first of all have similar management structures. Therefore, all the republics are now creating their own departments for the railroads and for air and sea transport.

Today the transport workers of Latvia have established close contacts with the transport ministries in Denmark, Sweden, and Finland. Seminars have already taken place and we are training our experts. It is planned to open centers in Latvia to train transport specialists and then have them spend probationary periods abroad.

Serious economic cooperation will become possible when at least two preconditions have been met: real political and economic independence for the Latvian Railroad, and a clear-cut concept for the development of this kind of transport within the republic. Our western partners have many suggestions. They are prepared to invest their own capital.

But I would like to emphasize that we are not, of course, counting on handouts. Once-only aid, no matter what it may be, will not solve our problems. We must rely only on our own efforts. And assets from foreign investors must be attracted based on mutual profit.

From the Editor

In simultaneously publishing two statements with diametrically opposed viewpoints concerning the future of our department and the entire railroad network, we are

counting on other readers to express their opinions on the subject. Meanwhile, I would like to draw attention to several specific issues that the Latvian minister of railways either deliberately or out of ignorance is trying to misrepresent. It is a question of profitability, leveling, and "upside-down" rates.

There is no doubt that the chief of the Azerbaijan Railroad is right when he says that nothing changes just because we change the name of the railroad department, and that the harm done from the parochial approach to the organization of operations will be great. But it is not only that it is impossible in the practical sense to organize efficient regulation of the freight car inventory, even if everyone understands that the network has so-called extractive regions and consumer regions. Where and in what quantities should empty cars be in order to bring coal to that same Latvia? It is precisely the dispatcher (not command) functions of the ministry that are required for that.

As far as rates are concerned, they have not been turned "upside down," even though the minister depicts them as such. The tariffs are the same across the entire network, and the Ministry of Railways does not even set them. They proceed on the basis of the indicators for average prime cost in moving freight across the network, which on the Baltic section, incidentally, is about twice as high. And still, you must know that even with the higher costs of the railroads, each year Latvia has been receiving about R30 million in earnings.

There are no secrets here for the railroad experts. Thanks to the single rate for kinds of freight and the use of calculated prices at different levels of prime cost, the Baltic Railroad has always received additional earnings above the rates. Now, of course, that will not happen because from the new year on the Ministry of Railways will be forced to abandon calculated prices. And then, any hope of increasing earnings will have to be tied only to increased rates.

So it does not take a great mind to disrupt the unity of the network. And then how will it be possible to trade if everyone starts to ask exorbitant prices for the movement of freight and passengers across its own sector?

Railroads' Operations in Ukraine Examined

924A0243A Moscow GUDOK in Russian 15 Nov 91 p 2

[Article by V. Gladkiy, chief economist of the railroad: "How are the Railroads of the Ukraine To Operate Under the New Conditions"]

[Text] Under the conditions of Ukraine's declaration of independence and the conversion of all general union enterprises to republic property, solving the group of problems related to railroad transport operation has become a topic for discussion by the republic's directive organs. It is proposed that the work of the railroads of the Ukraine under the new conditions should be based on the following principles.

All the property of the railroad enterprises, organizations and institutions located on the territory of the republic is the property of the Ukraine.

Railroad transport should contribute to the utmost to the efficient development of the Ukrainian economy and the satisfaction of the population's need for transport, as well as to transport links with other states, within the framework of economic collaboration.

On the basis of these prerequisites, a number of expert groups and commissions have been established by the Cabinet of Ministers, to prepare the proposals. This includes preparing the draft of interstate agreements on dividing the property under the jurisdiction of the Ministry of Railways, on distributing revenues among the railroads, financing their operations and organizing the social sphere, working out tariffs for transport, and other matters.

At the beginning of October, a tariff commission made up of specialists from all six roads was working in Lvov. It was faced with the task of developing the concept of forming transport tariffs under the new conditions. The provisions resulting from the possible economic models and structures of railroad transport management were the prerequisite.

First model. In transport, as a socially and economically important sector, the management remains with the MPS. In this case, the formation of tariffs is its function, by agreement with the association of republic railroads created in the Ukraine.

Second model. The functions of the MPS are to be divided into State and economic. Then, in both cases, they will take into consideration the interests of each republic under reciprocal conditions.

