

28 JUNE 1991

Foreign
Broadcast
Information
Service



A N N I V E R S A R Y
1941 - 1991

JPRS Report

Soviet Union

Economic Affairs

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

DTIC QUALITY INSPECTED 2

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

19991216 140

Soviet Union

Economic Affairs

JPRS-UEA-91-029

CONTENTS

28 JUNE 1991

NATIONAL ECONOMY

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Privatization Problems in Trade Sector Examined [Ye. Gumilevskaya, V. Cheglov; <i>EKONOMIKA I ZHIZN</i> No 12, Mar 91]	1
Pseudoprivatization by State Bodies Charged [V. Pisigin; <i>DEMOKRATICHESKAYA ROSSIYA</i> No 5, 19 Apr 91]	2
Union, RSFSR Property, Privatization Concepts Compared [V. Cherkovets; <i>EKONOMIKA I ZHIZN</i> No 10, Mar 91]	5
Shmelev on Union, RSFSR Reform Programs [N. Shmelev; <i>DEMOKRATICHESKAYA ROSSIYA</i> No 7, 10 May 91]	9
'Third Way' to Economic Recovery Proposed [V. Parfenov; <i>SOVETSKAYA ROSSIYA</i> , 28 May 91]	11
Results of Local Self-Government, Economy Law Discussed [N. Pivovarov; <i>IZVESTIYA</i> , 31 May 91]	13
State Arbitration Views Contract, Goszakaz Unfulfillment [V. Isaychev; <i>EKONOMIKA I ZHIZN</i> No 15, Apr 91]	16
Law on Economic Arbitration Published [<i>IZVESTIYA</i> , 6 Jun 91]	18
Resolution Enacting Arbitration Law [<i>IZVESTIYA</i> , 6 Jun 91]	34

INVESTMENT, PRICES, BUDGET, FINANCE

Foreign Economic Bank Official on Hard Currency Relations [N. Chernyshev; <i>EKONOMIKA I ZHIZN</i> No 14, Apr 91]	35
Goskomtsen Head Explains Pricing Policies [V. Senchagov; <i>EKONOMIKA I ZHIZN</i> No 16, Apr 91]	38
Price Hike Inflationary Effects, Solutions Examined [V. Torbin, D. Shavishvili; <i>RADIKAL</i> No 15, 2 May 91]	41
Regional Bank Meeting Sought To Coordinate Finance Policies [<i>INTERFAX</i> , 10 Jun 91]	44

INDUSTRIAL DEVELOPMENT, PERFORMANCE

Space Technology Plant Director on Output, Conversion [A. Chizhov; <i>RABOCHAYA TRIBUNA</i> , 6 Jun 91]	44
--	----

INTRODUCTION OF NEW TECHNOLOGY

Development Doubts Over Diamond Find in Arkhangelsk Oblast [Moscow Television, 3 Jun 91]	45
---	----

AGRICULTURE

AGRO-ECONOMICS, POLICY, ORGANIZATION

Steps Taken to Ensure Stable Russian Agriculture [<i>SOVETSKAYA ROSSIYA</i> , 8 Jun 91]	47
--	----

LIVESTOCK AND FEED PROCUREMENT

Specialists Address Livestock Feed Problems	47
Interview on New Approaches in Belorussia [N. Glavatskiy; <i>BELORUSSKAYA NIVA</i> , 27 Mar 91]	47
Protein Factor; Sci-Tech Help Discussed [K. Solntsev; <i>SELSKAYA ZHIZN</i> , 15 May 91]	49

CONSUMER GOODS, DOMESTIC TRADE

POLICY, ORGANIZATION

USSR Law on Protection of Consumer Rights [IZVESTIYA, 10 Jun 91]	51
Consumer Rights Law Resolution [IZVESTIYA, 10 Jun 91]	58
Goods, Services Shown Narrowing In All Production Sectors [M. Maryasin; CHESTNOYE SLOVO No 7, Apr 91]	59
Retail Co-op Head on Operations [V. Yershov; VECHERNIY LENINGRAD, 20 May 91]	61
'Black' Market Prices, Listed, Detailed [EKONOMIKA I ZHIZN No 12, Mar 91]	62

GOODS PRODUCTION, DISTRIBUTION

Co-op Market Averages Conceal Regional Data [CHESTNOYE SLOVO No 6, Mar 91]	65
Faulty Appliances Major Fire Hazards [A. Baytenova; CHESTNOYE SLOVO No 8, Apr 91]	65
Medicine Shortages, Solutions Discussed [V. Bykov; RADIKAL No 15, 2 May 91]	67

HOUSING, PERSONAL SERVICES

Official Privileges, Sales of State Dachas Viewed [V. Romanenko; ARGUMENTY I FAKTY No 22, Jun 91]	69
--	----

PERSONAL INCOME, SAVINGS

Salaries Compared To Those In Various Capitalist Countries [B. Bolotin; ARGUMENTY I FAKTY No 22, Jun 91]	71
---	----

ENERGY

ENERGY COMPLEX ORGANIZATION

Development, Finance of Energy Complex [V. Bushuyev, et al.; EKONOMIKA I ZHIZN No 10, Mar 91]	72
Alternatives to AES-Generated Power Viewed [D. Arshakyan; EPOKHA No 19, 16 May 91]	74
Chernobyl Clean-Up Mismanaged [N. Lytvynenko; SILSKI VISTI, 29 May 91]	75
Moscow's Energy Woes Viewed [L. Popyrin; IZVESTIYA, 4 Jun 91]	77

FUELS

Oil, Gas Industry Offshore Fleet Problems Detailed [R. Karayev; BAKINSKIY RABOCHIY, 19 Apr 91]	79
---	----

PIPELINE CONSTRUCTION, OPERATION

Pipeline Transport Operations Highlighted [V.Kh. Galyuk; NEFTYANOYE KHOZYAYSTVO No 2, Feb 91]	80
--	----

LABOR

'Right to Work' Within Market Transition Discussed [N. Muradyan; TRUD, 15 Jun 91]	88
Aims of New Labor Collectives' Union Described [L. Biryukova; RABOCHAYA TRIBUNA, 7 Jun 91]	89
General Confederation of TU's Presidium Report [TRUD, 25 May 91]	91
TU Co-Op Association Leader Interviewed [I. Gorbashov, I. Khazanov; NEZAVISIMAYA GAZETA No 46, 16 Apr 91]	92
USSR Law on Resolution of Labor Disputes [TRUD, 17 May 91]	94
Further Discussion on Collective Contracts Draft Law [S. Karkhanin; SOVETSKAYA ROSSIYA, 4 Jun 91]	98

TRANSPORTATION

CIVIL AVIATION

International Air Routes Administration Roundtable Held [V. Potemkin, et al; GRAZHDANSKAYA AVIATSIYA No 2, Feb 91]	100
Business Jet Design, Specifications Viewed [V. Shestakov; GRAZHDANSKAYA AVIATSIYA No 2, Feb 91]	104

RAIL SYSTEMS

Railway Dispatcher Centers' Operational Control Viewed [A. Mazur, G. Platonov; ZHELEZNODOROZHNYI TRANSPORT No 2, Feb 91]	107
Locomotive Construction Viewed [V. Baryshev; ELEKTRICHESKAYA I TEPLOVOZNAYA TYAGA No 3, Mar 91]	110
M62 Locomotive Operational Problems Examined [A. Yanov; ELEKTRICHESKAYA I TEPLOVOZNAYA TYAGA No 3, Mar 91]	113
Test Track Founder's Career Highlighted [N. Suboch; ELEKTRICHESKAYA I TEPLOVOZNAYA TYAGA No 3, Mar 91]	116
Railway Modernization Plans Reviewed [ELEKTRICHESKAYA I TEPLOVOZNAYA TYAGA No 3, Mar 91]	117
Gas-Powered Locomotive Project Hits Snag [N. Fufryanskiy; GUDOK, 17 May 91]	122
Railway Collegium on Increasing Transport Volume [L. Kizilova; GUDOK, 29 May 91]	123
Summer Train Schedule Examined [V. Shatayev; GUDOK, 1 Jun 91]	124
Railroad Electrification Rate Decreases [V. Kalinichev; GUDOK, 30 May 91]	125
Railroad Chief Gives Reasons for Sharp Fare Increases [Moscow Television, 4 June 91]	128

MARITIME AND RIVER FLEETS

Deputy Chairman Explains New Rosrechflot Concern [L. Ryamzin; VODNIY TRANSPORT, 2 Mar 91]	128
Container Ship Vladivostok Launched [Ye. Grigoryev; PRAVDA, 28 May 91]	130

PORTS, TRANSSHIPMENT CENTERS

Company Formed To Build Modern Baltic Sea Port [V. Nevelskiy; IZVESTIYA, 20 Apr 91]	131
---	-----

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Privatization Problems in Trade Sector Examined

914A0857A Moscow *EKONOMIKA I ZHIZN* No 12,
Mar 91 p 10

[Article by Ye. Gumilevskaya and V. Cheglov, candidates of economic sciences: "Is It Easy To Buy Back a Shop?"]

[Text] When people talk of privatization, they first mention the trade enterprises. These consist for the most part of kiosks, booths, and small shops, which may be sold to the people who work in them. But are they prepared to take this step? And, if not, what is deterring them?

There is often talk today of the negative effect of psychological factors and, particularly, the unwillingness of people to become proprietors and merchants. The situation, however, is not so hopeless as it might appear. This judgment is supported by an opinion survey conducted by the All-Union Scientific Research Institute of Trade Economics during the period August-October 1990, which polled 940 retail trade enterprises in Moscow. Almost 90 percent of the managers of these enterprises endorsed the idea of the privatization of property ownership. This opinion was shared by 62 percent of the labor collectives. Moreover, almost 46 percent of the labor collectives were ready to buy back their store immediately, while 35 percent said they would be ready to buy it back in the next two or three years.

Nevertheless, the main question is: Where do they get the money? Inasmuch as two-thirds of the money in commercial enterprises consists of working capital, of which only about 50 percent is privately owned, one of the most crucial problems of privatization in the industry is precisely the buying back of working capital.

There is one more distinctive feature of the trade sector, and that is the considerable number of premises that are leased. This may prove to be a serious drawback to privatization under market conditions.

What are the sources of capital for the purpose of denationalization? At present they are limited, primarily because of unwarranted withdrawals and excessive centralization of assets earned by cost-accounting trade enterprises. For example, 55 percent of the profits accruing to enterprises of the USSR Ministry of Trade as budget income were withdrawn—10.5 percent of them going to form funds for subsidizing centrally established prices, and 16 percent going into higher-standing funds for industrial and social development. Only 18.5 percent of these assets remained at the disposal of the trade

enterprises. A good deal more than this—25.8 percent of the profits—went to replenish the supplies of workers at the retailing enterprises.

At the same time, we do not have as yet an effective infrastructure for extending credit to retail trade. The present attitude of managers of trading enterprises to the network of commercial and cooperative banks that has been established is one of extreme caution. According to data based upon sociological studies, only a little more than 30 percent of the trade enterprises are ready today to avail themselves of loans from these credit institutions. Moreover, 89 percent of these are willing to borrow only at interest rates up to five percent, while only eight percent of them are willing to take out loans at rates in the range of 5-10 percent. Managers are interested primarily in long-term or medium-term loans. Roughly 40 percent of those polled indicated a willingness to take out loans for a period of from one to three years, while 60 percent were willing to take out loans for more than three years—and half of these would accept commercial credit only if extended over a period of seven years or more. A majority of the managers of trade enterprises today—78 percent of them—intended to use the funds received for social, rather than economic, purposes. Only 12 percent of them would borrow for purposes of commercial development. The rest would borrow to straighten out their own current affairs.

Lending policies of the commercial and cooperative banks, however, are such that their assets will scarcely be used by trade enterprise managers to any significant extent. In the first place, virtually all the credit available is given out only if secured by fixed assets or by stock inventories that are not subject to sale during the period of the loan, or else by a guarantee of the state. Thus only trade enterprises that operate with working capital of their own are eligible for credit.

In the second place, commercial and cooperative banks prefer to make short-term loans and, to a lesser degree, medium-term loans (up to three years). Long-term loans are made available extremely rarely, especially for innovative and risky projects. Some of these banks even refuse to extend credit for more than six months. Finally, the annual percentage rate on loans is high—from 15 to 20 percent.

It is no secret that today many people are apprehensive that the stores will be bought up by operators of the black market. This could indeed be the case if proper precautions are not taken. In particular, the priority given to the labor collectives must be maintained.

A special fund created at the enterprises could expedite the process of buying back the trade enterprises by the labor collectives. It is worth considering channeling into such a fund rental payments or a share of them; borrowed funds to be subsequently paid off out of profits; a part of earnings that may be used for the redemption of

tax-exempt bonds; and proceeds from the fund for industrial and social development.

It is advisable also to create regional funds for providing long-term credit at the local soviets. These could be formed through deductions from the local budgets, taxes on profits of the trading organizations and cooperatives, voluntary contributions by industrial enterprises in the region, and the proceeds of auctions of the trade organizations.

There is another option available. Trade enterprises may find two sponsors (for example, major enterprises) to underwrite the privatization process.

To obtain supplementary funds for the denationalization program, the local soviets could issue bonds and grant loans to the labor collectives. This would make it possible to avoid unforeseen events in the process of privatization and to keep it on track—in the interest of the workers.

Privatization of Trade and Communal Service Enterprises (as of 1 January 1991)

	Enterprises Sold			Proceeds of Sale in Thousands of Rubles		
	Retail Trade	Public Catering	Communal Services*	Retail Trade	Public Catering	Communal Services*
Collective Ownership	9	3	78	150	68	4530
Private Ownership	8	1	8	27	3	6
Total	17	4	86	177	71	4536

Source: RSFSR State Committee for Statistics

*Workshops, studios, and other structurally independent entities.

Pseudoprivatization by State Bodies Charged

914A0844A Moscow *DEMOKRATICHESKAYA ROSSIYA* in Russian No 5, 19 Apr 91 p 5

[Article by Valeriy Pisigin, president of the Interregional Cooperative Federation: "While We Still Have a Bazaar, They Already Have a Market"]

[Text] Naberezhnye Chelny—The question: "Will we enter a market economy or not?" is a question from yesterday, or even the day before yesterday.

There is a market in our country; it has never disappeared—not in the 1930's, not in the 1940's, and not in the 1950's. It is another matter what this market is, and who is privy to it. The creation of economic structures which are called upon to carry out the restructuring of bureaucratic ownership relations, so-called "nomenklatura privatization," is in full swing in our country. This nomenklatura is striving not just to line its pockets or make a career within a short period of time, but it is also prepared to become the pivotal political force.

A. Tizyakov, director of the Machine Building Plant imeni Kalinin, who is also chairman of the Association of State Enterprises of Sverdlovsk Oblast, told an IZVESTIYA correspondent: "Very soon, you will consider it an honor to interview me. We will influence the government and the president."

The "orders of industrial knights-of-the sword" which are being created will seek political representatives for themselves. This is natural and normal. However, among whom will they look? I believe that such representatives are, in essence, available. Many of them are former apparatus Komsomol [All-Union Leninist Communist Youth League] functionaries who now abide at Old Square and yearn for revenge. In addition, they are

the local city and rayon soviets (or more precisely, executive committees, to which we are in a hurry to hand power over. Taking into consideration the fact that city authorities will not be able to get by without financial and material aid from large enterprises, on whose balance sheets the cities actually are, we may expect the formation of ideal ties between the industrial complex and the soviets (executive committees).

On the other hand, even the most democratic and popular leader who comes to power will not be able to stay at the "top" by leaning only on the crowd whose social psychology changes. He will seek a more powerful and effective pillar.

As evidenced by the events of early 1991 (the election of a new prime minister, the All-Union Conference of Directors in February, presidential ukases, and resolutions of the Cabinet of Ministers), the central authorities and the president draw on the structures of the military-industrial complex.

The inclination of the intelligentsia to interpret reforms liberally (unlike technocrats and pragmatists with backgrounds in the administrative system) makes it impossible for a democratic stratum to take shape on which the reformer could draw for subsequent steps. Meanwhile, the totalitarian system is restructuring itself more than successfully, running into virtually no resistance.

Here are some numbers. In August 1990, 356 new commercial and cooperative banks with charter capital of 4,670 million rubles [R] existed in the country. Out of these, 108 were cooperative banks. The difference between cooperative and commercial banks is not only financial and economic, but also social and political. Commercial banks were set up on the initiative of the USSR Industrial Construction Bank for serving state

enterprise, and the funds of the latter were used for the charter capital of these banks. In essence, commercial banks should be considered as an inseparable subject and tool of state property. In turn, cooperative banks are set up on the basis of cooperative (public and private) property, which is an alternative to state.

So, the charter funds of the cooperative banks account for merely R115 million, which comes to only 2.48 percent, in the system of the new banks.

Departmental commercial banks are absolute leaders in this sphere: the Bank of the Central Union of Consumer Societies, the AvtoVAZ Bank, the Petrochemistry Bank, the Youth Commercial Bank, the Avtobank, the Soyuzprofbank, the Orbit Commercial Bank, the Gas Industry Bank, and the Commercial Trade Bank. Other banks, the charter funds of any of which are greater than the total charter funds of all cooperative banks combined, are pulling closer to these.

This is where the situation stood in August of last year. Despite the number of the banks increasing, and their combined capital growing, the percentage rate has remained virtually the same.

The party nomenclature is not staying away from this process either. A number of party banks have already been created, into which the apparatchiks have siphoned party assets.

For example, the Administration of Affairs of the Leningrad Oblast CPSU organization is the largest partner in the Leningrad Commercial Bank Russia.

The danger of nationalization of the party assets is making their masters scramble. Office equipment, buildings, auto pools, and other real estate are being pumped into providently created "vessels": These are joint enterprises, various associations, foundations, and so on.

Read this attentively: "A transition to regulated market relations and support for entrepreneurship call for creating, in an accelerated manner, a chain of small enterprises which are capable of intensifying structural changes in the economy, providing extensive freedom of choice and additional jobs, ensuring the prompt recoupment of outlays, and responding promptly to changes in the consumer market."

Who is this? Could this be economist Shmelev? Not at all, it is the famous "quadrangle"—"the oblast committee," "Soviet power," "oblast council of trade unions," and "the Komsomol." Concerned about the future of entrepreneurship, they decided to set up a fund for supporting small enterprises in one of the Union republics which as recently as yesterday was counted as autonomous, and to "siphon" to it several dozen million rubles. (Even so, we say that we are not ready for the market!)

This process does not at all amount to mimicking the system but rather to its mutation into a completely different quality which merits closer examination. This

may signify the end of a cycle in which the state, as represented by giant state corporations and banks, becomes the only lawful and accomplished proprietor, forcing its subjects to pursue its own, state's interests through economic coercion rather than the use of bayonets.

For many years, a struggle was waged on account of the combination of words "private property." The struggle was not about property but rather about words. They have found an acceptable compromise, "privatization"; meanwhile, property is still where it was, "with the right people."

In Nizhniy Novgorod, the authorities sounded the alarm: Stop the pilferage of state property! Local cooperative members are engaging in "pilferage." The city soviet urgently passed a decision: "On Putting the Denationalization of Property in Order," so that, as was said, "privatization would not proceed spontaneously and haphazardly." By this decision, the authorities suspended the effect of documents which had been previously adopted by the soviet. It went on to say: "Simultaneously, the executive committee is instructed to take measures aimed at collecting from those guilty (guilty of becoming owners by taking advantage of the law!—note by Valeriy Pisigin) the amount of losses inflicted on the state due to the unlawful appropriation of its property." This is an amazing document: You bought out premises for R1 million, fixed them up, and... inflicted "losses" on the state, for which they will withhold, presumably, a pretty penny as your "debt."

It is naive to believe that, having become owners, yesterday's parasites will become entrepreneurs, and that the production and sale of goods will become their main objectives. This will be the last thing on their minds if they keep old nomenklatura connections, and if they control city budgets, the distribution of state requisitions, pricing arrangements, wages, social programs, and so on.

In Ulyanovsk, they are also fighting to put privatization "in order." In that city, the collective of Reinforced Concrete Products Plant No. 1 stooped so low as to buy out all the assets of the plant, in full compliance with the adopted resolution of the USSR Council of Ministers dated 25 January 1990, and, already as a full-fledged owner, decided to join the Butek concern. Zasviyazhskiy Rayon Soviet, headed by its chairman, aided the workers in this action by certifying and legalizing the sale and purchase contract for the enterprise to be owned by the collective working at it.

However, this was not to be. Powerful regional tentacles of the USSR Ministry of Construction, the Ulyanovskstroy, and the Reinforced Concrete Association, immediately responded to such "lawlessness" by sending stern letters to all echelons. In particular, the letters said: "The processing of the State Sale and Purchase Contract was effected by the Zasviyazhskiy Rayon Financial Department without the participation of superior organs of

administration (that is, without their own participation—note by Valeriy Pisigin), by circumventing them, and in secret from them.”

The complaint was acted upon immediately. In as little as one day, the Ulyanovsk Executive Committee made decision No. 399, dated 11 October 1990, on suspending the sale of the assets of state enterprises.

Instructive as they are, these are isolated cases. It is just that we are aware of them. What do you know about the privatization of the 30 or 40 largest industrial enterprises of the country with the blessing of retiree N. Ryzhkov?

When a totalitarian state goes bankrupt, and is no longer able to sustain not only the existence of its subjects, but even its own reproduction, it does not “auction off” the assets, but instead proclaims certain economic freedoms, so-called “economic liberalism,” namely: relationships of leasing, cooperatives, joint-stock arrangements, individual labor operations, and even private forms of economic operations.

The objective of all these forced and troublesome actions is just one: By using personal and group interests, squeeze as large a share as possible from the profits of cooperative members, shareholders, and lessees—so-called proprietors—in order to stabilize and extend the existence of the totalitarian system.

“Decentralization of power” under the slogan “Greater Responsibilities for Local Authorities!” proclaims the “independence” of factories, plants, entire industries and regions, but not the people or collectives which live and work there. This represents the transfer of power functions (but not of power itself) to the administrative apparatus, the management of these production units. New structures are created which are called upon to effect the “siphoning” of funds due to “increasing the productivity of labor” of the workers. The wages of the latter are increased (be it in the form of mythical shares, or coupons for goods in short supply); however, this still represents the same salary paid to the workers for their complicity in the process of bureaucratic appropriation.

These new structures are transmission belts through the use of which the totalitarian state intends to go on robbing its subjects. A centralized economy is not a necessary attribute of totalitarianism; the latter may very well be preserved in a multisectoral economy, which in this case turns into multisectoral robbery. (The word has not become obsolete, incidentally, as robbery itself.)

The finance and production nomenklatura (whatever we may call it) skillfully plays the card of “economic liberalism,” taking advantage of the complex and uncertain situation in the country, the confusion and lack of education of the people, the alienation and social apathy in rural areas, and the disposition of the intelligentsia to rally-style street democracy, and that of parliamentarians to creating laws. In the process, propaganda takes care to accuse small businesses of robbing the population.

What has been said above is merely a minor fraction of what is going on in our country at an unprecedented pace. (Even so, they say that the economic reform is marking time, and “has bogged down!”)

“What is good for General Motors is good for the United States!”—in its time, this political doctrine did not pass in the United States because it had strong opposition represented by small-scale entrepreneurs, united in a civic society with democratic traditions and developed provinces. It was precisely these factors that made it possible for the average American to state the following to the President in earnest: “If big business does not stop managing the affairs of the government, you will have to face considerable unpleasantness from the American people.”

This doctrine may triumph in our country, in which the center has been historically dominant, and a powerful middle class and democratic traditions have been absent. It may show the world yet another model of a social system.

From the grip of Stalinism, under which man is a slave of the totalitarian state, he may end up in a no less cruel situation when he is of no concern to anyone (first of all, to the state).

The statement, which was quoted above, by the leader of an association of industrial enterprises to an IZVESTIYA correspondent is no accident; nor is it indicative of an inflated self-evaluation. Stern directors, following sharp and unprecedented criticism, made a real ultimatum at the All-Union Conference of the Managers of State Enterprises which was held at the Kremlin Palace of Congresses (!).

An ultimatum by old hands of the military-industrial complex is not of the same caliber as a hunger strike by students. The management of enterprises has real power over its workers. This power rests on the system of minimal life support for enterprise workers and clerical employees: from wages and bonuses to apartments and day-care slots which are allocated at enterprises. By now, a shortage of foodstuffs and manufactured goods has been added to this. Ration coupons exist at large enterprises for which a member of the labor collective may receive merchandise. Who will prefer many years of babbling about abstract freedom to actual imported pants?

“Nomenklatura privatization” not only nipped the workers’ movement at the enterprises in the bud, but it has ensured an alliance, albeit temporary, between the just recently discontented workers and the management.

This union was manifested in Sverdlovsk within just several days after a meeting between directors and the USSR president. In the capital of the “sustaining land of the great state,” the mighty grouping of the military-industrial complex easily succeeded in blocking the

planned increase of retail prices for foodstuffs, which one of the oblast executive committee leaders had advocated.

Where is a way out? What social force is in a position to counteract this process?

It would appear that parliaments at all levels, and primarily the union parliament, should pursue an anti-monopoly policy. This avenue, along with the formation of the budget, should be the foremost in its operations. (Follow what the activities of antimonopoly commissions are devoted to.)

Perhaps, this is also the function of trade unions, as an institute defending the rights of workers against employers.

It appears that all emerging parties and political groups which claim to be called (and call themselves) "democratic" should pay unabated attention to this issue.

In referring to our adherence to common human values, we need to be mindful of the fact that a victory of the interests of man over the interests of big capital, in civilized countries, is one of the greatest achievements of our century.

However, the parliaments, the actions of the democrats, the political parties, and the intelligentsia may be effective within an antimonopoly policy only if more "primeval" and significant circumstances obtain in the country.

That a man-citizen, endowed with all the rights of an independent economic and legal subject, who is a free producer (entrepreneur), has a right (and an opportunity!) to make economic and political choices, and operates using his own individual capital, is the main and decisive condition for the antimonopoly struggle. (We may call this "private property," but "individual capital" represents something greater). The totality of intertwined and interrelated individual capitals constitutes public capital and the foundation of civic society.

Therefore, a way out is found in developing private and collective small-scale entrepreneurship, and in eliminating obstacles in the path of its development. Cooperatives, small enterprises, small private companies, individual labor activities, farming—all of these, in combination with the development of a chain of cooperative banks and a moderate tax policy by the government with regard to this economic sector, will make it possible for a stratum of small businessmen to develop within a short period of time. Small businessmen, together with the intelligentsia, may form a truly democratic stratum and humanize the emerging market from within. I repeat: only from within, i.e., being a part of it.

Union, RSFSR Property, Privatization Concepts Compared

914A0796A Moscow *EKONOMIKA I ZHIZN*
in Russian No 10, Mar 91 p 11

[Article by V. Cherkovets, Dr of Economics, chief of the laboratory of the economics faculty of Moscow State University imeni M. V. Lomonosov: "What Is Happening? Reflections on the Question of the Destatization and Privatization of Property"]

[Text] In front of me there are two packets of draft laws and other legislative and state acts concerning the destatization and privatization of property in the USSR and the RSFSR. The laws have not yet been adopted, but precisely for this reason, before it is too late, they should be subjected to critical analysis. And above all because in these laws that regulate the economic relations there are quite a few alternative versions. And they have an informal character, although the terminological dissonances that are heard in them are creating confusion and prevent the legal education of the citizens. But not only this is here. Two different models of legal regulation, as it were, are proposed. Of course, this bewilders the participants of the economic process and hampers the work of the legal services. The tracks of these contradictions lead to the laws on property in the USSR and the RSFSR adopted in 1990. Their roots, as is now becoming clear, stretch to the methodological and ideological spheres reflecting certain sociopolitical positions.

1. The War of Laws Continues. . . . Dissonances in the Laws of the USSR and the RSFSR

1. In the laws of the USSR, the concept of "property of citizens" is used, and the concept of "private property" is not employed at all. The laws of the RSFSR, along with "property of the citizen," employ "private property," which includes "property of the citizen." Such discord in terms is not a verbal trifle, since historically, theoretically, legally and psychologically, in the USSR and other socialist countries—former and present, for example China, the building of socialism was always connected with the getting rid of private ownership of the means of production. In ideology, in politics, and in social practice, the conception became established that private ownership of the means of production, using hired labor, constitutes the basis, the essence of the capitalist system of economy. The USSR Constitution of 1977 excluded the category of private property altogether and kept the category of "personal property." And this is also not coincidental: certain reasons were advanced, its differences from private property and even from labor, that is noncapitalist property were revealed. Be that as it may, the unification of concepts of that sort is necessary.

2. The laws of the RSFSR, as a counterweight to the laws of the USSR and the conception of the CPSU, include land among the objects of private property.

3. Private property in the laws of the RSFSR—by analogy with the civil law and the constitutions of the capitalist countries—unequivocally includes, along with “property of the citizen” also “property of juridical persons,” including collective property (with all its varieties). This contradicts in principle the conception and letter of the Law on Property and other (draft) laws of the USSR, in which collective property is interpreted as one of three forms of property—property of citizens, collectives, and the state. From the theoretical and political economy points of view, this means the laws of the RSFSR do not regard collective property as a form of public (*obshchestvennaya*) property. (The property of public organizations, including religious organizations, is singled out from the “property of juridical persons” into a special, fourth form of property). Such treatment is in fundamental disagreement with the position of the programmatic declaration of the CPSU, the decisions of the October Plenum of the CPSU Central Committee (1990) and the Basic Directions of the Activity of the Russian Communist Party, which proclaim the priority of collective forms of property.

4. It is from such an understanding of collective property—as a form of private property—that the difference between the laws of the USSR and the RSFSR in the determination of the process of privatization emanates. For the Russian and union laws, privatization is the transformation of state property into other forms of property. What “other”? According to the union laws—into collective property (of various kinds) and the property of citizens. According to the Russian laws—into private property. And one cannot but notice that in this case the legislators of the RSFSR logically are more consistent and strict in their formulations, for:

a) “privatization,” in terms of the meaning and origin of this term, which is coming to us now through the countries of Eastern Europe from a world where private property is dominant is the transition to the rails of private, private-capitalist economic operation.

b) in the conception of the RSFSR, as has been noted, collective property is a variety of private property, in the union laws—a confusion [of private property]. On what grounds is the transition from state property to collective property included in the concept of privatization if collective property is public and not private? It goes without saying, the unification of terms in both groups of laws presupposes strict correspondence of form and content, and the exclusion of a “broad interpretation” of the concept of “privatization,” which, as I believe, has without justification been introduced in the “Basic Directions of the Stabilization of the National Economy and the Transition to a Market Economy.” Otherwise, the laws and other documents of the USSR and the CPSU, including the Russian Communist Party, should either recognize the Russian treatment of collective property as private property, or explain the transition from state property to collective property as an intermediate state, to see in it only a pathway to private property. But then—a straight path to the repudiation of

socialism, its Leninist conception, and even the present-day objective trends of state monopoly capitalism.

5. The difference in the understanding of “privatization”, which is embodied in the documents mentioned, is also connected with the fact that:

a) In both groups of laws both the structure of state property and its correlation with communal (municipal) property is given differently.

In the union Law on Property, state property, along with all-union property and property of the union republics and the autonomous republics includes also the property of the administrative-territorial formations—“communal property.” The latter includes the property of krais, oblasts, rayons or other administrative-territorial formations (cities, villages, etc.). In the Law on Property in Russia, the concept of municipal property, first of all, is absent. Second, the concept of “municipal property” is introduced, which in and of itself is a fact that requires the mutual conformity of the legal categories in the laws operating in one state. But the point is also, third, that municipal property, according to the Russian Law, does not include the property of krais and oblasts, but includes only the property of cities, rayons, villages, etc., i. e., the lower administrative-territorial formations. And the most important, fourth, the fact that municipal property, in contrast to communal property, is not included in state property and, along with the latter, forms a special form of property. Hence follows the difference in the understanding of the process of “privatization”:

b) According to the Russian drafts—this is the transformation into private property not only of state property, but also municipal property. (See, for example, the Draft Law of the RSFSR: “On the Sale of State and Municipal Property Into Private Ownership”);

c) Analogous to this, evidently, the question of “destatization” should be solved (although in the draft laws this is not deciphered). According to the union legislation, the apportionment of objects into communal property is an internal process of the state sector, the decentralization of the management of state property, but the transformation of communal property into collective property and the property of citizens is an integral part of the process of privatization. A different thing according to the Russian laws. In them the formation of municipal property is the transformation of state property into “another” form of property, but the “privatization” encompasses also the transformation of municipal property into private property (property of the citizen or collective property).

6. There are differences in the determination of the terms, scales, and degrees of directive character of the organizational measures of destatization and privatization of the economy. Attention should be paid to these aspects. We shall name only a few:

a) The Russian drafts are distinguished by the aim to force a rapid process of privatization: "The whole undertaking of privatization, from beginning to end, should not exceed more than three months in duration." (See: Principles of the Development of the RSFSR Program for Privatization of the Economy, p 3.)

The union documents envisage the implementation of destatization and privatization at least during 1991, distinguishing four stages in it. Moreover, the process does not come to an end, but the continuation of its realization in the subsequent period on an enlarged scale is envisaged.

It seems that the absence of synchronousness of the implementation of these transformations of property in time give rise to additional destabilization factors in the economy of the USSR;

b) What attracts attention is the fact that the draft laws of the RSFSR are oriented to the urging on of the whole process not only in time and in terms of time periods, but also in terms of the scale of the scope of the privatization of the economy of Russia. The Russian documents are accompanied by justifications that leave no doubts concerning ideology and the final goals of destatization and privatization. The legislators of Russia proceed from the, in my view, dubious and mistaken proposition that it is possible to overcome the present slump, the crisis of production in the country, only by following the paths of "radical change of the correlation of state and other property" (see "Principles. . . , p. 7) and the privatization, already during the first stage, not only of small and medium, but "even large enterprises which determine the situation in every one of the sectors being privatized" (ibid., p 8), including in agriculture, where the sovkhozes and the organizations servicing them are regarded as the basic objects of destatization and privatization.

The laws of Russia propose a much stricter regulation of the privatization of state property on the part of the RSFSR State Committee for the Management of State Property right up to the employment of compulsory measures for the transfer of an enterprise to rent with subsequent purchase or compulsory sale in case of the refusal of the labor collective to privatize. The threat of the new alienation of the worker from the national means of production is heard. . . .

The impression is being created that the policy of destatization and privatization of property is an attempt to carry out a counterrevolutionary coup in the economic base, in property relations, with the forceful restoration of an order based on private capital. This is also indicated by the fact that the present legislators want to impart a universal character to privatization. But this can only mean denationalization, the complete dismantling of national ownership of the means of production as the basis of the economy of socialism, socialist production relations, and the transformation of collective property into a form of private property, and of private

property into a basic form of property in the USSR. Taking aim at the monopoly of state property, the opponents of socialism among the authors of the Russian laws on the quiet are leading things to the monopoly of private property.

