

224089

JPRS-UIA-88-010
6 JULY 1988



JPRS Report

Soviet Union

International Affairs

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
National Technical Information Service
SPRINGFIELD, VA. 22161

19980625 054

10
28
A03

NOTICE

Effective immediately, the JPRS REPORT: SOVIET UNION/PROBLEMS OF THE FAR EAST, a translation of the Russian-language journal PROBLEMY DALNEGO VOSTOKA published in Moscow by the USSR Academy of Sciences Far East Institute, will no longer be published. The journal is also published in English in Moscow by the USSR Academy of Sciences Far East Institute under the title FAR EASTERN AFFAIRS.

Soviet Union

International Affairs

JPRS-UIA-88-010

CONTENTS

6 JULY 1988

SOCIALIST COMMUNITY, CEMA

- Economist Challenges Shmelev's Call for Higher Debt, Ruble Convertibility
[B. Sergeyev; EKONOMICHESKAYA GAZETA, No 16, Apr 88] 1

THIRD WORLD ISSUES

- AAPSO Chairman Kapitsa at Tajik Museum Opening *[KOMMUNIST TADZHIKISTANA, 20 May 88]* ... 4
 Roundtable: Pacific Ocean Fishing Problems, Cooperation
[AZIYA I AFRIKA SEGODNYA, No 4, Apr 88] 4

GENERAL ECONOMIC AFFAIRS

- FRG 'Disinformation' on USSR Purchases of GDR PC's *[PRAVDA, 3 Jun 88]* 5
 Director's View of New Foreign Trade System
[I. Faminskiy; SOTSIALISTICHESKAYA INDUSTRIYA, Feb 88] 5
 Role of Ministries, Departments in 'Direct Ties' *[A. Selivanov; PRAVDA, 14 Mar 88]* 7

UNITED STATES, CANADA

- Relevance of U.S. Corporate Managerial Experience to USSR Enterprises
[R. Simonyan; SOTSIALISTICHESKAYA INDUSTRIYA, 8 Jan 88] 9

WEST EUROPE

- Murmansk Oblast Economic Ties With Scandinavia
[Yu. Z. Balakshin; EKONOMICHESKAYA GAZETA, No 12, Mar 88] 11

EAST EUROPE

- Difficulties in Hungarian-Soviet Venture Discussed *[V. Gerasimov; PRAVDA, 1 Feb 88]* 13

LATIN AMERICA

- U.S. Aid Allegedly Sustains Chilean Military Junta *[LATINSKAYA AMERIKA, No 4, Apr 88]* 15

CHINA, EAST ASIA

- Peaceful Settlement of Kampuchean Conflict Supported *[Boris Barakhta; PRAVDA, 31 May 88]* 16
 USSR-Japan Opinion Poll Results: Bilateral Relations Restrained
[V. Korobeynikov; SOVETSKAYA ROSSIYA, 25 May 88] 16
 Afanasyev Discusses Vietnam's Renewal, Problems, Asia-Pacific Security
[V. Afanasyev; PRAVDA, 4 Apr 88] 16
 USSR-SRV: Cooperation in Consumer Goods Production *[B. Vinogradov; IZVESTIYA, 29 Apr 88]* 19

NEAR EAST & SOUTH ASIA

- Central Asian Republics Aid Afghan Children *[N. Verapol; SOVETIK KYRGHYZSTAN, 27 Apr 88]* 22
 Anti-Revolutionary Propaganda To DRA Described
[Nikolay Verapol; SOVETIK KYRGYZSTAN, 10 Apr 88] 22
 MFA Special Session on Afghanistan
[VESTNIK MINISTERSTVA INOSTRANNYKH DEL SSSR No 9, 15 May 88] 22
 IZVESTIYA Interviews Umm Jihad *[A. Ostalskiy; IZVESTIYA, 14 May 88]* 22
 PDRY Delegation Visits Tajik SSR *[KOMMUNIST TADZHIKISTANA, 14 May 88]* 22
 India Supports National Reconciliation in Afghanistan *[ZA RUBEZHOM, No 20 13-19 May 88]* 22
 Development of Iranian-Soviet Economic Cooperation *[APN report; SELSKAYA ZHIZN, 2 Feb 88]* 23
 Gandhi Profiled, India Seen as Model For Third World *[Moscow PRAVDA, 8 Apr 88]* 24

Economist Challenges Shmelev's Call for Higher Debt, Ruble Convertibility

18200146 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 16, Apr 88 p 21

[Article by B. Sergeev, candidate of economic sciences: "Lest Advances Become Debts"]

[Text] There is a vigorous search today for optimum solutions to many economic problems of the day. Some of them, like ruble convertibility and issues related to the external debt, have never before been up for discussion by broad groups in the community. Now that such discussions have been brought about by the very nature of restructuring, differing opinions are being expressed, not all of them based solely on a serious analysis of the issue, but sometimes simply on emotions or fond wishes.

But emotions alone are insufficient here. After all, we are talking about the destiny of the country's economy, and this obligates us to think about the interests of the state and to advance proposals, be they ever so radical, that are well-thought-out and substantiated. Unfortunately, some publications have not been displaying this fundamental and judicious approach to the problem.

To be specific, this is the sin committed by the article of N. Shmelev published in the sixth issue of the newspaper *MOSKOVSKIYE NOVOSTI*. It was entitled "The Ruble and Restructuring," and was devoted to an extremely important and topical problem. The author rightly feels that in the context of the transition to predominantly economic methods of management it is the ruble—its reinforcement and security—that must move to the center of the restructuring of our economic mechanism.

Along with indisputable ideas and statements the article also contains propositions whose implementation today, given the present capabilities and state of our economy, would in our opinion threaten an outcome of serious losses instead of benefits. This applies above all to what he had to say about foreign credits, strategies for the transition to ruble convertibility, and the equalization of domestic prices with world prices.

Trying on the Debt Noose

The author deems it possible and very necessary to sharply increase the share of foreign credits in financing our economy, but he does not even make an attempt to answer the simple question that asks itself: Who, how, and from what source will pay the debts back?

The economic, social, and certain other problems which have been faced by Yugoslavia, Hungary, Poland, and the developing countries because of the growth of their foreign debt are simply ignored by the author. He

attempts to put the reader at ease by saying that the Soviet Union still has some leeway in taking credits and that we still have not come to the "danger line." Feeble consolation.

Of course, all the industrially advanced countries taking an active part in world trade make extensive use of credits, especially short-term credits related to commercial transactions. This is today an indispensable element in efficient foreign economic activity. But a difference has to be drawn between the short-term credits that facilitate current foreign economic operations and medium- and long-term credits. There can be no discussion on a professional level about "credits in general."

If we are to talk about long-term credits, then there is an economic justification for using them to build a highly efficient export industry that would be competitive on the world market. Indeed this at first seems to be the author's point of view. But if the logic of his arguments is followed, and several tens of billions of dollars, as he proposes, are borrowed to buy imported equipment, will we not end up in the situation of the early eighties: in warehouses heaps of uninstalled equipment purchased indiscriminately for hard currency, while the debts on that equipment are still being repaid with raw materials? It would seem that everyone is now already aware of the danger of the "import plague" at all levels of economic activity, but today the thesis is again being advanced about large-scale purchase of equipment on credit which cannot be installed and started up immediately for many reasons, so that we are knowingly doomed to lag behind. What is more, repayment has to be made with petroleum, whose price is dropping.

There are also a number of other circumstances well-known to specialists which should be mentioned.

First, it is a hazardous operation to take loans on a large scale. There are limits, mentioned by N. Shmelev himself, beyond which creditors cannot go regardless of the circumstances. In international practice it is a rule of thumb that if the total annual payments on foreign debt begins to exceed a certain share—approximately one-third—of receipts from all foreign economic operations, the country falls in the category of "faulty" debtors. With that kind of reputation it will not be able to get new loans. Even if someone should "be kindhearted," he will collect truly usurious rates of interest. As experience is now demonstrating, the international financial community is merciless toward those who fall into the debt trap. It is no accident that USSR Vneshekonombank has even in the most difficult periods striven not to push these limits to the end and has used every effort to maintain the Soviet state's solid reputation on the world credit market. Why undermine it now in the context of restructuring? Even the bond market has its limits.

Second, payment has to be made on the credits. At present we are able to pay for them not so much with our labor as with mineral resources. And this is economically

inefficient, especially given the unstable conditions for selling raw materials on international markets. Talking does not retire debts.

These are all the axioms of present-day international economic life. It is surprising that the author of the article in *MOSKOVSKIYE NOVOSTI* ignores them.

At the present time raw materials predominate in the structure of our exports to the West, and the prices for them, according to UNCTAD data, are at the lowest level in the last half-century, so that we should be extremely cautious in undertaking any further growth of the debt. Otherwise we will have to resort to yet another "piece of advice" from N. Shmelev—to turn over our enterprises to creditors in repayment of the debts.

And this is precisely where the formula the author proposes leads—turning long-term credits into stocks and bonds of joint enterprises accompanied at the same time by renunciation "of the rigid principle of ownership for our own benefit." Why should we try on this variety of "new colonialism"? It seems very doubtful that we ourselves need to "make the necessary efforts" to fall into bondage to international financial circles.

Convertibility—But Only on a Firm Foundation

Adoption of "financial convertibility" of the ruble, establishment of a "real and single" rate of its exchange, might become an immediate goal of our monetary policy, in the opinion of N. Shmelev, since this would make it possible to make exporting more attractive to our enterprises, to "convert" debts, to remove the "obstacle" to creating joint enterprises.

Introduction of step-by-step convertibility of the ruble is, of course, regarded today as one of the possible and realistic ways of carrying out a judicious strategy for the transition to progressive new forms of foreign economic cooperation. To be specific, this was discussed in an article entitled "Convertibility of the Ruble—On the Agenda" (*EKONOMICHESKAYA GAZETA*, No 9). The approach proposed by N. Shmelev could only compromise this effort, which is important to the national economy. Judge for yourself.

There is not a single country in the world where convertibility has ever been an end in itself. This is always an instrument of monetary policy corresponding to a high or at least stable level of the national economy's international competitiveness. Regrettable as it may be, the absence of ruble convertibility reflects the present state of affairs in our national economy that took shape in the stagnant period—above all the low competitiveness of most domestic goods on the world market and the underdevelopment of our commodity-money relations.

We all know how dangerous illusions and premature moves are for development of the domestic economy. But they are doubly dangerous in international relations. Explanations and assurances are not accepted there. Payment there has to be made strictly in cash.

To be fair, we should note that N. Shmelev is not proposing full convertibility, but some truncated form—"among central banks." To be sure, there is no such concept in international practice. There is convertibility for residents and nonresidents, convertibility for various types of operations—trade, services, and movement of capital. The reference is obviously to the opening of reciprocal accounts by Soviet and foreign banks. But foreign banks have ruble accounts in *Vneshekonombank* even now. For well-known reasons they have not become widespread: from the standpoint of the Western businessman the selection of goods which he can buy today in our country for rubles is very limited.