Third model. Ukrainian transport has its own managerial structure, and therefore the problems of setting up and applying tariffs will be based on international principles and bilateral agreements.

The commission proposed the concept of transport tariff formation on the basis of these three models. While in the first two cases, the principles of formation were similar and known—they were based on the presently existing tariffs—with the third model, the commission proceeded from the economic basis of tariff formation.

Railroad freight tariffs should play the role of the wholesale prices at which transport will sell its product—moving freight, passengers, baggage and mail.

Tariffs for passenger transport must reflect the function of retail prices. Since they take into consideration the social protection of the people, if they are unprofitable, a subsidy should be given from the republic and local budgets.

The economic basis for the tariffs is the defrayment of all the railroads' expenses. The revenues for fulfilling transport operations should ensure profits, which must be

directed toward the technical development of transport and its social sphere, and if medical and educational institutions are excluded from financing through the budget—toward their maintenance, as well.

On the basis of a structural analysis of the existing tariffs, the commission submitted a number of proposals to improve their formation. This will facilitate the calculation and transfer of data to a computer to automate the calculation of carriage charges. It is acknowledged that there may be a reduction in the list of freight descriptions for which there are additional revenues to the roads for initial and end operations.

It is noted that, along with the differentiation of freight tariffs by type of rolling stock, there must also be a differentiation, to a certain extent, by type of freight, based on the effect that its conveyance has on the preservation of the cars and their preparation for the next shipment. Differentiation of tariffs according to distance and region should affect the formation of republic tariffs. Possible variants of the distribution of revenue from transport are calculated, and, in connection with this, the structural formation of transport documents as well.

Under the conditions of the agreement concluded on the economic union, interstate tariffs must be established in addition to the republic tariff, and the principles of forming them should be different from the republic and presently existing tariffs, and be based on an agreement among the countries participating in the transport.

When implementing foreign economic ties, the Ukrainian railroads should take part in an international state tariff.

The proposals of the commission set forth the problems of payments for transit transport across the territory of the Ukraine. It intends to set up an Ukrzheldorraschet office, to calculate and distribute the currency payments for transit transport.

Among the qualitatively new conceptual approaches to forming republic tariffs, we should mention those which also affect their normative base. Considering the fact that republic tariffs will operate under the conditions of a market with contractual and unrestricted prices, the list of fixed charges for services and operation should be reduced. It is proposed that a higher rate be established for freight transport along low-activity sections, depending on the category of the line.

Under the conditions of a market economy, late submission of payments by the consignor is assumed to be regarded as a loan. As we know, one must pay for a loan. That is, we must return to the days when, for late submission of payments for transport, a fine was imposed on the freight owner. Under the new conditions, the amount of the fine per day must be established as the rate of interest on a bank loan.

It is proposed that, in freight transport in interstate service (between sovereign republics, according to the third model of transport management), a new type of transport document be established, by analogy with international service, when each participant receives a copy of the road list, or a road list with tear-off coupons is specified.

It is proposed that, in the formation of passenger tariffs, we give up establishing a local suburban tariff which is in accordance with oblast soviets. The suburban tariff should be unified in the Ukraine. If it does not defray the railroad's expenses, however, a subsidy must be allotted from the budget.

Because of the lack of a clear-cut distribution of expenditures for freight and passenger transport, it is proposed that economically substantiated tariffs be specified to transport freight and baggage, mail and special railcars of other departments traveling in passenger trains. Their level must be established, in order to defray the transport expenses.

These are a few proposals from the commission on the subject of future republic tariffs. In this transitional period, all the normative documents for transport and the existing tariffs for freight and passenger transport remain in effect.

Moscow Metro Construction Examined

924A0225A Moscow GUDOK in Russian 13 Nov 91 p 2

[Interview with Yuriy Anatolyevich Koshelev, Moscow Metro chief, by V. Trushkovskiy; date and place not given: "Moscow Metro Construction Administration's Portfolio and Purse"]

[Text] From the time of its founding up until recently, the Moscow Metro has been considered the best in the world. There is even a legend that Pele and Mohammed Ali, when they visited the capital, were delighted with two things—our ice cream and the subway. We have already almost forgotten about the first of these; the second exists but the last few years, to put it mildly, have affected the beauty, speed and convenience of this type of transport.