Such a conclusion follows not only from an analysis of the laws on property in the USSR and the RSFSR, draft laws and other documents on destatization and privatization, but also the ideology which is officially embodied in the "Principles. . ." (p 2), where the main motive for privatization is named—"the recognition of the superiority of private property and the laws of the free market over any other structures and forms of property that are regulated. The authors are anticommunists. They are extremely far-sighted, foreseeing that the bourgeois idea of privatization "will encounter especially strong resistance in society because of its contradiction with the communist idea." And this, of course, is a correct prognosis. For this reason, strong compulsory means are necessary: laws, cadres, information, finances, the court, and mechanisms for enforcing court decisions, as well as a powerful propaganda campaign." Thus they say. . . .

But then countermeasures are necessary, which are capable of not permitting the restoration of capitalism in our country through a revolution in the sphere of law.

At the same time (and not concerning these "depths" of perestroika processes), the example of the confrontation of union and Russian laws on questions of property is beginning to grow at full pace. The RSFSR Supreme Soviet has already proceeded with the unilateral solution of this problem, being guided by a false and illegal directive about the supremacy of the laws of the union republic. This is indicated, in particular, by the decree of the RSFSR Supreme Soviet of 24 December 1990 (published on 10 January 1991) "On Putting Into Operation the Law of the RSFSR: 'On Property in the RSFSR.'" Its Paragraph 3 establishes that, from the moment the Law of the RSFSR was put into operation, the provisions of the Law of the USSR: "On Property in the USSR," with the exception of Article 25, are not applied on the territory of the RSFSR. It is not difficult to understand to what situation as a whole similar actions of the other union republics will lead. The Supreme Soviet of Russia, as well as the committees of the USSR Supreme Soviet, cannot but ponder this. Before it is too late!

It is time for the Central Committees of the ruling party—the CPSU and the RSFSR Communist Party—to abandon the posture of neutral observers and the tactic of compromise in regard to the most fundamental questions of the fate of socialism and the Union of Soviet Socialist Republics.

2. Destatization and Privatization as Prerequisites of the Transition to a Market Economy and Private Capitalist Enterprise

The term "destatization of property" appeared in official party documents of higher rank only at the October CPSU Central Committee Plenum (1990). It cannot be

found in the decisions of the 28th Party Congress, as one could also not find in them the term "privatization," which up to that time could not be found in the vocabulary of the party decisions of either the CPSU or the RSFSR Communist Party. The term "privatization" did not appear in the: "Basic Directions of the Stabilization of the National Economy and the Transition to a Market Economy" (October 1990), which pass in succession from the alternative programs of transition to the market (especially the "500 Days") that were discussed at the USSR Supreme Soviet in September 1990.

The ideology of privatization received the support of the RSFSR Supreme Soviet and determined the foundation of the Law on Property in the RSFSR adopted by it and the drafts of various documents on destatization and privatization of the economy of Russia that have presently been developed. The communist deputies of the Russian parliament, being in the majority, were unable to block the antisocialist Law on Property, they supported it, although at the November Plenum of the RSFSR Communist Party a clear-cut position was expressed in regard to privatization, understanding how the transition from collective forms of property to private property is the philosophy of the small shop-keeper. It cannot be allowed that this philosophy was victorious in the discussion of the draft documents regulating destatization and privatization.

The term and the policy of privatization of the economy must be banished from the language of the documents and policy not only of the Communist Party, but also the state, if it has not ceased to represent the interests of the whole people and all workers, and to secure the renewal of socialism in our country. It is worth noting that the policy of privatization of the means of production in capitalist countries is pursued not by socialist, but conservative-bourgeois parties, for example in England not by the Labour Party but by the Conservatives. As far as the Communists are concerned, the slogan of partial, not to speak of total, privatization can, evidently, be at best tactical, but not strategic.

The same with "destatization." This term is of the same vocabulary, from the same conceptual apparatus. It one-sidedly represents the interest of private owners which is directed against state property and in this respect coincides with the anarcho-sindicalist ideology, which rejects the participation of the state in the national economic process in socialist society, since the state, they say, alienates members of society from property and management. However, the state is the only organ capable, first of all, of guaranteeing equal rights and rules of conduct and vital activity common for all citizens; second, in developing in the direction of democracy, to include all citizens in the management of the various spheres of the life of society, the operation of the economy, first of all in its state sector; third, to carry out the regulation of the mark, to guarantee its socialist orientation, etc.

The policy of "destatization" is destructive, and not constructive and reformative with respect to the state, it is in opposition to the restructuring of the state itself, to the qualitative change of its economic role, without regard of which any present-day production is unthinkable. Now it is becoming apparent that the primary goal—to use the idea of "destatization" against the total and general statization of all aspects of the life of our society, including the economy, for the decentralization of the management of state property and the transition to the diversity of its varieties (all-union, republic, etc.)—proved to be an increasingly pushed-aside task of privatization in the strict, narrow sense of this word. The transposition of the accents led to the fact that denationalization became for some the alpha and omega of economic reform, and in the packets of draft laws and other legal acts on "destatization and privatization" of the economy, all the content practically reduced itself to privatization.

Unfortunately, it must be stated that a certain impulse and direction of development of the lawmaking activity in the sphere of property relations, both on the level of the RSFSR and on the level of the USSR, were provided by the Law on Property in the USSR and the corrections in regard to this question introduced in the USSR Constitution. Precisely in these laws the primacy of the property of citizens and under its banner also the primacy of private property over collective and state property went through. The same laws gave the example of the ignoring of the economic and social class content of the various forms of property, discarded the priority of public ownership of the means of production, and repudiated the recognition of the national character of state property as the chief criterion and sign of the economic order of socialist society in general.

The Law on Property in the RSFSR, in essence, only logically continued and completed this line. It is now being implemented also in a number of law provisions regulating "destatization" and "privatization."

Already now three breeding grounds of capitalist production relations in the economy of the USSR look through the prism of the laws on property that have been or are being adopted.

1. Private enterprises and farms, which constantly use the hired labor of someone else.
2. Cooperatives which attract hired workers and do not allow them to become members.
3. Foreign capital in joint or independent enterprises.

It is clear that such entrepreneurs cannot be called "simple" or socialist commodity producers. Here we are dealing with capitalist enterprises. But precisely because of them, the "privatized" market economy is not and cannot be socialist. The transition to a developed, socialist market has no need for "destatization and privatization" leading to the chief role of private property.

Shmelev on Union, RSFSR Reform Programs

914A0835A Moscow DEMOKRATICHESKAYA
ROSSIYA in Russian No 7, 10 May 91 p 7

["Nikolay Shmelev: I Advise Everyone To Expect Nothing From Pavlov's New Enigma"—DEMOKRATICHESKAYA ROSSIYA headline]

[Text] The DEMOKRATICHESKAYA ROSSIYA editor asked a well-known economist to comment on the two recently published programs to extricate the economy from crisis—the Russian program and the government program.

Dozens of countries have experienced dozens of times the situation in which we find ourselves. The technique for extrication from it is more or less the same the world over. Even if we invite all the Nobel laureates—the economists or the experts from the IMF—their programs will all be the same (plus or minus some details that are sometimes important but not crucial). It is this kind of commonsense program that Russia has put forward. I would be happy if it was an all-Union program, not just a Russian one. Except for one factor of principle.

Our democrats, the more realistic and the more emotional, are now diverging on the issue of privatization. The realists, among whom I number myself, do not believe that our entire monster can be privatized just in months. Or even in several years. Mrs. Thatcher took 10 years to privatize just 10 companies. Here, 90 percent of property belongs to the state, and our monsters are the largest in the world. It will take decades to switch them onto a new track.

The second question is how to privatize. I see no great drama in it if our largest plants are given the status of, for example, the Renault automobile plants. It is a state company but the kind that even President Mitterrand cannot order around. It operates solely at its own responsibility and risk. It is totally responsible for its own income and expenditure, everything. It has shares, it mobilizes capital, and it certainly provides for the long-term interests of its workers.

So that dividing everything up into shares and giving them gratis to those who work may sound attractive from the standpoint of social justice, but behind this we again see the thought that here we are dividing everything up for the last time, and then we shall start a new life. I just do not believe this. Remember what Bulgakov said: "It is your will, professor, but you have invented something ungainly."

Now about Pavlov's anticrisis program.

If this kind of program had been published a year ago I would have applauded it. For the first time our government has unambiguously stated that there is no other road for us except the one that leads to the market. And it is very important that Pavlov has associated himself with the pledges to move along the path of privatization

of the economy, price liberalization, restoring the function of money, and creating a convertible ruble. But this exhausts the significance of his program. It is a fine declaration of good intentions. Nothing more.

There is a logic in declaration, and a logic in real life. And I very much fear that the government program and our life today are increasingly diverging. The logic of what is happening now in our economy and the logic of the government's actions (not words, but actions!) force me to think that we are approaching a period of very serious trials.

It is understood that our crisis has not yet bottomed out. But in my opinion the movement toward the bottom will be in three stages, one of which, strictly speaking, we are already experiencing—namely, the retail price increases. It is clear that no reformer and no government could avoid a change in the level and relationship of prices. But at the same time, the decline in output has been so sharp that the alarming predictions that it will fall 25-30 percent this year seem quite realistic. Strictly speaking, we are living through what America did in the period of its Great Depression. And we are coming close to the situation that arose in 1933 in Germany, when Hitler came to power on the crest of the wave.

The budget deficit is also setting new records. Although Pavlov has managed to reduce it 30 percent, the other 70 percent remains. This means that the budget deficit may be 25 percent of the gross national product.

But the printing presses continue to operate at a feverish rate. Thus, the impetus for inflation has been brought into play. The amount of goods available in the market is shrinking and the amount of money is growing. It is only a matter of time, and not very much time, before the circle is closed. At the next spiral, given other prices that have soared very high and money that has been devalued even more, we shall arrive at what we are now trying to avoid—empty stores, queues, and misery.

Under such conditions a total, 100-percent rationing system, like in wartime, will inevitably be introduced for everything without exception, from bread to rubber boots.

But even that will not save us. The printing presses will continue to operate. And when the mountain of money buries everything—the economy and the people—it will be necessary to repeat what Stalin did in 1947: carry out a confiscatory monetary reform and withdraw money. And that money will be taken not from mythical millionaires but stolen from everyone, including the old man who has put something under his mattress for his funeral.

The public will not accept my gloomy predictions. When they start to take away their money there will be an explosion. But I can give no guarantees that it will not occur even sooner.

What could I expect from Pavlov's program if I took it seriously? Apart from the headings, which it does have, we need answers, which it does not have, about what the government specifically intends to do. This remains an enigma. The government is obviously avoiding specific answers.

Take privatization again. I believe that if, as in 1921-1922, we now gave complete freedom and protected the small- and medium-sized entrepreneur with all the strength of the state, and permitted him to do anything he wanted and allowed him to trade in every place, things would be fine. Yes, there would be some chaos initially. But the creative chaos that occurs when a half-dead man begins to open his eyes and move his fingers, even a little. Given complete freedom and government protection the market and the small- and medium-sized entrepreneur could fill out in a year or two.

If the government program contained even just one sentence stating that all the articles in the Criminal Code, and all the decrees and instructions that interfere with entrepreneurship were to be abolished starting next Monday, I would take the clause about privatization seriously. The program contains not one word about that.

Let us go on. It is clear that no kind of privatization will work under the conditions of the unbelievable inflation in which we have not yet learned to live. And perhaps our greatest problem (I continued to assert this for four years with the stubbornness of a madman) and the greatest fault of the leaders of perestroika, Ryzhkov and Pavlov in particular, is that they have virtually destroyed the ruble. The ruble does not function, does not operate. Hence the political and economic and ethnic problems, and separatism. They all stem primarily from the fact that the market within the country has collapsed and normal human dealings via the ruble have been destroyed. We have driven ourselves into the Middle Ages and we are continuing into the Stone Age.

And if, say, Popov or Sobchak complain that the abominable supplies for Moscow or Leningrad are the result of political blockade, that is only part of the truth. The other part, the main part, is that the money does not work, and under the conditions of barter in kind Moscow has nothing to offer in exchange for meat, flour, and sour cream. What can it offer in exchange? Missiles? What can Sobchak offer? Nuclear-powered submarines? In short, restoration of the ruble is the number one priority. And in Pavlov's program there is not a word that the government intends to work on this priority.

I could describe the entire situation in ordinary, everyday terms. Imagine that the water valve has burst and that water is gushing out. And at the same time a huge pool has formed on the floor. That is, there are two problems: how to turn off the valve, and how to get rid of the pool.

The valve is the budget deficit, the break is the money that is flowing in an endless stream from the printing presses. How to stop the flow?

There are five or six sources for the budget deficit. The first (the worst) is subsidies for retail prices. The second is preserving unprofitable enterprises. The third (and perhaps even second in order of importance) is the growing military spending. The fifth [as published] is administrative costs. The sixth is the continued aid being given to a number of countries.

Of this flow, Pavlov has stopped only the first stream by raising prices. What does he intend to do about the rest? This is unknown. Where, in what budget items, does he plan to make savings? It is an enigma. Perhaps he has hopes regarding the income side of the budget? Then we have another series of questions about where the government intends to find income, where it sees the sources of that income? There are no answers in the program.

But then it turns out that Pavlov cannot turn off the valve. Nor is he able to deal with the pool on the floor—the mass of money that no one knows what to do with. Otherwise the program would at least have said something about what we intend to do with the savings that have been put by—the money that right now is rushing about just looking for something as simple as a flat iron. Nothing is said about this. Even though it is known that in order to deal with those savings it is necessary to sell off by auction everything that the state can sell—equipment, gear, materials, apartments—to city dwellers, together with land, shares in state enterprises, state securities, long-term deposits (only not at 9 percent, as now, but at 40-50 percent, as the rates of inflation require).

And what is to be done with the hot money? I still insist that without help from some outside factor we shall not deal with problem painlessly. We may have a mountain of money, but according to world criteria it is worth very little. And our state, by recognizing the scale of the crisis, and the international community, by understanding the danger that we now present to the entire world (we are a much more dangerous problem than the Persian Gulf), could meet each other halfway. Not in some philanthropic way; I am against philanthropy in serious matters. We could engage under some security or, as B.N. Yeltsin says, some lien (they have set the dogs on him for that even though a lien is a standard thing in the business world).

Now no one will give us a loan just on our signature. They will give it only under some kind of real security. What kind? You do not want to risk the gold reserve? So make the security a package of actions by certain enterprises. Or several dozens (or hundred) of hectares of land. Assess it and offer it, and they will give the loan. The land will be the collateral. Or grant concessions for salvaging sunken logs [toplyak] from the Siberian rivers.

Incidentally, this would not be money from the budget of the American or Japanese or European taxpayers. We

could deal with private banks. But under collective state guarantees for our foreign partners. There will be another meeting of the Seven in June or July. At that meeting we could offer guarantees that there will be no blood here, no shooting, that our radical program to move into the market is irreversible. And in exchange receive state guarantees for private credit. This kind of deal is quite realistic. But we are also silent here.

We are totally reluctant to understand that everything must be paid for, including our crisis situation. Yes, of course it will mean increased debt. Yes, this is unpleasant. But it is also necessary to pay for folly. So that on the one hand it would be paying for folly, while on the other it would be the only way for the leadership to show a little more charity and sympathy for our people.

I see no real improvement for anyone. We shall not avoid unemployment or the closure of many enterprises or declining output. The only form of compensation that people would accept is if they could use their own money to buy everything they wanted. Of course, for those who have little money it would be unpleasant to have to twist and save and earn it. But it would also be useful in stirring them to action. For the next several years I see improvement in no other way. But this, too, is not in the anticrisis program.

Just as much else is not there. It is fine to announce that we are moving toward a convertible currency. However, the question is, how will we turn our rapidly devaluing wooden rubles into hard currency? The government is offering nothing concrete here either. And then there is the constant caution about whether we are building capitalism or socialism. Everything here is demagoguery. Why?

In general, sometimes it is because of ideological fear (what do Petrushenko and the leftist radicals say?), sometimes because of an inadequate understanding of the seriousness of the problem, of which I also suspect Pavlov and his cabinet, sometimes it is perhaps because of inadequate skills, but one way or another there is in Pavlov's program no answer to the question of how we move toward a civilized economy. This is all a deep secret which, I fear, holds nothing but misfortune.

'Third Way' to Economic Recovery Proposed

914A0789A Moscow SOVETSKAYA ROSSIYA
in Russian 28 May 91 First Edition p 2

[Article by V. Parfenov: "Rating for a Machine-Operator: Scientists and Practical Workers Propose a Model for a Way Out of the Economic Crisis"]

[Text] For the economy, the past year was the worst for the entire post-October history. This is especially evident in the example of Moscow—for the first time the capital has so catastrophically failed in the plan: during the year about 20,000 apartments have been lost. Since during the summer and fall of the past year, at the direction of

the Moscow City Soviet, they turned working Moscow's back to the village, feed, potatoes and vegetables were clearly not harvested in the area around Moscow.

But against what background did all of this happen? The supporters of the transition to total private enterprise, at crowded squares and from the pages of the "democratic" press, have loudly trumpeted about the "privileges of the partocracy" and have called for finally putting an end to this evil. However, coming to power in a number of republics and cities, they have introduced still greater "feeding-troughs" for themselves.

Today more and more people understand: society does not need demagogues or specialists to shatter and destroy, but minds capable of finding a practical way out of the blind alley. And there are such people in the country.

From the present position of society, they are convinced, there are three roads. The first is to take no steps at all and to perish. The second path is a long road, a curve which goes off to the right, leading backward, into an era of capitalism of the time of Adam Smith, where unemployment, the impoverishment of the majority and wealth only for a very small part of the population await the country. It is precisely to this path that the shady operators, who dream of waking up under capitalism already tomorrow, are trying to shift Soviet society.

Some Western Sovietologists, permanent "consultants" of some people's deputies who frequently visit the West, also are pushing us skillfully into this way back. For example, the chairman of the Moscow City Soviet, G. Popov, after one of his regular trips across the ocean, in a discussion with the editor-in-chief of MOSKOVSKIYE VEDOMOSTI, told in detail about what he discussed with the director of the United States departments that concern themselves with our country. "Among them," he says, "were specialists from the Ministry [as published] of Defense, from the State Department, and from the CIA, people who are formulating American policy." Further he reports that he asked the United States for funds to develop the private sector of the economy. It would make sense, the applicant underscored, for the loans to go primarily for the formation of new, non-state sectors of the Soviet economy, and into those regions which are under the control of democratic forces, where the aid would be used more effectively. You can't put it more clearly, as they say.

The path of our country in the footsteps of capitalism is attractive to the West because it automatically distances the USSR from the developed countries, leaving us behind for many decades and perhaps even for a century. However, our people will hardly agree with this. All the more so because it has its own road—a third path, which is being proposed by a group of patriotic scientists and practical workers. Among them are the specialist in management and cybernetics L. G. Malinovsky, one of the institute directors from Penza, V. A. Sokolov, a professor from Kharkov, A. V. Dabagyan, an economist

from Dnepropetrovsk, P. I. Zuyev, a scientist from the capital's State All-Union Scientific Research Institute of Tractors [NATI], I. G. Aleksandrov, a Kharkov professor, N. E. Ternyuk, and others. Are many readers familiar with their names? But then the names of journalists, far removed from the practical economy, are heard in our country every day.

What practical steps to a way out of the crisis are being proposed? Above all, we must add to our armory genuine material interest and effective economic stimuli for work. Material interest will make it possible to get rid of the pressure on the man of labor from above. It is important to distribute the wealth created by labor exclusively on the basis of the results of work. The misfortune of the State Committee for Labor and Social Problems lay in the fact that for decades it conducted and supported distribution on the basis of posts and titles, established wage rates and salaries unrelated to the results of work, and put up with wage-levelling and illicit pocketing, with payment for coming to work. In these conditions, the wage funds came into contradiction with the real growth of productivity and the quality of labor. In essence, antistimuli to conscientious and skillful work have been operating in our country up to now, in many there virtually developed an allergy to any sort of work.

But if there are no motives to work, there is no efficiency. If this pertained only to some workers, one could accept it, but when such inclination encompasses 140 million workers, the lack of interest to work grows into a threatening phenomenon for society.

In order for work incentives to become the norm of life, of course, we must first of all change the system of property relations. This aspect of market relations moved to the foreground in the program of the USSR Cabinet of Ministers. But only those who use it can become co-owners of collective property. Then property does not fall into hands of the mafia and the corrupted structures of power. No superstructure may command and dispose of the fruits of labor, just like no one among those not working in a given enterprise cannot become a shareholder or stockholder of the given property.

The scientists are calling special attention to the reduction of expenditures, including for management. For this, above all, it is necessary to destroy the hierarchical pyramid now engaged in distribution. As a result, the country will release for productive labor tens of millions of men and thereby sharply increase the national income without additional resources.

We by no means have to return to capitalism in order to break the faulty link of the growth of wages with the level of material resources in production. Now such a link is ruining us: the more the enterprise plans, and then spends metal, cement, fuel, and power, the higher the total ruble turnover of production, and the greater the wages of the factory workers. And it is no coincidence, our country expends per unit of national income 4.5 times more fuel than the United States and 6.8 times

more than Japan, where the profit of firms grows not with the growth of expenditures, but with their reduction. And, indeed, is it necessary to put an end to socialist choice in order to introduce a new, reverse link: to make the growth of people's wages dependent on the reduction of labor expenditures and, thus, incidentally, on the prices for products.

Elements of such approaches to the matter, progressive stimuli to work have already been tried in practice in our country. This is what the new property relations and payment according to the results of work are giving to the collective of a large industrial association. The collective of the Cherkassy Rotor Scientific Production Association, where A. I. Chabakov is director, after five years of work in the new way, production output has increased. . . by a factor of 15! And this happened in the USSR, and not in the conditions of the vaunted capitalism.

Perhaps, this is a fortuitous case? Then, please, one more example from the practice of the Moscow Repair and Construction Administration, which is directed by the engineer and economist A. A. Sokolov. Already half a year after they introduced a just distribution of income on the basis of final results—in accordance with the "labor rating" of every worker—income in the subdivision increased by 30 percent, labor productivity—by 35 percent. There were no more absences and drinking bouts; cadre turnover has disappeared. And there are such examples in many other industries. It is a pity that our super-politicized press has forgotten about the economy and does not notice the shoots of the new, but for the most part destroys these shoots with the roller of contempt for everything domestic.

We do not have one enterprise which was brought to ruin because of interrupted deliveries based on contracts, although there exists a decree of the USSR Council of Ministers, which obligated, in the case of the delay or interruption of the delivery of products, to pay the consumer a forfeit in the amount of 50 percent of the value of the resources undelivered by the deadline. But the document is not effective because the USSR State Board of Arbitration and the USSR State Committee for Material and Technical Supply, as they see it, "do not hit a man when he is down," release unprofitable plants from the payment of forfeits. With such false pity to the carefree and weak, as the director general of the Start Scientific Production Association, A. Mikhaylov, noted, there is no high tension of responsibility in the economic chain.

Only a team formed by the president of the USSR of people with a profound knowledge of production can lead the country along the third path. We have had enough of advisers, who have not seen plant shops and know about the life of workers and peasants only from newspaper articles and dissertations. To raise people to creative affairs, it is necessary to arm them with a simple and clear idea: even without a transition to capitalism, the country may become a flourishing state. We must

become transformed into genuine masters of production—and conduct business as carefully as our women and mothers conduct business at home.

But for this, we repeat, it is necessary to revive economic interest in millions of workers and to grant the full opportunity to workers, peasants, specialists and scientists to dispose of the fruits of their labor.

Results of Local Self-Government, Economy Law Discussed

914A0806A Moscow IZVESTIYA in Russian
31 May 91 Union Edition p 2

[Interview with N. Pivovarov, chairman of the Committee for State Construction, by Igor Karpenko: "A Law Which Works...."]

[Text] In June the country's Supreme Soviet will mark the second anniversary of its activities. This will include yet another recently crossed significant line: more than 100 laws were drafted and passed. Even by taking nothing but this aspect of the work of parliament into consideration, this would indicate a tremendous amount of work. Yes, the majority of such laws are still inactive, and the talk of the town has become a "war of laws." However, it is impossible to ignore their direct influence on the democratization of society and on laying the foundations of a law-governed state.

Among them, the Law on the Common Principles of Local Self-Management and Local Economy in the USSR clearly emphasizes the fact that for a full year now it has been truly working, not clashing but fruitfully cooperating with republic laws. What is the secret of its efficiency and has it withstood the test of time? This topic is discussed with IZVESTIYA's correspondent by N. Pivovarov, chairman of the Committee for State Construction.

[Karpenko] Nikolay Dmitriyevich, I have heard from many deputies that even if your former Committee on Problems of the Work of Soviet of People's Deputies, the Development of Management and Self-Management had drafted nothing but that law, it would have fulfilled its purpose. Nonetheless, the Law on Local Self-Government had a difficult time in passing. It required even a third reading of the document. Actually, why was an alternate draft of the law necessary?

[Pivovarov] When the deputies were given the draft law, which had been prepared by the government commission, the initial impression was that this was precisely what we needed. However, the moment we began to closely look at each of its individual articles, we saw a number of items which had been included in the rules of local soviets for decades and were nothing but mere statements. Above all, one could see within them the principle of command and diktat from "above." We too, in the committee, believed that the local soviets, by virtue of the spirit and nature of their activities, were leaning above all toward democracy and glasnost. The

very word "soviet" comes from "seeking advice," consulting with the voters and resolving problems jointly with them instead of giving orders. This is the main difference in the approach to the role played by the local soviets, which predetermined the need for another variant of the draft, which would have been the first of its kind in the experience of the country's Supreme Soviet. However, the work on the law turned out difficult and took almost a full year.

What was the nature of our committee at that time? It was a group of specialists from factories and fields, from all different services, people who had gone through the difficult stages of the electoral struggle and the meetings but who, for the first time, were dealing with legislative activities. All of us were beginning from scratch, from the level of high school students.

[Karpenko] Forgive me, Nikolay Dmitriyevich, but this was, generally speaking, typical of the entire parliament. Each draft law requires special knowledge and full and objective information. The time of the encyclopedists is long gone. It is no accident, for example, that the U.S. Congress, which consists exclusively of professional politicians, has its own strong apparatus of nearly 33,000 most highly skilled and highly paid specialists. The Americans are not likely to be wasting that kind of money. They simply realized that it was more profitable quickly and accurately to resolve any problem not on the high school level but on the academy level, thus eliminating any departmental influence. Our parliament, in turn, is simply unable to perform governing functions without its own qualified and independent machinery.

[Pivovarov] I agree. The parliament must have its own skilled and competent machinery and full and accurate information. I have always believed, and still do, that administering the state and drafting laws should be the exclusive prerogative of those who have exhaustive and objective information required for analytical purposes: whether a system is functioning or not and whether its laws function right now, at the present time.

Therefore, we needed a whole year to draft an alternate project, the democratic concept of which had been accepted "by acclamation." A difficult situation appeared, however, during the second reading: a jointly approved concept of the draft, when given a specific content, met with strong opposition. We were not even supported by many of our parliamentary colleagues: four committees were against. A serious struggle, if this is the right expression, began with the Ministry of Finance and the government: by losing some of the funds which were to go to the local soviets they, naturally, also lost some of their power. Nor did we find an understanding among many heads of republics and economic managers. We had to prepare ourselves for a third reading, which was a first in our parliamentary practices. We did this thoroughly and in the course of the discussions did not abandon a single essential concept. We were able to

convince all of our opponents of the need for precisely the role and status of the local soviets which had been included in the draft law.

The best proof of the fact that we did not err in the choice of the basic concepts is the fact that literally throughout the entire country the local soviets began to make extensive use of many of the stipulations of the Union law without waiting for the passing of similar republic laws.

[Karpenko] Which of the stipulations would you list first? This is interesting for the very reason that, obviously, it is precisely they that were especially needed by the local soviets in order to assert their authority in the various areas and, therefore, it is precisely they that determine the efficiency of the operational mechanism of the Law on Local Self-Government.

[Pivovarov] The main idea of the law is the formulation of principles which make possible the real involvement of the people, the population, in managing its territory and ensuring to this effect the necessary independence of the soviet. This is based on financial independence and guaranteed sources of income for the local soviet budget and a mechanism which allows the procurement of additional funds for the normal life and socioeconomic development of the territory. The rest entirely depends on the skill with which the soviet uses its authority.

The local soviets immediately made use of the new opportunity to shape their own structure and personnel and to adopt their own plan and budget. During the past year, the soviets and their executive committees were able to establish quite accurately the sources for budget revenue that they could use and more useful way of spending their revenue. In the past, each budget item had to be set "from above." Now the hands of the soviets have been untied. Although for the time being the budget has been reduced, they have the right to handle 90 percent of it and use the available funds where they could be of greater benefit to the people. Also of great importance to local self-government is the independent use of budget surpluses and the possibility of using various forms of nonbudget revenue, including some in foreign currency. In short, let me reemphasize this, the law provides for a real opportunity for decisively strengthening the power of the local soviets.

[Karpenko] Nikolay Dmitriyevich, any law, regardless of how good it may be, can work only within an overall system of the country's legislation, consistent with the other legal acts, not only those of the Union but of the republics as well. In this case, that same problem of parliamentary supervisory functions arises.

[Pivovarov] We occasionally hear it said that the Law on Local Self-Government actually started the "war of laws," and the "parade of sovereignties." This is erroneous and legally illiterate. The jurisdiction of the Union and the republics is what determines the other laws. Ours applies strictly to the soviets from the rural to the oblast (kray) levels—the local soviets. I can confidently state

that the law was welcomed by the republics and became the foundation of their legislation on local self-government. Such laws have already been passed in the Ukraine, Belorussia, Kazakhstan, Tajikistan, and Kyrgyzia. The Union law also is fully consistent with similar laws passed in Lithuania, Latvia and Estonia.

The republic laws uphold the fundamental principles of the Union law related to the autonomy of the soviets and problems of demarcating among the jurisdictions of soviets on different levels, problems of forming the local budgets and many other.

Furthermore, some republics have developed these principles and advanced even further. That is precisely what we were hoping for! For the very form of the law: "On Common Principles of Local Self-Government" inevitably relied on the creative nature, the priority of sovereign republics in formulating the law's specific stipulations.

Naturally, the standards set with the Law on Self-Management will concretize the other laws as well, the laws on ownership, demand, enterprises, taxes, and many other. For example, we had to fight hard even the committees, not to mention the Ministry of Finance, for the income tax to remain at the disposal of the local soviet and become part of its budget. It was obvious for the taxpayer to know exactly where his money goes and feel in practical terms the link between the tax and the solution of specific social problems in his area and the well-being of the population. However, it was difficult to persuade of this fact those who were losing some funds and power as a result of such redistribution.

So far, however, the problem of assigning communal ownership: the question of to whom and how much of such ownership should be granted, and who would manage it has remained unresolved, although the committee heard, on three occasions, the government's reports on this matter. You accurately raised the question of control. According to our stipulations, the Gosplan [State Planning Committee] and many ministries and departments—finance, justice, etc.—reported to the committee. Let me frankly say that without this, matters would not have advanced.

[Karpenko] Nikolay Dmitriyevich, as you yourself said, even a committee of the country's Supreme Soviet has difficulties in defending its views as it surmounts the opposition of departments; what could a low-level local soviet use to oppose a department, a low-level soviet which, furthermore, frequently has to go begging for funds the director of a large enterprise or kolkhoz? As in the past, the departments consider themselves masters of their territory and of its natural wealth and resources. This, actually, is the main reason for the "war of laws" and the "parade of sovereignties." It is a protest against the omnipotence of the departments.

[Pivovarov] Once again we go back to the fact that power is simply not surrendered but must be fought for. Yes, everyone has become accustomed to the fact that the

ministry is the master of the situation. You may recall that our own government, for many long years, simply made it incumbent upon the economic authorities and the soviets and their executive committees, on an equal footing, to assist in the implementation of any departmental action. To this day, many ministries continue to act in the same style, by inertia. The Law on Local Self-Government defeats such a practice, for today no one has the right to build on the territory of a local soviet without permission, or even to expand existing production facilities on that territory. As you probably know, many people today not only use but sometimes even abuse this law. As to resources, naturally, in this case we must identify them by kind: which part is within the jurisdiction of the Union, what is at the disposal of the republic and what is at the disposal of the local soviet. Local resources—production waste, gravel, sand, clay, etc.—are left entirely at the disposal of the local soviets and yield to many of them tangible benefits.

[Karpenko] Here you have partially touched upon a question which I had to ask: the extent of the jurisdiction of the local soviets. We know that refusal on the part of the local authorities to obey not only the superior soviet but even the republic and the Union has become a usual phenomenon or even the rule. Even individual settlements tends to act like sovereign countries. The unified structure of the system has been destroyed not only "vertically" but also "horizontally." The soviets and their presidiums are engaged in waging a protracted war against their own executive committees. Could this be a case not only of the price one pays for democracy but also the result of some gaps in the legislation pertaining to the local soviets?

[Pivovarov] The essence of our law is clear from its name: local self-government, its principles and guarantees. The structure of the soviets, the demarcation of their jurisdictions by level and between representative and executive authorities must be determined through republic legislation, taking into consideration their distinguishing features, national traditions, etc. We deliberately avoided imposing on the republics our orders "from above," and violate their prerogatives and, if you wish, their sovereignty.

But here is something I would like to point out: the law on the general principles of local self-government is a law of the future. Yet it is based on the past, on our concepts of the soviets of yesterday. The deputies proved simply to be unprepared for its democratic norms professionally, economically and even psychologically. The idea of the full power to the soviets was welcomed in the localities with enthusiasm, although many were those who failed or were unwilling to notice that many of the law's stipulations emphasized another side: responsibility, the requirement of functioning within the framework of the constitutions of the Union and the republics and their laws.

In this case we also probably have some kind of "reaction" to the previous practices which had reduced the

role of the soviets to nothing: the deputies could be ordered by anyone, including their own executive committees. The new law gave a drastic impetus to the growth of independence and democracy, and to the broadening of their rights. Now, in turn, the soviets are rushing ahead and, through presidiums and deputy commissions, have begun to take over the functions of the executive authorities, functions which are extraneous to them. Hence local "twin power," and "tearing up" as well as open confrontation instead of real action. Yet another reason exists: the people have quickly realized that the power is in the hands of those who directly handle the resources, the budget and material values. By virtue of their nature, naturally such functions are more suited to the executive committees.

I believe that the local soviets and their presidiums should assert their power in a different manner: through the executive committee, by determining its membership and establishing and controlling the budget and making strategic decisions. After which, the executive committee should be granted total independence.

[Karpenko] I believe that we have come back to the question of jurisdiction from a different angle. Perhaps the present helplessness of the soviets is largely the result of our initial democratic elections. We chose our deputies on the basis of the old criteria and the old concepts of their role. Few people at that time realized that those deputies will have truly to manage the complex economic organism, and that under the conditions of a global crisis and a conversion to market relations. For the next elections the voters will have to adopt different criteria in assessing their candidates if they wish to live under normal conditions. But what if the soviets themselves do not undergo a major change?