Technically, there are no great difficulties in opening ruble accounts abroad. But the real use of such an action as a major additional source of foreign exchange appears highly doubtful and will not yield an appreciable growth of foreign exchange resources.

The ruble funds attracted in that way will slowly be included in our overall debt limit. As a consequence this will restrict opportunities for attracting foreign credits in a more efficient form, that is, in the necessary convertible currencies: dollars, English pounds sterling, West German marks, and others.

It is, of course, convenient to pay for imports in one's own currency, but one has to be ready for those funds to be presented for payment. We will not see convertibility without high efficiency of the economy and without developing exports of machines and equipment.

Convertibility means responsibility first of all and the advantages come only thereafter.

As for joint enterprises, N. Shmelev once again sees the absence of ruble convertibility as the main obstacle standing in their way. The experience of the socialist countries where convertibility does not exist, but where there are such enterprises, indicates the opposite, however, in the great majority. As our own experience demonstrates, the obstacle to development of this new form is that many of our leaders in the economy, enterprise directors above all, lack experience and know-how in conducting business abroad.

Inexchangeable Categories

In the opinion of N. Shmelev, debts might serve as a guarantee of convertibility. Since on the whole we are creditors, the author writes, we need to create the opportunity for conversion of debts, that is, for maneuvering with the various types of our debts and debts to us, all the way to exchanging certain debts for others.

We might ask: Who and what are we to maneuver? To replace the debt to us owed by Poland, Vietnam, or Mozambique by our debts to the West? It is an original idea, but unrealistic. For a start, it obviously would be a good idea to ask both the creditors and debtors if they consented to such an operation? That would not seem to be very likely.

In addition, we need to bear in mind that other countries pay off most of our credits with deliveries of traditional or new goods which are extremely necessary to us. They include, for example, Cuban sugar, Polish ships, rubber from Vietnam, and Indian tea. It would seem that Soviet consumers will hardly be gladdened by the prospect of a more acute domestic shortage of these and a number of other commodities.

What is more, there still exist such concepts as economic cooperation on an equal footing and mutual assistance, which we are not replacing and are not a bargaining point.

The article "The Ruble and Restructuring" also raises the question of the exchange rate of the ruble against foreign currencies. At present more than 2,000 coefficients are applied to it. Establishment of a single exchange rate for the ruble would actually make it possible to establish direct connections between our internal and external prices. But the simple demand for setting a single exchange rate turns everything on its head. After all, it is not prices that are a product of the exchange rate, but on the contrary, the exchange rate reflects the relation between internal and external prices. What is more, one is alarmed by the author's categorical statement that in practice establishing a real and single exchange rate of the ruble would signify its devaluation. To draw such a conclusion without proof, without relying on economic calculations, is a mark of superficiality in judgment, to say the least.

Our exchange rate and the thousands of coefficients applied to it are a direct reflection of the price mechanism, which has been and at present remains a command mechanism that in large part is economically unsubstantiated; some prices are realistically justified on the domestic market, while other are set by administrative edict. It will take a pricing reform to correct the situation. But until that reform takes place, the single exchange rate is nothing more than fantasy.

Imagine a train whose steps are at different levels. It is not possible to build a single platform for these steps at different levels—a different set of steps is needed to enter every car. This is the role that is performed by the differentiated currency coefficients. Even if they were replaced by customs duties, subsidies, and rebates, that does not change the essence of the thing.

The main shortcoming of the present system of coefficients lies not so much in the abundance of exchange rates as in their inflexibility, inability to take into account the change in market conditions and the product's real production costs.

It is sometimes proposed that we start by leveling our domestic prices to world prices by adopting a "real exchange rate." If the old system of pricing is preserved, it would be difficult to imagine a venture more futile for the economy and the consumer; in 2 or 3 years the previous unsubstantiated price structure will be reproduced. In our example this would be equivalent to altering the steps of the train to meet the platform, and the problem would arise once again with the arrival of every new train. After all, it is not possible to adjust steps at a uniform height to platforms at different levels.

In short, restructuring requires competence. Otherwise today's advances will become tomorrow's debts.

07045

**AAPSO Chairman Kapitsa at Tajik Museum
Opening**

18070115 [Editorial Report] Dushanbe KOMMUNIST TADZHIKISTANA in Russian 20 May 1988 carries on page 2 a 100-word TADZHIKTA report noting that M. S. Kapitsa, chairman of the Soviet Committee for Solidarity with the Peoples of Africa and Asia, was the first visitor to the Karatag village museum in the home of the Tajik Peoples' Poet Mirzo Tursun-zade. Kapitsa, also director of the USSR Academy of Sciences Oriental Studies Institute, gave a speech in which he observed that it was exactly 30 years ago that the idea of uniting progressive and peace-loving forces under the AAPSO banner originated.

UD/332

**Roundtable: Pacific Ocean Fishing Problems,
Cooperation**

18070103X [Editorial Report] Moscow AZIYA I AFRIKA SEGODNYA in Russian carries in issue No 4, April 1988 a 3100-word article on pages 21-26 presenting a roundtable discussion on fishing problems and cooperation in the Pacific. The journal's editorial board invited the following participants: S. A. Studenetskiy, director of the All-Union Scientific-Research Institute of the Fish Industry and Oceanography of the USSR Ministry of the Fish Industry; V. S. Grigoryev, Ministry of the Fish Industry collegium member; T. I. Spivakova, department head for general problems of world fishing and international law of the sea of the Glavtsentr "Mir" for Research of Fishing Problems; V. Kosenkov, leader of the round table discussion and acting chief of the Glavtsentr "Mir" for Research of International Fishing Problems.

332/UD

FRG 'Disinformation' on USSR Purchases of GDR PC's

18250056 Moscow PRAVDA in Russian 3 Jun 88 p 3

"Confusion Over Computers"

18250056 [Editorial report] Moscow PRAVDA in Russian on 3 June 1988 publishes a short article on page 3 refuting a "Der Spiegel" claim that the USSR has repudiated a contract to purchase personal computers from the GDR. Under the rubric "The 'D' (Disinformation) Bomb" a PRAVDA special correspondent in Berlin filed the following report:

"The West German journal 'Der Spiegel' has published a 'sensational' report stating that allegedly the Soviet Union, which has begun to produce personal computers, has repudiated contracts for purchases of the Robotron brand of this equipment in the GDR. Thus, they say, the economy of the German socialist state has been placed in a difficult position."

The unidentified PRAVDA correspondent noted that the 'Der Spiegel' article has been refuted by NEUES DEUTSCHLAND and says: "The disinformation in 'Der Spiegel' has no basis except in this one instance: computer production in the USSR, the GDR, and other socialist countries is growing with each year." The PRAVDA article states that the demand for PC's is still far from being satisfied and goods exchange in this field is expanding.

331/UD

Director's View of New Foreign Trade System

18250050 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian No 28, 4 Feb 88 p 3

[Interview of I. Faminskiy, Director VNIIVS: "Commerce and Production—Business Does Not Forgive Mistakes"]

[Text]We present the rubric: "COMMERCE AND PRODUCTION"

The times have passed when a commodity is first produced and then searching for a purchaser begins, either here at home or abroad. Success in competition directly depends on knowledge of the world market conditions. He who best uses them wins. These are the commercial relations that Soviet enterprises beginning independent foreign activity are confronting.

"Commerce and Production" is the name of a SOTSIALISTICHESKAYA INDUSTRIYA rubric that we are initiating today. We decided to carry it jointly with the All-Union Scientific Research Institute of Foreign Economic Ties [VNIIVS] at the GVEK, USSR Council of

Ministers. Reports under this rubric will acquaint the reader with leading experience of work on the foreign market, pose unsolved problems, and conduct discussions on business matters.

VNIIVS director I. Faminskiy is also hoping for a lively dialogue with the readers. A talk with him is published on page 3.

[Question]It is said that a good way to teach a man to swim is to throw him in the water. This is like our ministries, enterprises and departments who are beginning independent foreign economic activity, and feel themselves to be in the role of such a student.

[Answer]For decades our industry kept firmly aloof from the world market, the relationship with which was implemented through foreign trade associations. Now, when the time has come for independence, a legitimate question has arisen: "With what should we begin and how?"

And it did not arise in a vacuum. A portfolio of previously concluded contracts was transferred to industry, which were to be brought to completion. In addition, the initial *aktiv* of foreign partners was also gained "as a legacy." But, the time periods of many dealings are soon running out, and, therefore, it is already necessary to seek those with whom we will have dealings in the future.

For novices this is a task with many unknowns. In planning our economic activity, also taking into account work for export, we should study well the market potential. It is necessary to know world trade conditions, the subtleties of price formation and the system for selling goods abroad. Ties with the fraternal countries, who will have the main share of the volume of commodity exchange, are facilitated by the commonality of socialist economic operating principles and planned nature. It will be more difficult initially to deal with the industrially developed capitalist states and the developing world, where inevitably it will be necessary to confront phenomena of the, so called, free market.

[Question]In short, industry requires foreign trade specialists?

[Answer]Yes, but unfortunately there are not yet enough of them in the ministries and enterprises. The main skilled cadres, who work at MGIMO [Moscow State Institute of International Relations], Moscow State University, the Finance Institute, and the Foreign Trade Academy, are concentrated in the capital. And who will go to the periphery? You see, the enterprises that have direct access to the foreign markets are located in more than 40 cities. There it is seriously necessary to think about most rapidly and purposefully sending their cadres for training. We should reach the position in the future that the foreign trade firms created at enterprises have people employed who combine the knowledge of production with the ability to carry out commercial matters.

For this it is necessary to expand the number of educational institutions preparing specialists in this field. It seems to me that in the future the basics of knowledge about foreign economic activity should be provided in engineering and economic VUZes.

[Question]No doubt, the ability to trade alone is not enough. It is necessary first of all to have something with which to trade...

[Answer]Truly, the country requires trade that gives a tangible economic effect. This is impossible without increasing the share of finished products in the overall volume of deliveries abroad. Today trading and industrial activity throughout the world are acquiring a practical scientific foundation, based on marketing. We should widely introduce this method. Its concept assumes that before manufacturing a product it is necessary to study the needs of potential markets and take them into account in manufacturing goods. We still manufacture practically everything according to a single model, without looking at the particularities of groups of consumers, either in the Soviet Union, or abroad.

Marketing poses the goal of creating competitive products. It is this that Soviet exporters need today for access to foreign markets, especially those of the Western countries. Of course, thus far some of our products simply do not compare with Western models. However, there are also goods that transgress only with respect to minor defects in finishing, packaging, etc. For example, successful sale of Soviet passenger automobiles in the majority of instances occurs only after they are refinished, repainted, and equipped with additional components.