Spiteful tongues have even said that the subway has been driven into a corner and, generally speaking, an end to its construction has arrived.

At the present time, there is perhaps not a single branch of the economy that has not undergone a slump or a crisis. The Moscow Metro Construction Administration is no exception. However, any sensible inhabitant of the capital understands the need for and importance of the subway's normal operation and the commissioning of new lines. Without this, Moscow will choke from the growing passenger traffic.

We asked Yuriy Anatolyevich Koshelev, Moscow Metro Construction Administration chief, to share his plans and the state of affairs in construction with us.

[Koshelev] With all the present situation's complications, we do not have any justifications for pessimism. The Moscow Metro Construction Administration completed the plan for commissioning new lines this year—the Timiryazevskiy radial with a length of 9.5 kilometers and five stations: Dmitrovskaya, Timiryazevskaya, Petrovsko-Razumovskaya, Vladykino, and Otradnoye, and the Vladykino Depot were handed over for operation. We should commission another 34 kilometers of lines before 1995, including the Lyublinskaya from Chkalovskaya to Lyublino with the Pechatniki Depot.

[Trushkovskiy] However, this line should have been commissioned in 1990 according to the plans for 1985-1986.

[Koshelev] Such conversations were held, since, at the time, this timeframe was fixed for us twice without any serious study of the question. At the present time, a realistic time for handing over the Lyublinskaya Line has been established—1994. Our work volume has been increased. According to the design, for example, this line's Kozhukhovskaya Station had been planned as a through one—serving a technical purpose without decoration and exits to the surface. It has now been decided to equip it for passengers. Work connected with the construction of transfer tunnels in the deep-depth station of Proletarskaya was not included in the underway project. The builders will have to work at night so as not to disrupt the subway's daytime rhythm and must perform a considerable volume of work—hauling 60 linear meters of dirt. There is another complication in that the section is oversaturated with water and electricity service lines and street-car tracks. However, we think that we will manage by the time for handing over the line.

[Trushkovskiy] What are today's construction rates for the Moscow Metro?

[Koshelev] With the present obsolete and poor equipment and shortage of working hands—on the order of 23-25 kilometers during five years. For example, 25 kilometers were built during the 11th Five-Year Plan and 23 during the 12th; however, an arithmetical approach is not always admissible in our business. The work volume during the 12th Five-Year Plan required almost a twofold increase in capacities—two stations were built at a great depth during the 12th and four of these stations during the 13th; all of them are large transfer points. There are 24 escalators at Chekhovskaya Station alone.

[Trushkovskiy] How are things going with construction on other lines?

[Koshelev] Work is now being performed on the line from Chkalovskaya to Marinaya Roshchi with the following stations: Trubnaya, Sretenka, Sretenskiy Boulevard, Krasnozerskaya, and Marina Roshchi. Platforms

are being developed and the driving of tunnels is being completed. The line will be handed over by the year 2000.

The Kiyevskaya-Park Pobedy line is being built; they have started work to extend the Lyublinskaya from the station of Volzhskaya (the former Sharikopodshipnikovskaya) to Marino with intermediate stations at Lyublino and Krasnodonskaya. The section from Volzhskaya to Lyublino will be handed over in 1995.

The plan for the Partizanskaya-Severnoye Butovo subway line with a length of 5.7 kilometers and three intermediate stations was recently approved. Work is being performed on the line from the station of Otradnoye to Altufyevskaya with an intermediate station at Biberevo. We will hand it over in 1992. We should build a second exit for the Mayakovskaya Station before 1993; however, the territory for this work has still not been allocated to us.

[Trushkovskiy] There are evidently problems here?

[Koshelev] The main one is clearing a place for running the route. The city organizations of the Ministry of Communications and Ministry of Power and Electrification and Mossovet are working on this.

Less than 70 million rubles of the ones planned for 1991-1992 have been assimilated as yet. This could lead to disrupting the timeframes for constructing and handing over the lines.

During recent years, such an obstacle as protests by inhabitants has also appeared. Whereas previously it was considered good to have a subway in one's rayon, it is now viewed negatively. The matter sometimes results in inflicting direct physical damage on construction sites and machinery. The situation has been aggravated to such a degree that the Moscow government's first session on 16 July adopted a decree entitled "On the Inadmissibility of Delaying Construction of the Lyublinsko-Dmitrovskaya and Gorkovsko-Zamoskvoretskaya Subway Lines."