[Pivovarov] Our poor soviets were bound to suffer from the very first steps after the revolution, both as a result of incompetent leadership as well as their own incompetence and unsuitable choice of cadres. I do not wish to insult anyone, and even less so my deputy colleagues. Today as well, however, this is the most pressing issue. The burden of any leader—kolkhoz chairman, plant director or party leader—is difficult to bear. However, everyone has his own collective, sector and specialization. In the case of a soviet, if it indeed holds real power, metaphorically speaking all of this hangs on its neck. Furthermore, the family is also the nucleus of any society. Our entire lives are linked to the soviet, from birth to death. This is a truly living organism with all of its cells and nerves. Yet to this very day we are unable properly to register a birth or bury someone properly.

You know, whatever democratic restructuring we may have undertaken and whatever outstanding laws we may have passed in parliament, they are implemented, they become alive only there, on the level of the local soviets. This means that even the best manager must address himself to the soviet. Furthermore, if an official adopts a formalistic attitude toward the people, if he does not like

them, he would be of no use to the soviet, however intelligent or qualified he may be.

I categorically disagree with those who do not find today a good word to say about the present soviets. All we hear is that this or that is not the way it should be, they are nothing but a word shop, and that they are rostrums for meetings. No, they have done their work, they have done a tremendous amount of work: they have brought to light all problems which must be immediately resolved by society and the state. Naturally, they are short of experience, knowledge and skill to resolve these problems, but this is their difficulty and not their fault. After the new elections, people who know and who can act will come to power, must come to power, and these will be people of action and they are bound to be given priority.

Nonetheless, I believe that we must preserve the soviets as the representative and executive powers. I am confident that, in principle, they are the most democratic form of government. All that we need, however, is to make this form more flexible and more efficient.

We furthermore need coordination and hierarchical subordination of soviets of all levels, for reality has strictly defined the existence of such a problem. This was also discussed at the Fourth Congress of USSR People's Deputies. Our committee as well was reorganized into a Committee on Governmental Construction. The name itself presumes that we shall have to resolve problems comprehensively, taking into consideration the various aspects of the work of the soviets on all levels. However, under such circumstances as well we must mandatorily observe the principle of not issuing commands.

[Karpenko] Obviously, the changes you are discussing should be reflected also in the legal acts. It is necessary to supplement the Law on Local Self-Government with regulations aimed at market relations, etc. Above all, it is necessary to find a mechanism for action for such laws, such as to guarantee their implementation. Otherwise we shall be unable to stop the swing of the pendulum of the soviet and the executive committee or put an end to the war of sovereignties and laws.

[Pivovarov] We intend to submit to the Supreme Soviet a proposal on strengthening the local executive authorities. The main idea of the proposal is to balance their rights and to "stop the pendulum," to use your graphic expression. We intend to introduce in the sixth article of the law an item to the effect that the executive and command authorities of the local soviets of people's deputies are structural parts of the agencies of state management and are independent in the exercise of their functions.

Reality has indicated that the law must include stipulations which deal with cases in which the local soviets may exceed their rights or else for annulling their resolutions which conflict with the constitutions of the Union and the republics or with laws and ukases issued by the president, as well as other legal acts promulgated by the superior state authorities. I believe that such

resolutions passed by local authorities must be unquestionably and promptly invalidated.

It is the law enforcement organs that are responsible for the observance of the laws in our country, for which reason in the localities as well we must activate our third, our judiciary branch. The prosecution and the court must be given the right to determine if any given resolution passed by a soviet is illegal and ask the superior soviet to abrogate it if it conflicts with the law. This is not a violation but a protection of democracy. In all countries the judiciary has such rights.

[Karpenko] That is very well but what if nonetheless the local soviet refuses to obey and insists on its "sovereignty?"

[Pivovarov] Logically, in such cases the law must stipulate the possibility of terminating the activities of the soviet before the expiration of its term.

State Arbitration Views Contract, Goszakaz Unfulfillment

914A0861A Moscow *EKONOMIKA I ZHIZN*
in Russian No 15, Apr 91 p 7

[Interview with Vladimir Nikolayevich Isaychev, USSR first deputy chief arbiter, by V. Khrebtov: "Who Is Granting Amnesty to Whom When Delivery Contracts and Goszakaz [State Order] Fulfillments Are Broken?"]

[Text] *From the end of last year right up to the present time the editors of EKONOMIKA I ZHIZN have been receiving letters which report with wrath and pain the refusal of certain enterprises to extend the traditional economic contracts for the delivery of raw materials and sets of items to the year 1991.*

The editors of EKONOMIKA I ZHIZN requested V. Isaychev, USSR first deputy chief state arbiter, to comment on this situation.

[Isaychev] Indeed, the situation which has evolved is an extraordinary one. Whereas, for example, previous contract campaigns have been completed basically by the beginning of the fiscal year, then, for example, as of 7 January 1991, the volume of concluded contracts amounted to only 79 percent, and by the beginning of the last 10-day period in February—to only 86 percent. For example, enterprises in the industrial sectors refused product deliveries to their partners in a total amount of more than 100 billion rubles, including 41 billion rubles for state needs. Contractual relations on many types of items have not been legally formalized by enterprises in the machine-building, chemical, and timber industries.

Materials handled by the state arbitration organs attest to the substantial shortcomings which took place during the period of the 1990 contract campaign. Despite the ukases adopted by the President of the USSR on the need to stabilize economic ties and prevent production disorganization, many enterprises have unjustifiably

refused to legally formalize their contractual relations with their customers, reduced volumes, and changed the products list.

[Khrebtov] In the final analysis, all this cannot help but affect the financial and economic "health" of individual enterprises, as well as the national economy as a whole. In connection with this, Vladimir Nikolayevich, the following question arises: Was provision made in the ukases issued by the President of the USSR for strict, legal regulation of the relations arising when contracts are concluded?

[Isaychev] That's the whole point, i.e., that the situation which has evolved is to be explained, in large measure, by the defects in legally regulating the process of formalizing the contractual ties involved.

For example, the Ukase issued by the President of the USSR on 27 September 1990 was unfulfilled, to a large extent, due to the lack of a precise mechanism for implementing it. Moreover, in October a decree of the USSR Council of Ministers was adopted touching upon measures for ensuring the implementation of the above-mentioned Ukase. But it partially contradicted the latter, and this introduced a considerable amount of bustle and turmoil into the contract campaign. Furthermore, poor procedural practice in distributing state orders and in issuing limits on the centralized allocation of material and technical resources further complicated the situation with regard to concluding delivery contracts for 1991.

[Khrebtov] But how can state orders be fulfilled if there are neither resources nor contracts for delivering them?

[Isaychev] It is precisely for this reason that certain enterprises have begun to dispute the legality of state orders themselves.

There have also been discrepancies of another kind. For example, USSR Gosplan [State Planning Committee] introduced to the Ministry of the Defense Industry for 1991 an assignment to procure and turn over scrap metal for state needs without taking into account the significant reduction of metal consumption at enterprises in connection with production conversion. More than 100 analogous lawsuits are now being examined and considered at the USSR State Board of Arbitration.

[Khrebtov] But, you know, republic-level state orders are also being introduced nowadays.

[Isaychev] Alas, they have even further complicated the contradictions connected with formulating and fulfilling plans. The legislation of certain republics provides for the priority right of products deliveries to enterprises situated on their territories with respect to republic-level state orders. Such a priority was proclaimed, for example, in the RSFSR Law entitled: "On Economic Ties in 1991." This law states that orders, including those specified by the USSR Council of Ministers, shall be carried out after the implementation of republic-level state orders, as well as those orders which provide for the

balanced development of enterprises and organizations situated on the territory of the RSFSR.

According to the republic-level legislation, the ispolkoms of kray and oblast level soviets of people's deputies shall have the right to set up for enterprises and organizations situated on their territories orders for delivering products for local needs. Moreover, it is specified that—in the interests of stabilizing their work—enterprises and organizations shall have the right to retain for themselves a portion of the products being turned out for ensuring deliveries by direct ties.

As a result, the volumes of republic and oblast level state orders, as well as those which remain at the disposal of the enterprises, are added to the volumes of products for state needs. Thus, a situation has evolved in which there is a lack of the necessary resources to retain the developed ties or links for the current year; whereas, on the other hand, the capacities have become overloaded.

For example, based on USSR Gosstab [State Committee for Material and Technical Supply] data, in the RSFSR the republic-level state order, adopted as a supplement to the Union-level state order, created a significant overloading of the capacities for many types of products. The sum total of the republic- and Union-level state orders exceeded the enterprises' plans as follows: for oil pipeline pipes—by 150 percent, for rolled pipes—by 115 percent, for telephone cable—by 150 percent. On the whole, the excess of Russia's state order occurred with respect to 200 basic types of products, including those such as rolled ferrous metals—7.7 million tons, and petroleum—4 million tons.

[Khrebtov] But, Vladimir Nikolayevich, the most sensitive nerve of our economic life today is the "war of laws," the parade of sovereignties, the confrontation between opposing ambitions....

[Isaychev] Alas, the contradictions in the legal regulation of economic relations between the Union's legislation and that of certain republics are complicating this matter to a considerable extent. The state organs of the Union republics are too often refusing to implement the All-Union laws and other acts as parts of the evolved economic ties to be retained in 1991. At times they make attempts to put these laws into effect only after they have been ratified by the parliaments of their republics. Such a practice, unfortunately, has evolved in Russia as well.

For example, the RSFSR Law entitled "On Providing the Economic Foundation for the RSFSR's Sovereignty" grants this republic's Council of Ministers the exclusive right to determine and specify the procedures for licensing and setting quotas for goods and services to be imported into or exported from its territory. Analogous laws have been adopted by the Supreme Soviets of the Ukraine, Belorussia, and several other republics.

In order to correct this situation—if only to a certain extent—during the period from September 1990 through

January 1991 alone organs of the State Board of Arbitration examined and considered more than 8,000 disputes connected with refusals to conclude economic contracts, and they fined the guilty parties about 1.3 million rubles.

[Khrebtov] So little?

[Isaychev] Unfortunately, the organs of the State Board of Arbitration do not always have the opportunity to apply property-type fines. Thus, for example, during the course of last year the government of the USSR and the deputy chairmen of the USSR Council of Ministers on many occasions adopted decisions to relieve delivery-type enterprises, wholesale-supply, and contracting organizations of the need to pay fines for shortfalls in their deliveries of products and goods, as well as for their failure to fulfill their obligations with respect to contract agreements. In all, the USSR Council of Ministers issued 13 orders regarding these matters, whereas the deputy chairmen issued 17 such directives. It was proposed more than 140 times that the USSR State Board of Arbitration examine and consider such matters at its own sittings.

And such decisions are adopted quite frequently even today. For example, at the beginning of this year, upon a proposal made by V. Gusev, a deputy chairman of the USSR Council of Ministers, a decision was adopted with regard to relieving many enterprises and associations of the need to pay fines for shortfalls in their contractual deliveries of raw materials and other materials for producing synthetic cleansing agents [i.e., detergents]. Need we point out that such a practice, to put it mildly, is not in accordance with the basic principles of our country's existing legislation?

[Khrebtov] In your opinion, what kinds of measures could facilitate the most rapid possible stabilization of the economy and its conversion or transition to market-type relations?

[Isaychev] First of all, we need to determine and specify measures which would economically motivate enterprises to carry out their own contractual obligations, particularly with regard to inter-republic deliveries and for nationwide needs. I think that it would be feasible to provide for tax privileges among such measures. In case enterprises fail to fulfill their contractual obligations regarding deliveries of products for nationwide needs, we should probably reduce for them, as well as for the territories on which they are situated, the limits on resources to be distributed in a centralized manner.

It would likewise be feasible to set up a unified or integrated system for placing orders; a single organ which would have access to the enterprises. In my way of thinking, we should also set up such a procedure with regard to issuing limits on centrally distributed resources.

And, of course, we need to evaluate at the highest level the practice of bans and restrictions placed on products

deliveries beyond the bounds of territories. I think that this matter ought to be examined by the Federation Council.

In short, the legal regulation of reciprocal relations between economic subjects needs a radical improvement. And the time periods for, as well as the level of, stabilization for the country's entire national economy depends on how effectively and well it is to be carried out. I'd like to believe that these problems will be solved as soon as possible.

Law on Economic Arbitration Published

914A0820A Moscow IZVESTIYA in Russian 6 Jun 91
Union Edition pp 3-5

[Text of "Law of the USSR 'On the Procedure of Settling Economic Disputes in the USSR Superior Court of Arbitration'"]

[Text]

Chapter I. General Provisions

Article 1. Legislative Enactments on Procedure of Settling Economic Disputes in USSR Superior Court of Arbitration

The USSR Superior Court of Arbitration will settle disputes in conformity with the USSR Law: "On the USSR Superior Court of Arbitration" and with this law. Special provisions pertaining to the settlement of certain types of disputes may be recorded in legislative enactments of the USSR.

Article 2. Right To Petition USSR Superior Court of Arbitration

Enterprises, establishments, and organizations, including kolkhozes, private and joint ventures, and the international associations of organizations of the USSR and other countries (hereafter referred to as organizations) registered as legal entities will have the right to petition the USSR Superior Court of Arbitration in defense of their violated or disputed rights or legitimate interests in accordance with its official jurisdiction.

State and other organs and other individuals (hereafter referred to as organizations) will also have the right to petition the USSR Superior Court of Arbitration in the cases envisaged in legislative enactments of the USSR and the republics.

The right to petition the USSR Superior Court of Arbitration cannot be revoked.

Article 3. Institution of Proceedings in USSR Superior Court of Arbitration

The USSR Superior Court of Arbitration will institute proceedings at the request of the following:

—concerned organizations;

- state and other organs;
- the procurator general of the USSR or his deputy petitioning the USSR Superior Court of Arbitration on behalf of organizations.

Article 4. Settlement of Economic Disputes in Arbitration Court

Disputes will be settled in the arbitration court by one or three judges of the Arbitration Collegium for the Settlement of Economic Disputes.

Article 5. Arbitration

The arbitration court will help the parties reach an agreement and will issue a ruling in accordance with this agreement. If the agreement between the parties is contrary to law or the actual circumstances and facts of the case, the arbitration court will not be guided by this agreement when it issues its ruling.

Article 6. Independence of Judges and Their Subordination Only to the Law

When judges settle economic disputes, they will be independent and will be subordinate only to the law.

Article 7. Equality of Parties

The settlement of economic disputes in the arbitration court will be conducted on the basis of the equality of organizations before the law and the court, irrespective of their departmental jurisdiction, location, forms of ownership, and other circumstances.

Article 8. Public Access to Settlement of Economic Disputes

The settlement of disputes in the arbitration court will be open to the public, with the exception of cases in which this could jeopardize state or commercial secrets.

Article 9. Language of Arbitration Proceedings

Arbitration proceedings in the USSR Superior Court of Arbitration will be conducted in the Russian language.

Representatives of the parties and other participants in the arbitration proceedings who do not speak Russian will have the right to seek the assistance of an interpreter for familiarization with all of the case documents and participation in the arbitration hearing.

Article 10. Legality and Validity of Rulings

The ruling of the arbitration court must be legal and valid.

Article 11. Legislation Used in Settling Economic Disputes

The USSR Superior Court of Arbitration will settle disputes on the basis of the Constitution of the USSR, other laws of the USSR, laws of the republics, agreements between the USSR and the republics, multilateral

and bilateral treaties and agreements between republics, and international agreements.

If the USSR Superior Court of Arbitration learns in connection with the settlement of a dispute that an official instrument of a state administrative organ or the resolution of a local government agency or its executive or directive body is inconsistent with the Constitution of the USSR, the laws of the USSR, republic constitutions, republic laws, and other laws enacted by supreme governing bodies within the limits of their jurisdiction, it will make its decision on the basis of the Constitution of the USSR, the laws of the USSR, republic constitutions, republic laws, and other laws enacted by supreme governing bodies of the USSR and republics.

The USSR Superior Court of Arbitration will apply foreign legal standards in accordance with the law.

In the absence of legislation pertaining to the dispute, the arbitration court will base its ruling on laws pertaining to comparable cases.

Article 12. Verification of Legality and Validity of Rulings and Revision of Rulings

The verification of the legality and validity of rulings and the revision of rulings will be conducted in the cases stipulated by this law.

Article 13. Entry into Force of Ruling and Its Compulsory Nature

The ruling of the arbitration court (ruling, judgment, or order) will go into force soon after its issuance. The ruling will be binding for organizations and their officials throughout the territory of the USSR.

Chapter II. Jurisdiction over Economic Disputes

Article 14. Jurisdiction of USSR Superior Court of Arbitration Over Economic Disputes

The USSR Superior Court of Arbitration will settle disputes arising during the conclusion, amendment, rescission, and fulfillment of contracts or at other times (with the exception of disputes which are to be settled by other agencies in accordance with legislative enactments of the USSR):

- 1) for the invalidation (complete or partial) of nonnormative instruments of governing bodies of the USSR and their all-union agencies that do not agree with law and violate the rights and legal interests of organizations;
- 2) for the reimbursement of losses incurred by organizations as a result of the publication of nonnormative instruments inconsistent with the law and violating the rights and legal interests of organizations by governing bodies of the USSR and other all-union agencies or as a result of the improper performance of duties by these agencies;

3) for the settlement of disputes arising in connection with economic agreements between union and republic administrative bodies and republic administrative bodies;

4) for the settlement of disputes arising in connection with the development and delivery of arms and materiel;

5) for the settlement of disputes arising between organizations located in different republics when this is envisaged in agreements between republics;

6) for the settlement of other disputes connected with the application of laws of the USSR and assigned to the jurisdiction of the USSR Superior Court of Arbitration by legislative enactments of the USSR or international agreements.

The USSR Superior Court of Arbitration will be empowered to investigate disputes between organizations, irrespective of their departmental jurisdiction, location, and forms of ownership, in the presence of a written agreement between the parties on the transfer of existing disputes or possible future disputes to its jurisdiction.

Article 15. Transfer of Jurisdiction over Economic Disputes to Arbitral Tribunal

The organization will have the right to transfer a dispute under the jurisdiction of the USSR Superior Court of Arbitration to the jurisdiction of an arbitral tribunal.

Chapter III. Participants in Arbitration Proceedings

Article 16. Body of Participants in Proceedings

The participants in the proceedings may be the following: the parties, third parties, the procurator, state and other organs taking part in the proceedings in connection with their official duties, and petitioners in cases involving the invalidation of administrative instruments.

Article 17. Rights and Obligations of Participants in Proceedings

Individuals participating in the proceedings will have the right to read the documents of the case, take notes, make copies of them, issue challenges, submit evidence, participate in investigations of evidence, take depositions from participants in the arbitration proceedings, apply for motions, plead the case orally or in writing to the arbitration court, present their conclusions and observations on all of the questions arising during the arbitration proceedings, object to the motions, conclusions, and observations of other parties involved in the proceedings, issue appeals for the verification of the legality and validity of arbitration court rulings, and exercise other procedural rights granted to them by this law.

Individuals participating in the proceedings will be obligated to exercise all of their procedural rights conscientiously.

Article 18. Parties in Arbitration Proceedings

The parties in arbitration proceedings—the plaintiff or the defendant—can be organizations with the status of legal entities, irrespective of forms of ownership, and other persons eligible by legislative enactments of the USSR and republics for the defense of their rights and interests in bodies settling economic disputes.

The plaintiffs are the organizations bringing the action or the organizations in whose interest the action is brought. The defendants are the organizations against whom the action is brought.

The parties will have equal procedural rights.

Article 19. Participation of Several Plaintiffs or Defendants in Proceedings

An action may be brought jointly by several plaintiffs or against several defendants. Each plaintiff or defendant will have an autonomous relationship to the other party in the proceedings. Co-litigants may authorize one party to act for all in the proceedings.

Article 20. Involvement of Another Plaintiff or Defendant in Proceedings

In the presence of sufficient grounds, the arbitration court will have the right to summon another plaintiff or defendant to take part in the proceedings prior to issuing its ruling on an economic dispute in response to a motion by a party or on its own initiative.

The motion to summon another defendant may be allowed on the condition of the institution of measures for the voluntary settlement of affairs with this defendant. A defendant may be summoned on the initiative of the arbitration court without the institution of such measures.

A court order will be issued to summon a plaintiff or defendant.

Article 21. Procedural Succession

If one of the parties in a dispute or a case of an infraction stipulated in an arbitration court ruling should be retired as a result of reorganization, the arbitration court will replace this party with its successor and stipulate this in the ruling or a court order. Succession will be possible at any stage of the arbitration proceedings.

Article 22. Changes in Grounds or Subject of Action, Changes in Amount of Relief Demanded in Complaint, Withdrawal of Complaint, Admission of Complaint

The plaintiff will have the right to change the grounds or subject of the action or increase the amount of relief requested prior to the issuance of the ruling on the condition of the institution of measures for the voluntary settlement of the claim.

The arbitration court will have the right to change the grounds or subject of the action on its own initiative with the consent of the plaintiff irrespective of the institution of measures for the voluntary settlement of the claim.

The plaintiff will have the right to withdraw the complaint or reduce the amount of relief requested. The defendant will have the right to acknowledge all or part of the claim.

The arbitration court will not accept the withdrawal of the claim or the admission of the claim if they are contrary to law.

Article 23. Representatives of Parties

The representatives of the parties in the arbitration court will be administrators or deputy administrators of the organizations. The authority of these individuals will be corroborated by documents certifying their official status.

The parties may also be represented by other individuals. The authority of these individuals will be corroborated by the appropriate power of attorney from the organization.

Article 24. Third Parties Submitting Independent Claims in Connection with Subject of Dispute

Third parties submitting independent claims in connection with the subject of the dispute may participate in the proceedings prior to the issuance of the arbitration court ruling. They will have all of the rights and obligations of the main parties.

Article 25. Third Parties Not Submitting Independent Claims in Connection with Subject of Dispute

Third parties not submitting independent claims in connection with the subject of the dispute may testify on behalf of the plaintiff or defendant prior to the issuance of the arbitration court ruling if the ruling on the economic dispute might affect their rights or obligations in relation to one of the parties. They may also be summoned to take part in the proceedings by a motion filed by the parties or the procurator or on the initiative of the arbitration court. Third parties not submitting independent claims will have the procedural rights and procedural obligations of the main parties, with the exception of the right to change the grounds and subject of the action, increase or decrease the amount of relief requested, withdraw the complaint, admit the claim, or conclude an agreement or demand for mandatory compliance with the ruling.

The arbitration court will have the right to examine the initial complaint against the defendant and the defendant's claim for exoneration against a third party during the same set of proceedings without the issuance of separate requests or a complaint by the latter against one of the parties and to issue a ruling on the claim for exoneration.

Article 26. Participation in Arbitration Proceedings by Procurator

The procurator will participate in the arbitration proceedings in the event of the submission of a complaint to the USSR Superior Court of Arbitration by the procurator general of the USSR or his deputy in the interests of an organization and the acceptance of an appeal protesting an arbitration court ruling. The procurator will have the right to participate in the arbitration proceedings at any stage if the defense of the rights and legal interests of organizations should require this.

The procurator's dismissal of a complaint, reduction of the amount of relief requested, or modification of the grounds or subject of the action will not nullify the plaintiff's right to defend his initial request.

Article 27. Participation in Arbitration Proceedings by State and Other Organs Defending Rights of Other Parties

State and other organs may bring actions in defense of the rights and legally protected interests of legal entities or states in cases envisaged in legislative enactments.

The dismissal of complaints by these organs will not nullify the party's right to request an investigation of the case on its merits.

In cases envisaged by law, state and other organs may be summoned by the arbitration court to participate in proceedings or enter proceedings on their own initiative to present opinions on the case in the performance of their official duties.

Article 28. Participation by Representatives of Public Associations and Labor Collectives in Investigations of Economic Disputes

Representatives of public associations and labor collectives of the organizations party to the proceedings may take part in the investigation of the dispute by the arbitration court to present the opinions of the associations and collectives they represent on the matter in question.

Representatives of public associations and labor collectives will have the right to read the documents of the case, take part in the examination and investigation of evidence (except in cases when this would jeopardize state or commercial secrets), present evidence, state their own conclusions on all of the questions arising during the course of the investigation of disputes, and participate in elucidating the causes of violations of the law in economic relations, and will be obligated to exercise their procedural rights in strict accordance with the law.

The authority of representatives of public associations and labor collectives will be certified in decisions made by elected bodies of the public associations and labor collectives.

Chapter IV. Evidence**Article 29. Definition and Forms of Evidence**

The evidence presented in a case consists of the documented data used by the arbitration court in the procedure defined by law to establish the presence or absence of circumstances substantiating the demands and objections of the parties and other information of value in the correct settlement of economic disputes.

These data are established by the following means: documentary evidence and physical exhibits, the testimony of representatives of the parties and other individuals participating in the arbitration proceedings, and the conclusions of experts.

Article 30. Obligation To Substantiate and Submit Evidence

Each party must substantiate the circumstances serving as grounds for its demands or objections.

Evidence will be submitted by the parties and other participants in the arbitration proceedings.

Article 31. Relevance and Admissibility of Evidence

The arbitration court will examine only evidence pertaining to the case.

The circumstances of the case which must be corroborated by evidence by law must be corroborated by these means.

Article 32. Grounds for Canceling Substantiation Requirement

Circumstances defined as common knowledge by the arbitration court will not require substantiation.

The facts established in the ruling of an arbitration court (of another organ settling economic disputes) during the settlement of one economic dispute will not have to be substantiated again for the settlement of other disputes between the same parties.

A court ruling on a criminal case will be binding for the arbitration court settling a dispute in relation to questions about whether certain acts were committed and the parties responsible for their commission.

A civil court decision will be binding for an arbitration court settling a dispute in relation to facts established by the court and pertaining to the case.

Article 33. Documentary Evidence

Documentary evidence consists of records, letters, and other documents and materials containing information about the circumstances of the case and aiding in the proper resolution of the economic dispute.

Documentary evidence will be submitted in the original or a certified copy. If only part of the document is relevant to the case, a certified excerpt will be submitted.

Original documents will be submitted when the circumstances of the case must be corroborated only by these documents by law and in other necessary cases at the request of the arbitration court.

Article 34. Physical Exhibits

Physical exhibits consist of items which might serve as means of establishing facts pertinent to the correct resolution of economic disputes.

Article 35. Ordering Evidence

If the evidence submitted by the parties is insufficient, the arbitration court will have the right to order organizations, irrespective of their participation in the proceedings, to submit documents, reports, and conclusions needed for the settlement of the economic dispute or to arrange for on-site examinations of evidence.

The party or procurator requesting the ordering of evidence must stipulate the pertinent facts the evidence might establish.

The arbitration court will authorize a party to obtain this evidence from organizations irrespective of their participation in the case.

Article 36. On-Site Examination and Investigation of Evidence

The arbitration court may conduct the on-site examination and investigation of evidence if the submission of this evidence would entail difficulty.

The results of the examination and investigation of evidence will be recorded in a document signed by the judge and the representatives of the parties participating in the examination and investigation of the evidence. The document will be attached to the dossier of the case.

Article 37. Return of Documentary Evidence and Exhibits

At the request of organizations, the original documents in the dossier of the case will be returned to them after the economic dispute has been settled following the submission of certified copies of these documents.

Exhibits in the possession of the arbitration court after the dispute has been settled will be returned to the organization submitting it or transferred to the organizations acknowledged as the owners of these items in the ruling of the arbitration court.

Article 38. Testimony of Organization Officials and Other Personnel

Officials and other personnel of organizations may participate in the arbitration proceedings when they are summoned to give testimony on the circumstances of the economic dispute. These individuals will be obligated to appear in the USSR Superior Court of Arbitration when they are summoned, report all of the facts and circumstances known to them, submit written testimony at the request of the arbitration court, and answer the questions of judges and individuals participating in the arbitration proceedings.

Article 39. Appointment and Testimony of Expert Witnesses

The arbitration court will appoint experts to testify on matters requiring specialized knowledge during the investigation of economic disputes.

Participants in the arbitration proceedings will have the right to submit questions to the arbitration court for elucidation by experts. The final list of questions requiring expert elucidation will be recorded in a court order of the arbitration court.

The preparation of expert testimony will be entrusted to competent organizations or directly to specialists with the necessary knowledge. The experts will have the right to read the documents of the case and ask participants in the arbitration proceedings for additional information. If necessary, expert examinations will be conducted with the participation of the parties.

Article 40. Opinion of Expert Witness

The opinion of the expert witness must contain a detailed description of the investigation, the conclusions drawn from it, and substantiated answers to the questions of the arbitration court. The opinion will be submitted to the arbitration court in writing, and copies will be sent to the parties.

If the expert investigation establishes facts of value for the correct resolution of the economic dispute and the arbitration court has not asked questions about these matters, the expert opinion will include conclusions drawn from these facts as well.

In cases of insufficiently clear or incomplete expert opinions, the arbitration court may order an additional expert report.

If the arbitration court disagrees with the expert opinion, it may appoint another expert for a follow-up investigation.

Article 41. Evaluation of Evidence

The arbitration court will evaluate all evidence according to its own opinions, based on a thorough, complete, and objective investigation of all of the facts of the case, using the law as a guide.

No evidence will be automatically valid in the arbitration court.

The admission by one party of the facts and circumstances on which the other party bases its claims or objections will not be mandatory for the arbitration court.

The expert opinion will be discussed by the arbitration court in session and evaluated along with all other evidence in the case.

The arbitration court may reject the expert opinion and stipulate the reasons for the rejection in the ruling.

Chapter V. Costs of Arbitration

Article 42. Body of Arbitration Costs

The costs of arbitration will consist of the state fee and the charges for expert reports ordered by the arbitration court.

Article 43. State Fee

A state fee will be charged for the submission of claims and appeals protesting arbitration court rulings except in the cases stipulated in the laws of the USSR.

The amount of the state fee will depend on the amount of the claim.

Article 44. Payment of State Fee

The state fee will be paid or collected and deposited in the union budget in the manner and amount stipulated in the laws of the USSR.

If the amount of relief requested in the statement of claim is increased, the remainder of the state fee will be paid in proportion to the increase in the amount of the claim.

Article 45. Return of State Fee

The state fee will be returned in the cases stipulated in the laws of the USSR.

The ruling, decision, or judgment of the arbitration court will specify the grounds for the complete or partial return of the state fee.

Article 46. Calculation of Charges for Expert Reports

The cost of an expert report compiled for a fee will be set by the arbitration court in its ruling in accordance with the established rate for this kind of work and the amount of time spent on the report.

Expert witnesses will be reimbursed for travel and living expenses incurred in connection with their appearance in the arbitration court and will be granted the per diem allowance stipulated by law for official travel assignments.

Article 47. Distribution of Costs of Arbitration

The state fee will be paid:

- 1) in disputes arising during the conclusion, amendment, and rescission of contracts—by the party whose motions have been denied or by both parties if the arbitration court has denied some of the motions of each;
- 2) in disputes arising during the execution of contracts and for other reasons—by both parties, in proportion to the amount of relief granted.

If the proceedings have been made necessary by the improper actions of a party (the failure to respond to a proposal of a voluntary settlement, the failure of the plaintiff to provide the defendant with documents

required for a voluntary settlement, etc.), the arbitration court will have the right to charge the entire state fee to this party regardless of the outcome of the case.

After the plaintiff has been released from the obligation to pay the state fee in the prescribed manner, the fee will be collected from the defendant and deposited in the budget in proportion to the amount of the satisfied claim unless the fee has been waived for the defendant.

The arbitration court will reimburse the party in whose favor the case has been settled for the cost of the state fee at the expense of the other party even if this party has been released from the obligation to pay the fee.

The charges for expert reports will be paid by the defendant if the claim is satisfied, by the plaintiff if the complaint is dismissed, and by both parties if part of the claim is allowed, in proportion to the allowed amount of relief.

If an agreement between the parties envisages the distribution of arbitration costs, the arbitration court will make its decision in line with this agreement.

Chapter VI. Procedural Time Limits

Article 48. Establishment and Calculation of Procedural Time Limits

The proceedings will be completed within the time limits established by law. In cases in which these limits are not established by law, they will be set by the arbitration court.

The limits will be set as a precise calendar date, an event which must occur, or a period of time. In the last case the action may be taken at any time during this period.

Procedural time limits measured in years, months, or days will begin on the day following the calendar date or event marking their commencement.

Article 49. End of Procedural Term

A term calculated in years will expire on the corresponding month and day of the last year of the term. A term calculated in months will expire on the corresponding day of the last month of the term. If a term calculated in months ends in a month without the corresponding date, the term will end on the last day of that month.

When the last day of the term is not a working day, the term will end on the first working day following that date.

A procedural action for which a time limit has been set may be taken until 2400 hours of the last day of the term. If a statement of claim, response to a claim, petition for the verification of the legality and validity of a ruling, appeal for the review of a ruling, and other documents are mailed or wired before 2400 hours on the last day of the term, the statute of limitations will not apply.

Article 50. Suspension of Procedural Time Limits

All unexpired procedural terms will be suspended when proceedings are suspended. Procedural time limits will begin running again on the day the proceedings resume.

Article 51. Revival and Extension of Procedural Time Limits

At the request of the parties or procurator or on the arbitration court's own initiative, an expired term will be revived if the reasons for a default are ruled valid.

The restoration of time limits will be stipulated in a ruling, decision, or order of the arbitration court. A court order will be issued if the request for the revival is denied.

A party will have the right to petition for the verification of the legality and validity of this order. The time limits set by the arbitration court may be extended by the court at the request of a party or procurator or on its own initiative.

Chapter VII. Submission of Claim and Institution of Proceedings

Article 52. Initiation of Measures for Voluntary Settlement of Affairs

A dispute may be turned over to the arbitration court for settlement only after the parties have initiated measures for the voluntary settlement of the matter.

The proceedings in actions brought by a procurator will be instituted even if the parties have not initiated these measures.

Third parties will participate in the proceedings or be summoned to testify whether they have initiated measures for the voluntary settlement of their affairs with the main parties or not.

Article 53. Format and Content of Statements of Claim

The statement of claim will be submitted to the USSR Superior Court of Arbitration in written form and will be signed by the administrator or deputy administrator of the organization.

The statement of claim must stipulate the following:

- 1) the names of the parties; their mailing addresses;
- 2) the amount of the claim if damages are to be assessed;
- 3) the facts on which the request for relief is based, evidence supporting these facts, substantiated calculations of claimed or disputed amounts, and the laws serving as the basis for the submission of the claim;
- 4) information about measures taken for the voluntary settlement of affairs with each defendant;
- 5) the demand for relief; if the action is brought against several defendants, the demand for relief from each;

6) a list of the documents and other evidence attached to the statement of claim.

The statement of claim may also contain other information needed for the correct resolution of the dispute.