However, even the most ideal product, from the standpoint of its technical level and manufacturing execution may, just the same, not withstand competition. Here acceptable prices are also important, and if we are talking about large, costly deliveries, then also favorable conditions for granting credits for purchase. It is also necessary to remember the organization of maintenance and ease of spare parts supply. Unfortunately, at times we forget about such important aspects, or do not give them enough attention. And the market does not forgive mistakes.

[Question]Many foreign firms spend significant amounts for marketing, and maintain special staffs for market study and analysis of scientific and technical information. How can our industry overcome the information famine?

[Answer]Enterprises cannot accomplish such work independently. The studies of world market conditions conducted at the All-Union Scientific Research Market Conditions Institute concerns mainly general tendencies of market movement and global business strategy. This is clearly not enough for industry. Here, if studies of economic branch science were added to the system of

basic economic information, the situation in this field would substantially improve. The ministries have their own institutes engaged in the analysis of the development of science and technology abroad. We must think about directing our efforts also toward study of the economic aspect of the matter, questions of the condition of the market in our branches, the quantities of production for which demand exists for individual types of products, and price formation.

Such a packet of data will help orient production programs precisely toward the needs of the market.

We should also think about creating special consulting firms, which, in response to orders from industry, would accomplish the work of studying specific markets. The USSR house of industrial trade could engage in this on a cost accounting basis.

[Question]Independent foreign economic activity is new. How is industry reacting toward the prospects for accomplishing work for export?

[Answer]Under conditions of the shift to self financing and self-support, management effectiveness is becoming a compass for enterprises. Therefore, expansion of foreign economic activity must also be directly associated with commercial interests, including the opportunity for enterprises to have their own currency.

However, as a result of deductions from export, the enterprises can obtain them only in the future. Therefore, to speed up the creation of currency funds, it has been decided to extend credit to enterprises for future receipts, taking into account the course of conclusion of contracts for export.

The question of introducing differentiated currency coefficients to be employed to link foreign trade prices with domestic prices also raised contradictory opinions. Some turned out to be in an advantageous position, since, upon recalculating, their production became much more valuable, which substantially accelerated fulfillment of the plan for volume of production. For others it was to the contrary. The indices sharply worsened. But all must understand that if we truly wish to trade effectively it is necessary to have a keen sense of world market conditions, and that it is possible to carry out wholesale price reforms, apparently, only with the use of differentiated currency coefficients.

I would also like to direct attention to another difficulty, associated with the lack of coordination of deliveries for export and for the domestic market. The fact is that previously only excess products, which remained after the plan was fulfilled, in the main, were sold abroad. *Perestroyka* posed the task of ending this "leftover" principle, however, in practice, advances are not yet visible.

Some enterprises complain that they would gladly increase exports, but that the established plan takes almost all their products for the needs of domestic consumers. Approval of the Law on State Enterprise should lead to the creation of a more flexible planning system, including taking exports into account.

FROM THE EDITORS: Many questions are arising during the course of restructuring. This is characteristic of any large initiative. As we open this new rubric, we will try to help in resolving these questions. We also expect that the readers will share with us their problems, views and ideas.

9069

Role of Ministries, Departments in 'Direct Ties'
18250048 Moscow PRAVDA in Russian 14 Mar 88 p 5

[Commentary by reader A. Selivanov: "Impediments on the Path"; first paragraph is editorial introduction]

[Text] Prague-Bratislava-Kiev—Reflections by reader A. Selivanov after a business trip to Czechoslovakia. In his opinion, coordinating agreements are impeding the development of direct ties.

With the adoption of the Law of the USSR on the State Enterprise, direct international ties ceased being the prerogative of ministries and departments. But the large organization which remains has retained its previous functions, so the path to foreign partners turns out to be not really as direct as established by the law. Ministries do not want to part with the absolute rights of departments, groups, and often foreign economic relations main administrations to control the destiny of foreign contacts. When there are services, they have to do something. And ministry employees authorize business trips abroad for themselves, representing the interests of enterprises when they sometimes have an extremely vague conception of the latter's real potentialities.

We were waiting impatiently at the "Bratislava Automotive Plants" Association and at the "Mototrans" enterprise in Banska Bystrica for the arrival of Soviet specialists. And how! The agreement on direct production ties was to have consolidated the joint development and manufacture of advanced garage equipment structures for our countries.

The plant managers and key specialists had come together for negotiations in Bratislava. They were expecting a great deal. The Soviet side was represented by two officials—a department chief in the Foreign Relations Main Administration of the RSFSR Ministry of Motor Transport and the chief engineer of "Rosavto-spetsoborudovaniye." After conversations (but not negotiations) they stated in the minutes that documents could be signed only after being reviewed by the competent organizations. So why did two key employees come, then?

"We do not have the time to get to know the representatives of your organizations. The new ones often do not know what their predecessors discussed," (Voitec Vary), director of the Center for Automation of Technical Environment of the NII [Scientific Research Institute] of the Textile Industry, notes with embarrassment.

The director was thoroughly convinced of the effectiveness of direct ties with Soviet partners.

"As coordinators of the plan for scientific and technical cooperation up to 1990 for the CEMA subjects in our field," he said, "we have signed several protocols on the results of consultations to develop software and hardware systems for the textile industry. A great deal has already been accomplished on our side. But the managers from the Latvian NIILP [possibly: Scientific Research Institute of the Lumber Industry]—our direct partners—cannot in any way resolve the technical and legal problems once and for all. The chief of a main administration of the Ministry of the Aviation Industry, accompanied by five representatives of the Ministry of the Electronics Industry, came unexpectedly during the summer in their place."

There are no grounds to doubt the qualifications of these specialists. But how do we interpret their conclusions? Instead of accelerated development of automated complexes that have been laid out, they suggested that a license costing several hundred million dollars be bought in Western countries. And this at a time when Bratislava specialists are in the final stage of testing software and hardware and are proposing immediate organization of a joint laboratory and completion of the system's development.

It is appropriate to ask here if my criticism is unfair and if it is still correct to conduct negotiations and conclude agreements in international production cooperation in accordance with the policy of ministries and departments as before. After all, out of thousands of enterprises, 67 large associations have received the right to take part independently in the international market. Won't this give rise to confusion and complicate international economic relations?

It is correct that an enterprise (association) should receive the right from the government of a country to trade independently in international production cooperation and direct collaboration and to establish its own subunit. But ministries and departments are interpreting this unequivocally in their own way, and are keeping all direct relations inaccessible in strict centralization. Unfortunately, the desire of the managers of Czechoslovak enterprises, research institutes and agricultural complexes to enter into direct relations, brought about by the ideas of restructuring, is beginning to fade away. This is understandable. Soviet economic managers are enmeshed in instructions and bureaucratic coordination by having a stern ministerial machinery over them.

Doesn't the prolonged wait by the collective of the heavy machine building plant (in the city of Povazska Bystrica) for its partner, the "Krasny Borets" Machine Tool Building Plant (in the city of Orsha) attest to this, for example? Coordination has been dragging on since 1985. Then manager Dushan Zayats, who had nearly lost hope, sent a letter to his Soviet colleague calling for him to come for negotiations so that he could finally familiarize himself with the Czechoslovak model and the technical features of the product being turned out.

But there are also positive examples. There is the international planning and design bureau established in the city of Dubnica-on-Vah by a heavy machine building plant jointly with the "Gidrosila" Association in Kirovograd and two more Soviet organizations. By combining their efforts and by having a comprehensive program of operations, they effectively organized cooperative production of hydrostatic transmissions and developed the design documentation for the second-generation model. And this with a top-level "brain trust" of ten highly skilled specialists.

Taking part in international economic relations is not easy, as initial experience has shown. Knowledge, businesslike activity, and the ability to quickly resolve complex financial, organizational and legal problems are needed. Many of our production managers do not possess these at present, and they are not being taught this. In my view, however, we cannot move with the old slow current by viewing this area as the prerogative of ministries and departments alone.

Moreover, as they told me at the largest petrochemical association, "Slovnaft," even the union ministries lack expert groups of highly skilled specialists. As an example, negotiations with representatives of the USSR Ministry of Mineral Fertilizer Production have not produced effective results. The employees who came were not very competent and did not have enough preparation. The same excessive centralization and long periods of time to

approve programs and plans are holding back the development of direct collaboration. How many more such barriers have to be removed...

I have analyzed numerous agreements on direct relations and international cooperation drawn up by the staff of union ministries and departments and signed by their managers. What legal "initiative" you will encounter here! And of course, all this affects the ones carrying out the tasks firsthand—the enterprises. But the departments are deciding for them. In this way, the ministries are unjustifiably assuming the competence of the real individuals. The absence of standard agreements and contracts for sectors, concise and businesslike methods of procedure in direct relations, the establishment of joint production facilities and research organizations, and the conclusion and implementation of economic agreements between related socialist enterprises has an effect as well. From all points of view, it is necessary to establish a standing rule such as preliminary technical and economic examination by experts and substantiation of the effectiveness and national economic benefit of direct collaboration with foreign partners prior to an agreement.

This is where the key role of central administrative organs should be displayed. Supervision of the resolution of long-term, large-scale problems in the sectorial context is assigned precisely to them in the process of restructuring. If this is put into the language of specific practice, in my opinion, the ministries and departments should perform coordinating and monitoring functions when direct international ties are established by enterprises with partners of the same type. This will be expressed in analysis beforehand of the advisability of their establishment and verification that the production, technical, and design base is adequately prepared for development of intrasectorial international collaboration. And not only in this, but in well-disposed assistance as well. Then the machinery of enterprises' independence will really begin to move.

Relevance of U.S. Corporate Managerial Experience to USSR Enterprises
18250047 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 8 Jan 88 p 3

[Article by R. Simonyan, doctor of economic sciences, under the rubric "The Business Club: Economics and Technology Abroad": "The Corporation—Everything From Needles To Rockets"]

[Text] Who is the principal producer in the so-called market economy, under what conditions does he function, and how does he make decisions? It is the large corporation. It includes dozens of production and marketing establishments, scientific research centers, financial institutions, etc., and quite often hundreds of affiliates and branch companies in the country and abroad. The world's largest computer producer, the American IBM corporation employs more than 400,000 persons; the firm has 23 enterprises in the U.S. and 23 abroad. The prominent Japanese company Hitachi has 75,000 workers, 34 plants and 200 firms under its control.

What lessons can we derive from the experience of the work of corporations like this? Today there is a discussion about this in the club, which was inaugurated by "Sotsialisticheskaya Industriya" and the USSR Academy of Sciences Institute for World Economics and International Relations.

Of course, our industrial managers will not be surprised by large-scale production. It is well-known that the organization of mass production brings economy of scale. In the West, however, the matter does not come only to this. Major corporations also have the means to mobilize substantial financial resources, both their own and borrowed, for the implementation of large investment plans and scientific and technical programs. And there is one more important advantage: with the introduction of flexible production systems, large corporations also began to enjoy the so-called "economy of diversification." This relates to the opportunity under mass production conditions to modify the features of consumer products with regard to differentiation of demand and the specific needs of consumers.