[Trushkovskiy] What motivates the inhabitants in their actions?

[Koshelev] In the Krasnogvardeyskiy Rayon, for example, they think that the construction of the Brateyevo electric depot will worsen the ecological situation. I agree that any construction will create difficulties for those around it—the more so with such a large construction project as a subway. However, based on the data of a mayoral expert commission that examined all the demands and claims of the rayon's inhabitants and the deputies' commissions and also our plans, the correctness of our decisions was confirmed. The electric depot is a very ecologically clean installation. It has no harmful production, discharges that pollute the atmosphere and other harmful factors. Delaying construction

will not permit the operation of city transport, which is literally choking from an overload, to be made easier in the near future.

Despite all the difficulties, we are not losing our optimism, faith and common sense. The Moscow Metro Construction Administration has many plans; our portfolio, as they say, is full of designs.

[Trushkovskiy] The portfolio is full but I would like to know about the purse's condition. Who is now financing the Moscow Metro Construction Administration?

[Koshelev] The central government—the USSR Council of Ministers—financed us until 1991; subsequently, it was the USSR Cabinet of Ministers. Subway financing has now been transferred to the republics. We have found ourselves in a certain type of vacuum: The receipt of assets from the center has stopped and has not begun from the republics as yet.

[Trushkovskiy] How much does the Moscow Metro Construction Administration require a year?

[Koshelev] This year, 421 million rubles were allocated to us; next year, we will require 500-600 million. The sum is a respectable one and that is why all suggestions and plans for transferring the Moscow Metro Construction Administration to the city's financial balance were clearly unrealistic. Moscow's budget will not stand this.

The financial difficulties, let us hope, will also be overcome. Successful discussions are taking place with Russia's government and the question will be solved by the new year.

MARITIME AND RIVER FLEETS

Division of Maritime Fleet Highlighted

924A0247A Moscow IZVESTIYA in Russian 25 Nov 91
Union Edition p 2

[Article by S. Taranov: "How the Sovereign Republics Have Divided Up the Maritime Fleet"]

[Text] Imagine something completely unbelievable. At a large department store, an announcement is given out about free (and right now!) allotment of goods. The sales clerks and buyers grab everything they can get their hands on. Gaping, those left at the tail of the queue get nothing. It is unbelievable! It is on this principle, however, that the USSR Maritime Fleet, with all its shipping companies, ports, etc., has been divided up among the former union republics.

The maritime fleet has always been one of the tasty morsels of the unprofitable Soviet economy. Its yearly currency receipts have recently been about \$3.5 billion. In a certain sense, we have all been growing fat on our 18 shipping companies, scattered from Nakhodka to Kaliningrad, whose ships yearly transport 30-40 million tons each of grain purchased abroad, almost 80 percent of the

imported goods. They ship timber, oil, ore and machines as export from the USSR throughout the world.

Strongly centralized, the Soviet Maritime Fleet system has always been financed from the all-union budget. The USSR Ministry of the Maritime Fleet, on behalf of the State, ordered the construction of new ships and the repair of existing ones abroad, purchased port equipment for currency, built warehouses, roads and many other things, which the republics themselves never did. For example, an ocean liner bought in Germany for currency gained from Uzbek cotton, was registered first to the Baltic Shipping Company and after a year, possibly, to the Black Sea Shipping Company, never thinking that someday the gigantic maritime economy (and its fixed capital is valued at 30 billion rubles [R]), would have to be split up. It is known only that in the years of the Soviet regime, Russia and, strange as it may seem, Uzbekistan invested the most funds of all in the development of the maritime fleet.

The fleet has already been split up, however—in the simplest, most ruinous way for the majority of the “dry land” republics: everything that is on the territory of the “maritime” sovereign states belongs to them. As a result, Russia received 56 percent (of the value of the fixed capital of the USSR Maritime Fleet), the Ukraine—26 percent, Latvia—5.6 percent, Estonia - 3.2 percent, Lithuania—1.9 percent, Georgia—2.8 percent, and Azerbaijan—3.1 percent. The rest of them, from now on, can only count on the mercy of the “lucky ones.”