Article 54. Amount of Claim

The amount of the claim will be calculated:

—in actions for the collection of monetary sums—on the basis of the claimed sum or the disputed sum in accordance with an executive document or other document authorizing unconditional (absolute) collection;

—in actions for ownership rights and property claims—on the basis of the value of the property.

The cost of the claim will also include the penalties (fines and forfeits) listed in the statement of claim. If these sums are not listed, they will be set by the judge.

The cost of a claim consisting of several separate demands will be the sum of all the demands.

The cost of a claim in foreign currency will be calculated at the USSR Gosbank commercial rate of exchange of the ruble to foreign currencies.

If the cost of the claim is stated incorrectly, it will be set by the judge.

Article 55. Documents Attached to the Statement of Claim

The documents attached to the statement of claim will substantiate:

- 1) the initiation of measures for the voluntary settlement of affairs with each of the defendants;
- 2) the issuance of a copy of the statement of claim and the attached documents to the defendant;
- 3) the payment of the state fee in the prescribed manner and amount;
- 4) the facts on which the statement of claim is based.

A copy of the disputed document or a certified excerpt from it will also be attached to a petition for the invalidation of a document.

The draft contract will be attached to a complaint about coercion in the negotiation of a contract.

Article 56. Issuance of Copies of Statement of Claim and Attached Documents

Claimants bringing action must send other parties copies of the statement of claim and the attached documents if they do not have them.

Article 57. Consolidation and Separation of Several Requests for Relief

Several requests for relief may be consolidated in a single statement of claim if they are related by cause or by the evidence submitted.

The judge will have the right to combine several similar statements of claim or cases involving the same parties in a single set of proceedings and will stipulate this in a court order or ruling.

The judge accepting the statement of claim will have the right to institute separate proceedings for one or several of the consolidated demands if he feels that the separate investigation of the demands will be preferable.

Article 58. Response to Statement of Claim

The defendant will send out the following within 3 days after the receipt of the court order on the institution of proceedings:

To the arbitration court—a response to the statement of claim and all of the documents substantiating the objections to the claim;

To the plaintiff, other defendants, and the procurator in the arbitration proceedings—a copy of the response.

The response will be signed by the administrator or deputy administrator of the organization.

The response will stipulate the name of the plaintiff and case number; the reasons for the complete or partial refusal of the plaintiff's demand, citing the law and evidence substantiating the refusal of the demand for relief; a list of the documents attached to the response and other evidence (including evidence of the issuance of copies of the response to the plaintiff, other defendants, and the procurator).

Article 59. Submission of Counterclaim

Prior to the issuance of a ruling on the economic dispute, the defendant will have the right to submit a counterclaim for deliberation at the same time as the original claim. The counterclaim must be related to the original claim.

The submission of a counterclaim will be governed by the general rules of bringing actions in court.

Article 60. Refusal To Accept Statement of Claim

The judge will refuse to accept a statement of claim:

- 1) if the matter is not subject to resolution in the USSR Superior Court of Arbitration;
- 2) if the parties have concluded an agreement on the transfer of the dispute to an arbitral tribunal for settlement;
- 3) if an organ settling economic disputes is investigating a dispute between the same parties pertaining to the same subject and on the same grounds or if an organ of this kind has issued a ruling.

The refusal to accept a statement of claim will be recorded in a court order which will be sent to the parties and the procurator within 5 days after the receipt of the statement.

The documents pertaining to the claim will be attached to the order sent to the claimant.

The party will have the right to petition for the verification of the legality and validity of this order. If the order is set aside, the filing date of the statement of claim will be the date of its original processing in the arbitration court.

Article 61. Return of Statement of Claim

The judge will return the statement of claim and attached documents without considering it:

- 1) if the statement of claim is signed by a person not empowered to sign it or by a person whose official title is not indicated;
- 2) if the statement of claim does not list the names of the parties and their mailing addresses;
- 3) if evidence of the payment of the state fee in the established manner and amount is not submitted, with the exception of economic disputes arising during the negotiation of contracts;
- 4) if several demands for relief from one or several defendants are combined in a single statement of claim and the demands are not related by cause or by the evidence submitted;
- 5) if evidence of the issuance of a copy of the statement of claim and the attached documents to the defendant is not submitted;
- 6) if evidence of the initiation of measures for the voluntary settlement of affairs with the other party is not submitted;
- 7) if evidence of an attempt to collect an amount owed by the defendant from a bank is not submitted in cases in which these debts must be collected through a bank by law;
- 8) if notification of the settlement of the dispute is received from the plaintiff prior to the issuance of a court order on the institution of proceedings.

The judge will return the statement of claim within 5 days after its receipt.

The return of the statement of claim will not preclude its resubmission to the USSR Superior Court of Arbitration according to the regular procedure after the cause for return has been eliminated.

Article 62. Institution of Proceedings

The judge accepting the statement of claim will issue an order on the institution of proceedings and will send it to the parties and the procurator in the case. It will state the

acceptance of the statement of claim, set a date for the deliberation of the matter in the arbitration court, and state the time and place of the proceedings and the necessary preparations for the deliberation of the case.

The order will also be sent to other organizations if they will be requested to submit documents, reports, and conclusions or if their officials will be summoned by the arbitration court.

The order on the institution of proceedings will be issued in conformity with Article 81 of this law. The order will also stipulate the grounds for the institution of proceedings and the essence of the violation.

Article 63. Actions Taken by Judge in Preparation for Court Proceedings

To secure the correct and timely settlement of the economic dispute, the judge will take the following actions when necessary for the preparation of materials for court proceedings:

- 1) decide whether organizations not named by the plaintiff should be summoned to participate as parties in the proceedings;
- 2) exclude organizations which were not sent a proposal on the voluntary settlement of affairs from the list of defendants;
- 3) instruct the parties, other organizations, and their officials to perform certain actions (check calculations, conduct on-site inspections of evidence, etc.);
- 4) request the parties and other organizations for documents, reports, and conclusions needed for the settlement of the dispute;
- 5) decide whether expert reports should be ordered;
- 6) conduct on-site examinations and investigations of documentary evidence and physical exhibits;
- 7) decide whether the attendance of the session of the arbitration court by representatives of the parties should be mandatory;
- 8) decide whether officials and other individuals should be summoned for testimony in the case;
- 9) decide whether the arbitration court should meet in the location of the organization;
- 10) perform other actions to secure the correct and timely settlement of the dispute.

Chapter VIII. Provisional Remedy

Article 64. Purpose of Provisional Remedy

At the request of the parties or the procurator in the case, or on its own initiative, the arbitration court will have the right to take measures for a provisional remedy. The provisional remedy will be allowed if the failure to take

these measures might make the execution of the judgment difficult or impossible.

Article 65. Provisional Remedy Measures

Provisional remedy measures might be the following:

- 1) the attachment of the property or sums of money belonging to the defendant;
- 2) the prohibition of certain actions by the defendant;
- 3) the prohibition of actions pertaining to the subject of the dispute by other parties;
- 4) the suspension of collections in line with the disputed executive document or other document authorizing unconditional (absolute) collection.

A court order will be issued on the provisional remedy. The parties will have the right to petition for the verification of the legality and validity of this order.

Article 66. Cancellation of Provisional Remedy

The decision to cancel the provisional remedy will be made by the arbitration court investigating the case and will be stipulated in a ruling or court order.

Chapter IX. Settlement of Economic Disputes

Article 67. Time Limits for Settlement of Economic Disputes

Disputes must be settled, judgments must be made, and rulings must be issued as quickly as possible, but no later than 2 months after the receipt of the statement of claim. Rulings will be sent out within 5 days after the decisions have been made.

At the request of both parties, the period for the issuance of a ruling can be longer.

Article 68. Session Procedure

Economic disputes will be settled in a session of the arbitration court by one or three judges with participation by representatives of the parties.

Session procedure will be defined by the judge presiding over the session. The judge will announce the composition of the court, explain their rights and obligations to participants in the arbitration proceedings, and assist them in exercising their rights.

The opinions of representatives of the plaintiff and defendant, the expert witness, and other individuals participating in the session will be heard.

The judge must give each party equal and complete opportunities to submit any evidence needed for the settlement of the dispute.

The judge will help the parties reach an agreement.

Article 69. Challenge of Judge

Parties in the proceedings will have the right to challenge the judge prior to the beginning of the investigation of the economic dispute if he has a direct or indirect personal interest in the outcome of the case. A later challenge will be allowed only if the grounds for it become known to a party in the proceedings after the investigation has begun. The challenge must be substantiated and submitted in writing.

The ruling on the challenge of the judge will be made by the chairman of the corresponding arbitration collegium.

If the motion challenging the judge is allowed, the dispute will be settled or the legality and validity of the ruling will be reviewed by another judge named by the chairman of the corresponding arbitration collegium.

Article 70. Challenge of Expert Witness

Parties in the proceedings will have the right to challenge an expert witness prior to the beginning of the investigation of an economic dispute if he has a direct or indirect personal interest in the outcome of the case or if he is incompetent. A later challenge will be allowed only if the grounds for it become known to the party in the proceedings after the investigation has begun. The challenge must be substantiated and submitted in writing.

The ruling on the challenge of the expert witness will be made by the judge presiding over the session.

Article 71. Settlement of Economic Dispute When the Response to the Statement of Claim or the Documents Requested by the Judge Have Not Been Submitted or Without Participation by Representatives of the Parties

If there is no response to the statement of claim or if the documents requested by the judge are not submitted, the case can be settled on the basis of the documents in his possession.

If representatives of the parties do not attend the session of the arbitration court, the dispute may be settled in their absence if the judge feels that their failure to appear will not prevent the settlement of the dispute and if there are no written objections from the parties to the settlement of the dispute in the absence of their representatives.

Article 72. Settlement of Economic Dispute Directly in the Organization

The arbitration court will have the right to settle the dispute directly in the organization.

In these cases, organization administrators must secure the necessary conditions for a session of the arbitration court.

Article 73. Postponement of Hearing and Recess

The arbitration court will have the right to postpone the hearing if the matter cannot be settled in the current session.

The judge will notify the participants in the arbitration proceedings of the time and place of the next session in a court order or other written document.

In cases of exceptionally complex economic disputes, the judge will have the right to call a recess of no more than 3 days and then record this action in the ruling.

Article 74. Suspension of Proceedings and Their Resumption

The arbitration court will suspend the proceedings if the case cannot be investigated until a related matter has been resolved by another organ settling economic disputes or a ruling has been issued on a related matter by authorized agencies.

The arbitration court will have the right to suspend the proceedings at the request of a party or on its own initiative when an expert report is ordered by the arbitration court, when materials are sent to investigative agencies, or when one of the parties is replaced by a successor as a result of reorganization.

The arbitration court will resume the proceedings after the cause of the suspension has been eliminated.

The suspension of proceedings and their resumption will be recorded in a court order.

A party will have the right to petition for the verification of the legality and validity of the order.

Article 75. Discontinuance of Proceedings

The arbitration court will discontinue the proceedings:

- 1) if the economic dispute is not subject to settlement in the USSR Superior Court of Arbitration;
- 2) if the parties have agreed to transfer the dispute to an arbitral tribunal for settlement;
- 3) if an organ settling economic disputes has issued a ruling on a dispute between the same parties pertaining to the same subject and on the same grounds;
- 4) if the claimant has not taken measures for the voluntary settlement of affairs with the defendant and the opportunity for this settlement has been missed;
- 5) if an organization party to the case has been liquidated.

If the proceedings are terminated, the investigation of a dispute between the same parties pertaining to the same subject and on the same grounds in the arbitration court will not be allowed.

The termination of proceedings will be recorded in a court order, which could decide the distribution of the costs of arbitration among the parties, the return of the state fee from the budget, and the collection of the penalty envisaged in part 3 of Article 78 of this law.

A party will have the right to petition for verification of the legality and validity of this order.

Article 76. Refusal To Consider Claim

The arbitration court will refuse to consider a claim:

- 1) if another organ settling economic disputes is investigating a case involving a dispute between the same parties pertaining to the same subject and on the same grounds;
- 2) if the claimant has not tried to collect the amount owed by the defendant from a bank when it is the kind of debt that must be collected through a bank by law;
- 3) if the plaintiff has failed, without valid cause, to submit the necessary documents for the settlement of the dispute after they have been requested by the arbitration court;
- 4) if the claimant has not taken measures for the voluntary settlement of affairs with the defendant and the possibility of this kind of settlement still exists.

The refusal to consider a claim will be recorded in a court order, which could decide the distribution of arbitration costs among the parties, the return of the state fee from the budget, and the collection of the penalty envisaged in part 3 of Article 78 of this law.

A party will have the right to petition for verification of the legality and validity of this order.

After the cause of the refusal to consider the petition has been eliminated, the plaintiff will have the right to resubmit his claim to the arbitration court according to the usual procedure.

Article 77. Ruling

When an economic dispute has been deliberated on its merits (the satisfaction of the claim or the complete or partial dismissal of the claim), the arbitration court will issue a ruling.

The ruling will be based on the results of the discussion of all circumstances of the case with representatives of the parties.

The ruling will take the agreement reached by the parties into account unless it is inconsistent with the law and with the actual facts and circumstances of the case.

If the dispute is settled by several judges, the ruling will be passed by a majority vote.

In exceptional cases involving particularly complex disputes, the issuance of the ruling may be postponed for no more than 3 days.

The ruling will be issued in writing and will be signed by the presiding judge, or by all of the judges attending the session if the dispute is settled by several judges. A judge who does not agree with the ruling may attach a written dissenting opinion to the dossier of the case.

Article 78. Rights of Arbitration Court Issuing Ruling

The arbitration court may invalidate all or part of a contract inconsistent with legislation and may refuse to satisfy the demands of parties if these demands are based on the official instrument of a state or other organ which is contrary to the law.

When the arbitration court issues a ruling on an economic dispute, it will have the right:

- 1) to exceed the amount of relief requested if the protection of the rights and legal interests of organizations should require this;
- 2) to deposit all or part of the collected penalty (fine or forfeit) in the local budget if the plaintiff has not demanded sanctions or has committed violations without diminishing the liability of the defendant;
- 3) to reduce the amount of the penalty (fine or forfeit) to be collected from the party failing to meet obligations in special cases;
- 4) to postpone the execution of the judgment or to order collection in installments.

Besides this, the arbitration court will have the right to charge the guilty party a fine of 500 rubles for the failure to submit requested documents in time and for the refusal to perform actions ordered by the arbitration court and to deposit this sum in the local budget.

Article 79. Content of Ruling

The arbitration court ruling will consist of a title, a descriptive portion, the opinion of the court, and the judicial disposition, and it will meet the following requirements:

- 1) The title of the judgment will state the name of the arbitration court, the case number, the date of the ruling, the names of the parties, the amount of the claim, and the names and titles of the judge (or judges), the representatives of the parties, and other participants in the proceedings. If the economic dispute is settled directly in the organization, this will also be recorded in the title of the judgment;
- 2) The descriptive portion should contain a brief account of the plaintiff's demands, the response to the statement of claim, the motions, testimony, and requests of the parties and their representatives and other participants in the settlement of the dispute, and the actions taken by the arbitration court (on-site examinations and investigations of evidence and familiarization with the circumstances of the case);
- 3) The opinion of the court will state the facts established by the arbitration court; the causes of the dispute; the evidence serving as the basis for the ruling; the content of the written agreement between the parties if one has been reached; the reasons for the arbitration court's

denial of the parties' motions and evidence, their proposals with regard to contract terms, or the agreement between the parties; the laws by which the arbitration court was guided in its ruling;

- 4) The disposition should contain a conclusion on each demand for the satisfaction of the claim or its complete or partial dismissal. The conclusion of the arbitration court should not depend on the occurrence or non-occurrence of certain incidents (a conditional ruling).

If the claim is allowed, the disposition of the judgment will state:

- the name of the party in whose favor the dispute has been settled and the name of the party from whom sums of money are to be collected or who has been obligated to perform certain actions, the term for the completion of these actions, and the term for the payment of sums of money in the event of the postponement of the execution of the judgment or an order for collection in installments;
- the amount of the sum to be collected (the basic amounts owed for material goods, work performed, and services rendered, damages, penalties, fines, forfeits, and the fine envisaged in part 3 of Article 78 of this law);
- the name of the account from which the money will be collected;
- the name of the property to be transferred and its location (in the case of a property transfer dispute);
- the name, number, and date of the executive document or other document authorizing unconditional (absolute) collection if this document has been ruled invalid, and also the amount which may not be written off.

In cases of disputes arising during the negotiation or amendment of a contract, the disposition will contain a ruling on each disputed point, and in cases involving coercion in contract negotiations, the disposition will state the terms on which the parties will be obligated to negotiate a contract.

The disposition will invalidate all or part of a contract contrary to the law.

If the petition for the invalidation of an official instrument is allowed, the disposition will state the title of the instrument, the name of the organ issuing it, and its number and publication date and will invalidate all or part (listing the specific part) of the instrument; if the claim is disallowed, the disposition will state the denial of the claimant's request to invalidate the instrument.

If the parties in the dispute have reached an agreement consistent with the laws and with the actual circumstances and facts of the case, the judge will list the terms of this agreement in the disposition of the judgment.

The disposition will state the distribution of arbitration costs among the parties and the return of the state fee from the budget.

If there are several plaintiffs and defendants in the case, the ruling will state how the dispute was settled for each.

In cases of original claims and counterclaims, the ruling will state the results of the deliberation of each claim.

Article 80. Announcement of Ruling

The ruling will be announced by the judge in session after the deliberation of the case has come to an end. The judge will have the right to announce only the disposition of the judgment. The procedure for challenging the legality and validity of the ruling will be explained to the parties.

Article 81. Issuance of Opinion and Its Content

If the economic dispute is not deliberated on its merits (the postponement of the proceedings, the suspension or termination of the proceedings, the refusal to consider the claim, etc.), the arbitration court will issue an opinion.

The opinion of the arbitration court should contain:

- 1) the name of the arbitration court, the case number and date of the opinion, the names of the parties, the amount of the claim, the plaintiff's demand for relief, and the names and titles of the judge (or judges), representatives of the parties, and other participants in the proceedings;
- 2) a brief description of the circumstances of the dispute or the content of the issue on which the opinion is rendered;
- 3) the reasons for rendering an opinion, with references to pertinent laws;
- 4) the conclusion on the matter investigated;
- 5) the actions which must be taken by the parties, other organizations, and their officials within the time limits set by the arbitration court.

Article 82. Separate Judgment

If violations of the law in the activities of an organization or state or other organ are discovered during the settlement of an economic dispute, the arbitration court will be empowered to render a separate judgment.

The separate judgment will be sent to the appropriate organizations, state and other organs, and officials.

Article 83. Delivery of Rulings and Opinions

Rulings and opinions will be sent to the parties or handed to their representatives.

Article 84. Supplementary Ruling

The arbitration court will be empowered to issue a supplementary ruling at the request of a party or on its own initiative:

- 1) if no decision has been made on one of the demands set forth in the statement of claim;
- 2) if the distribution of arbitration costs has not been decided.

Article 85. Interpretation and Correction of Ruling

At the request of a party, the judge will be empowered to interpret the ruling without changing its content, and at the request of a party or on his own initiative, the judge will be empowered to correct typographical or mathematical errors in the ruling without changing its essence.

The interpretation of the ruling and the correction of typographical or mathematical errors will be recorded in a court order.

Chapter X. Verification of Legality and Validity of Ruling

Article 86. Right To Petition for USSR Superior Court of Arbitration for Verification of Legality and Validity of Ruling and To Lodge Protests

Parties will have the right to petition the USSR Superior Court of Arbitration for the verification of the legality and validity of a ruling. The procurator general of the USSR, the deputy procurator general of the USSR, and the procurator in the case will have the right to protest the ruling.

Article 87. Right of Arbitration Court To Challenge Legality and Validity of Ruling On Its Own Initiative

The Arbitration Collegium for the Verification of the Legality and Validity of Rulings will be empowered to check the legality and validity of a ruling issued by a judge (or judges) of the Arbitration Collegium for the Settlement of Economic Disputes on its own initiative.

Article 88. Authority of USSR Superior Court of Arbitration To Verify Legality and Validity of Rulings

The USSR Superior Court of Arbitration will verify the legality and validity of rulings:

- 1) in disputes settled in the Arbitration Collegium for the Settlement of Economic Disputes;
- 2) in disputes settled in a republic after the verification of the legality and validity of the ruling in the manner prescribed by the law of that republic in the following cases:

in disputes between organizations located in different republics when there is an agreement on this matter between these republics or parties, including cases in which the disputes are connected with the application of laws of the USSR;

in cases in which at least one of the organizations is under the jurisdiction of the USSR or is an all-union organization;

in cases envisaged by the laws of the republic where the dispute has been settled.

Article 89. Composition of Court Verifying Legality and Validity of Ruling

The legality and validity of a ruling will be verified by an arbitration court consisting of three judges from the Arbitration Collegium for the Verification of the Legality and Validity of Rulings. The ruling on the results of the verification will be passed by a majority vote.

Article 90. Format and Content of Petitions for Verification of Legality and Validity of Rulings and Protests

The petition for the verification of the legality and validity of a ruling and protests will be submitted in writing and must contain the name of the organ issuing the ruling, the case number, the date the ruling was issued, the names of the parties, the amount of the claim, the demands of the claimant and procurator, and the grounds on which the legality and validity of the ruling are being questioned, with references to laws and the record of proceedings.

The petition will be signed by the organization administrator or deputy administrator.

The protest will be signed by the procurator general of the USSR, the deputy procurator general of the USSR, or the procurator in the case.

Article 91. Procedure for Submitting Petitions for Verification of Legality and Validity of Rulings and Protests

Petitions for the verification of the legality and validity of rulings and protests will be sent to the USSR Superior Court of Arbitration.

During the verification of the legality and validity of a ruling on a dispute settled in a republic, the organ settling the dispute will be requested for the record of the proceedings. The record must be sent to the USSR Superior Court of Arbitration within five days after the receipt of the request.

Copies of the petition and protest will be sent to the parties or procurator submitting the statement of claim.

Documents confirming the issuance of copies of the petition and the payment of the state fee will be attached to the petition. Documents confirming the issuance of copies of the protest will be attached to the protest.

The submission of a petition for the verification of the legality and validity of a ruling and the lodging of a protest by a procurator will not suspend the execution of the judgment.

At the request of a party or the procurator in the case or on its own initiative, the arbitration court will be

empowered to suspend the execution of the judgment until the verification of the legality and validity of the ruling has been completed.

Article 92. Time Limits for Submission of Petition for Verification of Legality and Validity of Ruling and Lodging of Protest

The petition for the verification of the legality and validity of a ruling must be submitted and the protest must be lodged within a month after the issuance of the ruling.

Article 93. Response to Petition for Verification of Legality and Validity of Ruling and to Protest

After receiving a copy of the petition for verification of the legality and validity of a ruling or the protest submitted to the USSR Superior Court of Arbitration, the party will send a response to the USSR Superior Court of Arbitration, other parties, and the procurator in the case early enough to guarantee its receipt by the day the petition or protest is to be considered.

The response will be signed by the organization administrator or deputy administrator.

Article 94. Return of Petition for Verification of Legality and Validity of Ruling and Protest

Petitions for the verification of the legality and validity of rulings and protests will not be considered and will be returned:

- 1) if the petition or protest is signed by a person not empowered to sign it or by a person whose official status is not indicated;
- 2) if evidence of the delivery of copies to the parties and the procurator submitting the statement of claim is not attached to the petition or evidence of the delivery of copies to the parties is not attached to the protest;
- 3) if documents corroborating the payment of the state fee in the established manner and amount are not attached to the petition;
- 4) if the petition or protest is submitted after the expiration of the time period set for its submission with no request for revival; the request will not be considered if it is made more than a year after the ruling has been issued.

The petition or protest will also be returned if a document withdrawing it is received by the arbitration court before a decision has been made.

Article 95. Verification of Legality and Validity of Ruling in Session, Notice of Time and Place of Session

The legality and validity of a ruling will be verified in a session presided over by one of the judges.

Parties and the procurator in the case will be notified of the time and place of the session, and other participants in the arbitration proceedings will be notified if necessary.

Article 96. Time Limits for Consideration of Petitions for Verification of Legality and Validity of Rulings and Protests

The petition for the verification of the legality and validity of a ruling and the protest will be considered within a month:

- of the day the petition or protest is received in the case of rulings issued in the USSR Superior Court of Arbitration;
- of the day the dossier is received in the case of rulings issued in a republic organ settling economic disputes.

Article 97. Authority of Arbitration Court To Verify Legality and Validity of Ruling

Depending on the results of the verification of the legality and validity of a ruling, the arbitration court will have the right:

- to uphold the ruling;
- to amend the ruling;
- to rescind the ruling and issue a new ruling;
- to rescind the ruling and order a new investigation of the case;
- to rescind the ruling and discontinue the proceedings;
- to rescind the ruling and dismiss the claim.

The ruling will be verified in its entirety, irrespective of the arguments set forth in the petition or protest.

The arbitration court verifying the legality and validity of a ruling will have the same rights as an arbitration court settling an economic dispute.

Article 98. Grounds for Amendment or Rescission of Ruling

The grounds for the amendment or rescission of a ruling will be the following:

- 1) the inadequate elucidation of the pertinent facts in the case;
- 2) the failure of the evidence to support facts pertinent to the case and deemed established by the arbitration court;
- 3) the inconsistency of the conclusions set forth in the ruling with the facts of the case;
- 4) violations or the incorrect application of the standards of substantive or procedural law.

The violation or incorrect application of the standards of procedural law will be grounds for the amendment or

rescission of the ruling on the condition that this violation led or could have led to an incorrect decision on the case.

Article 99. Rendering of Decision

A substantiated decision, signed by the judges making the decision, will be rendered on the results of the verification of the legality and validity of the ruling.

The decision will state:

- 1) the name of the arbitration court, the case number and date of the decision, the names of the parties, the name of the party submitting the petition or the procurator lodging the protest, the composition of the arbitration court rendering the decision, and the names and titles of the individuals testify in the arbitration court;
- 2) the name of the arbitration court or other organ for the settlement of economic disputes issuing the ruling, the case number and date of the ruling, and the names of the individuals who issued the ruling;
- 3) a brief description of the essence of the ruling;
- 4) the grounds on which the legality and validity of the ruling were questioned and the arguments set forth in the response to the petition or protest;
- 5) the reasons for the decision, with references to pertinent laws and the dossier of the case;
- 6) conclusions on the results of the consideration of the petition or protest;
- 7) the actions to be taken by the parties and the arbitration court or other organ investigating the dispute if the ruling is set aside and a new investigation of the case is ordered.

Article 100. Compulsory Nature of Instructions in Decision

The instructions in the decision will be binding for the arbitration court or other organ settling economic disputes in the case of a new investigation of the case. The decision may not contain instructions concerning the credibility or implausibility of any piece of evidence or the superiority of some evidence to any other or concerning the proper ruling in a new investigation of the economic dispute.

Article 101. Distribution of Decision

Copies of the decision will be distributed to the parties and the procurator in the case within 5 days after it has been rendered.

Article 102. Verification of Legality and Validity of Decision

The legality and validity of decisions will be verified in the cases stipulated in this law.

**Chapter XI. Review of Rulings in Exercise of
Supervisory Powers of Plenum of USSR Superior Court
of Arbitration**

**Article 103. Right To Petition Plenum of USSR Superior
Court of Arbitration for Review of Rulings**

The procurator general of the USSR, the chairman of the USSR Superior Court of Arbitration, and the chairman of the superior republic organ settling economic disputes will have the right to protest a ruling issued on an economic dispute in the USSR Superior Court of Arbitration or the republic organ settling the dispute.

The protest will be lodged if the ruling is contrary to the laws of the USSR and the republics or if it violates the interests of other republics following a verification of the legality and validity of the ruling according to the procedure specified in this law.

**Article 104. Procedure for Consideration of Protest by
Plenum of USSR Superior Court of Arbitration**

During the consideration of the protest the Plenum of the USSR Superior Court of Arbitration will hear the report of a judge of the USSR Superior Court of Arbitration on the circumstances of the case and the reasons for the protest.

The plenum will invite representatives of the parties to testify at the session if necessary. In this case the parties will be notified of the session of the plenum and will be sent copies of the protest.

**Article 105. Procedure for Issuing Decision of Plenum of
USSR Superior Court of Arbitration**

After the discussion of the protest, a decision will be rendered according to the procedure stipulated in the law of the USSR "On the USSR Superior Court of Arbitration."

The judge party to the settlement of the economic dispute (or verification of the legality and validity of the ruling) will not have a vote.

The decision of the plenum will go into force as soon as it has been rendered and will be executed according to the procedure stipulated in Chapter VIII of this law.

**Chapter XII. Revision of Arbitration Court Rulings on
Basis of New Evidence**

Article 106. Grounds for Revision

The arbitration court may revise its ruling on the basis of new evidence of considerable pertinence to the case which was not known and could not have been known to the claimant.

**Article 107. Procedure and Time Limits for Submitting
Petition**

The petition for the revision of the ruling on the basis of new evidence must be submitted within a month after the establishment of the facts serving as grounds for the revision of the ruling.

The petitioner must send the other party a copy of the petition and attached documents.

Documents corroborating the delivery of a copy of the petition to the other party will be attached to the petition.

If the petition is submitted after the established term has expired or without the submission of evidence of the issuance of copies of the petition and the attached documents to the other party, it will not be considered and will be returned to the petitioner.

Article 108. Revision of Ruling

The ruling will be revised by a judge (or judges) of the arbitration collegium issuing the ruling to be revised.

The revision of the ruling on the basis of new evidence will be conducted according to the procedure stipulated in chapters IX, X, and XI of this law.

If the arbitration court receives a petition for the revision of a ruling on the basis of new evidence, it will have the right to suspend the execution of the judgment until the ruling has been revised if the original judgment has not been executed.

The ruling issued on the basis of the new evidence may be verified according to the procedure stipulated in chapters X and XI of this law.

Chapter XIII. Execution of Judgments

Article 109. Arbitration Court Order and Its Execution

The judgment of the arbitration court will be executed in conformity with the laws of the USSR and the republics on the basis of an arbitration court order. The order will represent the executive document and will be issued at the same time as the ruling.

An order for the collection of sums of money will be issued to the claimant or will be sent to him by registered or certified mail. When sums are to be collected as budget revenue, the order will be sent to a fiscal agency and will be executed according to the established procedure through a bank. Other orders will be executed by officers of the court.

In the case of the complete or partial satisfaction of the original claim and the counterclaim, collection orders will be issued separately for each claim.

Article 110. Content of Order

The arbitration court order must contain:

1) the number of the case for which the order has been issued, the date of the ruling, the date of the order and the effective period of the order;

2) the judicial disposition.

If the ruling stipulates the postponement of the execution of the judgment or orders collection in installments, the order will specify the date marking the beginning of its effective term.

An order to be executed by an officer of the court or to be sent to a fiscal agency will also indicate the address of the judgment debtor.

The order will be signed by the judge and stamped with the seal of the USSR Superior Court of Arbitration.

Article 111. Time Limits for Presenting Orders for Execution

The order issued to the claimant must be presented for execution no later than three months after the ruling has been issued or the end of the term set for the postponement of the execution of the judgment or collection in installments, or after the day the decision was rendered to restore the time limits for the presentation of the order for execution. This term will not include the period of time when the execution of the judgment was suspended.

If the order cannot be executed by a bank or an officer of the court and is returned for this reason, a new term of three months for the presentation of the order will begin on the date of its return.

The term for the execution of the judgment will be revived by the presentation of the execution order.

Article 112. Liability for Failure To Comply with Ruling

If an organ fails to comply with the arbitration court ruling on the collection of sums of money after an order has been presented for execution, the arbitration court will fine it five percent of the sum subject to collection at the request of the litigant or on its own initiative. The fine will be deposited in the local budget.

A court order will be issued on the imposition of the fine. The fined organ will have the right to petition for verification of the legality and validity of the order.

An official failing to comply with an arbitration court ruling will be subject to the penalties established by law for the nonobservance of a court decision.

Article 113. Issuance of Duplicate Order

In the event of the loss of an order, the arbitration court may issue a duplicate if the claimant requests one prior to the expiration of the term for the presentation of the order for execution. The issuance of a duplicate order will be recorded in a court order.

A statement from a bank, officer of the court, or post office on the loss of the order or a statement from the organization on the loss of the order and the failure to present it for execution must be attached to the request for a duplicate order.

The statement from the organization must be signed by the administrator or deputy administrator and chief (or senior) bookkeeper of the organization.

Article 114. Postponement of Execution of Judgment or Order for Collection in Installments and Changes in Methods and Procedure of Executing Judgment

At the request of a party or on its own initiative, the arbitration court will have the right to postpone the execution of the judgment, order collection in installments, and change the methods and procedure of executing the judgment before the expiration of the term for the presentation of the order for execution.

If the execution of the judgment is postponed or collection in installments is ordered, the arbitration court may take measures to secure the execution of the judgment according to the procedure stipulated in Chapter VIII of this law.

The postponement of the execution of the judgment, the ordering of collection in installments, changes in the methods and procedure of execution, or the denial of the request will be recorded in a court order. The party will have the right to petition for the verification of the legality and validity of this order. If necessary, the order will be sent to the judgment debtor's local bank.

Article 115. Restitution of Property and Rights Upon Reversal of Judgment and Cessation of Ordered Collections

If an executed judgment is amended or reversed and a new ruling is issued on the complete or partial denial of the claim, if the proceedings are discontinued, or if the claim is dismissed, the party will recover everything collected for the other party in accordance with the amended or reversed judgment.

The return of collected sums of money, property, or its value will be ordered by the arbitration court at the request of the organization. A document corroborating the execution of the earlier judgment will be attached to the request.

If a judgment which has not been executed is amended or reversed and a new ruling is issued on the complete or partial denial of the claim, if the proceedings are discontinued, or if the claim is dismissed, the arbitration court will issue a ruling on the complete or partial cessation of collections in accordance with the amended or reversed judgment.

[signed] *USSR President M. Gorbachev, Moscow, Kremlin, 17 May 1991.*

Resolution Enacting Arbitration Law

914A0820B Moscow IZVESTIYA in Russian 6 Jun 91
Union Edition p 5

[Decree of USSR Supreme Soviet on Enactment of Law of USSR: "On the USSR Superior Court of Arbitration"]

and Law of USSR: "On the Procedure of Settling Economic Disputes in the USSR Superior Court of Arbitration," signed by Chairman A. Lukyanov of USSR Supreme Soviet in the Kremlin in Moscow on 17 May 1991]

[Text] The USSR Supreme Soviet hereby decrees that:

1. The Law of the USSR: "On the USSR Superior Court of Arbitration" and the Law of the USSR: "On the Procedure of Settling Economic Disputes in the USSR Superior Court of Arbitration" will go into force on 1 July 1991.