Well, and, finally, there is the last and, it seems, a somewhat unexpected circumstance for us which has to be kept in mind when we speak about the size of a corporation. For corporations, the concept of "large" is characterized first and foremost by the overall levels of activity, and not by the size of individual plants belonging to them. The general trend is that at the present time, along with amalgamation, there is a process of rejecting gigantomania in the creation of industrial production and a reduction of the optimal size of an enterprise.

Up to the 1970's, the average number of employees at new plants under construction of more than 400 of the leading U.S. industrial companies of the manufacturing industry was about 650 persons. Up to the present time,

this figure dropped by more than a factor of 3—to 210 persons. In the automobile industry, by comparison with the beginning of the 1960's, the optimal size of a plant was reduced from 300,000-600,000 automobiles to 200,000-400,000 automobiles. In ferrous metallurgy in the last decade, the average capacity of the most efficient enterprise with a full cycle dropped from 2.5-3.5 to 1.7-2.0 million tons of steel a year. Mini-plants with a production of 500,000-700,000 tons of steel a year became widespread.

If a complete comparison in the scale of activity of the large corporations is made with many of our ministries, not to mention enterprises and associations, then the diversified character of the activity differs radically from our economic organizations.

A characteristic feature of the development of large corporations at the present stage is the expansion of the spheres of activity of an entire company with an intensification of specialization at the level of companies belonging to it.

It is the diversified character of the activity that gives the company the possibility of a comprehensive utilization and increase in the economic return from all of the resources available to it: material, financial, scientific-technical, and others, and to reduce the costs of production to the maximum extent. Along with this, it enables moving to the forward limits of scientific and technical progress, and to spot, create and quickly master advanced scientific and technical developments, including those that spring up at the juncture of various areas of knowledge.

Broadening of the spheres of activity can move along the vertical and also along the horizontal. Mass production is integrated in the framework of a logical technological cycle; for example, from the mining of minerals to the production and marketing of finished products. Thus, 20 large U.S. oil corporations in that country control 75 percent of the oil reserves, 70 percent control its extraction, more than 80 percent control the oil refining capacities, and 70 percent, the sale of oil and petroleum products. The situation is the same in metallurgy, chemistry, woodworking and some other industries.

In the last 10 to 15 years, the emphasis of corporations in practice has been placed more and more on diversification; that is, on a broadening of the spheres of production activity along the horizontal in a number of different industries, including those not related to each other.

What ends are being pursued in this approach?

First, companies are breaking into technologically advanced and promising industries (electronics and informatics, robotics, biotechnology and new materials), reasonably counting on both winning new markets and on mastering those technologies whose utilization could revolutionize traditional company production.

Second, corporations are trying to squeeze the maximum from the technologies they do have and the scientific and technical work they have done already, and to utilize this wherever it is possible. In addition to which, they are not only aggressively seeking opportunities for the maximal wide use of their own innovations, but they borrow technology in other industries that is suitable for their own production. The takeover in recent years of aviation and space companies by the automobile corporations in particular is based on a combination of these and other interests.

Third, there is an association and combination of mixed and mutually complementary production, first and foremost for the purpose of the thorough satisfaction of a specific set of needs. Thus, chemical companies that produce medicinal preparations also take on the production of diagnostic systems and medical equipment. Firms that produce ballbearings have broken into the production of lubricants and monitoring and measuring apparatuses.

On the whole, the management of diversification through the assembly of production makes it possible for corporations not only to react more effectively and flexibly to changes in societal needs, but also, which is no less important, to spread the technological and commercial risk of taking on new products and efficiently to carry out modernization and, if necessary, to re-profile individual production links, or to eliminate them through sale or shutdown.

Along with the broadening of spheres of production activity common to large corporations, there is also the establishment of control over marketing channels, the system of post-sale service and other elements of the production infrastructure, such as communications, information systems, etc.

The diversified composition of production, naturally, is not permanent. The question about the comparative effectiveness of the private production of one or another

product and its purchase on the market or in cooperative relations by other firms, and about the most advantageous investment of capital, is constantly kept in mind by corporate management. A company will not produce one or another product for a long time if it is more profitable to buy it "on the outside."

In light of the discussions that are taking place here concerning the dictates of the producer it should especially be emphasized that, given an extraordinarily high level of concentration of production in the industry of capitalist countries, in essence even the largest corporations nonetheless do not possess an absolute monopoly not only in any industry, but also in the production of the more important kinds of products. A firm monopolization of production is hindered both by the strong competition of comparably scaled activities of national and foreign companies and outsiders from among the small firms and by state policy (mainly antitrust legislation and programs of assistance to small and average businesses).

In the USSR, in contrast with the capitalist countries, historically there arose a principally different industrial system of organization and management of industrial production. We do not have independent economic units which carry out diversified production under competitive conditions and marketing on the basis of their economic expediency. Narrow sectoral forms of organization and management of industrial production in the present stage cannot help but become a more serious factor hindering scientific and technical progress and the development of productive forces.

The question of experimental improvement of the forms and methods of organization of diversified production in the USSR, taking into account the experience gained by corporations of capitalist countries, becomes more and more urgent, in our view, with the restructuring of the economic mechanism, the strengthening of independent enterprises and the development of economic methods of management. 13052

Murmansk Oblast Economic Ties With Scandinavia

18250049 Moscow EKONOMICHESKAYA GAZETA in Russian No 12, Mar 88 p 20

[Interview of Yu. Z. Balakshin, chairman, Murmansk Oblast Soviet of People's Deputies: "Contours of the Kola Project"]

[Text] *The stay by M. S. Gorbachev in Murmansk in October 1987, and the visits by N. I. Ryzhkov to Norway and Sweden in January 1988, gave new impetus to the searches in the USSR and the Scandinavian countries for ways to implement the project for comprehensive recovery of the natural resources of the Kola Peninsula.*

Yuriy Zosimovich Balakshin, chairman, oblast Soviet of Peoples Deputies, discussed these and other foreign economic concerns of the enterprises in Murmansk Oblast with V. Shloma, our correspondent.

Our oblast possesses a successful combination of skilled cadres and a unique mineral base, developed infrastructure and great scientific potential, reliably supported by energy resources. This creates good opportunities for broad cooperation of our enterprises with partners, not only on a USSR-wide, but on an international level. The recent agreements in Scandinavia open new scope to the development of initiative and resourcefulness by oblast economic managers and labor collectives.

The enterprises of the Kola peninsula annually export products worth hundreds of millions of rubles. Tens of thousands of northerners are strengthening through their labor the international authority of such major exporters of ours as the Sevryba all-union fishing industry association; the Nikel, Apatit, and Murmanles production associations; the Kovdor and Olenegorsk mining and concentration combines of USSR Minchermet; and the Kovdorslyuda Combine.

It is understandable that we are paying particular attention to the development of the export capabilities of these and other union- subordinate enterprises. It is namely they, with their production and cadre potentials, that may become strongpoints in the implementation of the tasks that lately are more and more often being combined in the concept of the "Kola Project.

"Firms from Finland, Norway, Sweden and other countries as well are most interested in the possibility of joint development and the use of no-waste technologies in the comprehensive use of mineral resources, as well as in the development of the oblast agro-industrial complex, the effective use of the resources of the northern seas and oceans, and a number of other areas.

The first encouraging examples of the comprehensive use of raw materials already exist. One of the Finnish firms took part in the development of the technology,

and today is furnishing the equipment for a new concentration factory of the Apatit Production Association. Areas of cooperation in the fishing industry and in construction are being defined.

Residential and numerous other social facilities are being intensively built in the cities and rayons of Murmansk Oblast. Reconstruction of old and laying of new roads is going on. But, the tempos of these efforts do not suit us. Our foreign partners are offering their services, which we, in turn, are ready to accept on a mutually advantageous basis. Recently, for example, talks were held between Glavmurmanskstroy and one of the Finnish firms on the creation of a joint enterprise to manufacture window and door units. There are also other proposals.

There are good opportunities for coordination among the reindeer husbandmen. Conditions also exist for creating a joint integrated enterprise for the tanning of hides, reprocessing of waste from the slaughtering of reindeer, and production of consumer goods.

We expect a great deal from improvement in the activity of Intourist enterprises in the Polar Region, and from their closer cooperation with related organizations in neighboring countries. For example, accelerated reconstruction of the Lotta - Murmansk road with participation of the Finns will give new impetus not only to commercial cooperation, but will also make it possible, as a minimum, to double the tourist exchange.

Other possible goals of international cooperation in the Kola peninsula to the benefit of the business partners are also being drawn up. Of course, many tasks cannot be solved through the forces and resources of the oblast. But, we do have a foreign economic sphere that is virtually entirely in our hands. I have in mind border trade and direct commercial contacts between our enterprises and neighboring Scandinavian partners. Currency earned in this way is directed toward strengthening the material base of the enterprises, and in part toward acquiring consumer goods abroad.

For the Polar Region, to where almost all food products, including vegetables and fruits, are hauled in from outside, it is very important to store them safely locally during the long polar winter. Here we could not get by without reliable means of storage. That is why from the funds obtained from border trade we also purchased modern fruit and vegetable warehouses from Finnish firms. Four of them, with a capacity of up to 10,000 tons each, are already in operation. For Sevryba VRPO [All-Union Fishing Industry Association] and Kandalakshorg, refrigerators, spare parts and technological equipment were obtained for these funds.

In the same way we succeeded in significantly supplementing the resources of modern, high quality sewn and knitted goods and sports clothing.

In short, experience and definite reserves exist. The opportunities for a substantial expansion of the oblast's participation in foreign economic ties are far from exhausted. However, on both the oblast and higher levels it is still necessary to overcome numerous difficulties in the real restructuring of economic activity with foreign countries.

It is known how much importance is placed today on enhancing the material interest that not only branches, but also enterprises, have in increasing their export capability. However, our oblast "currency producers," even being the largest exporters of their specific products in the world market, are not receiving even a small share of currency allocations. Meanwhile, I take it upon myself to assert that even a small sum of such allocations could substantially accelerate solving the tasks of the comprehensive use of Murmansk mineral resources.

Here is yet another matter. In accordance with a USSR Council of Ministers resolution on border trade, local enterprises and organizations were authorized to use all production above the plan level for direct border trade. It is important that the branch ministries with which it is necessary to coordinate such commodity exchange not bind their initiative. I do not say this without purpose. So far consigning for export any product produced by a union-subordinate enterprise above the established target is encountering resistance from higher departments. Worse yet, at times permission is given when the foreign market is no longer interested in the product.

This is also disturbing to us. Every year the RSFSR Ministry of Trade distributes the marketable stocks of various goods, including seafood products produced by the Murmansk fleets. A portion of these products, not in demand by the population, is sold to Finland. Meat and milk products that are in short supply are purchased for the currency earned. This, naturally, is advantageous to

ourselves, the oblast and the state. But often the leaders of USSR Minrybkhov, apparently chasing after currency indices on the domestic market, deprive the oblast of the right to dispose of even a part of its own, essentially worthless resources.