Even the “lucky ones,” however, are in no way content with everything. Russia has 9 out of 32 ferries left, no liquid-gas carriers and no expeditionary ships left at all, 2 out of 9 LASH ships, 25 out of 52 passenger liners, only 19 out of 61 reefers (Lithuania now owns them), 24 out of 69 rolters (these ships mainly transport grain and are registered to the Ukraine and Latvia). The situation with respect to ice-free ports is also critical for Russia. It actually has only two remaining, not counting the Far East—Novorossiysk and Kaliningrad, cut off from the main territory of the State, and little adaptable to receive commercial freight. On the other hand, the republic has all the ice-breakers (they are, incidentally, unprofitable), wine carriers, combined fleet, training-production and barge-towing ships. Latvia has inherited four tankers of the reinforced ice class, which are absolutely unnecessary and unprofitable for it. Estonia has received the giant Port of Novotallinn, which satisfies all the needs of the state with three percent of its capacities (the rest should be working for a unified Union). In a word, in not one single republic which has proclaimed jurisdiction over the maritime fleet is its structure a satisfying one.

According to the predictions of experts, the next step after taking possession of property may be to sell abroad ships that a certain specific republic does not need. It is quite uncertain, however, that they will buy anything new to replace them, since the Soviet ships are much older than those used by the leading seafaring countries. Ninety percent of the timber carriers, for example, must

already be written off for scrap. This means, that there will be simply nothing in which to go to sea, and foreign ships will have to be chartered for currency. This is an expenditure of billions and billions of dollars, which neither the community nor the individual republics have. It is also impossible for us not to spend it—in most of our contracts it is the Soviet party that must carry out the delivery of foodstuffs and consumer goods to the USSR.

There is another danger—the conversion of the former union republics to reciprocal accounts according to world prices and in SKV [freely convertible currency]. Then many shipping companies may be ruined, since the expenses to repair the obsolete fleet will exceed the average level by 30-45 percent, and it will be more profitable for Kazakhstan or Russia to hire Canadian or Liberian ships than to appeal to Lithuania or the Ukraine.

All this, true, is from the realm of bad predictions. But then, what now?

“For the time being, ruble accounts between the republics, despite individual attempts to demand currency for transport service, are being maintained,” says Venedikt Sulaberidze, head specialist of the Department of the Maritime Fleet being set up at the Russian Ministry of Transport. “No one knows, however, how long this shaky equilibrium will last, and what relationships will be formed next year.”

It is possible that the “dry land” republics will gain access to the management of the maritime fleet, if, in the process of the privatization of transport enterprises, they are sold shares. It is possible that the procedure for accounts can be determined in interstate negotiations. Really, though, there must be agreements right now, today. Otherwise in the semi-starvation of the spring, we will be able to see neither Canadian grain nor Australian sheep.

Shipyard Activity Highlighted

924A0186A Leningrad SUDOSTROYENIYE
in Russian No 5, May 91 pp 37-39

[Roundup prepared by A.N. Khasutov: “At the Shipyard Enterprises”]

[Text]

Zavod Krasnoye Sormovo Production Association

The Sormovo shipbuilders are moving confidently into the international market. On 19 May 1990, the dry-cargo motorship Fruzhi was launched and in August was handed over to the Hungarian client. This was the second mixed “river-sea” Volga-class ship built for Hungary. Precommissioning trials showed the high reliability of the mechanisms, systems, and devices. The main engines for this ship came from German partners, the diesel generators from the Khabarovsk Daldizel Plant,

the windlass from the Sevastopol Morskoy Zavod imeni S. Ordzhonikidze Production Association, the mooring winches from Finland, the water-purification plant from Sweden, and so forth. The program of trials envisaged a continuous 16-hour run for the main engines in the machine shop. The ship was handed over to the Hungarian seamen in Leningrad.

The building program has been completed for a similar motorship, the Sormovo, but she was sent from Nizhny Novgorod to the south, to Yalta, where she was accepted by a crew from a shipping company in Liberia.

The Sormovo ships are evoking interest among experts at international exhibitions. Models have been demonstrated at the Konversiya-90 exhibition in Munich, and later in Austria and Japan.