2. Until laws of the USSR and the republics have been brought in line with the laws of the USSR: "On the USSR Superior Court of Arbitration" and "On the Procedure of Settling Economic Disputes in the USSR Superior Court of Arbitration," the portions of legislative enactments pertaining to the procedure for the settlement of economic disputes and the activities of arbitration bodies will be enforced if they do not contradict these laws.

3. Cases assigned to the jurisdiction of the USSR State Board of Arbitration by existing legislation and referred to it prior to 1 July 1991 will be settled by the USSR Superior Court of Arbitration.

4. The USSR Superior Court of Arbitration will be expected to do the following before 1 July 1991:

- submit proposals to the USSR Supreme Soviet in conjunction with the Committee of the USSR Supreme Soviet on Legislation and Rule of Law on the coordination of existing legislative enactments of the USSR with the laws of the USSR "On the USSR Superior Court of Arbitration" and "On the Procedure of Settling Economic Disputes in the USSR Superior Court of Arbitration";

- arrange for the review and rescission of administrative instruments of the USSR State Board of Arbitration which are contrary to these laws of the USSR.

5. The USSR Cabinet of Ministers will be expected to do the following before 1 September 1991:

- coordinate the resolutions of the Government of the USSR with the laws of the USSR: "On the USSR Superior Court of Arbitration" and "On the Procedure of Settling Economic Disputes in the USSR Superior Court of Arbitration";

- arrange for the review and rescission of administrative instruments, including instructions and regulations, contrary to these laws of the USSR by USSR ministries, state committees, and departments.

6. The procedure of elections and the organization of the activities of the qualifying collegium, the certification of judges of the USSR Superior Court of Arbitration, their qualification ratings, and the procedure for taking disciplinary actions against judges of the USSR Superior

Court of Arbitration and recalling these judges will be governed by the corresponding rules:

- rules Governing the Qualifying Collegiums of Judges of Courts of the USSR, approved by a decree of the USSR Supreme Soviet of 2 November 1989;

- rules Governing the Certification of the Qualifications of Judges, approved by a decree of the USSR Supreme Soviet of 2 November 1989;

- rules Governing the Qualification Ratings of Judges of Courts of the USSR and Union Republics, approved by a decree of the USSR Supreme Soviet of 2 November 1989;

- rules Governing the Disciplinary Accountability of Judges and the Recall and Dismissal of Judges and People's Assessors of USSR Courts, approved by a decree of the USSR Supreme Soviet of 2 November 1989.

7. There will be 141 staff members of the USSR Superior Court of Arbitration (excluding building maintenance personnel).

Employees of the USSR Superior Court of Arbitration will be provided with financial security and medical and personal services according to the procedure established for employees of the USSR Supreme Court.

The USSR Cabinet of Ministers will be responsible for furnishing the USSR Superior Court of Arbitration with all of the necessary material and technical supplies and office equipment and assigning it a building in 1991 as its permanent official quarters.

[signed] *Chairman of the USSR Supreme Soviet A. Lukyanov, Moscow, Kremlin, 17 May 1991.*

INVESTMENT, PRICES, BUDGET, FINANCE

Foreign Economic Bank Official on Hard Currency Relations

91UF0861A Moscow *EKONOMIKA I ZHIZN*
in Russian No 14, Apr 91 p 19

[Article by USSR Vneshekonombank [Bank for Foreign Economic Activity] Contractual-Legal Administration Deputy Chief Nikolay Mikhaylovich Chernyshev: "The Hard Currency Step Toward the Market"]

[Text] *USSR Foreign Economic Bank Contractual-Legal Administration Deputy Chief Nikolay Mikhaylovich Chernyshev comments on the Law "On Hard Currency Regulation" that was adopted on March 1, 1991 by the USSR Supreme Soviet.*

General principles for carrying out hard currency operations in domestic economic turnover and in the USSR's international payments have been defined for the first time in our country's history. The law takes into account

both the principles for regulating operations with hard currency assets that have historically developed in the Soviet Union and those principles on which market relations are being formed during the country's transition to the market. It also consolidates the unity of hard currency, the hard currency system, and the USSR's hard currency territory while simultaneously granting substantial rights in the sphere of hard currency regulation to federation subjects.

Since all sections of the Law have fundamental significance, it seems to be desirable to comment on each of them. However, we can only touch on some of the sections at a later date.

Assets and Operations

In contrast to existing laws, the concept of "hard currency assets" has been changed somewhat in the new Law. Specifically, bank payment documents acquired for foreign hard currency with the right to exchange them for such hard currency have been excluded from their list. In practice, it could be a question of USSR Vneshtorgbank [Foreign Trade Bank] Series D detachable checks or of USSR Foreign Trade Bank-issued travelers checks in rubles with free conversion. Now foreign hard currency in accounts and deposits, which previously had not been taken into account in Soviet law, has been included on the list of hard currency assets. So, according to the Law, foreign hard currency deals between Soviet citizens and also between Soviet and foreign citizens on the territory of the USSR, both cash and non-cash transactions, are prohibited (Article 16, Paragraph 5).

The law has consolidated the practice that has developed in hard currency relations of dividing the subjects of such relations into "residents" and "nonresidents." In so doing, we must point out that the Law does not provide the possibility for foreign organizations or firms, that are registered abroad and that conduct economic or commercial activities in the USSR, to function on the hard currency territory of the USSR.

We must consider recognition of the hard currency operation associated with the utilization of USSR hard currency as a means of payment while carrying out foreign economic activity as a substantial provision. These operations, as can be seen from the text of the Law, must be carried out only in accordance with the procedure prescribed by USSR Gosbank [State Bank] (Article 2, Paragraph 4). Noncompliance with this procedure will bring serious consequences in its wake.

Hard currency operations are divided into routine operations and operations associated with the movement of capital. This division is important for determining the volume of hard currency rights granted by the USSR State Bank and the republic central banks to commercial banks in the licenses issued to them to conduct operations using hard currency assets. Furthermore, it seems that operations associated with the export of capital must be regulated by special standard acts that define the

principles and procedures for investments abroad, including hard currency assets.

The Ruble and the Hard Currency Market

In this section, Article 2 contains very important provisions that relate to USSR hard currency operations. USSR hard currency—the ruble—is defined as the single legal payment instrument on the entire territory of the Soviet Union. In relations between residents, USSR hard currency must be used without restrictions in the payment of any demands or obligations. From this, one can conclude that obligations between residents in accordance with a contract that stipulates payment in foreign hard currency will be considered fulfilled if payment is made in USSR hard currency.

USSR hard currency may be the object of nonresidents' ownership if foreign currency obtained abroad and also USSR hard currency that is legally obtained is its source. Specifically, nonresident-citizens can obtain wages, inheritances, and other payments in USSR hard currency. Nonresident-juridical persons may obtain Soviet hard currency according to the procedure prescribed by the USSR State Bank (Article 2, Paragraph 4). It now defines the procedures and terms for opening nonresident ruble accounts in USSR banks which was previously carried out by the USSR Ministry of Finance.

According to Article 3, utilization of foreign hard currency, including assets that are in accounts and deposits, while carrying out payments on the territory of the USSR is also permitted according to the procedure prescribed by the USSR State Bank. In this regard, it appears that resident-juridical persons can utilize foreign currency on the territory of the USSR in economic turnover solely according to the procedures prescribed by the USSR State Bank.

Article 5 consolidates the provision concerning the domestic hard currency market in the country. In our opinion, these provisions compose the legal regulation foundation of hard currency market relations that are taking shape in the Soviet Union. The article of the Law being examined prescribes a series of basic factors defining what operations are conducted in the USSR hard currency market:

- only by residents;
- only through authorized banks; and,
- according to the ruble to foreign hard currencies market exchange rate (they have in mind that this exchange rate will not be regulated either by the USSR State Bank or by any other organ).

In the second section, the authority of USSR and republic ruling organs in hard currency regulation are defined. This authority is precisely delimited between the USSR and the republics. The Union-Republic Hard Currency Committee's functions are listed. It is recognized as the single manager of the union-republic hard

currency fund, the size of which is determined by the USSR Supreme Soviet. The Hard Currency Committee was founded from the union republic heads of government in accordance with the November 2, 1990 USSR Presidential Decree.

Furthermore, the section defines the functions of the USSR Banking System in hard currency regulation and management of hard currency resources. The USSR State Bank has been declared the main executive organ for state hard currency regulation and monitoring.

At the present time, the USSR State Bank has adopted "Interim Regulations on Procedures for Issuing Licenses to Commercial Banks for the Right to Conduct Foreign Hard Currency Operations" dated January 4, 1991 which defined the general principles for issuing licenses to commercial banks.

Besides the rights granted to authorized banks on hard currency operations, the Law placed on them very serious obligations and the primary one is the function of monitoring clients' compliance with hard currency legislation. Thus, the Law obliges authorized banks to conduct effective monitoring of the legitimacy of the hard currency operations being conducted by their clients. The primary directions of monitoring are defined in the text of the Law (Article 18). An accounting of hard currency operations conducted that banks obtain from clients is one of the monitoring tools. The procedures for submitting accounting records and their types, forms, and time periods for submission are defined by the USSR State Bank (Article 20).

Section 3 defines the principles for forming, distributing, and utilizing USSR hard currency resources while considering all-union, republic, regional, and sector interests. The Law calls assets that come into funds due to mandatory hard currency sales to the state or to state organs from resident-juridical persons' hard currency receipts the primary sources for forming hard currency funds. The amount in which mandatory sales of residents' hard currency receipts must be conducted and also the procedures for these sales are prescribed for the union-republic fund by USSR legal acts (specifically, USSR Cabinet of Ministers' resolutions); for the republic fund and the local authorities fund—by republic legislative acts (republic Council of Ministers' resolutions). The Law granted the republics and local authorities the right to attract hard currency resources from abroad under their responsibility to pay off the indebtedness which has emerged. This means that the republics and local authorities must receive hard currency resources under terms agreed to by the foreign partners for their own needs and it appears that their indebtedness should not be part of the USSR's state foreign debt limit which the Council of Ministers establishes in accordance to Article 6 Paragraph 1 of the Law. In so doing, the Union does not assume responsibility the indebtedness of the indicated organs that has emerged as a result of their activities for attracting assets from abroad.

Enterprises' Hard Currency

The November 2, 1990 Presidential Decree introduced mandatory sale of 40 percent of the hard currency receipts to the state from enterprises and organizations exports of products, work, and services. This is an emergency interim measure associated with the need to insure that a significant portion of the USSR's foreign debt is paid off in 1991. The Law does not provide for the existence of this state fund and as a result the USSR Supreme Soviet Resolution on putting into force the Law "On Hard Currency Regulation" tasked the government of the USSR to examine the practice of the application of the Presidential Decree and to make the appropriate suggestions to the President.

Enterprises' foreign economic activities are the primary source they have to form hard currency resources. Enterprises and organizations may have hard currency resources from hard currency purchases on the domestic hard currency market. The formation of this market began a little over two years ago when the USSR Foreign Economic Bank organized the sale of foreign hard currency at hard currency auctions in accordance with the USSR governmental decision (December 2, 1988 USSR Council of Ministers Resolution No 1405). At the present time, the USSR Foreign Economic Bank is conducting work to create a permanently operating All-Union Hard Currency Market in Moscow. According to a USSR governmental decision (August 4, 1990 USSR Council of Ministers Resolution No 776), hard currency markets may also be created in the republics and individual regions of the country.

Enterprises' hard currency resources may be increased by receiving hard currency credits at authorized banks under terms and according to the procedures established by the bank. An enterprise is not permitted to give another enterprise hard currency assets (the same as with ruble assets) as credit. In accordance with the June 4, 1990 Law of the USSR "On Enterprises in the USSR," an enterprise can give another enterprise only so-called commercial credit with payment of interest to buyers (consumers) for use of borrowed assets. These trade deals can be formulated via a promissory note (Article 27, Paragraph 5 of the Law).

The hard currency resources of enterprises and organizations must be kept in hard currency accounts and in deposits in authorized banks in the USSR. The general principles of conduct and the conditions for such accounts must be defined by the USSR State Bank, based on which authorized banks will open accounts for their clients. The Law provides for the opportunity for resident-juridical persons to open accounts and deposits in foreign banks according to the procedures and terms prescribed by the USSR State Bank (Article 15, Paragraph 3 of the Law). In standard acts that were in force prior to the Law's adoption, the juridical persons indicated were obliged to deposit all foreign hard currency that came into their possession into USSR Foreign

Economic Bank accounts or in other bank accounts opened in accordance with it.

The Law's standards that prescribe resident-juridical persons to repatriate to the USSR hard currency receipts that they have received from economic activity are of a fiscal nature since these residents are obliged to conduct the sale of hard currency from their own hard currency receipts from foreign economic activity to union-republic, republic, and local hard currency funds (Article 15, Paragraph 2 of the Law).

Enterprises and organizations have been granted the right to combine their hard currency resources on a voluntary basis to resolve common tasks. The obligations of enterprises and organizations to comply with the hard currency law standards and also the obligations of authorized banks to monitor their clients for compliance with this law must correspond with this right granted to enterprises. Authorized banks must stop attempts of individual clients to use their right to combine hard currency resources to conduct illegal operations for the purchase and sale of foreign hard currency for rubles.

Hard currency resources that belong to enterprises and organizations may be independently utilized by them (Article 13, Paragraph 2). It seems that the concept "independently" consists of the capability to use your own assets without outside influence, that is, orders of higher organizations or any other special authorizations for the purposes defined by the Law. This is primarily production and socio-cultural development of a workers' collective and also other purposes that do not contradict the law (Article 15, Paragraph 1 of the Law), for example, rendering charitable or other humanitarian assistance.

Soviet Citizens' Hard Currency

The right of ownership of hard currency assets on the territory of the USSR is guaranteed and protected by the state (Article 10, Paragraph 1 of the Law). The procedures for importing, converting, or remitting hard currency assets have been prescribed by the government of the USSR and are regulated by the March 31, 1989 USSR Council of Ministers Resolution No 266 "On Approval of the Provisions on Importing, Converting, or Remitting Soviet Hard Currency, Foreign Hard Currency, Other Hard Currency and Other Securities to and from Abroad" which as a result of the issuance of the Law "On Hard Currency Regulation" must be amended significantly. The attitude toward so-called "gift" sums of remittances must also be changed which at present are paid to the receiver of the remittance only in rubles after the 30 percent state customs penalty. It appears that these resources that have arrived in the USSR from abroad after payment of the state customs could be paid at the owner's desire in rubles or in foreign hard currency into their hard currency accounts in authorized banks.

Citizens can also have hard currency assets in their ownership that have been legitimately obtained or acquired on the territory of the USSR. These are hard

currency assets: acquired on the USSR domestic hard currency market through authorized banks, for example, purchase of foreign hard currency for rubles when a citizen emigrates abroad; obtained as an inheritance or gift with the formulation of these deals according to the procedures prescribed by law; acquisition for the purposes of collecting single foreign monetary instruments and money according to the procedures prescribed by law (Article 16, Paragraph 5). Furthermore, a citizen can become the owner of foreign hard currency during the division of a hard currency deposit of spouses at an authorized bank or in the case of the maintenance of a Soviet worker working abroad is transferred into hard currency assets not in the total sum but according to this worker's instructions, a portion of the assets is deposited into a hard currency account in an authorized bank in the USSR.

The Law defines that citizens' assets in foreign hard currency are subject to free deposit into hard currency accounts at authorized banks (Article 16, Paragraph 2). The USSR State Bank must define conditions for these accounts for all authorized banks. Until this Law is adopted, these conditions have been prescribed by USSR Ministry of Finance.

Assets in foreign hard currency that belong to citizens can either be sold for rubles to the authorized bank or transferred (exported) abroad with compliance with customs regulations during export of the owner's account abroad (Article 16, Paragraph 3). Thus, the owner of the assets, if he desires to transfer (export) them abroad, must submit a document to the bank that confirms the possibility of his emigration abroad (for example, foreign passport with visa). During the export of cash hard currency, a citizen must obtain a certificate at the authorized bank that will serve as confirmation for the customs institution of the legitimacy of the hard currency export abroad. For the first time in USSR hard currency legislation, the Law regulates issues associated with Soviet citizens opening accounts and deposits abroad. The possibility has been provided to have these accounts for the period of a citizen's stay abroad. In other cases, accounts may be opened only according to the procedure prescribed by the USSR State Bank (Article 16, Paragraph 4). Consequently, a citizen returning to the Soviet Union is obliged to close his account abroad and repatriate his hard currency assets to the USSR.

Goskomtsen Head Explains Pricing Policies

914A0802A Moscow *EKONOMIKA I ZHIZN*
in Russian No 16, Apr 91 p 12

[Readers' question-and-answer session with Chairman of the USSR State Committee on Prices V. Senchagov: "What the Buyer Can Expect"]

[Text]

[Question] The new retail prices have in a number of cases turned out to be even lower than those at which Muscovites, for example, could acquire foodstuffs and

goods before 2 April. Everyone is interested in knowing this: Will the percentage increases on prices also apply to so-called contract prices and to prices in cooperative trade?

[Senchagov] State retail prices have been set as maximums. This means that for goods from state resources prices cannot be higher than the prices set. But if a particular republic is looking for financial resources to increase subsidies then it may set prices lower than the level indicated.

Contract prices may be set only for additionally acquired foodstuffs, and unfortunately, today this is being violated everywhere. Here, for these kinds of supplies it is necessary to reinstate the old name—prices for commission trade—which more accurately reflected the existence of the phenomenon, while prices for delicatessen items, which today are also called contract prices because of the removal of administrative controls over their levels, should more properly be called free or market prices.

Of course, readers are interested not in the terminology but possible changes in price levels. As far as livestock farming products are concerned, for which subsidies have been retained for the volume of centralized purchases, the switch to nonsubsidized commission prices may lead to additional increases in their levels in particular regions by a factor of 1.5 to 1.6, as, for example, to R10 to R12 for a kilogram of beef. There are no objective reasons for further increases if, as a result of measures to stabilize the economy, the decline in output is halted. Accordingly, in those regions where they are today already close to that level, increases will be less, or there will be no increases at all.

For cereals and other grocery items, the level for commission trade prices should not be significantly different from prices in state trade given products of the same quality.

More complex processes will influence the level of free prices. According to our assessments, the prices in effect today are the result of the "flight from the ruble" and the collapse of the consumer market. Normalization of money circulation and elimination of the underlying causes of the frantic demand resulting from the retail price reform will be accompanied by a decline in the level of free prices to a normal relationship with state prices for mass kinds of foodstuffs based on their real nutritional value.

[Question] Can you deal in more detail with prices in the consumer cooperative system, whose services are used by a significant proportion of the country's population?

[Senchagov] In fact, about 26 percent of the total volume of goods and services are sold through the consumer cooperative system, including 23 percent at state prices and about three percent at commission trade prices. For

particular goods the ratio is different. Almost all non-food products are sold through the consumer cooperative system at state prices. Naturally, for food products the proportion of sales at commission prices is greater. Last year, for example, 1.3 million tons, or 10 percent, of the meat purchased by the public was handled through the consumer cooperative system at agreed prices; this amounted to 20 percent of this product within the structure of commodity turnover. And this is understandable since the average prices in commission trade were double the state retail prices.

As a result of the retail price reform it is not planned to make any changes in the procedure for sales through the trade enterprises in the consumer cooperative system. That is, those goods that were being sold at state prices and will henceforth also be sold at state prices, but naturally at their new level. As far as prices in commission trade are concerned, we have considered the predictions for changes in their level above.

[Question] The picture of price changes for foodstuffs will not be complete if we do not touch on public catering. What can you say about this?

[Senchagov] Simultaneously with the increased retail prices for foodstuffs, prices are being raised for other produce sold at public catering enterprises. Unfortunately, the price increases there will be somewhat greater than at retail trade enterprises. This is associated with the need to abolish the former subsidies for public catering (for example, through higher trade discounts).

Compensation to the public for higher prices includes the higher prices in public catering.

In order to provide social protection, republic and local organs may, giving due consideration to specific conditions, make provision for additional benefits to reduce the cost of catering for workers, employees, students, and so forth. In particular, the resolution makes provision for the possibility of allocating part of the higher student grants to lower the cost of dishes offered in student dining halls, while part of the assets of enterprises should be earmarked specifically to compensate for the higher cost of catering.

[Question] Why have the retail prices for children's goods—clothing, footwear—been raised more than for similar goods for adults?

[Senchagov] In fact, this is so. As is known, up to now the state has been using subsidies from the budget to maintain the relatively low retail prices for goods in the range of products for children. With the increased purchase prices and wholesale prices, the amount of the subsidies became almost double the value of these goods in existing retail prices.

Maintaining the low, so-called "subsidized" prices for goods for children was for many years one of the main forms whereby families with children were helped.

However, given all its attractiveness, this price system had serious defects. They included first and foremost the fact that enterprises had no economic interest in expanding the output of these kinds of goods. The greater the output of articles for children, the greater the subsidy and the less the profit compared with goods for adults.

Moreover, the inexpensiveness of these goods led to a situation in which in some cases they were being acquired not for their immediate purpose but also for adults when such items fitted them. The practice of taking several fur coats made for children and making them into a fur coat for an adult was widespread, and so forth.

Maintaining low retail prices for these goods required considerable state assets, but it was not possible to observe the principles of social justice with respect to all families with children. Families with children who grew tall very quickly did not receive this support from the state because it was necessary to buy adult clothing and footwear for them at prices that were not subsidized.

Taking all these circumstances into account, it was decided to set retail prices for children's goods in accordance with production costs, while the amount by which the prices were raised will be returned in full to families with children, in the form of compensation for each child. These prices should help in normalizing the consumer market for these goods.

Naturally, since the previous prices for children's goods covered only 50 percent of production costs, compared with goods for adults the increases were considerably greater.

It should be noted that virtually all countries (Czechoslovakia, Hungary, Germany, and so forth) that have had a policy of subsidized retail prices for children's goods have gradually abolished them when they no longer justify themselves from the standpoint of economic and social results.

[Question] So, for light industry goods and cultural and everyday and domestic goods we can expect to become acquainted immediately with the random elements of the market. The range of goods for which control over price level is being abolished is being expanded. This is causing a sense of serious alarm among the public because many people have already been burned with the prices in the cooperative sector, which continue to rise. Like mushrooms after a rain, the commercial stores and shops are springing up in increasing numbers, with staggering prices that it is difficult even to define...

[Senchagov] In fact, for nonfood goods, for which the range has been extended, while the quality range is very broad, we are making active use of the mechanism of market regulation of supply and demand. We have had islets and prototypes of the market in this sphere for a long time, and until recently they fulfilled the function of expanding the output of high-quality fashion goods.

Today, the position in the consumer market is such that total abolition of state control over prices may lead to very serious consequences for the public, considering that the proportion of free prices for nonfood goods do not make up more than 30 to 35 percent of the total volume of such goods sold, including goods for which previously the enterprises could set the prices in agreement with the customer. Here, fixed state prices will be in force for 40 percent of the nonfood products sold, including all socially important products. For the rest, regulated prices will be in effect. In this case, enterprises will not be able to increase prices above set limits.

[Question] The idea was current quite recently that in general the level of retail prices covers production costs for all goods, and that the problem was that with the low prices for meat, subsidies were covered from turnover tax for nonfood products. Here, people liked very much to recall that ladies' boots cost R120 to R150, or the cost of a small car. In many people the impression was created that the entire retail price reform could be reduced merely to increased prices for foodstuffs and price decreases of about the same amount for goods attracting a high profit. How are we to understand that the price increases, and they are substantial, should also cover this group of goods?

[Senchagov] Quantitatively the total amount of subsidies and losses last year virtually matched the size of turnover tax. However, more than half of this tax was concentrated in alcoholic beverages and petroleum products used by state enterprises and organizations. For most other goods the turnover tax existed only as the result of not fully taking into account the costs at the various stages of the production and marketing of output, and underestimation of the cost of manpower and natural resources. And as soon as we brought wholesale and purchase prices for raw materials, materials, and subassemblies (including those imported) into line with real conditions, and increased deductions to social security by the amount necessary to bring into force the new law on pensions, turnover tax completely disappeared for most goods, including the ladies' boots and small cars that you mentioned. On the contrary, most articles of footwear, and the Tavriya car became unprofitable.

These results are connected, moreover, with the fact that wages have risen many times faster than labor productivity. Overall, during the last five-year plan the average wages for workers and employees in the national economy rose 41 percent, but labor productivity increased on 7.4 percent. If we allow that situation to continue, then even with the new prices, in a few years many goods will again be unprofitable, and that will make it necessary to raise prices again.

[Question] Can you concretize this answer using a small car as an example?

[Senchagov] First of all, the increase in retail prices is associated with the need to cover manufacturing costs, which have been increasing both because of the higher

wholesale prices for Soviet raw materials and materials, and because of the use of relatively expensive imported materials and subassemblies, for which accounts were previously handled according to wholesale prices, while the import costs, which are higher than wholesale prices, were compensated through the state budget.

When market relations are developed, and when retail prices must increasingly reflect demand and the opportunities available to satisfy that demand, maintaining low retail prices for small cars creates conditions for speculation and all kinds of abuses in which the simple worker suffers, and people make excessive profit from all kinds of shady deals.

At this time, demand for cars is three or four times greater than the capacity of Soviet industry to produce cars, and there is no chance that output can be increased on those scales any time in the near future.

In order to acquire one million small cars by importing them, it would take \$3-\$4.5 billion, and it would cost just as much in addition to set up the services to maintain and repair them.

It is obvious to everyone that it is more advisable to invest those assets to develop our own automotive industry as one of the progressive sectors that help to raise the overall level of production.

Because of this, the change in retail prices remains difficult but is a necessary means to normalize trade in small cars.

I would like to draw attention to the following circumstance: The prices set for small cars are the top limit. Quite recently there were difficulties in selling particular kinds of cars. The plants producing the Tavriya and the new Moskvich played a major role in resolving that problem. However, everyone understands that it was not these circumstances that led to the sharp increase in demand and the soaring prices at auctions and in the black market. Normalization of the consumer market in general will, according to our calculations, quickly damp down the wave of frantic demand, and the automobile plants will have to move to make major improvements in the quality of cars and provision of services in order to avoid making use of the right given them to lower prices. Moreover, the limited scope of the market will finally force them to start producing reliable and inexpensive cars for the masses. I think that as consumers we shall not complain about this kind of development.

Price Hike Inflationary Effects, Solutions Examined

91A0833A Moscow *RADIKAL* in Russian No 15,
2 May 91 p 7

[Article by Vladimir Torbin, doctor of economic sciences, and David Shavishvili, doctor of economic sciences, Scientific Research Institute for Prices: "How Can We Save Ourselves From the Falling Ruble?"]

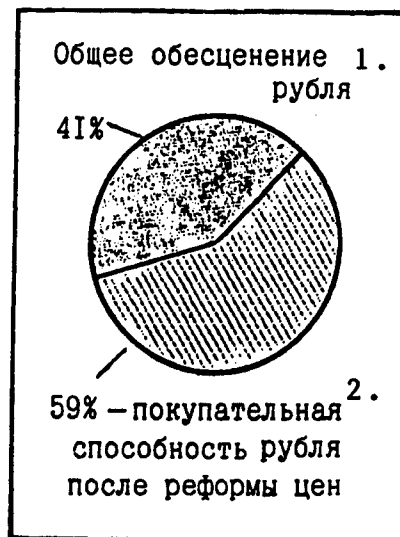


Figure 1

Key:

1. Overall Devaluation of the Ruble
2. Purchasing power of ruble after price reform

[Text] The second of April is not just a splinter reminding us of the new order of the figures in the price lists for previously absent goods. On that day, retail prices finally caught up with the already increased wholesale and purchase prices, and a transition was made from suppressed inflation to its open (price) form. In doing this, the ruble in the economy was devalued a total of 41 percent, and in non-cash circulation, 44 percent (through the growth in wholesale prices, by 52 percent, and purchase prices, by 29 percent), and in cash circulation, by 37 percent (through growth in retail prices).

Retail prices have been raised for goods comprising about 60 percent of the entire retail commodities circulation of state trade (including paid services). Considering the introduction of a five-percent sales tax and a two-three-time increase in the cost of goods and services of nonstate structures of the economy, retail prices have been raised in greater amounts than had been proposed (1.6 fold). In a compared cluster of goods, their level on the whole had increased 2.2 fold, including 2.5 fold for fixed goods, 1.8 fold for regulated goods, and two fold for contracted (open) goods.

The more substantial growth in retail prices occurred because of the following factors:

- the average vodka price increased because of the increased realization of high-quality vodka and its sale at a high price for public consumption;
- fares for intra-city passenger transportation increased approximately three fold;
- price surcharges have increased substantially for general foodstuffs;

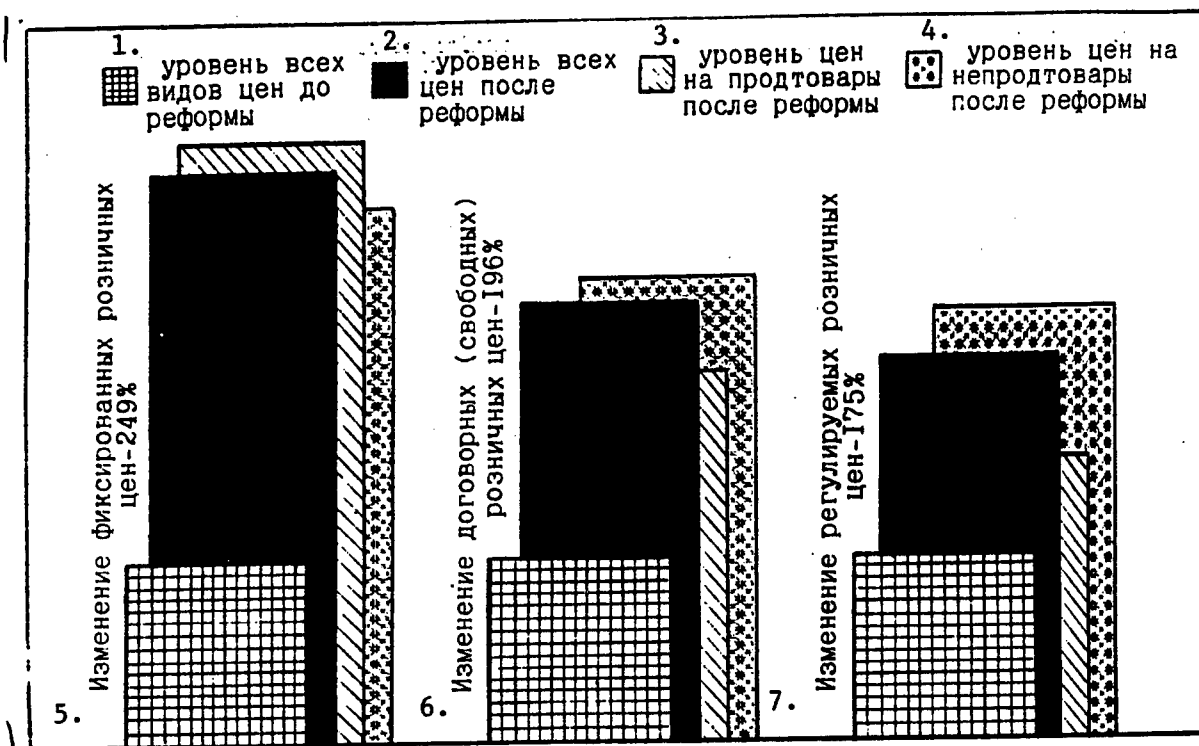


Figure 2

Key:

1. level of all pre-reform prices
2. level of all post-reform prices
3. level of post-reform foodstuffs prices
4. level of post-reform nonfoodstuffs prices
5. change in fixed retail prices 249 percent
6. change in contract (open) retail prices 196 percent
7. change in regulated retail prices 175 percent

- rates for household services for the population have increased two-three fold;
- commercial taxation for regulated and open prices has increased more than twofold;
- kolkhoz market prices have increased about in proportion to the growth in purchase prices and commission trade prices in consumer cooperatives;
- prices for goods produced in the sphere of the new cooperative and individual labor activity shops have increased in proportion to the growth in prices for analogous products, to which the state fixed and regulated prices are being raised;
- the growth in open prices is more substantial as the result above all of cultural use and domestic purpose goods, confectionery products, imported cigarettes, etc.

Adaptation to the new prices will be under way over the course of the quarter (April-June). The coordination of

supply and demand during this time will not be characteristic of the subsequent period. The lowest demand will be made for foodstuffs (in the first month for all, particularly for perishables, then for grains, canned goods, etc.). There will begin a steady process of decline of the rushed demand for low-quality industrial goods. A reduction in speculators' income, as well as in income in the free enterprise sphere will reduce demand for high prestige expensive goods.

The situation in the overall correlation of supply and demand among individual groups of goods will begin to become clear mid-year. For the time being, it is impossible to assess concretely the possible situation. It will depend upon the state of the stock of merchandise, the factual growth in prices and volumes of monetary releases, and finally, upon the pace of privatization of state property, the weakening pressure of the the monetary stock for traditional goods circulation.

With significant sociopolitical tension, the second phase of compensation to the population of monetary losses is advisable (first and foremost for the groups with fixed income).

With a relatively favorable perception of the reforms, both regulation of price levels for individual groups of goods within the framework of fixed and regulated prices (in accordance with the forming demand and supply, with an overall increase in price levels) and the expansion of the nomenclature of open prices are possible.

Yet in any event, the problem of the social defense of the population takes first place. For many years, the mechanism operated through subsidies of retail prices, pensions, stipends, assistance to those with low income, through funds for material incentive and sociocultural measures, which in their totality formed the so-called "public consumption funds." Yet the payments from these funds rendered ineffective such motivational levers for labor as real wages, supplemental monetary income, etc.

Under the conditions of a market, the mechanism of the population's social defense are

- one-time compensations, set in connection with the price review in the economy;
- indexing of monetary income of workers of material production, the nonmaterial sphere, and the portion of the able-bodied population (as a rule, for a one percent growth of inflation, incomes are indexed, that is, they automatically grow up to 0.6 percent);
- directed support programs for the low-income segment of the population (payments are determined for them dependent upon the level of monetary income).

The selection of the version depends upon the state of the national economy.

As a rule, in a market economy, general economic forecasting is in many ways determined by the cost parameters, including the inflation level. Three such levels are clearly delineated: normal inflation (average annual growth rate of up to three percent), moderate inflation (up to 10 percent), and galloping inflation (over 10 percent).

Under normal inflation—the growth rate of the merchandise stock outpaces the growth rate of monetary income, and the latter, the growth rate of prices. Under this, the population's real monetary income grows, and prices decrease relative to the growth in this income. As a rule, the state does not interfere with the natural course of events in the economy, having liberalized the market, income, and prices to the maximum extent.

Under moderate inflation—the growth rates of the merchandise stock, monetary income, and prices are close. Stagnation occurs under these conditions: There is no growth in real monetary income, nor, consequently, in the population's standard of living. The state resorts to partial measure to vitalize economic forecasts through tax and credit policy.