Every year the oblast ispolkom, along with the leadership of the enterprises, must traverse a long path of coordination at USSR Gosplan and Gosnab, the ministries and departments, to receive exporting authority to supply various goods through border trade. And this is in a situation in which these goods are in demand in the foreign market, but for one reason or another, at times are in abundance at home. As a result, we lose the opportunity to obtain currency earnings. This happened, for example, with apatite concentrate in 1986-1987, and this is not the only example.

I believe that the distribution of state orders for the supply of goods through border trade must be stipulated not for one year, but for the five-year plan, including for union-subordinate enterprises. Export of products above the plan level must also not be impeded, now that the local soviets have been given the opportunity to decide independently the matter of marketable stocks.

A few days ago the CPSU Central Committee Politburo examined the draft resolution on measures to accelerate the development of Murmansk Oblast worked out by the USSR Council of Ministers, taking into account the results of the trip by Comrade M. S. Gorbachev to the oblast. It was acknowledged necessary to implement a complex of large-scale measures to increase and improve the use of production potential, and to develop comprehensively the unique natural resources of the Kola Peninsula. Implementation of these measures will, undoubtedly, increase the role of our oblast in the country's foreign economic ties.

Difficulties in Hungarian-Soviet Venture Discussed

18250045 Moscow PRAVDA in Russian 1 Feb 88 p 5

[Article by V. Gerasimov, PRAVDA correspondent in Budapest, under the rubric "The Community": "A Timely Dialogue—"Intermos" Gets Started"; article is in response to letter to the editor received in January]

[Text] "We now write and talk a lot about joint enterprises. About those that already exist and those that are being established. But, in my opinion, perhaps we talk about them in a somewhat general, dry and unchallenging way. It would give me pleasure to read a stimulating and problem-related interview in Sodruzhestvo by your own correspondent with a real person on a real and timely subject—joint enterprises in socialist countries. And do not shun telling about inadequacies in the organization of our foreign economic ties.(signed: B. Volkonskiy, engineer, Rostov-on-Don).

"Intermos" is the name given to the joint company of Soviet and Hungarian microelectronics specialists. It started to produce a turnover on 1 October of last year. Laslo Feyesh, the director-manager, at one time studied in Kiev and held an important post in the enterprise Mikroelektronika. It is simultaneously both one of the organizers and one of the founders of the joint company together with the Hungarian side—it has 30 percent of the capital in the statutory fund. The Budapest industrial cooperative "Khiradashtekhnika"—the other participant—has 20 percent of the capital in the statutory fund. The Soviet side also has two sponsors—the scientific production association "Nauchnyy tsentr" (NPO NTS) and the foreign trade association "Elektronzagrannostavka."

For brevity's sake, we will designate the director in our dialogue with the letter "F", and the PRAVDA correspondent, with the letter "K".

K: What is the sum total of fixed capital in the joint company?

F: Fifty-six million forints. This means that more than 2 million exchange rubles were paid in. We are starting small.

K: Does each founder of "Intermos" have the same number of votes?

F: It is arranged in this way: a payment of 50,000 forints is a right to one vote.

K: What has been done since last October?

F: We were able to earn 2 million forints. We received electronic elements from the Soviet founders, and these were used for the output of a number of articles which were later sent back to the Soviet Union. This year we planned to achieve a turnover of 100 million forints, or

4.5 million exchanged rubles. We came to an agreement that the profits made during the course of 3 years will be left entirely for our future development. In addition, we will start to earn money on bank operations, receiving 10-12 percent annual interest on money deposits. And this will increase our statutory fund. We are trying to make a profit from the very start.

From the correspondent's notebook.

Last summer I visited "Mikroelektronika" (MEV). All those I talked to saw their future in "Intermos."

"We have firm scientific-technical and production ties with the Soviet electronics industry," explained Derd Telegdi, director for MEV production. "We send our articles annually to the Soviet Union for a total of 50 million rubles. The joint Hungarian-Soviet enterprise will sharply increase its scientific and technical level of development. The ultimate aim is the joint creation of a plant with a full production cycle of large integrated circuits. Crystals manufactured in the Soviet Union are the starting point."

Tamash Shtraus, manager of the electronics cooperative "Khiradashtekhnika", took part in the interview. Hungarian scientists continue to cooperate within the scope of the Hungarian-Soviet enterprise.

"So as not to lose time, and until the new plant is built, we have already begun joint development, and models from the founders are being tested," said T. Shtraus. "We will link existing capacities and scientific forces in phases."

K: A lot has been said about our joint plant. What is the actual situation today?

F: We have been allotted land for construction. About 30 hectares on the outskirts of Budapest. We have submitted all of the data to the Moscow State Union Design Institute (MGSPI). Negotiations are now being conducted with specialists from that institute.

K: Are any difficulties cropping up?

F: Yes. The main ones—prospects for plant development. In order to be profitable, it must produce articles in large numbers. But the Hungarian enterprise must have 10 percent of the total production. A market will have to be found for the remaining large integrated circuits. Deliveries to the Soviet Union? Of course. But this will have to be covered by reciprocal deliveries. What kind? The Soviet side has not yet decided, and, apparently, it cannot.

K: The problem is especially critical now, when there is an imbalance in the Hungarian-Soviet trade turnover resulting from a sharp decrease in prices on the world market for oil—our primary export product. As I was told at the USSR Trade Delegation in Budapest, imports

of consumer goods from Hungary will have to be curtailed, and purchases of machines and equipment that we need will have to be lowered: there are no goods for exchange. But we have to find a way out.

F: Yes, you are right. The portfolio of Soviet orders for the purchase of microelectronic articles and computers is sizable. But in exchange, in order to balance the trade turnover, we are allocated significantly less necessary goods. . .

From the correspondent's notebook.

It was emphasized at the VNR State Committee for Technical Development that Soviet foreign trade organizations still improperly take into account specific conditions in Hungary. Recently, high-powered Soviet electronic machines arrived at plants and scientific institutes of the republic. But since they cost a lot and Hungarian plants are self-financing, then we would have to go over to payment for deliveries in installments. And we do not transfer machines on a lease or rental basis.

Also possible is a phased expansion of the assortment of purchased electronic systems: at first delivery is made in one configuration, and afterwards in another. Our own organizations operate on the principle of "all or nothing." Briefly, there is still a lack of operational ability in the organization of our relations and in the ability to meet the purchaser halfway.

K: Were you able to balance the prices in the joint enterprise?

F: We began negotiations on this back in 1986. There was a discrepancy of 2 and 1/2 times. That was a difficult road. But we got through it. This gives us the confidence today that we will be able to manage the launching of the joint plant. It is important that there is a mutual aspiration to reach the established goal.

K: Will the enterprise obtain the right to independent entry into the international market?

F: This will absolutely be decided in the near future. Of course, for a start we will need convertible currency. For the purchase of some instruments and equipment. Will we be able to get it by ourselves? Or will we depend only on our founders? How will we buy the equipment we need? Questions. . . We ourselves will select the suppliers, but for this we will need to be given the opportunity to operate freely in socialist countries as well, first of all in the Soviet Union. We will have to find new channels for the transfer of goods more quickly.

K: Are there the kind of problems that must, very likely, be resolved in the SEV as well?

F: Undoubtedly. One is the mutual coordination of currency exchange rates and currency convertibility. Another is the creation of a single measure of value. And, indeed, there are many other problems. In order to resolve the tasks that have piled up more quickly, we are opening up a representation in Moscow. We will set up a consignment warehouse. We will start to sell semiconductors and integrated circuits for various measurement technology instruments and we will seek customers or use the warehouse for the needs of the founders.

K: "Intermos," when it is built, must produce competitive articles and utilize the scientific forces of the electronics industry of both countries in the best possible way. Is this being taken into account?

F: This was a principal question posed in the "Comprehensive Program of Scientific and Technical Progress of SEV Member Countries,"—to achieve competitiveness and to sustain prices on the world market. The quality and reliability of products must match the best world counterparts or be superior to them. This must be a model plant. It will serve as an example for the resolution of many problems that are important to the SEV countries, and it will also impel other branches of industry toward the international level. On the whole, the first steps have been taken, problems are being solved a little at a time, and in 2 years "Intermos" should be launched. We believe that, despite difficulties, that is the way it will be.

13052

**U.S. Aid Allegedly Sustains Chilean Military
Junta**

18070107X [Editorial Report] Moscow LATINSKAYA AMERIKA in Russian in issue No 4, April 1988, carries an article on pages 139-141 highlighting a September 1987 international forum on Chile. The Latin American

Human Rights Association and the international commission investigating the crimes of the Chilean military junta jointly sponsored the symposium in Quito, Ecuador. Nearly 50 envoys from various Latin American and European social organizations participated. The symposium noted that the enormous U.S. economic aid and political support are the most important factors of the 14-year rule of the military junta. UD/332

Peaceful Settlement of Kampuchean Conflict Supported

18070112 [Editorial Report] Moscow PRAVDA in Russian on 31 May 1988 carries on page 5 a 500-word article by Boris Barakhta under the rubric "Viewpoint" on the "Kampuchean problem." Barakhta notes that the PRK government's national reconciliation policy opens wide prospects. "Two meetings between PRK Council of Ministers Chairman Hun Sen and Prince Sihanouk marked the first steps to a peaceful settlement of the conflict." He further notes that Vietnam and the PRK reached an agreement to withdraw 50,000 Vietnamese volunteers (one-half of the SRV force) from the PRK by the end of 1988. Representatives from all parties interested in the Kampuchean problem are invited to observe the troop withdrawal. Thailand has been approached with a proposal to create a zone of peace along the Kampuchean-Thai border. Barakhta states that "The USSR considers the SRV-PRK decision on a 50-percent reduction of the Vietnamese contingent on Khmer land an important, constructive contribution to settling the regional conflict in Southeast Asia, to eliminating military tension and normalizing the regional situation." He concludes the article by noting that the Soviet Union, together with all interested states, is prepared to assist in the search for constructive outcomes of the conflict situation and to establish a region of peace, good-neighborliness and cooperation in the Asia-Pacific region.