Okean Shipbuilding Plant

The leader of a team of fitters at the Okean Mechanical Assembly Plant, Aleksandr Petrovich Tsvetukhin, was the winner of a 1990 USSR State Prize for outstanding achievements and scientific and technical progress. In 1954 the 14-year-old teenager joined the mechanical assembly shop; life had forced the young orphan to fend for himself. Four years later, at the age of 18, he was entrusted with the leadership of a brigade. A.P. Tsvetukhin was one of the first to be given the right to use his own personal stamp. Therefore it was not by chance that it was precisely his brigade that was given the most complicated and responsible work. A creative attitude toward any job, outstanding organizational abilities, and attention to young workers mastering the profession—these are typical of Aleksandr Petrovich. But his main quality as a working man is his reliability, the fact that he can be relied upon.

Dalzavod Production Association

A complex of dry and floating docks forms the basis of this ship repair production association. This year marks the 100th anniversary of the day that ground was broken for the first dry dock. The dedication of the dock site took place on 17 January 1891, and the ground was broken on 18 May. The dock took a long time to build; the main tools were picks and shovels and wheelbarrows. The ceremonial opening of Vladivostok's first dry dock took place only six years later, on 7 October 1897. It was named after the tsarevitch, Nikolay. The first ship in the dock was a top class cruiser, the Dmitriy Donskoy, and as a memorial to that event a plaque was placed in the wall of the dock. Later, in 1900, another two dry docks were laid down, and they went into operation in 1906. These installations essentially laid the foundation for domestic ship repairs in the Far East.

The Vyborg Shipyard Plant

The prototype Murmanskaya-class floating drilling platform developed by the specialists at Vyborg was sent out for sea trials on 22 October 1990 in the Trongzundskiy roadstead. The main task was to check the operation of

the support devices. Three latticed supports 144-meters long were lowered until they touched the bottom, and the body of the drilling platform, weighing about 15,000 tons, was raised 10 to 15 meters above the surface of the water. The anchor device, the helicopter pad, and the general purpose systems were also tested. All the planned work was done in the time set. The very complex mechanisms and devices of the drilling platform came through their first test with flying colors. (An article describing the Murmanskaya drilling platform in detail will be published in the next issue of the journal.)

Perm Kama Shipyard Plant

Several years ago the plant handed over the last of a long series of "river-sea" ore-oil carriers and moved on to build tugboats. However, the Russian Soviet Federated Socialist Republic Ministry of the River Fleet decided to order another two ore carriers for the Volgotanker steamship line. The first of these ore-oil carriers with the side number 858 was launched on 19 September 1990, and after successfully completing her acceptance trials left the plant cove on 6 November. The hull of this 120-meter vessel was built in shop No. 21, and during the side launching all ten of the side cradles on the slip way were used (only four are required for tugboats). In order to eliminate possible trim imbalance during the launch 50 tons of water were taken on in the forward tanks for ballast. During the running trials the vessel showed good maneuvering characteristics. At the same time, fabrication of sections and blocks for the next ore-oil carrier is in full swing in the plant's shops.

Leninskaya Kuznitsa Plant

The final hand over of fishing vessels that are built in Kiev has for 35 years been carried out in Kherson, at the delivery base located on the territory of the Kherson Delivery Production Association. The 100-meter berth and the landing stage with the sign reading "Delivery Base" make up the unique branch of Leninskaya Kuznitsa. The trawlers are usually delivered here on pontoon docks using tugboats. The main task at the final stage is to install the mast, secure the lifting gear on the upper bridge, stow the spare parts, tools, and accessories and the emergency rescue gear, and finally, the running trials. This all takes 10 or 12 days, but as a rule the work is done ahead of schedule. And after giving three farewell blasts on the siren, the next trawler sets off for the fishing grounds or to its port of registration.

Leningrad Severnaya Verf Shipbuilding Yard

The effect from the introduction of an automated production technological preparation system and the Kompas automated shape design system has been fully seen in the development of a prototype bulk carrier. Whereas on the S. Kirov horizontal cargo handling motorship this comprehensive system has only just been tested, on the new ship it will be used as a working tool. Computers are used to do loft work, including work on assembly jigs, on the basis of a unified data base.