Under galloping inflation—destructive processes take place in the economy, leading to the collapse of the

consumer market, labor force markets, investments, [securities], etc. There is price growth that outpaces the growth of the merchandise stock; the income and standard of living of the population are reduced. Under these conditions, the state becomes resolutely involved in the course of events, adjusting the system of economic macro regulators to fight stagflation, making wide use of the mechanism of freezing monetary income and prices. The need to apply indexing of the population's income recedes, and the directed support programs for the low-income strata of the population are reduced to a minimum.

The social support mechanism is most effective under moderate inflation. Income indexing and directed support programs lead to the stabilization of the population's standard of living, while preserving the motivation to work. But under conditions of galloping inflation, the mechanism of the population's social defense through indexing and directed support programs loses all meaning, as it works toward further twisting of the inflationary spiral.

The country's inflation rate in 1990 was 18.5 percent; wages grew by 15 percent, and commodities resources, somewhat over seven percent, that is, for each one ruble of growth in the merchandise stock there was two rubles' growth in income. Indexing the population's income under these conditions is inadvisable. Under a balance of effective supply and demand of goods, these proportions must be changed substantially—for one percent growth in the commodities stock, the increase in monetary income must be 0.6-0.7 percent, and in prices, 0.2-0.3 percent. Then the purchasing power of the ruble will grow and the relative reduction of retail prices will commence. But there is a gap between desire and reality, and there is only one way to overcome it—by executing consistently a range of completely necessary measures:

- by increasing the production of non-foodstuffs consumer goods by approximately 2-2.5 fold, including automobiles to 10-12 million units; home furniture, to R25-35 billion; construction materials, to R12-15 billion, and sophisticated household appliances, to R70-80 billion, allowing the retail merchandise circulation for these goods to rise to R230-250 billion;
- increasing the volume of paid services to the population to R220-250 billion, significantly expanding the range and quality of these services;
- attracting foreign credits for the purchase of non-foodstuffs consumer goods in the quantity of R10 billion, permitting an increase in the retail merchandise circulation of these goods by approximately three fold, or by R100 billion in domestic prices;
- organizing the sale to the population of R100 billion of basic funds, raw materials, and materials for their subsequent application in non-state structures of the economy;

- stimulating the expansion of the proportion of natural consumption of a number of foodstuffs by allocating for personal use plots in collective gardens, truck gardens, farm plots, etc. (in the sum of R60-80 billion);
- expanding for the able-bodied population the opportunity to receive supplemental secondary income, having created the conditions for using their labor income in organizing and operating nonstate structures, markets for capital, securities, etc. (in the sum of R90-100 billion).

All of this will permit the consumption fund of the national income to increase approximately two fold, and saturate the market with goods and services, meaning that it will balance supply and demand and normalize the necessary price change within a framework of regulated inflation.

Regional Bank Meeting Sought To Coordinate Finance Policies

OW1106100191 Moscow INTERFAX in English
1830 GMT 10 Jun 91

["The Science and Industry League To Call a Meeting of Regional Banks To Shake Up the Country's Finances"—INTERFAX headline; from "Soviet Business Report"—following item transmitted via KYODO]

[Text] The Science and Industry League (SIL), a conglomerate of industries which account for 65% of the country's output, has announced plans to call a meeting of the leaders of regional banks to coordinate financial policies.

SIL's board in a special resolution last Friday on critical trends in the country's banking system said the continuing collapse of the single financial structure "would have catastrophic effects for the country's future."

More recently, a number of Soviet republics adopted their own banking laws announcing plans to introduce their own currency to replace the ruble.

SIL urged President Gorbachev and the republics for a new Union treaty to include a provision on the observance of central laws on the State Bank, and on banks and banking operations.

SIL also insists that a central council of banks must be established as soon as possible to take charge of the country's unified banking system.

SIL's board, which is being described as "the third estate" capable of stabilising the situation in the country, pledged commitment to free enterprise and to the need for the separating the politics and the economy.

SIL leaders in a special resolution demanded that politicians should secure stability and the conditions for operations by all businesses regardless of ownership patterns or territorial subjugation.

SIL pressed the Soviet government to restore order in the budgeting mechanism and to set priorities in the financial policy.

INDUSTRIAL DEVELOPMENT, PERFORMANCE

Space Technology Plant Director on Output, Conversion

914A0843A Moscow RABOCHAYA TRIBUNA
in Russian 6 Jun 91 p 1

[Interview with Anatoliy Chizhov, director of the Progress Space Technology Plant, by correspondent Vladimir Babenkov: "Bureau Teletype: Eye on the Progress Plant"]

[Text] Our correspondent spoke with Anatoliy Chizhov, director of the Space Technology Plant and member of the USSR Supreme Soviet.

Samara—There are as many things in space today as on a city street at rush hour—rockets, orbital stations, satellites. As regards our Soviet space hardware, most of it has been ferried into orbit by booster rockets produced at a plant on the outskirts of Samara. Until recently, the newspapers didn't write about it, and its output was never publicized.

[Babenkov] Anatoliy Alekseyevich, maybe we'll let RABOCHAYA TRIBUNA's readers in on a secret: What kind of things are produced at our Progress Plant?

[Chizhov] Space hardware. For example, the R-7 rocket, the number seven referring to its payload capacity. It is the most reliable rocket in the world. And the least expensive. It lofts into space manned spacecraft, transport craft, and other hardware, such as the famous Resurs-F for studying the Earth's natural resources, the Foton laboratory for refining the technology for producing crystals and materials in weightlessness, and the Bion, a device in operation under the program for studying man's physical capabilities in space.

Another area of work is the production of the superpowerful Energiya rocket, which can loft a payload of over 100 tons into orbit. Plans call for using the Energiya to ferry into orbit heavy platforms for use in television and telephone communications.

The times have also affected Progress. Under conversion, the plant has produced experimental batches of disposable syringes. We have started producing equipment for small bakeries and confectionary goods. We have commissioned caramel production lines under license from the German firm Otto Henzel. Next will come a production line for producing chocolate. I just returned from Japan, where we concluded a contract for the delivery of equipment and technology for the production of modern microwave ovens.

[Babekov] And when will you treat our housewives with your new product?

[Chizhov] So far, we don't have anything except the contract. Nevertheless, I'll venture to say that the first models will appear as early as next year. We plan to produce up to half a million units per year.

[Babekov] The defense branch leads the civilian complex. An example is the way your plant is equipped. The shops have machine tools with numerical program controls, automated complexes, and other equipment. With that kind of equipment, you can put consumer goods into production very quickly.

[Chizhov] That's not quite true. I think that in many respects, we've set about conversion with a kind of romantic notion, as if we only have to announce it and abundant consumer goods will appear tomorrow. Incidentally, conversion policy is being implemented under this very concept. Orders have been distributed among the plants of the military-industrial complex without regard for their actual capabilities. We've sown seeds in untilled soil and are expecting abundant shoots. In reality, that isn't the case. Those goods have not appeared. For in order to produce them, we need designs and technical retooling.

It would hardly be right to charge our plant, with its unique equipment, with producing consumer goods that could be made by any rural fabricating shop. For decades, we have specialized in the production of high-precision rockets and space hardware.

Another problem is that our former economic ties have been weakened or are not always suitable. We have to look for something new. But try to do that in our difficult time. We have to obtain many things through barter. But what can we, as rocket builders, offer? A rocket stage?

And so we're forced to buy things with centrally allocated materials, such as cement and metals.

[Babekov] What do you see as a way out of this vicious cycle?

[Chizhov] The right thing to do—and it's not too late to do it—would be to exempt some part of the enterprises of our branch from the production of defense output altogether and to orient them completely toward the production of equipment for the light and food industries and for agriculture. The rest should be given an opportunity to produce consumer goods that generally correspond to the enterprise's area of specialization. Then we could put new products into production more quickly and better react to market conditions.

[Babekov] In my conversations with Progress Plant employees, I often heard the following comment as well: conversion has spawned an exodus of personnel, something that was never characteristic of our prestigious

enterprise in the past. And there are also the cooperatives, which are luring people away with high wages.

[Chizhov] Unfortunately, we cannot compete with cooperative operators. But we don't intend to throw in the towel either. We've authorized our shops and departments to conclude direct contracts with "outside" clients. We let the shops keep three-fourths of the income they make from manufacturing such goods. On one condition—that this not interfere with their basic production.

[Babekov] And how have plant employees responded to this economic innovation?

[Chizhov] Positively. One shop concluded a contract with the Volga Automotive Plant Technical Maintenance Association [AvtoVAZtekhoobslyuzhivaniye] to stamp fenders for Zhiguli automobiles, and another, under an agreement with the province agro-industrial association, is manufacturing cranes for a dairy.

After all, this is conversion too. It may be on a small scale, but it has a market orientation and is not carried out on the basis of directives.

INTRODUCTION OF NEW TECHNOLOGY

Development Doubts Over Diamond Find in Arkhangelsk Oblast

OW1106004591 Moscow Central Television First Program and Orbita Networks in Russian 1900 GMT
3 Jun 91

[V. Bogomolov video report; from the "Utro 120 + 30 program]

[Text] [Begin recording] [Bogomolov] In the hands of Clement Rogers, chief geologist for the world's largest diamond company, De Beers, is an Arkhangelsk diamond. [Video shows a man examining a diamond, other specialists photographing, studying rock samples, examining diamonds through microscopes.]

He, and his colleagues from Australia, South and North America, and Europe—the top specialists of geological science in the diamond business generally—examined the crystals very critically. Having been to the place of their origin, they could not help but note their beauty. Nature so decreed that in 1980 geologists began to uncover and continue to find more and more new kimberlite pipes not very far—within some 100 kilometers—from Arkhangelsk.

Feast your eyes on these precious White Sea stones. The range of hues in the stones is very high. And if we add that you are not viewing a special selection of crystals, but simply a rich geological test sample, it would be clear even to an ignoramus, what fantastic wealth is hidden in the Arkhangelsk soil.

Do not ask when the new treasures that are capable of saving the economy of our native country will be mined. We will say one thing—the guests proposed to submit an agreement for joint development within five days, but here authority lies in monopolies and while this is the case, we will not see the multimillion [denomination not further specified] profits from the diamonds. So here they are, take another look at the play of light from the

priceless northern crystals. You must agree, they are beautiful even without faceting. [End recording]

Initially 15—and there are nearly 100 of them in the whole world—prominent specialists, geologists, and diamond merchants, have visited geological expeditions that are prospecting for the northern diamonds.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Steps Taken to Ensure Stable Russian Agriculture

PM1206145191 Moscow SOVETSKAYA ROSSIYA
in Russian 8 Jun 91 Second Edition p 1

[Unattributed report: "For Rural Working People"]

[Text] An ordinance by B.N. Yeltsin, chairman of the RSFSR [Russian Soviet Federated Socialist Republic], and I.S. Silayev, chairman of the RSFSR Council of Ministers, has determined a number of practical actions to ensure stable work by the economy's agricultural sector. This was announced by the RSFSR Council of Ministers information department.

A quarterly index of prices and rates for agricultural products, industrial products consumed by the agro-industrial complex, and services for the countryside was introduced on 1 January this year. It is specified that the RSFSR Finance Ministry will provide the republic's Ministry of Agriculture and Food with an advance of three billion rubles [R] in May-June, including R60 million for peasant (owners or tenants) farms. This compensation, which is not provided for in purchase and wholesale prices, will be transferred to kolkhozes, sovkhozes, and other agro-industrial complex enterprises in accordance with the results of the quarter and of the year as a whole.

In the first six months R1.5 billion are allocated to the Ministry of Agriculture and Food to compensate for expenditure on capital construction at agro-industrial complex facilities.

In connection with the introduction of new retail prices the procedure for compensating working people of kolkhozes, sovkhozes, and loss-making agro-industrial complex enterprises for their expenditure will be retained for the second six-month period.

The instruction on extending higher rates of interest to credit obtained before 1 January 1991 is abolished. Surplus money will be returned within two weeks.

Commercial banks' credit rates, including concessionary rates, have also been regulated. As of 1 July 1991 economic components of the agro-industrial complex are exempted from payments into the nonbudget economic stabilization fund and the money will go on compensation in connection with the reform of pricing. On 15 June mixed feed prices will be reduced by 30 percent on average; agricultural enterprises, including fisheries, will be allowed to sell up to 30 percent of their products at contract prices.

LIVESTOCK AND FEED PROCUREMENT

Specialists Address Livestock Feed Problems

Interview on New Approaches in Belorussia

914B0173A Minsk BELORUSSKAYA NIVA in Russian
27 Mar 91 p 2

[Interview with N. Glavatskiy, Director of the Feed Production Department, BSSR Minselkhozprod [Ministry of Agricultural Products], by A. Tilkov: "Against the Mold"]

[Text] Specialists of Minselkhozprod [Ministry of Agricultural Products], together with scientists, have developed a new concept of feed production in the republic for the next five years. Naturally, villagers are interested in the details of the program.

Our reporter [A. Tilkov] interviewed N. Glavatskiy, Director of the Feed Production Department, BSSR Minselkhozprod.

[Tilkov] Nikolay Vasilyevich, how does the proposed idea differ from the previous food production program?

[Glavatskiy] The differences are quite considerable. Removed from the new program is the pattern by which approaches to feed production were put into a single mould by means of the so-called strong-will method. We would be told to sow this and not something else, and to harvest in this and not in that manner. We know what this led to: we were not successful in producing the needed amount of feed either quantitatively or qualitatively. First of all, livestock was undersupplied with protein. Suffice it to say that due to the protein imbalance of rations the republic's farms overexpended up to a million tons of feed units annually.

With a consideration of the accumulated experience, the new concept reflects many questions that are either being posed for the first time or that are being interpreted differently. For example, we have the problem of balanced grain forage. Specific actions and scientifically-based norms for the use of legumes and rape in feed are being introduced. The more optimal variants include the structure of the variety composition of grasses for both arable land and meadow and pasture lands. Moreover, everything is based on a cross-section of zones and their soil characteristics. This is to ensure that the crop being cultivated brings the greatest return.

High-protein crops such as Eastern galega, amaranth and cruciferae are highly recommended for extensive introduction. Special significance is attached to increasing corn production by selecting out the more rapidly-maturing hybrids and varieties for the republic. Ways to process it are indicated. We will immediately begin the manufacture of sowers that will sow grass seed in sod, and a unique method of renewing the grass stand on meadows with a minimum or no soil cultivation will be

utilized. Orders have been issued for the manufacture of other special machines and equipment. It has been emphasized that such new approaches have been dictated by the coming market.

[Tilkov] You mentioned that in some parts of the republic there has been experience in solving the protein problem. Can you tell us where this has happened?

[Glavatskiy] Yes. Let us take Eastern galega as an example. On our soil it demonstrates superhuman strength. In our opinion, its "ticket" must be extensively utilized, but the problem of seed farming is hindering it to some degree. This is being taken into account within the new concept. After all, the experience exists. For example, last year in Voskhod Kolkhoz, Molodechnenskiy Rayon, farmers were successful in harvesting two tons of quality galega seed. There will be enough seed for them, and to sell. Incidentally, here the galega hectare is most productive in terms of protein and is twice as profitable as clover in terms of yield.

Or let us look at amaranth. It has rooted itself firmly on the land of Pamyat Ilich Kolkhoz-Combine of Brestskiy Rayon and of Leninskiy Put Kolkhoz-Combine of Slutskiy Rayon. Its protein potential is also very high. By coordinating amaranth with rape, vetch-peas and other legume mixtures, enterprises are successfully dealing with the protein problem. This is a very promising crop and it must find its place in the feed field more quickly.

There are many places of intensive feed production. I would also single out Kolkhoz-Combine imeni Uritskiy, Gomelskiy Rayon. Having a large livestock-fattening enterprise and a dairy herd, livestock is maintained here almost completely by means of its own feed. There is practically no protein shortage.

[Tilkov] We must assume that we are not retiring traditional crops such as clover, alfalfa and legume mixtures.

[Glavatskiy] These crops are old inhabitants, and we cannot do without them. It is true that we must push alfalfa more decisively. In any case it is considered very important to improve the structure of the grass field on arable land in a planned manner. No, this will not be done through the strong-willed method but via well-founded proof. We support each enterprise having the practical experience of annual spring supplementary sowing of grasses on arable land on half of the existing mowing area. In addition, legumes and legume-cereal mixtures must occupy 70 percent of the area. A scientifically-based system of grass mixtures has been developed for the grassing and regrassing of haylands and pastures. If they so desire, enterprises may propose, and this will find support, that grass mixtures be prepared, according to their orders, in inter-enterprise seed enterprises.

According to their orders, scientists of the BelNII [Belorussian Scientific Research Institute] of Agriculture and Feed may propose to enterprises various models of the green conveyor based on the special characteristics of the enterprises. The crux of the matter is to have each

enterprise fully supply animals with green balanced feed from May to November. But in order to do this, enterprises must have a specific plan for such a conveyor beginning in the spring. The selection of grasses should include clover-cereal mixtures, alfalfa, sweet clover, Dakota vetch, sainfoin, galega, and annuals, primarily with rye grass, as well as intermediate, aftercrop and stubble crops (up to 15 percent of arable land).

[Tilkov] Market relations are radically altering approaches to solving the grain forage problem. This means that the emphasis must be placed on one's own resources.

[Glavatskiy] Our problem was low grain forage quality. The structure of grain raw materials for the production of mixed feed is imperfect even today. Let us say that the proportion of legumes within the total volume of grain forage last year equalled only about four percent. Yet the norm is 16-20 percent. For this reason, the content of digestible protein in grain forage did not exceed 90 grams per feed unit. If the necessary measures are not taken, even with the availability of raw protein from state resources the shortage of raw protein in mixed feeds cultivated within the republic alone will remain at the level of 140,000 tons.

I have discussed the main sources for covering the protein shortage. But there are also auxiliary sources. Up until now, unfortunately, the waste products of the processing industry and other valuable raw materials have been poorly utilized. The obstacles have included rapid deterioration and shipment expenses. This is why we need capacities to dry raw materials. It has been calculated that each year it is possible to obtain 64,000 tons of dry pulp, 8,000 tons of brewing waste, 24,000 tons of vegetable pulp, 20,000 tons of dry dairy feed, 30,000 tons of sapropel and 13,000 tons of peat-protein supplements. They can be used to replace over five percent of the grain within the mixed feed.

And another thing. In animal rations there is a great shortage of vitamins, microelements, and biologically-active mineral substances. Even premixes must be procured outside the boundaries of the republic. Nevertheless, the need of farms for the aforementioned preparations is satisfied by only 39 percent. But there is a solution: at Soligorskiy Potassium Combine it is necessary to produce mineral top-dressing from hallite wastes; in Gomelskiy Superphosphate Combine it is necessary to deal with the question of phosphogypsum for feed purposes. In Novyy Byt Kolkhoz, Minskiy Rayon, it is planned to open a shop for the production of protein-vitamin supplements from processed rape. Many of our lakes are rich in sapropel. It can also be used successfully in feed. It is planned to include new capacities for processing grain according to the method of extrusion and micronization.

There is one single goal: to increase the effectiveness of using grain forage via quality mixed feed, to do everything possible to have grain make up not 85 percent of

mixed feed, but a maximum of 60-65 percent. Something to be considered is that in a number of capitalist countries grain comprises 20-40 percent of mixed feed.

[Tilkov] An absolutely necessary condition under market relations is assiduous management. Feed production is no exception here.

[Glavatskiy] It is not enough to simply establish what the sources for feed are. It is possible to cultivate a large harvest and to destroy part of it. Often this is what happens. Enterprises do not have sufficient quantities of feed-harvesting combines, presses-collectors or ventilators. There are not enough feed storehouses. We have only 88 percent of the number we need to store hay, for example. Right now 85 percent of haylage and silage is stored in typical capacities. We bear many losses from the poor storage of feed potatoes and root crops.

The new concept does not leave room for mismanagement. Under market conditions the latter is intolerable. It is proposed that all enterprises make the transition to feed procurement only according to progressive technologies. It is true that good equipment is necessary for this. This is why specialists have recognized the need to rapidly modify and improve feed procurement machinery. It is planned to implement a series of measures within the framework of the republic's enterprises.

Of course it is impossible to encompass all aspects of the new concept of feed production within this single interview. I will mention one thing, however: the new concept points to reserves and ways to solve the problem. Moreover, it does not assign or dictate. Managers are being offered weighed approaches to determine the structure of the feed field. By following the directions sketched out in the new plan it will be possible to satisfy completely demand for quality forage within livestock raising. We are establishing a specific goal—to increase production to 43-44 quintals of feed units per standard head of livestock and to achieve a noticeable increase in farm production during 1991-1995.

Protein Factor; Sci-Tech Help Discussed

914B0173B Moscow SELSKAYA ZHIZN in Russian
15 May 91 p 2

[Article by K. Solntsev, VASKhNiL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin]: "The One Who Has More Protein Has More Meat and Milk"]

[Text] The traditional feed production structure that has remained unchanged for many years in our country does not permit us to solve the problem of protein content of animal rations—its goal has been the procurement first and foremost of carbohydrates and cellulose and not of protein. But it is the shortage of protein that is hindering the growth of meat and dairy production and that is resulting in the enormous overexpenditure of forage.

Where can we obtain protein? The science of microbiology has proposed an industrial method for producing protein from petroleum paraffins. The production of protein-vitamin concentrates reached 1.088 million tons in 1988. In biological value protein-vitamin concentrates are not inferior to protein feeds from animal sources. A ton of concentrate contains 350 kilograms of protein. Still, it was not possible to fully solve the protein problem by this means.

There is only one solution—to alter the ratios of feeds being produced by increasing the area in protein-rich crops. Under contemporary economic conditions, when kolkhozes, sovkhozes, farmers and leaseholders themselves determine what is advantageous to grow and what is not, this variant, which promises growth in livestock productivity with fewer expenditures, will undoubtedly become a priority.

Protein-rich pulse crops are well-known; the experience of cultivating them was assimilated still in peasant enterprises. But whereas in 1913 pulse crops occupied 48 percent of the area of forage crops, in 1940 this figure was 17.7, and in 1989—only eight percent. Peas and lupine, soybeans and vetch, chick-peas and lentils were sacrificed to the unjust politics of price, when large grain yields were rewarded in every way possible. In connection with this, there was a systematic breakdown of measures to expand sowing area, to increase productivity and gross grain yield of pulse crops, which could not compete in this regard with cereal grasses.

Scientific centers developed an entire series of high-yield varieties of feed pulse crops and oil-bearing crops and an agrotechnology for cultivating them. In any zone in the country enterprises and farms have a real opportunity to supply their livestock with protein-rich feed. All that is necessary is to begin serious work. For example, Belorussian scientists have calculated that in the republic it is essential to expand the area in such crops from 290,000 to 420,000 hectares, including the area in peas—to 200,000 hectares, in lupine—150,000 hectares and in vetch and feed legumes—70,000 hectares. Workers of the Ukrainian Feed Institute feel that soybean cultivation should become the focus. At the first stage it would be expedient to increase the area in soybeans to 500,000 hectares, and subsequently—to one million hectares. The Far Eastern Institute of Agriculture also recommends increasing soybean production to 1,150,000 tons. Achieving this level of production is realistic if the area in soybeans is expanded to one million hectares and if productivity increases to 12-13 quintals per hectare.

A considerable number of leading enterprises have assimilated well the technology for producing large yields of legumes and oil-bearing crops. Their experience must be widely utilized. High soybean yields (22-31 quintals per hectare) are being achieved by Kolkhoz imeni Gazeta Pravda and Peremoga Kolkhoz of Kelmenetskiy Rayon, Chernovitsy Oblast, Kolkhoz imeni Lenin of Dikanskiy Rayon and Radyanskiy Kolkhoz of Kobelyuakskiy Rayon, Poltava Oblast, and

many, many others. In Put K Kommunizmu Kolkhoz, Grodnenskiy Rayon, Grodno Oblast, for example, peas and barley are cultivated together. Last year on an area of 2,400 hectares 6,350 tons of grain were harvested—26 quintals per hectare. The enterprise supplies its hog-raising complex of 24,000 hogs fully with concentrated feeds that are balanced in protein, which is especially important. Average daily weight gain in hogs being fattened has reached 630 grams and only 4.2 feed units are being used per kilogram of weight gain.

The most popular model for our time is this: the one who has the most protein has the most meat and milk. With an average yield of 15 quintals per hectare feed legumes enable us to produce 341 kilograms of protein, vetch—342, peas—288, lupine—351, chick peas—450, soybeans—422, lentils—324, and peavine—334 kilograms per hectare. It is very important already this spring to become seriously involved in solving the protein problem in every enterprise—to choose the correct crop and variety, to correctly select plots for expanding their production, to fulfill pre-sowing operations in full volume and to successfully complete sowing operations. Livestock farmers are giving their blessings to everyone who is involved in feed production in their struggle against many years of protein starvation.

Spring has come and spring crops are beginning to be sown on the country's fields. We would like to hope that during this sowing season all opportunities will be fully utilized to expand the area in protein-rich crops.

But spring is not only the beginning of field work but also the time to begin village building. It also has the most direct relationship to the protein problem. I am referring to the building of storage facilities for hay, silage, haylage

and root crops. Tens of millions of tons of these feeds have been put into "storage" in stacks and ricks, holes in the ground and trenches, in pits and in piles. With this kind of "storage" gigantic losses of protein are unavoidable. We have calculated that in 1989 over three million tons of digestible protein were lost in this way. This is why it is so important this year to build a hay barn and haylage trench under the awning and a good storage area for root crops. The person who builds a "house for feed" is participating actively in solving the food problem.

Here the help of the city is also extremely important. With surprise and indignation we must note the unjustified calm attitude of the directors of a number of industrial ministries toward the practice of constant interruptions in shipments of biologically-active feed supplements to livestock farmers. Enterprises of the medical, chemical and metallurgy industries fulfill orders of livestock farmers for amino acids, zinc salts, manganese, feed forms of vitamins and many other biologically-active supplements by no more than 30-45 percent annually.

In Western countries with full access to good feeds it has been recognized as impossible to develop highly productive livestock raising without the utilization of an entire complex of biologically-active substances. A powerful industry has been developed to uninterruptedly supply farmers with feed supplements. In our country science (in many areas before Western scientists) developed a theory, principles and norms for utilizing the entire complex of biologically-active substances in livestock raising. It is now up to industry. It has long been time to understand that without the constant interested participation of the city the village is in no condition to increase the production of the milk, meat and other farm products that are so necessary to city residents.

POLICY, ORGANIZATION

USSR Law on Protection of Consumer Rights

914D0218A Moscow IZVESTIYA in Russian 10 Jun 91
Union Edition pp 3,4

[Text of "Law of the Union of Soviet Socialist Republics
'On the Protection of the Rights of Consumers'"]

[Text] This present Law delineates general legal, economic, and social grounds for the protection of the rights of citizens—the consumers of production.

For purposes of this Law, the following definitions apply:

"Production" - goods, work, and services;

"Consumer" - A citizen who uses, acquires, orders or has the intention of acquiring or ordering production for personal, everyday use;

"Manufacturer" - An enterprise, organization, institution, or citizen- entrepreneur manufacturing goods for sale;

"Executor" - An enterprise, organization, institution, or citizen- entrepreneur executing work for a consumer or providing services to him;

"Seller" - An enterprise, organization, institution, or citizen- entrepreneur selling goods to the consumer in accordance with a buying- selling agreement;

"Agreement" - An understanding between the consumer and the seller (or executor) regarding the quality, deadlines, price, and other conditions of buying-selling, completion of work, or providing services;

"State standard" - A state standard of the USSR, a republic standard, construction standards and rules, state pharmacopoeia and temporary pharmacopoeial rules for medicinal products;

"Normative and technical documentation" - A state standard, enterprise standard, technical conditions, technical descriptions, medical prescriptions, and other documentation which establish requirements for product quality.

Section I. General Provisions

Article 1. Legislation on the Protection of Consumer Rights:

Legislation on protecting the rights of consumers consists of this present Law and other legislative acts issued in accordance with this law by the USSR and the republics.

Consumer rights and methods for implementing them, may be regulated by resolutions of the Cabinet of Ministers of the USSR and governments of republics only in such cases as directly indicated in this present Law and other legislative acts.

Legislative acts of the USSR and the republics on consumer rights protection cannot limit the rights of consumers nor diminish the guarantees for their protection as established by this Law.

Article 2. Application of Legislation on the Protection of Consumer Rights of One Republic on the Territory of Another Republic:

1. Legislation on protecting the rights of consumers of one republic is applicable on the territory of another republic in accordance with the following rules:

- with regard to relationships arising due to the consumer exercising his rights for information, quality of production, exchange of goods of suitable quality, as well as the consumer's rights in the event of a sale to him of goods of unsuitable quality, or violation of conditions of the agreement on completing work or providing services, the law of the locale where the transaction took place shall prevail, unless otherwise provided for by an agreement of the parties;
- with regard to relationships arising due to the consumer exercising his right to safety of his life and health, as well as to obligations arising from harm being caused by products of unreliable quality, the law of the locale where the dispute is being examined shall prevail, but on petition by the consumer, the law of the locale where the harm was caused shall prevail.

2. If an inter-republic agreement (or treaty) provides for other rules for applying the legislation of one republic on the territory of another republic, the rules of the inter-republic agreement (or treaty) shall apply.

Article 3. International Treaties:

If an international treaty, to which the USSR is a signatory, has established rules other than those which are embodied in legislation of the USSR on protection of consumer rights, then the rules of the international treaty shall prevail.

Section II. Consumer Rights and Protection Thereof

Article 4. Rights of Consumers of Production:

Every consumer has the right to:

- state protection of his interests;
- a guaranteed minimum level of consumption;
- an appropriate quality of the product;
- product safety;
- full and reliable information on the product;
- full compensation for losses incurred due to an unsuitable quality of production;
- appeal to the courts or other official state organs; and
- unite in consumers' public organizations.

Article 5. Guaranteed Minimum Level of Consumption:

1. Citizens of the USSR have the right to a guaranteed minimum level of consumption.

A guaranteed minimum level of consumption includes a selection of foodstuffs and non-foodstuff products and services which conform to the physiological minimum and the pattern of consumption of various groups of the population in each region.

A guaranteed minimum level of consumption and the amount of its value (the minimum total income per family member), methods for confirming and reevaluating these figures, as well as measures for ensuring compliance, are established by legislative acts of the republics and decisions of local Soviets of People's Deputies.

Union-republic and republic funds may be established in order to ensure a guaranteed minimum level of consumption.

2. The right of able-bodied citizens to a guaranteed minimum level of consumption is ensured by creating conditions for them, whereby they can realize their right to work and to receive incomes on a level not less than the amount of their minimum consumption budget.

For pensioners who have the right to full pensions, the guaranteed minimum level of consumption is ensured by the establishment of a minimum amount for pensions that is not less than their minimum consumption budget.

For citizens whose total income per family member, through no fault of their own, is less than the established amount, the guaranteed minimum level of consumption is ensured by additional payments up to the established minimum total income per family member.

3. The governments of republics and executive committees of local Soviets of People's Deputies:

- ensure the opportunity for all citizens to acquire goods and services in the amounts guaranteed by the minimum level of consumption for incomes which correspond to the minimum total income per family member. In the absence of this opportunity, they will pay a monetary compensation in the amount necessary for acquiring the established quantities of goods and services in accordance with prices prevalent in the region;
- regularly inform the public about the guaranteed minimum level of consumption, how it is established, and current prices for goods and services.

In individual republics and regions where there is no opportunity to freely acquire goods and services within the range of the guaranteed minimum level of consumption, temporary rationing of distribution may be introduced and various forms of natural assistance to different categories of citizens may be applied.

4. The protection of citizens' rights provided for in this article is effected by court suits initiated by a consumers' public organization or by a citizen.

Article 6. Suitable Quality of the Product:

1. The seller (executor) is obligated to transfer a product to the consumer which conforms to the mandatory quality required by standard technical documentation, conditions stipulated in agreements, as well as information for the consumer on characteristics of the given product.

2. The manufacturer is required to ensure that there is an opportunity to use the goods within their useable period.

Toward this end, the manufacturer will ensure that the goods are technically serviced or repaired, as well as that the manufacture and delivery for the trade and repair network of the assortment and quantity of spare parts necessary for repair or technical servicing during the manufacturing period of the goods and after they cease to be manufactured are available during the useable period or, if there is no useable period, for a period of ten years.

During the time limits indicated, the seller is obligated to ensure the availability for the sale of spare parts necessary for the consumer.

3. Losses incurred by the consumer as a result of non-fulfillment or unsuitable fulfillment of their obligations by the manufacturer or seller, as provided for in point No. 2 of this Article, are subject to full compensation.

4. Legislation of the USSR and the republics will determine procedures for compensating losses to the consumer by the seller, manufacturer, or executor, as well as for harm done to his life, health, or property, caused—within the time limits established by this Law—by the unsuitable quality of the product, in the event of the inability to pay due to bankruptcy, liquidation, or other reasons for cessation of the activities on the part of the seller, manufacturer, or executor.

Article 7. Consequences of Selling Goods of Unsuitable Quality:

1. The consumer to whom goods of unsuitable quality have been sold, if the defects of the goods were not specified by the seller, has the right to choose either an exchange of such goods for goods of suitable quality, proportionate decrease in the price, correcting the defects without charge, or reimbursement for his expenses in correcting the defects, or cancellation of the agreement and compensation for losses incurred.

The consumer may exercise his rights, as indicated, during a six-month period, commencing as of the moment that ownership of the goods is transferred to him, unless a longer period is specified by legislative acts of the republics or by an agreement. In the event that the goods have warranty periods or periods of serviceability, these periods will take precedence.

2. Warranty periods may be established by standard technical documentation or by agreement. Serviceability periods are established by standard technical documentation or by agreement if they are not provided for by standard technical documentation.

Warranty periods are counted from the date of sale of the goods; Serviceability periods are counted from the date of manufacture.

3. Requests arising per Point 1 of this Article, are presented by the consumer, as he so chooses, either to the seller of the goods or to the trade enterprise which performs the functions of a seller.

In accordance with the type of goods being sold, state commercial enterprises and commercial enterprises for consumer cooperation which are not sellers of goods, fulfill the functions of executing, on behalf of the purchaser, the obligations of enterprise-sellers which are appropriate to the respective commercial systems, as specified by this Article.

Functions tied to executing such obligations of commercial enterprise-sellers, established on other forms of ownership, are executed either by commercial enterprises that are formed by them, and sell the appropriate type of goods, or by enterprises with which the enterprise-sellers have concluded appropriate agreements.

A consumer is within his rights to present requests for either exchanging goods, having the defect corrected without charge, or being reimbursed for having the defect corrected by the manufacturer or by enterprises established for these purposes by the manufacturer, or by enterprises which have acquired these functions through an agreement reached with them by the manufacturer.

4. Upon presentation of a request by the consumer, as provided by Points 1 and 3 of this Article, the seller or manufacturer (or enterprises which fulfill these functions) are obligated to accept the goods from the consumer.