UD/332

USSR-Japan Opinion Poll Results: Bilateral Relations Restrained

18070104 [Editorial Report] Moscow SOVETSKAYA ROSSIYA in Russian on 25 May 1988 carries on page 5 a 900-word article by V. Korobeynikov about the results of a public opinion poll conducted by the USSR Academy of Sciences Sociological Research Institute and the Japanese newspaper YOMIURI surveying Soviet and Japanese attitudes toward each other. Korobeynikov notes that the overwhelming majority of Soviets and Japanese favor developing better relations between the two countries. The Soviets surveyed consider the following to be the most important areas of Soviet-Japanese relations: development of trade and economic cooperation (82 percent), scientific-technical exchanges (52 percent), development of cultural ties and people-to-people contacts (34 percent). The Japanese surveyed had a slightly different viewpoint. Korobeynikov notes that over the course of many years a propaganda campaign has been conducted in Japan on "the return of the northern territories", the Soviet South Kurile island chain. Korobeynikov emphasizes that "Such concentrated pressure on the consciousness cannot but be reflected in public opinion. Therefore, 60 percent put this question in first place." Other key areas for developing relations were prioritized as follows: cooperation

in fishing (about 50 percent), trade and economic cooperation (about 28 percent), cultural ties and people-to-people contacts (27 percent). Scientific-technical exchanges were only mentioned by 8 percent. Korobeynikov asserts that "the pressure of the propaganda machine is also apparent here." Noting that "several investigations were recently conducted in Japan allegedly connected with the illegal transfer of advanced technology and equipment by several Japanese firms to Soviet organizations," he emphasizes that all this anti-Soviet activity does not pass by Soviet and Japanese readers unnoticed. Therefore, they estimate the current state of bilateral relations as highly restrained. Korobeynikov further notes that "our data shows, on the one hand, the high degree of information about Japan available to the Soviet people and, on the other hand, that Soviet means of mass information do not portray the Japanese in the image of the enemy or paint the Japanese people in a negative light."

332/UD

Afanasyev Discusses Vietnam's Renewal, Problems, Asia-Pacific Security

18070091 Moscow PRAVDA in Russian 4 Apr 88 p 5

[Article by V. Afanasyev; "Vietnam: Spring of Renewal"]

[Excerpts] Here I am again in Vietnam, in Hanoi. I came at the invitation of the CPV Central Committee editorial organ, NHAN DAN. I came to the traditional annual conference of chief editors of newspapers of communist and workers' parties from socialist countries. Bulgarians, Hungarians, Germans, Cubans, Laotians, Mongolians, Poles, representatives from the Czechoslovak Socialist Republic and Kampuchean were there.

Vietnam has entered into a complicated, contradictory, unusually difficult period of renewal. A renewal which is akin to our own perestroyka. And problems which Soviet and Vietnamese people are solving are very similar. Our experience, both successes and failures, is useful to the Vietnamese. Our experience must not be repeated blindly and unthinkingly. It will be suitable and useful only if one takes strict account of Vietnam's concrete conditions, its history, culture, national, climatic, and many other conditions. Nguyen Van Linh, general secretary of the Vietnamese Communist Party Central Committee, emphasized this a number of times.

The general secretary values the press very highly. He himself is a first class journalist. The newspaper NHAN DAN carries a regular column called "Let's Act Without Delay." In it problems which trouble Vietnam today are very briefly but pointedly raised. No surname, only the initials N.V.L., are signed. Chief editor of NHAN DAN, Ha Dang, told me that the general secretary wants his pointed remarks not to be considered an indisputable

directive, but a basis for reflection and discussion. It is often so. In general, it ought to be said that NHAN DAN is a pointed, critical newspaper which focuses on problems.

At our conference, Nguyen Van Linh delivered a lengthy speech, rich in content. He spoke for an hour and a half without any notes. And then found time to converse with each of the IO delegations. Questions and answers. He wished success to all.

A day later, he invited the chief editor of PRAVDA. Our conversation lasted an hour and a half. It was interesting and warm. The general secretary of the Central Committee of the SRV is both a good listener and speaker.

We visited the house where Ho Chi Minh lived; a modest house of two small rooms furnished with a desk, sofa, chaise lounge, and telephones. It is very similar to the Museum-apartment of V. I. Lenin in the Kremlin.

The founders of our fraternal parties were modest, very modest. Modest and great. A fine combination of excellent qualities. This combination is an example for leaders.

The theme of our conference:

Perestroika, social-economic reforms in socialist countries, the struggle for peace and international security, especially for peace and stability in the Asia-Pacific region.

Development and strengthening of ties between newspapers of fraternal parties.

We discussed these questions freely, pointedly, in a friendly spirit. We were united in a general striving to renew, restructure, reconstruct, and so forth (every country has its own term) our socialist world, raise it up to the contemporary scientific-technical level, make its model more attractive for the peoples, more human, more democratic. M. S. Gorbachev's book "Perestroika and New Thinking for Our Country and for the Entire World" just came out in Vietnam; it stimulated enormous interest and understanding. The principal slogan of our perestroika—"More socialism, more democracy"—is accepted in Vietnam and in other socialist countries.

The majority of editors agreed not to sing each other's praises or to depict our socialist world only in a rosy color. Newspapers are called upon to reflect the life of their countries just as it is: with its sometimes capricious, but dialectical relations, with its successes, difficulties, contradictions, and problems. At the same time we agreed unanimously that it is necessary to value and cherish the history of our peoples and parties and not substitute at times feckless, irresponsible hanging out of dirty historical laundry for a solution of contemporary problems. You cannot dry clean history. It should be

described just as it was, without adding or taking anything away. We must keep the present clear of scum. We must first of all solve present-day problems so that our peoples will live better, more interestedly and more secure. We need to think about the future, about how our children and grandchildren will live.

We unanimously agreed that the chief concern in international affairs today is to preserve peace, to reduce and eliminate nuclear weapons, and to guarantee humanity's survival. The USSR-U.S. Treaty on the Elimination of Medium- and Short-Range Missiles found unconditional support. The hope was expressed that the process of eliminating nuclear weapons would continue successfully.

Problems of Asia-Pacific security evoked great interest, particularly among our friends from Asia. This enormous region, in which nearly $\frac{3}{4}$ of humanity live, is not peaceful. Regional conflicts (the Near East, Afghanistan, the Iran-Iraq war, Kampuchea, and others), territorial and other pretensions of this region's countries against each other, and racial and religious clashes trouble this region. Is it possible that this boundless Asia-Pacific region will ever be calm?

Our party considers it possible and necessary. It is fully resolved to do everything possible to include this region in a comprehensive international security system. A system based on the principles formulated in resolutions of the 27th CPSU Congress and in M. S. Gorbachev's Vladivostok speech. For this goal we need: the resolution of regional conflicts and differences; nuclear weapons non-proliferation; radical reduction of conventional troops and arms; non-use of force and the establishment of confidence-building measures and measures of good-neighborliness; restricting naval activity in the Pacific and Indian Oceans.

It is possible that realization of these and other measures may lead to an "Asian Helsinki," to be held in Beijing, Tokyo, Jakarta, Hanoi, or any other city. Fantasy? Do not hurry to answer this question negatively. In its day, the Helsinki idea seemed mostly fantasy. But, you know, it became reality. The Helsinki agreements are a code of peaceful, good-neighborly relations between countries of Europe, the United States and Canada. It seems, sooner or later, a similar code will be established in Asia and the Pacific Ocean basin. And journalists are called upon to work tirelessly on these so that the code will be realized.

But now we'll return to Vietnam's problems and concerns. Nguyen Van Linh, Communist Party of Vietnam [CPV] Central Committee general secretary, Dao Duy Tung, CPV Central Committee secretary and candidate Politburo member, and Ha Dang, chief editor of NHAN DAN spoke to us about these.

Let us repeat that Vietnam was unified in 1975 after a bloody 30-year struggle against the colonialists.

Since then, the country entered into a new stage of the revolution—a stage of building socialism and defending the socialist motherland. In this stage, many obstacles have been overcome, and considerable successes achieved. The country is compelled to maintain a large army; you see, even today it has more than a few enemies. This is very costly and hinders the SRV's socioeconomic and cultural development.

There have been considerable mistakes, miscalculations, and voluntarist decisions. Production is increasing, but slowly. The circulation of goods and money is irregular. Allocation of valuables is disordered. On the one hand, it is egalitarian, but on the other hand the private businessman, who has been given the "green light", is getting rich, since the taxes on his profits are no higher than those from state enterprises. Inflation, a very rapid rise in prices, is particularly disturbing and alarming. In the free market, there is enough of everything—food, industrial goods, but the prices often are more than a laborer, specialist, or even an administrator can afford.

Stabilizing the economy and the country's internal situation as a whole, coping with the productive mechanism, introducing economic accountability, self-repayment [samookupaemost], and self-financing, controlling inflation—such are the principal tasks for Vietnam's renewal.

The country's all-round, rapid industrialization to which much effort and resources were devoted, proved to be an illusion, said Nguyen Van Linh. Let me add, myself, that this illusion arose not without our influence.

Renewal [obnovleniya] is the solution to the food problem, the problem of producing consumer goods, and the problem of export production. "If you are not fed, then you do not do anything," said Nguyen Van Linh. The CPV is striving to solve the food problem; resolutions and measures are being taken. But there are no desired results yet. Add to this, there have been two bad harvest years in the country's North, while peasants from the South hold back rice; you see, they receive so little for it. And this year in the North does not promise a good harvest. It is unusually cold here for this time of year and rice loves warmth.

But, all the same, the food situation, most of all with rice, is not quite hopeless. Economic levers and stimuli are being introduced in the Vietnamese countryside. Peasants, cooperatives, and state farms are finding independence, the right to dispose of the fruits of their labor, and entering into the free market. And this cannot but bring positive results.

Another problem which deeply concerns the CPV and its leadership is the problem of cadres.

There are cadres here; they are trained here, as well as in the USSR and other socialist countries. But part of them have grown old, bureaucratized, while some are

immersed in corruption, extortion, protectionism, and provincialism. And, says Nguyen Van Linh, sometimes it is necessary to get rid of a leader but difficult to replace him with anyone better. Work with cadres, their training and improvement, changing psychology, rejecting customary, but already outmoded forms and methods of work, the search for and establishment of new, contemporary methods and forms—all of these the CPV considers an important task.

There was a time in Vietnam, and for that matter in our country, when speaking honestly about mistakes and miscalculations—and even more so about crimes—was not only "not fashionable but even dangerous." The Sixth CPV Congress, which convened in December 1986, began to put an end to this. The motto of the congress, as Dao Sui Tung said, is to "look truth in the eye, give a correct assessment, speak the truth", not to conceal "numerous difficulties" in society's social-economic condition. Renewal has begun; this society is moving toward truth. Truth always wins in the end. It will win on Vietnamese land. It will win in our country. It will win all over the world.

Hoa Binh. We were at the largest and most important construction project in Vietnam—the gigantic hydroelectric complex on the Black River. The calendar on the wall says 30 March 1988. Next to it is a poster which says: 261 days until the startup of the hydroelectric complex. Yes, at the end of the year, the first unit of the hydroelectric station, with a 240,000 kilowatt capacity, will be put into service. The station's general capacity will be about 2 million kilowatts. More than three times that of the Dnepr hydro-electric station.