Whereas previously similar work took a dozen experts half a year to do, now a group of three men led by engineer A.P. Chernichenko took only three months to do the work for the prototype bulk carrier. Routine design work has been reduced. The technical documents to fabricate tens of thousands of parts for the hull of the ship are now prepared by the computer.

Vympel Shipbuilding Production Association

Conversion and the introduction of market relations have had a significant effect on the association's position. Despite the recent increase in the output of consumer goods, by a factor of more than 1.5, overall the rate of output growth has slowed. Because of the cutback in centralized funding, the Ministry of the Oil and Gas Industry, for example, now is not acquiring two Tapir-class surface-effect geophysical vessels and the Ministry of the Maritime Fleet is not taking any Bizon-class ships. Taking into account the changes in the conjuncture of the market during the new five-year plan, provision has been made for renewal of almost half of shipbuilding output. The new ships include a large hydrographic cutter, a fire-fighting ship for the Caspian, a Perchik-class tugboat (to replace the BMK-130R tugs that have now been produced for 17 years), and the Akula transport boat. Renewal of output will be done at accelerated rates, and here the main tasks will be to maintain a contingent of skilled workers, experts, and employees and to create a fund to restructure production.

Baltiyskiy Zavod Production Association

It is common knowledge that the shipbuilders have been assigned the task of manufacturing various kinds of equipment for agro-industrial enterprises. The boiler-making special design bureau, which is part of the association, received an order in 1988 to design several types of automated lines to produce dry animal fodder from waste from the meat combines. This is very important for livestock feed additives (bone meal, commercial grease), which contain 40 percent of the protein in enriched fodders for cattle, hogs, and poultry. The boiler-making special design bureau is now the head developer of lines with a raw materials processing rate of 1.5 tons and five tons per hour (with heat equipment or vacuum boilers), and also assemblies that process 200 kilograms to 800 kilograms of raw materials per hour. The first line set up was manufactured under license from the Dutch company (Stork Dyke). Many enterprises are acting as suppliers for equipment for the dry animal fodder lines—the Chernomorskiy Sudostroitelnyy Zavod Production Association, the Znamya Oktyabrya Production Association, the Uran Scientific-Production Association, the Northern Maritime Steamship Line, the LAO [expansion not identified], the Zavod Krasnoye Sormovo Production Association, and others.

Leningrad Almaz Shipbuilding Association

The switch to market relations is prompting an active search for and the introduction of new forms for the

organization of labor, efficient technologies, and competitive kinds of products. These are precisely the goals being pursued by the initiators involved in the creation of a small state enterprise, Gals, as part of the Almaz Maritime Plant. The main thrust of its activity is low-tonnage ships, in particular all kinds of cutters, yachts, boats and other sailing boats. In addition provision has been made for carrying out repairs on and retooling small ships. In order to carry on its production activity the founder has allocated a production area of 200 square meters for the small enterprise, and equipped it with cutting and welding gear, hand-held pneumatic tools, and so forth. Docking and berthing facilities and other equipment will be leased as necessary. The creation of the small enterprise should, on the one hand, help in mastering new kinds of products that enjoy good demand, while on the other it offers an alternative to association workers who for one reason or another wish to move to other work places.

Krasnoyarsk Shipbuilding Plant

The development of efficient heating and ventilation systems for covered building berths is a quite urgent task for the dockyard. The Krasnoyarsk shipbuilders are introducing local suction from ships' compartments or directly from welding points, with automated air decontamination devices. A contract has been signed with the Novosibirsk branch of the All-Union Proyektpromventilyatsiya Institute. The first test ventilation installation has been fabricated jointly by the Sovplim Soviet-Swedish enterprise.

* * *

Numerically controlled machine tools that have in recent years been appearing in machine shops are enabling the plant to master the production of new articles, including machines for leveling and batching tests. The IS 800 PNFC machine tools for machining centers with the Fanuk-6M control system are being used to fabricate covers, brackets, and housings made from aluminum alloys, and so forth. The labor intensity of comparison work has been significantly reduced with the universal boring tools.