The requests of the consumer, as provided for in Point 1 of this Article, are not subject to being satisfied if the seller or manufacturer (or enterprises which fulfill these functions) can prove that the defect in the goods is due to misuse or improper storage by the consumer, the actions of a third party, or force majeure. In the event that the consumer discovers manufacturing, construction, incorrect prescription, or other defects in goods within the serviceability period, upon expiration of the periods indicated in Point 1 of this Article, the requests of the consumer, as provided for in this Article are valid, unless the seller (or manufacturer) can prove that these defects in the goods occurred after their sale.

The consumer is within his rights to participate in the verification of the quality of the goods either in person or through his representative.

5. The delivery of goods to the seller or manufacturer (or to enterprises fulfilling their functions) and the return of goods to the consumer are accomplished through the means and resources of the seller or manufacturer (or enterprises fulfilling their functions).

In the event that the given obligation is not fulfilled or in the absence of the seller or manufacturer (or enterprises

fulfilling their functions) in the consumer's area, delivery and return of goods may be accomplished by the consumer at the expense of the seller or manufacturer (or by enterprises fulfilling their functions).

6. If goods are available, the consumer's request for an exchange is subject to immediate satisfaction. In the event that the goods' quality needs to be verified, the consumer's request must be satisfied within 14 days from the date of submitting the appropriate request, unless other deadlines are established by legislative acts of the republics or by agreement of the parties.

If the goods are not available, the consumer's request for an exchange must be satisfied within a two-month period from the date of the request.

For regions of the Far North and other areas of quick delivery, the consumer's request, as indicated, is subject to being satisfied within the time frame necessary for scheduled delivery of the specified goods to these areas.

When goods are exchanged, the guarantee period begins anew, as of the date of the exchange.

Upon submitting a request for exchanging poor quality goods, if goods of a given model (make, type, etc.) are no longer produced, the seller or manufacturer (or enterprises fulfilling their functions) are required to offer the consumer similar goods of another model (make, type, etc.) and change the price accordingly.

7. In the event that the consumer requests that the goods' defects be corrected without charge, they must be corrected within 14 days from the date of the written request, unless other deadlines are established by legislative acts of the republics or agreement by the parties.

In the event that a request is made to correct defects in goods, the guarantee period for the products' utilization is extended by the time during which the product could not be used by the consumer. The aforementioned time is counted from the date the consumer requested that the defect be corrected.

8. Upon the consumer's request, while various equipment or parts for means of transportation are being repaired or exchanged, the seller or manufacturer (or enterprises fulfilling their functions) are obligated to offer him similar merchandise free of charge (including delivery).

If there is a delay in satisfying the request for providing similar products during the repair (or exchange) period, or a delay in correcting the product defects or exchanging products, the seller or manufacturer (or enterprises fulfilling their functions) will pay the consumer—at the time the product is delivered—a penalty amounting to one percent of its retail price for every day beyond the established deadlines.

9. If the consumer's requests are not satisfied within the period specified in Points 6 and 7 of this Article, the

consumer will be within his rights, if he so chooses, to present other requests, as provided for in Point No. 1 of this Article.

The penalty to be paid is in addition to the compensation due the consumer for his losses.

10. In exchanging poor quality goods for goods of the same model (make, type, etc.), if there has been a price change, no recalculation is done.

In exchanging a poor quality product for a product having the same generic characteristics, but different model (make, type, etc.), if there has been a price change, the calculation of its price is based on the product's price on the date of the exchange.

If an agreement has been cancelled, and if prices for the product have increased, the consumer's cost is based on the product's price as of the date the request was submitted. If the price has decreased, the price of the product is based on its cost on the date of sale.

If the agreement has been cancelled or there is an exchange of goods no longer produced, and if there has been a price increase, accounts are settled on the basis of the product's cost, plus the amount of the price increase of similar products. If prices have decreased, the price is based on the cost of the product on the date of purchase.

11. The manufacturer of the goods is obligated to compensate in full the commercial enterprise that is not the seller of the goods, for expenditures incurred in satisfying a consumer's requests, as provided for by this Article, as well as pay a supplementary amount to the commercial enterprise in the amount of ten percent over and above his expenditures.

Interrelationships between the manufacturer and the commercial enterprise-seller, as provided for in this Article, are regulated by the legislation of the USSR and the republics.

Article 8. The Consumer's Right to Exchange Good Quality Products

1. The consumer is within his rights to exchange a good quality, non- foodstuff product for a similar product in the commercial enterprise where he acquired it if the product is not suitable in form, dimensions, style, color, or size, or cannot be used by the consumer for some other reason.

Time periods during which the consumer may exercise his right to exchange the product are established by legislative acts of the republics.

The exchange of good quality merchandise may be made if it has not been used, if its commercial looks have been preserved, as well as its consumer characteristics, seals, factory labels, and the consumer has a commercial or cashier's check given him by the seller at the time of purchase.

A list of goods that cannot be exchanged on the grounds indicated in this Article, has been approved by the governments of the republics.

2. If similar merchandise is not available for sale when the consumer goes to the commercial enterprise, the consumer will be within his rights, if he so chooses, to cancel his agreement and request the return of money paid for the merchandise or to make an exchange for similar merchandise as soon as this similar merchandise is available for sale. The seller is obligated to inform the consumer who requested the exchange of merchandise when it becomes available for sale.

Article 9. Consequences of Violating the Conditions of Agreements on Completing Work and Providing Services:

1. The consumer is within his rights to repudiate an agreement on completing work or providing services and request compensation for losses if the executor does not begin, in a timely manner, to fulfill the agreement, or performs work so slowly that it becomes obvious that he cannot complete it by the deadline.

2. If the executor has permitted a deviation from the conditions of the agreement, resulting in lesser quality work (or services), or has permitted other defects in work (or services), the consumer is within his rights, as he chooses, to require a correction of those defects at no cost within an appropriate period of time or compensation for necessary expenditures incurred by him in order to correct the defects of the work (or services), or to a commensurate decrease in paying for the work (or services).

3. Deadlines for eliminating defects, provided for in Point 2 of this Article, may be established when an agreement is signed or as an addendum, when defects are found.

4. In the event that the defects cannot be corrected within the allotted period, as indicated in Point 2 of this Article, or deadlines for beginning and ending work (or service) have not been met, the executor must pay the consumer a penalty at the time he accepts the work (or service) amounting to one percent of the value of the work or services (or value of the order if item costs are not broken down separately) for each day that exceeds the deadline, unless legislation of the republic or an agreement provides for a higher penalty. The sum subject to a penalty may not exceed the value of the work or service (or order).

The penalty (fine) established for cases where defects are not eliminated in work completed, cannot be included in a bill for reimbursement of losses.

5. If substantive deviations from the conditions of an agreement are found in work (or services), or other substantive defects are found, the consumer is within his rights to demand a cancellation of the agreement and a reimbursement for his losses.

If substantive deviations from the agreement, or other substantive defects found in production were caused by using materials supplied by the consumer, he is within his rights, as he so chooses, either demand manufacture of a similar product using similar materials of the same quality, or cancelling the contract and being reimbursed for his losses.

6. The consumer's demands, provided for by Points 2 and 5 of this Article, may be presented in the event that defects are found while the work (or services) is being performed or when it is presented for acceptance by the consumer. The demands may also be presented if defects are found during the warranty period, or if there is no warranty period, within the periods established by legislative acts.

If deviations from agreements or other defects in work were not found by the usual means when the work was accepted, the consumer is obligated to inform the executor immediately upon finding such deviations or defects.

The warranty period may be established by a republic's legislation, standard technical documentation, or an agreement.

A warranty period begins from the date the work (or service) is accepted by the consumer, or in the event that the acceptance is late due to the consumer's fault, the warranty period begins as of the date established for completing the work (or service) specified by the agreement.

7. Payment by the executor of a penalty (fine), established for non-completion or unsatisfactory fulfillment of his obligations, and his reimbursement for losses, do not free him from fulfilling his obligations in kind.

8. In the event the consumer suffers a loss, spoilage, or damage to an item (or material) he has accepted, the executor is obligated to give the consumer an item of similar quality (or to complete work or a service) from his stock of similar quality material. If he is unable to do this, he must reimburse the consumer in the amount twice the value of the item (or material), plus associated losses.

The executor is obligated to warn the consumer about unusual characteristics of the item (or material) which could lead to its loss, spoilage, or damage. The executor is also not freed from his responsibility if his level of scientific or technical knowledge did not permit him to disclose these unusual characteristics of the item (or material).

The cost of the item (or material) used by the executor for performing work or providing services is determined by the consumer at the time the agreement is made.

9. Unique aspects of interrelationships between consumers and executors in agreements for performing work or providing services which, because of their nature, do not fall under this Article, as well as the consequences of

non-completion or unsatisfactory completion, are determined by rules governing specific aspects of these agreements, established by legislation of the USSR and the republics.

Article 10. Production Safety:

1. Citizens have the right to expect that merchandise acquired by them, when used or stored, will cause no harm to their life, health, or property during its period of serviceability or useful life.

Requirements for products to be harmless to citizens' life, health, and property, as well as to the environment, are mandatory and should be established in state standards.

If it is necessary to observe special rules for the safe use, transport, or storage of products, the manufacturer (or executor) is required to develop such rules, and the seller (or executor) is required to bring them to the attention of the consumer.

2. Products for which state standards have been established with regard to requirements for ensuring safety to citizens' life, health, or property, and environmental protection, as well as means for ensuring safety to citizens' life and health, are subject to mandatory certification, including a marking symbol confirming adherence to these requirements, unless legislation provides something different. The use and import of such products into the USSR is prohibited without the certification and the symbol attesting to the adherence of the given product to the stated requirements.

If a product, the use of which could cause harm to a citizen's life, health, or property, as well as to the environment, does not have state standards which contain mandatory requirements for environmental safety and protection, the appropriate government authorities are required to immediately ensure the development and implementation of such standards and, if necessary, to halt the sale of the product by the manufacturer (or seller).

3. If it is determined that the use or storage of a product is harmful or may cause harm to citizens' lives, health, or property, the manufacturer (or seller) is required to immediately halt its production (or sale) until the cause of the harm is eliminated, and if necessary, take measures to halt its distribution and recall the product from the consumer.

If the cause of the harm cannot be eliminated, the manufacturer is obligated to halt production of the item. If the manufacturer does not fulfill these responsibilities, the decision to halt production of the item, halt its distribution, and recall the product from the consumer may be made by the USSR Cabinet of Ministers, governments of the republics, or executive committees of local Soviets of People's Deputies, in accordance with the powers vested in them.

Losses incurred by the consumer in connection with the recall of products are subject to full reimbursement by the manufacturer (or seller).

In the event that demands are violated, as established by Points 2 and 3 of this Article, the manufacturer (or seller), in accordance with instructions from agencies implementing state control of product quality, will pay a fine credited to the state budget, amounting to the value of the product sold, unless legislation has established a higher amount.

4. Serviceability deadlines or useful life must be established for products whose use presents danger for citizens' lives, health, or property if that product is used after the expiration date.

The consumer must be warned about the serviceability period (or useful life) of the product, necessary action to take on the expiration date, and possible consequences if these actions are not taken.

Article 11. Property Responsibility for Harm Caused by Products of Unsatisfactory Quality:

1. Harm to a citizen's life, health, or property caused by construction, manufacture, incorrect prescription, or other manufacturing defects, as well as the use of materials, equipment, apparatus, instruments, or devices, or any other means which do not ensure the safety of a consumer's life, health, or property, is subject to full compensation.

Legislation of the USSR and the republics may provide for a rather large amount of this payment.

2. The right to demand compensation caused by a product of unsatisfactory quality is recognized for anyone suffering a loss, regardless of whether this right was incorporated in any agreement with the executor or seller.

Harm caused to the life, health, or property of a consumer is subject to compensation if this harm occurred within the service life stipulated by standard technical documentation or, in the absence of this documentation, within ten years from the date of manufacture.

3. Demands for compensating for harm caused by defective merchandise, made during the warranty period or within the useful life period, or in the absence of such periods, within the periods established in accordance with Point 1 of Article 7 of this Law, may be presented by the person suffering this harm to the seller of this merchandise or to its manufacturer.

Any harm caused by defective merchandise that occurs after the expiration of the warranty period is subject to compensation by the manufacturer of this merchandise.

Any harm caused as a result of defects in work or services is subject to compensation by the executor.

4. The seller, manufacturer, or executor are freed from responsibility if they can prove that the harm caused was due to the consumer's violation of the rules of usage or storage of the product.

If the manufacturer, executor, or seller are not aware of the harmful effects of materials, equipment, apparatus, instruments, or devices, or other means used by them for manufacturing, performing work, or providing services, this fact does not relieve them of the responsibility for harm caused to citizens' lives, health, or property.

The courts will, if necessary, raise the issue with manufacturers, sellers, or executors of halting production and sale of the goods until defects are eliminated, withdrawing the product from distribution, and recalling all lots of this harm-causing merchandise from consumers, and will also make them responsible for informing consumers about the dangerous consequences of using these products.

Article 12. Compensation for Moral Harm:

Moral harm caused to the citizen due to a violation of his rights, provided for by legislation governing the rights of consumers, is subject to compensation by the one causing the harm upon determining his guilt. The amount of the compensation is determined by the courts.

Article 13. Product Information:

1. The seller (or manufacturer or executor) is required to give the consumer necessary and reliable information about the name and ownership of his enterprise, price, use characteristics of products in which he is interested (and with regard to food products, also the ingredients, caloric/vitamin/mineral content, and contents of substances harmful to health), conditions for acquiring the product, warranty responsibilities and the method for presenting claims, ways and rules for using the product, product storage, and safe utilization.

The seller (executor) is also required to give the consumer a sufficiently complete, reliable, and graphic information about rules for trading in merchandise sold by the enterprise, and other types of services provided.

2. Information specified in Point 1 of this Article is brought to the consumer's attention in technical documentation enclosed with the product, as well as by marking symbols giving the date of manufacture and sale, or by some other method acceptable for specific types of service.

Food products, medicines, cosmetics, and other products (and their packaging) which may deteriorate with time must have an expiration date or the date of sale.

3. An enterprise producing goods must have a manufacturer's mark, except in cases provided for legislation of the USSR and the republics. The manufacturer's mark includes the name of the manufacturer, his location, and

the symbol for the standard technical documentation to which the given product is to conform.

Merchandise manufactured by a citizen exercising his entrepreneurial activities without forming a legal entity, must have a label indicating state registration, completed in accordance with legislation of the USSR and the republics, as well as compliance with state standards, whose mandatory requirements cover the given merchandise.

4. If presentation of unreliable or insufficiently complete information about the merchandise being sold results in:

- the acquisition by a consumer of merchandise not having the requisite characteristics, the consumer is within his rights to cancel the agreement and demand reimbursement for losses incurred;
- not being able to use the acquired merchandise in the manner it is supposed to be used, the consumer is within his rights to request that the appropriate information be given him in the shortest possible time. If the information is not given to him within the specified time, the consumer is within his rights to cancel the agreement and demand compensation for losses incurred;
- harm to the consumer's health, life, or property, he is within his rights to present demands to the seller (or manufacturer or executor), as provided for by Article 11 of this Law.

5. Losses incurred by the consumer of merchandise acquired as a result of false advertising are subject to full compensation by the advertiser.

6. In examining the demands of the consumer for compensation of losses caused by unsatisfactory or insufficiently complete information about the product or false advertising, it is essential to proceed from the assumption that the consumer did not have any special knowledge of the properties or characteristics of the acquired merchandise.

Article 14. Consumer Rights in the Area of Trade or Other Types of Services:

1. All citizens have the equal right for satisfaction of their needs in the area of trade and other forms of services. It is not permitted to establish any kind of direct or indirect limitations on consumer rights.

Specific categories of citizens who require social protection may be given preferential treatment and advantages in trade and other kinds of services in accordance with legislative acts of the USSR and the republics.

2. A consumer has the right of free choice of goods and services.

The seller (executor) is obligated to cooperate with the consumer in his free choice of products.

In the event that the consumer is forced to acquire unsatisfactory quality merchandise or an assortment that

he does not need, the seller (or executor) bears the responsibility to the consumer, as established by Article 15 of this Law.

3. The consumer has the right to test the operation, completeness, weight, measures, and prices of the product he acquires. Toward this end, the seller (executor) is obligated to give him the necessary control and measuring equipment, documents on the cost of production, demonstrate how the product works, and familiarize the consumer with its proper and safe utilization. If the seller (or executor) does not fulfill or poorly fulfills these obligations, he bears the responsibility to the consumer in accordance with Point 4, Article 13 of this Law.

4. If other consumer rights are violated by enterprises in the area of trade or other forms of services, the seller (or executor) bears the responsibility, as established by legislative acts of the USSR and the republics.

Article 15. The Invalidity of Agreement Provisions Limiting Consumer Rights:

Provisions of an agreement that limit the rights of a consumer in comparison to rights established by legislation of the USSR and the republics, are invalid. If, as a result of applying provisions of an agreement that limits consumer rights, the consumer incurs a loss, this loss will be compensated in full by the manufacturer (or executor or seller).

Article 16. Court Protection of Citizens' Rights:

The protection of citizens' rights, provided for by legislation of the USSR and the republics, regarding protection of consumer rights, is implemented by the courts.

Civil actions are presented to the court where the plaintiff resides or where the defendant is located, or where the damage was done, unless other provisions are established by legislative acts of the republics.

Citizens are exempt from paying state court costs in cases involving their rights, as established by legislation on the protection of consumer rights, unless other provisions have been established by legislative acts of the republics.

In satisfying the demands of a citizen, the courts will, in addition, render a decision on fining a seller, manufacturer (or enterprises fulfilling their functions), or executor, and credit the relevant budget in the amount of the court costs for refusing to voluntarily satisfy the citizen's demands.

Section III. Public Organizations of Consumers

Article 17. Rights of Consumers' Public Organizations:

1. Citizens have the right to unite, on a voluntary basis, in public organizations of consumers, who perform their activities in accordance with legislation of the USSR and the republics.

2. Public organizations of consumers have the right to:

- participate in the development of state standards which determine the requirements for product quality;
- conduct independent examinations of production, prices, and tariffs;
- verify that consumer rights are being adhered to, as well as rules for trading and other kinds of services;
- participate together with appropriate state agencies in implementing controls over the use of centrally established and regulated prices;
- introduce proposals to management organs, enterprises, organizations, and institutions on measures to raise the quality of products and adhere to price-setting rules, to halt production and sale of products not meeting quality requirements, to remove from production and distribution merchandise dangerous to citizens' life, health, and property, the environment, and to halt the sale of merchandise at over-inflated prices, as well as to cancel the prices established in violation of existing legislation;
- give the prosecutor's office and organs of authority materials pertaining to bringing to justice those persons guilty of manufacturing and selling merchandise at over-inflated prices or merchandise that does not meet the established quality requirements;
- initiate court action on behalf of consumers who are not members of public consumer organizations, if their rights are violated, as provided by legislation of the USSR and the republics on the protection of consumer rights.

Article 18. Protection of Citizens' Rights by Public Consumers' Organizations:

1. Upon request of citizens, public consumers' organizations have the right to present claims to the seller, manufacturer (or enterprises which fulfill their functions), or executor regarding the elimination of violations and compensating citizens who incurred losses due to these violations.

If within a period of ten days the seller, manufacturer (or enterprises fulfilling their functions), or executor do not give a response to a claim or refuse to eliminate violations and voluntarily reimburse the claimant for losses incurred, the public consumers' organizations have the right to initiate a court action.

If the claims presented are satisfied, the court, in addition, decides whether to impose a penalty on the seller, manufacturer (or enterprises fulfilling their functions), or executor, in the amount of the court costs, to be credited to the appropriate budget.

2. Public consumers' organizations have the right to initiate a court action regarding illegal actions by the seller, manufacturer (or enterprises fulfilling their functions), or executor, as well as government organs, on behalf of an undetermined number of consumers, and demand that these actions be ceased.

Upon satisfaction of such a lawsuit, the court requires the guilty party to present, through mass media of communication or another method, the decision of the court for consumers' information.

When the decision of the court becomes legally binding regarding the illegal actions of the seller, manufacturer (or enterprises fulfilling their functions), or executor against an undetermined number of consumers, it is mandatory for the court examining the case of the consumer on civil and legal consequences of their actions to determine whether these actions in fact took place and if they were performed by the persons accused.

[signed] *USSR President M. Gorbachev, Moscow, Kremlin, 22 May 1991*

Consumer Rights Law Resolution

*914D0218B Moscow IZVESTIYA in Russian 10 Jun 91
Union Edition p 4*

[Resolution of the USSR Supreme Soviet: "On Implementing the USSR Law 'On Protection of Consumer Rights'"]

[Text] **The Supreme Soviet of the USSR hereby resolves that:**

1. The USSR Law "On the Protection of Consumer Rights" be implemented as of January 1, 1992.

2. Existing legislative acts of the USSR and the republics are valid up to the time when the legislation of the USSR and the republics, in accordance with the USSR Law "On the Protection of Consumer Rights" becomes effective, provided that they do not contradict the Law, cited above. In addition, prior to the implementation of the Law cited above, decisions of the Government of the USSR and the Councils of Ministers of the republics on questions which, in accordance with the USSR Law "On the Protection of Consumer Rights" may be decided only by legislative acts, are valid until corresponding legislative acts are passed.

3. The USSR Law "On the Protection of Consumer Rights" be applicable to legal relationships that arise after its implementation date. With regard to legal relationships in existence prior to January 1, 1992, the Law cited above applies to those rights and obligations which will arise after its implementation.

4. The Cabinet of Ministers of the USSR will:

- within a three-month period present a proposal to the USSR Supreme Soviet on bringing existing legislative acts into conformance with the USSR Law "On the Protection of Consumer Rights," as well as develop and pass legislative acts needed for implementing the above Law;
- prior to January 1, 1992:

- bring into conformity with the USSR Law “On the Protection of Consumer Rights” resolutions and decrees of the Government of the USSR;
- ensure the reexamination and repeal of standard acts of ministries and other central organs of administration that are in conflict with this Law;
- make the necessary decisions on ensuring the practical implementation of the provisions of this Law;
- present proposals to the Supreme Soviet of the USSR on creating the necessary organizations to implement the essential protection of consumers’ rights by the state.

5. Proceeding from first priority goals of ensuring a practical means for a consumer’s right to an appropriate quality of production, the USSR Cabinet of Ministers, in the second half of 1991, will develop and implement necessary measures to:

- guarantee citizens’ rights to a guaranteed minimum level of consumption;
- provide a step-by-step introduction of mandatory certification for merchandise produced in our country, to meet requirements for safety and ecological cleanliness;
- prevent the import into the USSR of inferior quality goods that present a danger to citizens’ lives, health, or property, or to the environment;
- determine how the consumer will be reimbursed for losses, as well as for harm to his life, health, or property, caused by poor quality products, after an announcement of inability to pay due to bankruptcy, liquidation, or other reasons for ceasing activities by the manufacturer, executor, or seller.

6. The Supreme Soviets of the republics be asked to accelerate the development and acceptance, in 1991, of legislative acts on protection of consumer rights, and to bring existing legislation into conformity with those acts and with the USSR Law “On the Protection of Consumer Rights.”

7. The Supreme Court of the USSR study precedents for court cases on the protection of consumer rights and within two months prepare and present to the USSR Supreme Soviet necessary proposals for simplifying the existing system of examining consumers’ complaints in the courts, and empower judges to unilaterally decide certain issues in this area.

8. The USSR Cabinet of Ministers and the USSR Supreme Court summarize the practice of applying this Law and by March 1, 1993 present proposals for including necessary clarifications to this Law.

9. Control over fulfilling this Resolution be given to the Committee of the USSR Supreme Soviet for the All-Union Consumers’ Market, Commission of the Soviet Union on Labor and Social Policy, Committee of the

USSR Supreme Soviet on Industry and Energy, and the Committee of the USSR Supreme Soviet on Legislation and Law and Order.

[signed] *Chairman of the USSR Supreme Soviet A. Lukyanov, Moscow, Kremlin, 22 May 1991.*

Goods, Services Shown Narrowing In All Production Sectors

914D0210A Moscow CHESTNOYE SLOVO in Russian No 7, Apr 91 p 2

[Article by Mark Maryasin, Candidate of Economic Sciences: “At the Last Line?”]

[Text] Today our Soviet economy resembles more a heavy structure that lacks control and is advancing at an accelerated pace. To where? Judge for yourself. According to data supplied by USSR Goskomstat [State Committee for Statistics], during the first quarter of 1990 the overall volume of products and services produced within the country declined by 0.51 percent compared to the same period for 1989. At the end of June, this indicator equalled 0.14 and for the year as a whole—one percent.

For all practical purposes, a decline in production was observed in all sectors of the national economy. Thus the output by branches of the fuel-energy complex declined by 1.47 percent during 1990. In the metallurgical complex, the volume of goods produced turned out to be lower by 3.07 percent than the 1989 level, in the agroprom [agro-industrial] sector—lower by 1.36 percent, and so forth.

The decline in production had a negative effect on the financial indicators of a majority of the branches. The only exceptions were the agro-industrial and transport complexes. Contractual prices were employed here extensively, such that the consumer’s pocket became virtually a chief factor with respect to growth in the income of Gosagroprom [State Agro-industrial Committee]—by 6.3 billion rubles and Minkhleboprodukt [Ministry of Grain Products]—by 1.2 billion rubles. The transport workers also succeeded in improving their financial affairs by more than one billion rubles.

A comparison of the profit indicators of industry for 1989, both in current prices and 1990 prices, makes it possible to draw some extremely interesting conclusions. According to Goskomstat data, there was a noticeable decline in profits in almost all economic complexes in connection with the change over to 1990 prices. This points to none other than a direct increase in production costs last year.

There is still another paradox associated with the country’s economic policies: the terrible status of production had no effect upon the monetary payments to the producers.

During 1990 the wages and amounts withdrawn from the unified material incentive fund increased throughout industry as a whole by 8.22 percent (by 5.6 percent during the first six months). Similarly, last year, just as in the past, the printing press was operated at an intensified rate, flooding the consumer market with new masses of worthless banknotes, for which no material payments had been created. According to the most humble estimates, the imbalance between the solvent requirements of the population for consumer goods and the opportunities for satisfying them increased by another 5.5-6 billion rubles during 1990.

During the January to February period of this year, the decline in production became more pronounced and amounted to 4.5 percent.

The phrase concerning the need for completing meetings, avoiding confrontations and completing one's work has recently become fashionable. There can be no doubt but that work is needed. If such work is not carried out, our Soviet economy will simply cease to exist after 3-4 months. However, after a period of 73 years, our country has reached a position in which the people no longer have the desire nor are they physically able to continue to live and work under conditions which return an individual to primeval status.

The acute nature of the economic and social problems in the consumer sector has obviously reached its limit. The increase in prices for goods and the constantly accumulating unsatisfactory demand have produced a situation in which inflation in the sphere of retail commodity turnover is, according to our preliminary estimates, a minimum of 18-20 percent. And this is in the face of an acute deficit, as a result of which the spectre of hunger has become a real companion in our life.

According to materials supplied by USSR Goskomstat, in 1990 12 percent less meat was produced from state resources compared to the figure for 1989. In the case of vegetable oil, there was a reduction of 17 percent, whole milk products—7, and fish products—11 percent. Nor was the situation any better with respect to inter-republic deliveries. During the January to November period of 1990, the plan for sugar deliveries was under-fulfilled by one percent, confectionery products—by 8, margarine products—by 19 percent, and so forth. Today, in order to save the economy, measures are needed which will be capable of rapidly creating effective work incentives. Guarantees are needed for ensuring that the people will become sole masters of the means of production and the results of their labor. And in order to achieve this, a need will exist not only for legislative documents and

decrees—for various reasons, the center has adopted an adequate number of them and still things are not moving. In addition to the laws, reliable mechanisms for implementing them must also be created. It is our opinion that if this is not done the legislative process will be transformed into a meaningless movement of air.

And if this factor is taken into account when analyzing recent actions by the center in the economic sphere, then unfavorable conclusions are drawn, especially in the area of the new and higher list prices. In the case of many goods, and especially food products, they turn out to be at the contractual price level which existed earlier.

It would seem that whatever the difference or price to the consumer—will he pay a contractual or state price for his purchases? In the meantime, this question is viewed as being of extreme importance.

In the case of contractual prices, the producers of goods, when paying taxes into the state budget in the established manner, have a considerable amount of profit at their disposal which can be used (simply necessary under the conditions of a civilized market) for expanding production, raising the quality of the products or improving working conditions. Under such an arrangement, more will be added both to the counters and cash registers.

Only the budget will gain from raised list prices. From the profits realized from the sale of products, very little remains for the enterprises. Just as in the past, their slavish dependence upon the center both financially and from the standpoint of logistical supply continues.

Under conditions in which there is not even a hint that the union Cabinet of Ministers is prepared to present a reasonable package of specific measures for eliminating the causes of increased subsidies and lowered production, an increase in prices will lead only to a new burst of inflation and more impoverishment for the people. The freezing for a period of three years of the 40-percent markup for investments [roughly 160 billion rubles] will "work" in this same direction. Over such a period of time and given the accelerating inflation, they will rapidly be reduced to naught.

Conversion over to the market requires the organization of mutually advantageous contacts between enterprises regardless of where they are located throughout the country. However, this process must be based upon the principle of economic interest and expedience and not bear the imprint of the center. Everyone requires economic space and this serves as the chief guarantee for maintaining the unity of our state as a union of republics that are equal and independent in their development.

Retail Co-op Head on Operations

914A0826A Leningrad VECHERNIY LENINGRAD
in Russian 20 May 91 p 2

[Interview with V. G. Yershov, chairman of the board of Lengorpo, by G. Zelinin: "This Mysterious Co-op; V. G. Yershov, Chairman of the Board of Lengorpo Will Help Us To Puzzle It Out"]

[Text]

[Zelinin] Vladimir Grigoryevich, I'm probably not the only Leningrader who doesn't understand your organization very much. Won't you help us to puzzle out its secret?

[Yershov] The secret is no secret. However, we indeed did inherit something mysterious from our predecessor, Gorkooptorg [City Cooperative Trade Organization], on the basis of which our consumer cooperative, Lengorpo [Leningrad City Consumer Cooperative Society], has been created. I myself formerly had trouble understanding why a dwarf trading firm which united only four stores in the city plus 10 stalls at kolkhoz markets existed in Leningrad.

It would have been stretching it a lot to call this trading firm a cooperative. It rather served as a kind of camouflage, under the cover of which state trade carried on its "economic experiments." Remember how at one time at first precisely under the sign "Co-op," and shortly after in all the food stores there appeared "temporarily" higher priced "cooperative" sausage? Some other higher priced items migrated into state trade from the "Co-op" firm just as imperceptibly.

So that an increase in prices is not at all a novelty of the times of perestroyka, only in the past the authorities succeeded in disguising these processes, not without the active assistance of cooperative trade. I realize that it will not be easy for us now to restore the good name of consumer cooperatives while at the same time gaining a sphere of influence on the city's consumer market. There was a time when the cooperative sector predominated in our far more successful economy. And the DLT [Dom Leningradskoy Torgovli, House of Leningrad Trade] was called the House of Leningrad Cooperatives (DLK) at the end of the 1920s (under the NEP [New Economic Policy]). Apparently a not very wise man conceived the idea of changing the specialization of the department store and of stifling cooperative trade in general.

[Zelinin] You haven't said exactly what Lengorpo owns?

[Yershov] We now have 38 stores, of which 25 have converted to leasing. A store located at the corner of Stremyannaya and Vladimirskiy was the first to do this at the end of last year. Its turnover doubled right away and continues to grow. This is not surprising—there is an incentive. Besides the tax which everyone is supposed to pay the collective transfers to us a certain percentage for the specific services which our administrative apparatus renders to it.

You will agree that it is not economical for a single store to maintain its own fleet of trucks and where will it get the money to acquire it. But Lengorpo has such a fleet and is ready at any minute to dispatch a vehicle. Supply is also a concern of our general commercial service. We also undertake negotiations with suppliers and ensure the delivery of goods. Is such collaboration profitable? There's no need to seek an answer.

And if one considers that the cooperative as such is freer in ready cash, in the choice of suppliers, and in determining prices, then it is clear that our form of ownership is much more attractive than state ownership. Therefore they would come to us to work more readily if only there were the work spaces. However we have considerably greater problems with premises than the state sector. We essentially have not been allotted anything as yet—neither in the center or on the outskirts. But you see it's there, in the districts of new settlements that we can be especially useful, given the present extremely poor state trade.

I repeat, our stores will not be empty. Let them only allot us premises.

[Zelinin] And still you don't grant your stores the complete freedom that private ownership gives?

[Yershov] You're mistaken. We grant precisely the complete freedom which the stores themselves choose. If you want to—convert to leasing. If you want unlimited independence—by all means, but you alone will have to find the funds for your existence. Let's say that it became necessary for store No. 28 to quickly carry out for itself capital repairs which required 300,000 rubles and the supplying of builders. It is leased from us; therefore, we allotted both the money and the manpower without any problems.

For all that if some store or a group of stores want to separate and create its own cooperative—for goodness' sake, there won't be any obstacles. The consumer cooperative is, on the whole, from my point of view, the most democratic form of ownership. We squeeze no one either by the tax press or by compulsory payments. If it's uneconomical to have dealings with us—leave.

[Zelinin] To the best of my knowledge the former Gorkooptorg got a good deal of products from centralized state funds. And they purchased only a part of the products independently. How is the business set up with you?

[Yershov] We don't get a single kilogram from state funds. Our stores deal exclusively in goods bought at wholesale fairs and privately. Don't be offended but your question is not quite correct. Commercial secrets exist which one cannot reveal, and among these are certain methods of conducting business relationships. I can say one thing with all openness—we don't make use of centralized deliveries.

[Zelinin] Then I will put the question differently. Your trade makes up what percent of the trade turnover in the city-wide balance? And what percent would have been within your power if you didn't have problems with premises?

[Yershov] As yet we still weigh almost nothing on the city scales with respect to trade turnover volumes. Last year, for example, it amounted to R125 million all told. This is less than one percent of the city-wide trade turnover. Our opportunities are unlimited. Do you know what share of the trade turnover the Krasnodar consumer cooperative contributes in its own kray? More than 50 percent. Our potentials also permit vigorously squeezing the state sector. Especially as our prices remain quite moderate and any customer in our stores can convince himself of that. We have a very strict system for setting prices. We don't buy for a ruble and sell for 10. All prices are precisely calculated.

[Zelinin] Illustrate with a specific example what you have in mind.

[Yershov] Well, here's an example which is on everyone's tongue. The Danish products which we trade in at our new cafe "At the Five Corners."

[Zelinin] These are hard currency products...

[Yershov] No, not hard currency. We bought them for rubles. Let's take pâté—R1 k67, a half-kilogram container. The import tax is 100 percent. That means another R1 k67. The customs duty is added; it's insignificant. Our own costs accumulate further—wages, rent, planned accumulations. Altogether R4 k65—a price which we fix taking the president's tax into account. Is it a lot? We are left with kopecks but it's profitable all the same.