There is fertile land in Vietnam. Much sun, but rain—either too little or so much as to be dangerous. As much as 800,000 hectares of farmland have been flooded by the Black and Red Rivers. With the construction of the hydroelectric complex the fields will not be flooded: excess water will flow into a reservoir and in the spring, when there is not enough water, it will flow out into the rice paddies.

Vietnam is critically short of electric energy. The hydroelectric station will supply this energy.

The hydroelectric complex will sharply improve shipping on the Black River, since it will flood the rapids above and below the dam.

The Black River hydroelectric complex is being built with assistance from the USSR. More than 700 Soviet specialists and many thousands of Vietnamese work there. They rightfully call the construction project a symbol of Soviet-Vietnamese friendship and cooperation.

Friendship and cooperation are deepening, widening and improving.

Socialist Vietnam has gone through a long, complicated path. A path of victories and failures, successes and miscalculations. A spring of renewal is taking place in this beautiful, green, warm and humid country.

USSR-SRV: Cooperation in Consumer Goods Production

18070094 Moscow IZVESTIYA in Russian
29 Apr 88 p 5

[Article by B. Vinogradov, IZVESTIYA correspondent, Hanoi: "USSR-SRV [Socialist Republic of Vietnam]: Partners Carrying Out a Search/ The Development of Advantageous Soviet-Vietnamese Ties for the Production of Consumer Goods"]

[Text]Today this form of cooperation, which is as ancient as trade itself, is called "cooperation on a contributory basis." The meaning of the given term can be expressed by a simple formula—one party provides the materials; the other party uses them to manufacture goods that the customer needs. In our case the customer is the USSR Ministry of Light Industry and the manufacturers are the corresponding ministries of the SRV. For Vietnam, which has a surplus of manpower, this form of economic cooperation means a partial solution to the employment problem. For the Soviet Union this is yet another reserve for carrying out the program of expanded production of consumer goods. In general, the advantages are mutual. How the agreement between the USSR and SRV on cooperation in consumer goods production, signed on 19 May 1987, is being implemented will be discussed in the following article.

The cooperation scheme is fairly simple. Hanoi's Eksport Footwear Factory, for example, processes Soviet raw materials to sew the upper section of sporty footwear. Semi-finished sport shoes are then sent to the allied Spartak Association in Kazan, where after the corresponding operations they become finished products and are placed on the counters of Soviet stores.

On that day the footwear workers of Eksport were working to fill Spartak's orders. Skilfully handling the shoemaker's knives and scissors the pattern cutters were cutting the leather; they made openings and created the shoe styles with the aid of simple attachments. The sewing machine operators no less skilfully and accurately joined together the readied parts into a single whole that is called the "top of the shoe." N. Gaynutdinova, the representative of Kazan's Spartak, accompanied me through the shops.

"Last year in socialist competition," said Nguyen Chin Dyk, deputy production director, "the Hanoi trade union council awarded us second place for high indexes. But now I would like to speak about something else. Soviet orders indisputably help us to fill out production and to employ thousands of workers. However, I feel that the representative from Spartak will agree that we are still faced with some unsolved problems..."

There really are many problems. After all, production cooperation in light industry is a complicated process because of the necessity to coordinate the production programs of partners. Since enterprises must receive the necessary pieces not only in the complete volume but also by a particular time based on a plan and technological production regimen, well-paced deliveries are of decisive significance. The delivery of raw materials and finished products still remains a problem area in cooperation. The unfinished products are loaded into containers and sent by rail and then by ship. After processing and reception of freight at SRV ports it must be delivered to the enterprise in a timely manner. Any break in the shipping chain results in serious breakdowns and Vietnamese as well as Soviet enterprises, which are expecting a rapid return of ready products, suffer. In this case both find it necessary to bear material losses.

Another important question is the more complete utilization of the capacities of Vietnamese factories. After all, raw and other materials supplied by our country must be utilized completely as soon as they are received or losses in quality and quantity will be unavoidable. Meanwhile many Vietnamese factories found it impossible to receive, process and store such unit volumes during a short period of time.

"Most of the containers with raw and other materials arrived in the port of Haiphong only during the last quarter," continued Nguyen Chin Dyk. "Moreover, the quantity was so large that the factory found it difficult to transport it and distribute it for storage. The program for last year remained unfulfilled. The difference was carried over into this year's plan."

"Let us look at the following aspect of the matter—the total deliveries," added Lyong Tkhi Min Fyong, deputy director. "Ideally we must first receive specs, i.e. documentation on sizes and norms for the expenditure of materials, in order to prepare production ahead of time for a particular model. For this stage we need at least 2 months. In practice it turns out that we receive all the documentation together with the raw materials in one container. This necessitated making calculations on the run. Soviet specialists helped the factory workers.

"Last year the factory worked on only four models of sports shoes. This year there will be 15. For this reason it is very important that the documentation arrive first, followed by all the materials—both basic and auxiliary—at the same time. Right now, alas, both the former and the latter is violated. And also a word about the quality of the material. The quality noted in the documentation does not always correspond to the quality of the material. Also, the sizes of the pieces of leather indicated in the documentation often differ from the actual pieces, usually being smaller. It becomes necessary to make changes and to re-sort, which also requires resources that are not foreseen in the contract."

"It has become necessary," said the deputy director, "to make a transition to direct ties because the instructions in effect hinder initiative, require a great deal of time for various contracts and interfere with the efficient solution to problems that arise. Last year the general director of Spartak, Comrade Kiyamov, visited us. He also supports direct cooperation. Incidentally, he promised to help with equipment. But as of now we have not received anything although the delivery of cutting presses and new sewing machines was foreseen by the agreement. As you have noticed, we are still cutting patterns manually..."

In the factory of the Tkhan-Long Sewing Association Soviet fabric used to sew men's shirts was being unloaded. Since there is a shortage of storage facilities at the factory the containers with the fabric were brought into the auditorium.

Galina Aleksandrovna Vasina, representative of the Rostov Sewing Association, introduced me to Chan Dyk Tkhi, director of Tkhan-Long. Among his main concerns the director also mentioned the irregularity in shipments of raw materials.

"It is difficult to plan production and to carry out business in general," he said, "if you do not know what awaits you and when the materials will arrive. Unfortunately, our factory did not participate in the preparation of contracts for last year. This was done at the level of the export-import department. But we fulfilled the contractual obligations. Naturally in the course of work a number of problems arose.

"One of them was the quality of the fabric and of the technical documentation. In violation of the contract last year there were deviations from the quality of fabric. It is true that Soviet suppliers accurately marked the damaged places with a pencil, but the circles that were drawn on the fabric did not in and of themselves ease the labor of pattern cutters. In addition, norms for the expenditure of material are strictly fixed and it is necessary to expend a great deal of time on additional agreements..."

After the discussion and meetings in factories I asked Nguyen Ti Zung, SRV Deputy Minister of Light Industry, whether we could generalize from this experience the status of cooperation today. Or are there objects where things are proceeding more successfully?

"In those enterprises which you visited," he said, "things are no worse than in others. If you wish to visit some other factories, be our guest! Footwear and sewing factories of various cities in Vietnam—Hanoi, Haiphong, Ho Chi Minh City—are participating in fulfilling the recent agreement on cooperation in producing consumer goods. The situation is similar everywhere. We understand that we are at the beginning stages. Problems are unavoidable. The main thing is to draw the proper

conclusions and to not tolerate errors in the future. This is a promising relationship. We still need patience and time in order to put everything in its place..."

The deputy minister did not try to avoid discussing the lessons of experience but emphasized that he remains an optimist and believes in a good future. In his opinion the first thing that is needed is a solution to the problem of the pace and completeness of deliveries of raw materials. The second consideration is production capacities—improving the use of existing capacities and bringing them up to the level necessary for filling orders.

"Let us look at last year," he continued. "Instead of 17 million sewn articles foreseen by the agreement we shipped slightly over 1 million to the Soviet Union. Instead of 6.5 million pairs of shoe tops—about 2 million. In order to achieve plan volumes we must increase production capacities, which still obviously fall short of totally fulfilling contract volumes. When we signed the contract we proceeded from the fact that basic technical equipment would come from Soviet partners on the basis of mutual accounts. However, we are still lagging in this work."

Things are more complicated regarding equipment for the textile branch. Vietnamese factories do not have available capacities to fill Soviet orders. This is why when they signed contracts they indicated that the customer would provide both raw materials and machine tools. But for this, buildings and communications must be built—all of this will take at least 2 years. However, the agreement already states figures for the delivery of ready products from Vietnam in 1987-1990.

"The figures, we must admit, are not realistic. And in general I think that we were somewhat taken away with volumes," Nguyen Ti Zung summed up the conversation.

This report does not touch on all the problems of joint operations. Undoubtedly we have something to think about to encourage greater effectiveness in and a higher return on Soviet-Vietnamese industrial cooperation in consumer goods production.

[Note from the editors] The editors of IZVESTIYA asked A. S. Adomaytis, USSR Deputy Minister of Light Industry, to comment on the report by our correspondent.

"The agreement signed last year between the USSR and SRV for the end of the five-year plan," said A. S. Adomaytis, "foresees significant growth in the production of the garment, footwear, knitted goods and textile industries using contributed raw materials in volumes above those planned by the commodity turnover protocol. This growth, as foreseen by the agreement, must be achieved using existing capacities with a consideration of the supplementary equipping of some Vietnamese textile and footwear factories with Soviet equipment. A

year has not yet passed since the agreement was signed and already 23 Soviet garment enterprises and 34 footwear enterprises, and in the SRV—25 garment factories and 11 footwear factories, are participating in production cooperation.

“The experience of the first months of work with Vietnamese enterprises revealed difficulties in organizing production cooperation. Above all this includes long distances that separate the cooperating enterprises, differences in the level of equipping and correspondingly in labor productivity, and the scale of Soviet orders, the importance of which to our Vietnamese friends is hard to overestimate from the point of view of utilizing free available manpower. Moreover, efficient cooperation is being hindered by the absence of the right of Vietnamese factories to conclude contracts using direct production ties with Soviet enterprises.

“I must agree with Deputy Minister Nguyen Ti Zunga that the volumes foreseen in the agreement are greater than the capacities of Vietnamese enterprises. As a result the Vietnamese side has contracted for only one-sixth of garment articles, half of footwear procurement and no textile goods for 1988.

“Despite existing difficulties in the initial stages of cooperation,” said A. S. Adomaytis in conclusion, “work is improving with every month. An attestation of this is that in early 1988 the first articles produced in Vietnamese enterprises began to be delivered to the country’s stores. Production cooperation between the two countries in consumer goods production has thus become still another form of mutually-advantageous Soviet-Vietnamese cooperation.”