Sudostroitelnyy Zavod Imeni 61 Kommunar Production Association

The high level of personnel turnover is a serious problem for production. An analysis conducted in one of the shops at the plant has shown that it is mostly young people who try to find other jobs. During the period 1988-1990 some 67.2 percent of those who left were under age 35 (and 42 percent of these were under age 25), while 77.5 percent had worked at the plant for less than two years (63.5 percent of them for less than one year). Although only 10.6 percent of the total indicated unsatisfactory wages (some 8 percent of workers at the enterprise who have moved to cooperatives should be assigned to this category), reasons such as "at my own wish," "family circumstances," and "moving to other work" (about 70 percent) are most often associated

precisely with unresolved material or living questions. At the same time 89.3 percent of those polled believe that they could work more productively and earn more were it not for the shortcomings in labor organization and working conditions. Dissatisfaction is also resulting from the frequent lack of materials (72 percent), obsolete equipment and inadequate mechanization of work (64.5 percent), unsatisfactory production and everyday conditions (63.5 percent), rush work and overtime work (58.7 percent), shortcomings in the organization of the work place (51.2 percent), lack of tools (48 percent), and stoppages (40 percent). Thus, questions of reducing personnel turnover cannot be resolved in isolation from purely production problems.

Yaroslavl Shipbuilding Plant

Since last year the plant has been taking part in an experiment to improve the mechanism for wildlife management. The essence of this experiment is that each enterprise makes a fixed payment to a nature conservation fund based on the harm it does (instead of fines set by the inspectorate for particular cases of emissions). If harm is reduced, the payments are also reduced. For one conventional ton of gas emitted into the atmosphere the payment is about 2 rubles [R], for 1 ton of contaminated liquids dumped into bodies of water the payment is R211, for 1 ton of waste placed in dumps the payment is R0.4. For 1990 the plant had to pay about R60,000. Here, consideration was given to the emission, dumping, and burial of waste that took place in 1989. If the degree of environmental contamination exceeds the set level, payments are multiplied many times over. And the source used for the payments is the cost-accounting earnings of the collective, that is, each worker will have an interest in being solicitous toward the environment and in reducing the harmful effects of production waste on it.

Navashino Oka Shipbuilding Plant

The consumer goods being produced by the shipbuilders, particularly furniture, enjoy steady demand among the population. During the first half of 1990 a total of 496 suites of Yelena furniture was forwarded to the trade network (against a plan of 950), along with 13,400 beds (of 25,400). In addition, 51,000 medical chairs (out of 100,000 units) and 5,060 ironing boards (out of 10,000) were produced. A new set of bedroom furniture that goes by the name of Priokskiy is being made ready for

production at the plant. The suite is contemporary in style and three versions of the finishing are planned for the dresser and night tables.

Trailer-type bread-baking ovens represent another unusual product for the plant. They are intended for baking bread mainly in rural (or field) conditions. The stoves can bake 4 tons of loaves daily. They operate on both solid and liquid fuel. The first baking ovens have already been sent to the clients.

Feodosiya Production Association Imeni XXVI Syezda KPSS

A group of sociologists from Moscow has conducted a poll among Communists at the association. In response to the question "What, in your opinion, does it mean to live well?" a majority (43.5-56.7 percent) answered as follows: "To have a clear conscience and live in a fair way." A total of 14.2-19.4 percent of those polled responded that "to live well" means to have a strong and friendly family; 6.7-12 percent responded that it was to be free of material worries; 5.6-7.8 percent thought that it meant to be employed in something that one liked; 6.3-8.9 percent thought that it meant to be hale and hearty; 1.1-4.8 percent responded that it means to have friends who understand one; 0.9-3.6 percent thought that it means to have a high social position.

In answer to a question about the preferred way for the development of our society, 32.6 percent of Communists put it this way: "The main thing is that our country become a civilized country like the world's developed countries." Many (27.2 percent) believe that "the main thing is strengthen order and discipline, and create a society in which there would be no place for demagogues, speculators, and other antisocial elements." Other responses had fewer supporters: create a distinctive rule-of-law state by renewing all aspects of the life of society (10.6 percent); protect the environment against the consequences of man's activity and strive to achieve a general peace and disarmament (8.8 percent); the availability of adequate quantities of inexpensive and good-quality goods in the stores (6.6 percent); revival of the national spirit and culture on our land, and of traditional values such as patriotism, morals, the family (6.6 percent); preserving and strengthening the principles and ideals with which our country has been able to overcome all difficulties (2.4 percent).

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