8228

Central Asian Republics Aid Afghan Children

18070111 [Editorial Report] Frunze SOVETNIK KYRGYZSTAN in Kirghiz 27 April 1988 carries on page 4 a 1400-word article by N. Verapol headlined "Day of Revolution" highlighting Soviet aid to Afghanistan over the last 10 years, especially in education and public health. The article is timed to coincide with the announcement of the Soviet troop withdrawal. Special attention is given to aid provided by the Soviet Central Asian republics, especially Kirghizia. After noting the gifts of clothing and other school-related items from Soviet children to their Afghan counterparts, he adds: "For many children from Afghanistan, going to the Soviet Union on vacation or to study is a joyous occasion. Every year thousands of Afghan children come to every part of our country, including Kirghizia. Now a special school has been established for Afghan children on the territory of Osh Oblast." UD/332

Anti-Revolutionary Propaganda To DRA Described

18070110 [Editorial Report] Frunze SOVETNIK KYRGYZSTAN in Kirghiz on 10 April 1988 carries on page 3 a 1600-word article by Nikolay Verapol headlined "The Anti-revolutionary Ideological Race" (part 4 of an occasional series "Afghanistan Today"). The goals and methods of "bourgeois propaganda" directed against the current Afghan government are described as follows: "The goal of the ideological struggle against Afghanistan is clear: the counterrevolution, which is supported by imperialist powers, is in a struggle to the death to strike a decisive and crushing blow to the April revolution." Concerning the various propaganda means are used to this end, especially print and radio, Verapol says: "For example, in Pakistan there are a number of printing houses publishing literature full of slander in many languages of Afghanistan, including Persian and Pushtu as well as Urdu, Arabic and English." With regard to radio, he claims that "eight enemy radio stations" are active, and specifically mentions "Free Kabul Radio which was organized in the United States." He points out that it has 11 transmitters along the Afghan-Pakistan border. UD/332

MFA Special Session on Afghanistan

18070109 [Editorial Report] Moscow VESTNIK MINISTERSTVA INOSTRANNYKH DEL SSSR in Russian in issue No. 9, 15 May 1988, publishes on page 43 a short report on a special session of the MFA (Ministry of Foreign Affairs) Collegium which examined in detail the question of the goals of Soviet diplomacy in connection with the signing of the Geneva Accords on Afghanistan. The session noted the significance of ongoing political and diplomatic contacts between the Soviet MFA and its foreign policy counterparts in a number of

states, at which approaches to specific aspects of the Afghan problem were worked out, and outlined a number of measures to assist the successful settlement of the Afghan question.

332/UD

IZVESTIYA Interviews Umm Jihad

18070098 [Editorial Report] Moscow IZVESTIYA in Russian on 14 May 1988 carries on page 5 a 700-word article by A. Ostalskiy entitled "Umm Jihad: The Assassins Erred, The Uprising Will Not Cease." In response to Ostalskiy's question about who murdered her husband and for what reason, Intisar Umm Jihad answered: "Without a doubt, this action was from the hand of the Israeli government. The goal of this action was to stop the Palestinian uprising in the occupied territories. In Tel Aviv they well know that my husband was one of the direct leaders of the uprising. But if they think that murdering Abu Jihad is enough to suppress the revolution, then they are sadly mistaken." Ostalskiy notes that, after many years of ruptured relations, the first meetings between the PLO and Syria took place at the time of Abu Jihad's funeral in Damascus and started a process of normalizing relations between them.

332/ud

PDRY Delegation Visits Tajik SSR

18070097 [Editorial Report] Dushanbe KOMMUNIST TADZHIKISTANA in Russian on 14 May 1988 carries on page 2 a brief article noting that a delegation from the People's Democratic Republic of Yemen visited the Tajik SSR on 13 May at the invitation of the Union of Soviet Friendship Societies. Muhammad Jirghum, Yemen Socialist Party Central Committee member and minister of culture and information, headed the delegation. During the course of the visit the guests will meet with activists from the Tajik section of the Soviet-Arab Friendship Society. On 13 May Deputy Chairman of the Tajik SSR Council of Ministers and Tajik SSR Minister of Foreign Affairs U. G. Usmanov received the delegation. Possibilities for establishing direct ties between Tajikistan and the PDRY were examined during businesslike, open discussions. Jirghum expressed high regard for Soviet policy on finding a settlement for the Near East problem. He emphasized that the beginning of Soviet troop withdrawal from Afghanistan provides evidence of the USSR's important role in the settlement of regional conflicts.

332/UD

India Supports National Reconciliation in Afghanistan

18070095 [Editorial Report] Moscow ZA RUBEZHOM in Russian No 20, 13-19 May 1988 carries on page 1 a 1000-word editorial entitled "Afghanistan: A New

Stage" in which it is asserted that "the further development of events in Afghanistan will largely determine the environment at once in two vast regions—in the Middle East and in South Asia." This article notes that India, the largest nonaligned Asian country, cordially welcomed President Najibullah to New Delhi. The most important aspect of the Indo-Afghan negotiations was the support India expressed for the policy of national reconciliation and the agreement on coordinating the two countries' efforts in resolving "national, regional and international problems." The final paragraph of this article quotes a recently published Soviet government statement: "It is the duty of all state, political and public figures, all honest people to help the Afghan people adjust to a peaceful life." The article concludes: "We are ready to do everything necessary so that Afghanistan will remain our good, friendly and reliable partner in this new stage."

332/UD

Development of Iranian-Soviet Economic Cooperation

18250046 Moscow *SELSKAYA ZHIZN* in Russian
2 Feb 88 p 3

[APN report: "USSR-Iran: Economic Cooperation"]

[Text] In connection with the conjectures of some foreign radio services and the press, which are distorting the character and direction of Soviet-Iranian economic relations, readers are asking for reports on the development of Soviet-Iranian economic cooperation. V. Ivanenko, executive secretary of the Permanent Commission on Economic Cooperation Between the USSR and the IRI, has the floor. This is what he reported in an interview with an APN correspondent.

The 10th meeting of the Permanent Commission on Economic Cooperation Between the USSR and the Islamic Republic of Iran, which was held in 1986 after more than a 6-year break, reviewed specific questions in Soviet-Iranian economic relations that accumulated in this period in such industries as ferrous metallurgy, power engineering, transport, etc. This meeting gave impetus to the development of economic ties between our neighboring countries on much broader scales.

A whole series of meetings of representatives of Soviet and Iranian organizations was held in 1987, and also meetings of Soviet and Iranian officials, at which there were extensive discussions on issues of economic cooperation between both countries and prospects for their development on a long-term mutually advantageous basis.

In the spring in Tehran, representatives of the Soviet foreign trade organization "Tekhnoeksport" and the Iranian ministry of petroleum discussed questions of cooperation in the sphere of development of oil and gas fields in the southern part of the Caspian Sea. Agreement was reached as a first step on the conduct of geological

prospecting work in the south of the Caspian and drilling of several exploratory wells in the sea for this purpose. And in September of this year, documents were signed that set out the principles of cooperation in the conduct of geological prospecting operations in the south of the Caspian. Agreement was reached that Soviet organizations will ship a Soviet-made drilling rig to that area and the necessary auxiliary vessels that will support its operation.

Talks were held in October by the Iranian minister of petroleum with Soviet officials. Consideration was given to the question of cooperation in refining a certain amount of Iranian crude oil in enterprises in the Soviet Union and the delivery of an appropriate amount of manufactured petroleum products for the needs of the northern regions of Iran.

An important event in the sphere of economic cooperation was the resolution of the question of bringing the Isfagan metallurgical plant, which was built in Iran with the cooperation of the Soviet Union, up to plant capacity (1.9 million tons of steel a year). Representatives of Soviet and Iranian organizations met more than once in Moscow and Tehran, and they outlined concrete measures and strived for their fulfillment. With these ends in mind, contracts were negotiated in 1987 for the delivery of spare parts and certain materials from the Soviet Union which were necessary for normal plant operations for the Isfagan metallurgical plant and its coal and raw materials base.

During the course of the past year, an important place was given to questions of transportation lines between the USSR and Iran. The geographic proximity of these countries promotes their mutual interests in this sphere, inasmuch as a significant part of the goods traffic needed by Iran, including food, medical supplies and others, transits the Soviet Union from Europe. In turn, some Soviet freight could be transported to Asian countries through the territory of Iran.

The 14th meeting of the Permanent Soviet-Iranian Subcommittee on Transport was held in Tehran in November, at which representatives of interested Soviet and Iranian organizations examined questions of increasing freight turnover, cooperation in the area of construction in Iran of transport construction facilities (new railroads, highway and railroad bridges, etc.). For the first time in the history of Soviet-Iranian economic relations, an understanding was reached on the joint navigation of cargo-and-passenger ships in the Caspian Sea. To this end, an agreement was signed between the Soviet and Iranian ministers on the establishment of a navigable route which would connect Baku with the Iranian ports of Enzeli and Noushakhr.

At the present time, Soviet and Iranian organizations are carrying out preparations for the next, 11th meeting of the Permanent Commission on Economic Cooperation Between the USSR and the IRI which will be held at the

beginning of this year in Moscow. There is hope that new objectives and directions in the development of this cooperation will be defined.

13052

Gandhi Profiled, India Seen as Model For Third World

18070089 [Editorial Report] Moscow PRAVDA in Russian carries on 8 April 1988 on page 5 a 2600-word article by Veniamin Shurygin under the rubric "Political Portrait: Rajiv Gandhi" initiating PRAVDA publication of material about prominent foreign statesmen. This article provides biographical background, traces Rajiv Gandhi's rise to Indian Prime Minister, discusses India's internal political situation and Rajiv Gandhi's accomplishments as Prime Minister. Shurygin asserts that "High-level meetings and conversations between Indian and Soviet leaders in Moscow and New Delhi indicate that Soviet-Indian relations today are a unique phenomenon, a prototype for future interstate relations, an example of the vitality of a peaceful coexistence policy. And it is not coincidental that R. Gandhi and M. S. Gorbachev signed the Delhi Declaration on the principles of a nuclear-free, non-violent world, which is perceived in the world as a manifestation of new thinking." Shurygin further notes that "Rajiv Gandhi, one of the

active participants of 'The Group of Six,' takes to heart the misfortune and suffering of other countries and peoples." He quotes Gandhi at the Harare forum of nonaligned countries: "Our freedom remains incomplete as long as apartheid and tyranny exist in South Africa, as long as Namibia is, as before, occupied and oppressed." Shurygin distinguishes India from other Third World countries. "Unlike many other Third World countries with frequent revolutions and counterrevolutions, military and other totalitarian regimes, India lives a full-blooded political life." He further notes that "From the moment of its declaration of independence, a parliamentary democracy, with all its attributes such as general elections, a free press, demonstrations and meetings, various political parties and other social organizations, has functioned." Shurygin concludes the article asserting that "Rajiv Gandhi's leadership of the country has started a new stage in Indian political life. It began the transfer of authority into the hands of a young generation—more businesslike, pragmatic figures who want to see India as a contemporary developed great power by the beginning of the next century. Rajiv Gandhi has set out upon a great policy with a burning desire to lead the country with a firm hand along a path of economic and social progress."

UD/332