[Zelinin] And can you say with what countries you now have business relationships?

[Yershov] Besides Denmark, with Afghanistan, Vietnam, China, Japan and Poland. But even here it's not all that simple. And not all the complications result from our unstable political and economic situation, although it is. And have you heard what our domestic tax on imports is? Well, I'll tell you! I will not speak at length about such goods as whiskey, gin, American cigarettes, for which a 1,000-percent tax is levied. That's fine. But how much do our authorities rip off for oranges, lemons and grapefruit? From 150 to 350 percent.

[Zelinin] I was in Finland. There the importation of fruits is in general not subject to any tax whatever.

[Yershov] Of course. It's a question of the health of the people, for which fruits are simply vitally necessary. For some reason this doesn't get through to our socialist state. If there were not the astronomical taxes on imports, we would be able to supply so many different tasty and useful things! You can't even imagine how the customs officers can act if the import tax is not paid. No matter what has arrived—let it be the most perishable

product, pineapples, let's say—they won't release it even if everything rots. And the tax is sometime hundreds of thousands. Try forking that out in an instant. So that you think twice before concluding a deal for import deliveries.

[Zelinin] And what must one do to become a member of your consumer cooperative?

[Yershov] Come to us and deposit in the cashier's office the R100 share fee if it is an individual shareholder. For that he is to get 10 percent of the dividends from the indicated amount plus we will undertake some, I warn you beforehand, very, very limited obligations with respect to servicing our shareholders. We have more collective shareholders, more than 80 of them—Kirovskiy Zavod, PTO imeni Kirov, Leninet, Arsenal, LOMO and others.

Are we interested in the shareholders? Yes, we are interested. And I want to assure our shareholders that we treat the fees extremely thriftily. Not a kopeck of them has been put into circulation; this is our insurance fund.

[Zelinin] Vladimir Grigoryevich, Lengorpo in recent times has controlled all the city's kolkhoz markets. Don't you intend to add to them even one clothing (veshchevoy) market, which the Leningraders so need?

[Yershov] We do intend and the place for it has already been chosen. It's a good place, incidentally, well known to Leningraders—the Hay Market. There is only one obstacle that we have to overcome. They very reluctantly enter into negotiations with us in the Oktyabrskiy rayispolkom, alluding to an intensification of the danger from criminal activity. It's risky to brush such an argument aside, but it's even more risky to accept it unquestioningly. The city needs a clothing market and this has to be reckoned with.

In a week, as soon as I return from a business trip to Japan, I will immediately devote myself to the clothing market.

[Zelinin] I take you at your word.

'Black' Market Prices, Listed, Detailed

914D0217A Moscow *EKONOMIKA I ZHIZN*
in Russian No 12, Mar 91 p 16

[Unattributed article: "'Black' Market Prices"]

[Text] Never have we observed such diversity in consumer goods prices. Previously, of course, there were wholesale, state retail, cooperative, and so-called contract prices. Concerning speculative "black market" prices, it was somehow not acceptable to talk about them previously. Yes, they were not as widespread as now when there is essentially no control and a struggle is not being waged against profiteering. It is this that serves as the nutrient medium for the "black market."

You see, when a kolkhoz member sells his products in the market for whatever price he can get, one does not, by any means, call him a profiteer. However, there are those "comrades" who take products from the state bases and trade enterprises or sell them from the back door—these are the "black" market "heroes" who are becoming rich from the shortage.

At the end of last year, statistical agencies conducted an investigation of "black" market prices, that is, sales by individual citizens or store workers at prices exceeding the stipulated ones directly for their own personal profit. The information obtained testifies that one can acquire practically any consumer good—even the scarcest one which, as they say, is nowhere to be seen on state trade counters—in the "black" market at speculative prices exceeding state ones manyfold.

Their resale at speculative prices results from the worsening situation regarding food products, the growth in the population's incomes and the acute shortage of all types of food that has taken shape in connection with this. Half of the buyers (according to the data of the survey that budgetary statistical personnel conducted in October of last year) must purchase food products by overpaying for them. For individual food products (meat and fish delicatessen items, canned goods, macaroni products, candy, chocolate, etc.) the "black" market amount last year reached approximately an estimated one billion rubles.

Speculative prices exceeded the state ones for sturgeon and salmon caviar, meat, sausage items, imported tea, candy, and fish canned goods by three-fivefold in practically all union republic capitals. For example, a can of salmon caviar costs 80 rubles in the Dushanbe "black" market and 100 (eightfold more) in Kiev. A kilogram of meat from Kishinev and Yerevan profiteers costs 20 rubles.

Large industrial centers, whose populations must acquire food products from profiteers because state stores are not freely selling them, were in the worst position. The overcharging in "black" market prices for meat ranged from 4.4-fold in Donetsk to 12.5-fold in Murmansk; for candy—from fivefold in Novosibirsk to ninefold in Irkutsk. In Tomsk, they overpay by tenfold for a package of Indian tea and by sixfold for a can of powdered coffee. Canned fish products in the Donetsk and Dnepropetrovsk "black" market are sold at prices 5 - 6.5-fold more expensive than state ones. In Moscow, the speculative price of meat exceeds the state one by approximately fivefold; Indian tea—by 3.2-fold; powdered coffee—by 2.5-fold; and candy and canned fish products—by fivefold.

Profiteering in alcoholic beverages is widespread everywhere in cities. The "black" market price for vodka exceeds the state one (on a country-wide average) by 2.4-fold and wine—by threefold; at the same time, the speculative price for a bottle of vodka in Vilnius and Lvov is 30 rubles and in Moscow—up to 50 rubles. The

prices are just as high (fivefold higher than the state ones) in Arkhangelsk and Sakhalin oblasts and the Yakut ASSR. The incomes of the profiteers from the sale of alcoholic beverages increased 2.5-fold last year in comparison with the previous year and reached approximately 250 million rubles.

In connection with the worsening of the population's supply of non-food products and the 18 billion ruble imbalance between retail trade turnover and the population's monetary income, one can acquire clothing, footwear, knitted garments, and practically all cultural, welfare and domestic goods only through the distributive forms of their sale or on the "black" market.

Profiteering in clothing and footwear for all population age groups is widespread in the majority of the union republic capitals. For example, the resale of adult clothing items was observed in Baku, Ashkhabad, Moscow, Tbilisi, Kishinev, Riga, Yerevan, and Kiev at prices 2.2 - 3.2-fold more than the state retail prices; in Frunze—3.7-fold more expensive; and in Vilnius—4.8-fold. Speculation in footwear has acquired especially large dimensions. The speculative prices for men's footwear exceed state ones in Minsk by 2.1-fold and in Vilnius—7.4-fold; for women's shoes, in Kiev—2.7-fold and in Minsk—5.8-fold. The highest speculative prices for women's winter boots (1,100 - 1,200 rubles) was observed in December 1990 in Minsk and Kishinev. The profiteering in children's clothing and footwear is approximately at the same level. The speculative prices for all types of children's clothing and footwear everywhere exceed state ones usually by twofold-threefold but in Vilnius—fivefold-ninefold.

Individual workers in state trade enterprises are directly engaged in the profiteering on many cultural, welfare and domestic goods. For example, the speculative price of a refrigerator exceeds the state one by 1.5-fold in Dushanbe, 2.7-fold in Frunze, 2.8-fold in Tbilisi, 2.9-fold in Kishinev, 3.3-fold in Minsk, 3.8-fold in Yerevan, 4.2-fold in Kiev, 5.2-fold in Vilnius, and 6.7-fold in Riga. The speculative price for a colored television set varied from 1,000 rubles in Ashkhabad to 2,500-2,700 rubles in Minsk and Vilnius. This is 1.6-fold - 3.8-fold higher than state prices. In Moscow, a Soviet produced color television set can be acquired for a price of 2,200-2,500 rubles (approximately threefold more than the state price), and one made in Korea—for 9,000 rubles (fivefold more.)

The level of speculative prices for washing and sewing machines exceeds that of state ones by twofold-sevenfold in individual rayons. One can acquire various furniture sets at speculative prices. Thus, a kitchen set is sold in Dushanbe, Riga, Frunze, Kishinev, and Ashkhabad on the "black" market at a price 1.7-fold - 2.2-fold more than in the state trading system and in Tbilisi—fivefold; a bedroom set can be acquired with a 1.7-fold - threefold overpayment in Frunze, Kishinev, Dushanbe, Ashkhabad, Riga, Moscow, and Kiev; a 4.5-fold one—in Vilnius; and a 5.4-fold one in Tbilisi. The speculative prices for a room to live in exceeded state trade prices 1.7-fold

- 3.5-fold in Ashkhabad, Moscow, Dushanbe, Kishinev, Riga, and Kiev and 5 - 13-fold in Saratov, Tbilisi, Yerevan, and Nalchik (they reached 20,000-60,000).

A serious situation has taken shape in supplying the population with building materials; the profiteers have taken advantage of this also. For a cubic meter of lumber, the population overpays in prices that are three-fold-sixfold more expensive than state ones in Moscow, Baku, Riga, and Vilnius. They had to overpay 15-fold - 17-fold more for 1,000 bricks in Krasnodar and Riga and more than 35-fold (2,500 rubles) in Kharkov.

Passenger cars, which bring colossal profits, have become a special item for the speculative trade. The "black" market overpricing of the Zhiguli automobile reached 3.3-fold in Kiev and Kishinev and eightfold-ninefold in Riga and Yerevan (the price is reaching 75,000 - 80,000). The speculative price for the GAZ model automobile has reached 50,000 in Kiev and Minsk and 120,000-150,000 rubles in Frunze, Tbilisi and Yerevan.

The criminal trade in medicines has embraced practically the entire country because of the acute shortage. "Black" market prices for medicine exceeded the retail prices on a country-wide average by 19-fold during December of last year. Thus, one ampule of the "tserebrolizin" preparation (the state price is 7 kopeks) is being sold on the "black" market for 10 rubles in Nikolayev, Chernovtsy and Kishinev and for 12 rubles in Kherson. The speculative price for a bottle of seabuckthorn oil is 20-25 rubles in Omsk, Nalchik and Kursk when the state price is 1.60-6.74 rubles. The speculative price of calcium chloride is 5 rubles in Baku and 10 rubles in Samarkand when the price-list calls for 40 kopecks.

The population's overpayment for non-food items purchased on the "black" market at speculative prices reached five billion rubles in 1990 and increased 2.8-fold in comparison with the previous year. The income of state trade workers directly participating in the profiteering from these goods reached more than 400 million rubles last year and increased by more than twofold in comparison with 1989.

"Black" market prices (in December 1990 averages for the country, in rubles and kopeks)

Increase above state prices (fold)

FOOD PRODUCTS (per kilogram, can, box, bottle)		
Meat	9.58	4.8
Sausage items	23.90	3.2
Tea	17.28	3.0
Coffee beans	42.50	2.1
Powdered coffee	18.90	3.0
Black caviar	81.49	3.3
Red caviar	49.44	4.0
Fish of the delicatessen variety	32.61	3.0

Canned fish items	4.61	4.4
Candy sold loose	14.07	2.4
Packaged candy	23.88	4.4
Vodka	23.90	2.4
Cognac	35.00	2.2
Champagne	20.48	3.1
Wine	10.84	3.0

NONFOOD ITEMS (per meter, piece, pair, unit)

Clothing and Linens

Woman's winter overcoat	1384	2.8
Woman's light overcoat	741	2.9
Man's winter overcoat	14.09	3.6
Man's light overcoat	795	3.3
Man's suit	440	2.5
Woman's raincoat	506	2.9
Man's raincoat	580	3.0
Jacket	803	3.2

Leather footwear

Man's		
—Winter overshoes	370	4.8
—Low quarters	269	4.6
—Summer shoes	224	4.3
Woman's		
—Winter boots	583	4.5
—Spring-fall	481	3.9
—Fashionable shoes	286	4.4
—Summer shoes	152	3.5
Children's	60	3.7
Young girls	163	3.1
Young boys	87	3.6

Household Items

Carpets	1488	2.6
Napless woven woolen carpets	499	2.5
Dinner sets	583	3.3
Crystal items	127	3.1
Sewing machines	684	2.8
Knitting machines	2676	4.0

Electric Items

Refrigerator	1171	2.6
Washing machine	387	2.6
Vacuum cleaner	158	2.8
Coffee grinder	55	3.0
Iron	60	5.6

Electronic Items

Televisions		
—Black and white	624	2.6
—Color	2159	2.5
Video tape recorder	6281	2.6

GOODS PRODUCTION, DISTRIBUTION

Co-op Market Averages Conceal Regional Data

914D0223A Moscow CHESTNOYE SLOVO in Russian
No 6, Mar 91 p 3

[From materials of USSR State Committee for Statistics:
"There Is Much Noise and Little Sense Surrounding the
Cooperatives"]

[Text] Under conditions in which everyone is merely discussing the market economy, a question is being asked: and what will I gain from this in the future? This is by no means a shameful question. And since our cooperatives are viewed as being the initial swallows of the future market, let us ascertain exactly what we will gain from this. Particularly in view of the fact that USSR Goskomstat [State Committee for Statistics] has presented us with data on the development of cooperatives in trade and consumer services. Thus:

	Number of active coopera- tives, units	Number of workers, thou- sands of indi- viduals	Volume of products sold, millions of rubles
Cooperatives:			
Public catering	4167	41.0	194.7
Trades	1226	14.7	249.8
Trade-pur- chasing	4348	44.5	717.3
Consumer ser- vices for the population	25999	396.0	1310

The volume of goods sold during the first six months of 1990; on average for each resident of the country: cooperatives: public catering—68 kopecks, trades—87 kopecks, public catering for the population—4.6 rubles

But this once again represents only the average. The residents of Kyrgyzstan and Turkmenistan, for example, did not receive one cooperative pie—here there were

only 10 kopecks worth of public catering products for each resident. And in Georgia, Lithuania, Estonia and Armenia—more than two rubles.

For a 10-kopeck piece alone, the residents of Uzbekistan, Kazakhstan and Tajikistan received goods from the cooperative trade, although in Estonia—more than 22 rubles.

There was no need to wait for a longer period—commencing with the second half of 1989, the process of reducing the number of cooperatives, as had been discussed, began to take shape: shortages in production and trade sites and in equipment and difficulties experienced in the availability of raw materials, other materials and transport vehicles began having an effect. And all of these complications had a direct effect upon the interests of the customers and clients: the costs for raw materials increased threefold, the priceds for goods and services are increasing and taxes have soared—once again the prices for pies have risen. Then there is always the matter of quality: for the most part, the equipment being used by the cooperative specialists is not new and has been written off.

Thus there are problems everywhere. And from the cooperative pie "personally to me"—that is, to a rank and file customer, only a very tiny piece is received. But is only the baker to be blamed for this?

Faulty Appliances Major Fire Hazards

914D0222A Moscow CHESTNOYE SLOVO in Russian
No 8, Apr 91 pp 1,3

[Article by Anna Baytenova: "Killers In Every Home"]

[Text] In 1990, 1,562 persons perished and 1,673 were injured as a result of the use of electrical appliances.

Each year, fires caused by electrical products account for 15-20 percent of the overall number of fires recorded throughout the country.

Data on Electrical Equipment Fires for 1990

	Number of fires	Damage in rubles	Number of fatalities	Number of people injured
Automatic switches	666	763,488	2	22
Household transformer, stabilizer	1,143	1,142,526	38	21
Household refrigerator	2,482	2,957,005	18	40
Input switchboard, panel with counter	4,428	6,062,197	38	76
Switch, plug, socket	1,769	2,326,595	31	57
Cable, wire	41,585	74,272,934	358	712
Conditioner	240	285,274	2	1
Tape recorder, radio	988	833,851	19	26
Electric plate	4,706	5,840,105	403	198
Television set	11,760	8,945,298	285	288
Electric fireplace, fan	4,378	4,291,473	290	107

Data on Electrical Equipment Fires for 1990 (Continued)

	Number of fires	Damage in rubles	Number of fatalities	Number of people injured
Electric motors	871	929,555	3	16
Electric lamp	2,229	2,745,110	54	73
Electric iron	1,419	840,553	18	31
Electric household machine	297	170,162	3	5
Electronic computers	55	40,602	0	0
Total	70,016	112,446,728	1,562	1,673

The above information for 1990, received on 4 March 1991 at VNIPO [All-Union Scientific Research Institute of Fire Protection], represents roughly 95-96 percent of the true and final amount. The data on some fires has still not been received—investigations are underway. The number of injuries, deaths and the amount of damage are increasing from year to year.

The fire at the Leningrad Hotel began at approximately 0800 in the morning. The fire was noted on the street by a taxi driver and he notified a militia-man. The latter aroused the duty floorman and the party in charge of suitcases. The three of them knocked on the doors of the rooms in order to wake those who were sleeping. The windows in many of the rooms were open—the draft aided the fire. It was later learned that those rooms that were closed up completely survived, while those in which the windows and doors were opened burned completely. The long hotel corridor was filled with smoke. The militia-man opened up a window so that he could breathe and as he did so he heard a loud noise—the door flew open. The flames began to move out into the corridor. Panic set in. Emergency exits were opened up. The people rushed downstairs.

Thirteen people perished in this fire.

It was later learned that the fire could have been extinguished earlier but for the fact that a fire extinguisher was not in proper working order, the water in a pipe could not be brought up to a higher floor and the ventilation system (anti-smoke protection) was for all practical purposes inoperable. Unhindered, the draft advanced the flames along the windows from one room to another.

An investigation is still being carried out and so it is still too early to cite all of the causes or to single out the guilty parties. The final results will be spelled out in court. However, the experts—fire-fighting specialists—are of the opinion that an important role in the tragedy was played by a television set that was in operation and unmonitored in Room No 773. The black and white "Rekord" B-312 No. 181329 set was presumably produced by the Voronezh Plant in August 1984. On this tragic day, the line-scanning unit of the "Rekord" failed to operate properly. It was in its seventh year of operation—was it not time for it to burst into flames?

For information: as borne out by statistics, more often than not television sets burn up during their sixth or seventh year of operation. According to a study conducted at the Scientific-Research Center for Household Electronic Equipment of Poland, damage to line scanning units accounts for 72 percent of the television sets that burst into flames. Finnish specialists believe that the replacement of line transformers by new ones having lowered fire vulnerability will make it possible to decrease the number of burned out television sets among the older models.

We have accumulated similar data. The conclusions drawn by the specialists coincide. However, the situation is not changing. In the USSR there are no legal statutes on limiting the service life of household electrical appliances for the sake of fire safety. Thus there is no guarantee that a consumer will receive material compensation in the event his television set bursts into flame prematurely. Upon acquiring an electrical appliance, each individual should know when he should turn to a specialist for the replacement of a unit that has not yet blown up or burst into flames and yet is no longer a reliable unit.

The Leningrad Hotel contains approximately 800 television sets that were produced in 1984. The Oktyabrskaya and other hotels are similarly equipped. The housing for these television sets is made out of combustible materials.

In 1987 the representatives of seven union ministries and one Russian ministry approved a plan of basic measures aimed at raising the operational safety of television sets. The plan calls for the production of black and white television sets made out of non-combustible and other needed materials. But following this, yielding to the humble persuasion of the ministries and taking into account our endless shortages, USSR Gosstandart [State Committee for Quality Control and Standards of the USSR Council of Ministers] has issued permits authorizing deviations from the GOST requirements governing safety. On 1 January 1991, Gosstandart abolished all of these permits. But once again, shortly before the tragedy at the Leningrad Hotel, it turned to the VNIPO of the USSR MVD [Ministry of Internal Affairs] with a request to authorize the release of materials for the rear covers of television sets, with the materials including impact-resistant but combustible polystyrene. Fortunately, the fire-fighting specialists did not yield.

"As yet there are no economic opportunities for carrying out strict norms; thus we are forced to authorize deviations from the GOST requirements," confidentially stated a worker attached to Gosstandart.

One could agree with this statement if in the case of each such deviation "for a definite period" or each television set or other electrical appliance specifically purchased, the consumer is informed upon receiving the product that the price for the fire-vulnerable television set is lower than that for a high quality and reliable unit. Under present conditions, a consumer is deprived of the right to safety and to acquire a good product and also the right of selection: the purchasing of a reliable television set is more expensive and a dangerous one—cheaper, and the right to information.

Modern television sets burn just as easily as old ones.

During preparation of this article, a report was received from VNIPO of the USSR MVD on a fire at another Leningrad hotel—the Morskaya Hotel of the Baltic State Steamship Agency. More accurately, there were two fires: on 21 and 22 March. The cause was the same—television sets. But this time the sets were the very modern fourth generation "Elektron" models, produced in February 1991 by the Lvov "Elektron" Concern. There were no victims. An investigation is underway. We will report the details of this investigation.

Medicine Shortages, Solutions Discussed

914A0831A Moscow RADIKAL in Russian No 15,
2 May 91 p 4

[Interview with Valeriy Alekseyevich Bykov, minister of the USSR Medical and Microbiological Industry, by RADIKAL correspondents Aleksandr Trutnev and Yuriy Stepanov in the "Kamo Gryadeshi" column: "Medicines and Policy"]

[Text] **The shortage of medicines has acquired dangerous proportions. The problem of providing people with medical preparations ranks with the food problem in its acuteness, but with the difference that the lack of medicines is daily turning into an entirely real death threat for many thousands of sick people.**

How did such a frightening situation develop, and is there a way out of it? Our correspondents talk about this with the country's minister of the medical industry, Valeriy Bykov.

[Correspondents] Valeriy Alekseyevich, let us first of all try to explain to the reader why medicinal remedies have now fallen into the constant-shortage category.

[Bykov] In order to understand this, it is necessary to look back 20-odd years. At that time, in the 1960's, the SEV [Council for Mutual Economic Assistance (CEMA)] member countries came to the conclusion that it was necessary to organize their national-economy activity on

the basis of integration, cooperation, and specialization. A long-term program was adopted, which provided that the USSR would offer its partners energy, metals, and heavy and metal-intensive kinds of equipment, and they would respond to us with science-intensive, labor-intensive, and light products. Medicinal remedies, the purchasing of which has been constantly increasing for many years, also fell into the latter list. Today their import volume reaches 1.5 billion rubles [R].

However, here is the sort of picture that took shape as a result: in purchasing the medicines, we were, in essence, financing a foreign pharmaceutical industry all along. Suffice it to say that our country sent almost five times as much money "there" as it invested at home. Thus our foreign partners developed their industry into one that was half again as strong as they needed. But the Soviet pharmaceutical industry—it is in pitiful condition. Not a single new plant was built during the last decade, and those that had been operating and continue to operate now are run-down to such an extent that fixed-capital depreciation is already reaching 70 to 80 percent.

[Correspondents] It so turns out that state policy has put the lives of our sick countrymen in dependence on a foreign pharmaceutical industry. But now, when it has become clear that we have suffered severely from integration, has the country's government changed its attitude toward the domestic pharmaceutical industry?

[Bykov] I have not noticed particularly great changes. Let me cite just one example. We requested this alternative: the medical industry's plants may be involved in cooperation in order to obtain, not finished forms, but ingredients, and make the medicines at home. Then it will be possible to save part of the currency and buy modern technological equipment with it to increase the production of medicines in the country. We presented this initiative, but found no support.

[Correspondents] They say we buy almost half of our medicines abroad.

[Bykov] Indeed, about half of the funds provided for medicines—40 percent—goes into the purchase of imported preparations. In "fact," however, this 40 percent of our monetary resources turns into just 11 percent of the medicines in all. That is, almost half of the funds from the state budget is spent on purchasing just one-tenth of the medicine shopping list, and the second half of the total is left for the remaining 89 percent of no less necessary preparations.

Why is this so? Because every tablet that has come to us from abroad costs five to seven times, or even 10 times, as much as a tablet that we produce at home. So the country is ten-tenths treated with domestic preparations anyway.

[Correspondents] One would not envy your industry's specialists: having half of the total at their disposal, they

must meet almost the entire demand. In fact, it very much reminds one of the Trishkin Kaftan, which was destined to fall apart.

[Bykov] At the same time, our industry's share in state-wide industrial volume is just six percent. It is impossible to fundamentally solve the problem of supplying the country with medicines on these resources.

[Correspondents] Things were rather difficult with imported medicines even before, but a domestic analgesic lay in the drugstores' display cases. Why do requirements and production so drastically fail to coincide now?

[Bykov] An individual industry cannot operate normally when the entire national economy is falling apart. Our production's characteristics are such that the lack of even one ingredient quickly paralyzes the operation of dozens of plants. For example, the miners go on strike, and our plants are unable to put out medicines of a hundred sorts because of a coke shortage.

Germany has stopped supplying us with thianil chloride, and now, because of this, facilities for putting out heart-and-vascular and antitubercular preparations, antibiotics, analgesics, and aspirin are idle. However, even if the facilities were operating there are no vials or ampoules, inasmuch as glass production is at a standstill without imported soda. And, if there were vials, there are no stoppers with which to close them. We are reaping the fruits of integration.

In addition, as you know, several plants and shops of the chemical and metallurgical industries, which used to supply us with raw materials, as well as 14 of our ministry's plants for putting out pharmaceutical substances, have been closed for ecological reasons. Therefore, medicinal products in an overall amount of about R3 billion will not be produced here in 1991.

[Correspondents] We will not dispute these reasons, but there probably are also those that are simply associated with poor business organization and departmental discords.

[Bykov] Of course there are. In the first place, I must explain that the Minmedprom [Ministry of the Medical Industry] is the largest, but not the only producer of medicinal remedies in the country. In addition to us, 14 other departments are engaged in their production. However, the consumers most often do not know about this, and they bad-mouth the Minmedprom for there being no mustard plasters in the drugstores. But we have never had, and do not have, anything to do with the production of mustard plasters. They are produced in the agroprom [agro-industrial] system at the only plant in the country, in Volgograd. Our department can in no way influence this product's output. By precisely the same token, we are not responsible for all the rest of the medicinal-remedy producers, which not only are failing to increase, but are even decreasing production volumes.

This, of course, is abnormal. We ought to be responsible for development of the industry as a whole, and we suggest: the Minmedprom should grant the general-contractor rights for the organization of medicinal remedy production by all of the producers in the country. Then we would be able to influence the production volumes.

In the second place, the foregoing statements specifically concern formulation of the requirements for preparations. The USSR Minzdrav [Ministry of Health] determines this requirement, but it proceeds, not on the basis of objective data, but on the basis of the amount of funds allocated to it for medicines in the budget for the regular five-year plan. Therefore it has so turned out that our production volumes also have been determined, not by the objective requirement for medicines, but only by the funds that the Minzdrav has at its disposal. On the other hand, quite a few of the most various social programs were once undertaken here, but, at the same time, the resources, as a rule, were not coordinated with existing capacities. Here is just one example of such irrational policy: a decision was made to increase the value of a bed in the hospital. By using what? After all, there has been no increase in medical equipment for the last two years. By using medicinal resources, it turns out. So medicines in the amount of R1 billion were transferred from the drugstores to the hospitals, the drugstore shelves having been denuded thereby. As a result, the drugstores are almost empty, despite our continuing to increase production volumes.

[Correspondents] This probably just confirms once again that the requirement is taken off the ceiling [the top of the head]. In order that the drugstores and hospitals not snatch medicines out of each other's hands, there should be enough of them for both the ones and the others. The problem lies in this.

[Bykov] There is only one way out—to develop the industry. For a beginning, it is at least necessary to implement all of those resolutions and decrees that have already been passed concerning the industry. For example, it was provided that 36 new medical industry plants were to be constructed and 57 of the existing plants reconstructed and reequipped in the next two years. If this is done, the pharmaceutical industry's scientific and production bases will expand threefold, and production output will increase to over twice as much in comparison with last year. Unfortunately, we regularly receive funds that are insufficient, not only for new construction, but even for reconstruction.

Therefore, I think the USSR Supreme Soviet should provide annually for the necessary capital investments to implement its adopted resolutions inasmuch as it creates the strategy in the field of public health care. In addition, it is essential, in my opinion, to grant special privileges to the producers of medicaments, pharmaceutical substances, and articles for medical purposes, as well as to the suppliers of raw materials for the pharmaceutical

industry, regardless of their departmental subordination. These measures will further stimulate the industry's development.

Medical science is multifaceted, and the achievements of the scientific-technical progress in many national economy sectors are integrated in it. Therefore, the scientific research in the medical field is planned and coordinated with a number of ministries and departments of Union and republic subordination, the USSR Academy of Medical Sciences, the USSR Academy of Sciences, and union republic academies of sciences. A single, all-Union, state coordination and scientific methodology agency, responsible for medical science's development on countrywide scales, is vitally necessary. The USSR Academy of Medical Sciences can, as it seems to me, assume these functions in full measure. True, in connection with this, it would be advisable to transform that academy into an extradepartmental, all-Union academy having a status on the AN SSSR [USSR Academy of Sciences] level. In my opinion, this is important—to ensure equal rights to the scientists working in medicine, regardless of their industrial or territorial subordination—and is, on the other hand—a comprehensive approach to development of the basic and applied research, as well as to introduction of the experimental results into public health practices.

We can get out of the critical situation only by simultaneously supporting science and the pharmaceutical industry's industrial plants. Nothing should be put off until tomorrow. Because of this, I think that it is necessary right now, without postponement, to adopt, at the Union level, an all-nationality, state program for the domestic pharmaceutical industry's development. And, of course, we will be unable to manage with a six-percent share under these circumstances.

HOUSING, PERSONAL SERVICES

Official Privileges, Sales of State Dachas Viewed

914A0841A Moscow ARGUMENTY I FAKTY
in Russian No 22, Jun 91 pp 4-5

[Article by V. Romanenko under the rubric: "From the USSR Supreme Soviet Privileges and Benefits Commission: Privatizing... Dachas"]

[Text] Here is a document presented to our newspaper.

The USSR People's Control committee, together with the USSR Supreme Soviet Privileges and Benefits Commission, conducted an audit of the accounting and use of recreational facilities in 36 ministries and agencies of the USSR Council of Ministers. The results of the audit proved their failure to comply with USSR Council of Ministers Decree No. 1198, dated 22 October 1958, "On Loss-Free Maintenance of Summer Cottage Developments." The total balance sheet value of the audited houses exceeds 10 million rubles [R]. Their annual depreciation losses run to over R1 million.

According to CPSU Central Committee and USSR Council of Ministers Decree No. 139—23, dated 8 February 1990, state-owned dachas are assigned as residences to the CPSU Central Committee general secretary, the USSR Supreme Soviet chairman, and to the USSR Council of Ministers chairman.

Politburo members and candidate members, CPSU Central Committee secretaries, chairmen of the USSR Supreme Soviet chambers, head of the USSR Supreme Soviet Secretariat, and members of the USSR Government are assigned dachas in the Moscow countryside to be rented for cash.

To provide recreational facilities for the above-mentioned officials, guest houses have been organized on the basis of state dachas. For that purpose state-owned dachas have been transferred to the disposal of the medical treatment and health care association under the USSR Council of Ministers (the former fourth administration) in the Crimea (three in Mukhalatka), in the Caucasus (three in Pitsunda), and in Valday (Uzhin).

However, dachas assigned to the highest government and party officials continue to be paid for from the state budget.

On 1 March 1990 the economic administration of the USSR Council of Ministers Administration of Affairs had on its balance sheet one state dacha (the residence of the USSR Council of Ministers chairman), 222 dachas that can be used the year round, and 337 summer cottages.

Sixty-four of the above mentioned 222 houses are assigned to USSR Government members, USSR ministers, USSR committee chairmen and other individuals of equal status, to be used throughout the year.

An average rental payment for a dacha is R1200 to R1400 a year. However, maintenance costs of the dachas and guest houses considerably exceed the amount of rent which becomes a heavy burden on the government budget. The dachas that belong to the Council of Ministers Administration of Affairs alone require R4.99 million in maintenance a year.

Here are some of the most typical examples.

The USSR State Committee for Material and Technical Supply. Fifty-one of their cottages are situated in the village of Tarasovka; 76 in the village of Skhodnya, 10 in the village of Bakovka, 13 in the village of Valentinovka, nine in the village of Kratovo. The dacha maintenance losses were R460,000 in 1988 through 1990.

The Ministry of Foreign Economic Relations. According to the order given by Minister K.F. Katushev, 12 state-owned dachas, as well as other structures (sheds, garages) were transferred to the dacha maintenance and repairs cooperative. Their cost was reimbursed in accordance with their balance sheet value which is 1.7 to 2.2 times lower than their actual price. The houses are in perfect condition. The dacha of Deputy Minister A.I. Kachanov,

for instance, has the general area, including the garret, of 136.4 square meters [sq m]; it has five rooms with the area of 93.2 sq m, three porches, a balcony, a basement, a bathroom with a gas water-heater, a telephone, a garage, a shed, and 145 sq m of asphalt road surfaces. The house was sold to him for R15,300.

The USSR Ministry of the Radio Industry. In September of 1990, five summer cottages (room area from 49.6 sq m to 80.3 sq m, land area from 1,050 to 1,260 sq m) were sold for cash to the ministry's highest officials for their balance sheet value: to Deputy Minister B.A. Avrov for R6,442, to the widow of former minister T.G. Anodina for R7,368, to Deputy Minister G.P. Kutsenko for R6,416, etc.

The USSR Ministry of the Shipbuilding Industry. The Ministry owns three suburban plots—13 houses in Bykovo, eight houses in Kratovo, and one in the village of Serebryanyy Bor. The houses are furnished, they have telephones, gas, hot running water, and plumbing. There is a video-auditorium, a sauna, a swimming pool, a billiards room, and sports facilities. The dachas were sold to the ministry high officials.

The USSR Ministry of the Chemical and Petroleum Refining Industry. Until 13 July 1990 the ministry had on its balance sheet half a house in the city of Ramenskoye (room area 73 sq m, land area 1400 sq m). On 13 July 1990 the dacha was sold to former minister N.V. Lemayev for R7,360.

The USSR Ministry of the Coal Industry. Minister M.I. Shchadov is using a USSR Council of Ministers dacha. The ministry has rented his dacha and automobiles out in 1991 for the total sum of R93,000.

The USSR State Planning Committee. It owns 94 dachas. Annual losses from the maintenance of these dachas are around R50,000.

The Nomenclature Privatization

Why do the ministries sell government property so shamelessly and fearlessly? Because the USSR Council of Ministers is doing the same thing. This process began thanks "to the good graces" of N.I. Ryzhkov.

As we were told in the USSR Supreme Soviet Privileges and Benefits Commission, five state dachas were sold to private individuals in August of 1990: dacha No. 7 in the village of Nikolina Gora was sold to A.P. Biryukova (former CPSU Central Committee Politburo candidate member, N.I. Ryzhkov's deputy), dacha No. 8 was bought by V.L. Savakov (now head of N.I. Ryzhkov's preelection campaign headquarters), dacha No. 10 was sold to I.S. Belousov (was in charge of the country's defense complex for a long time), dacha No. 3 in the village of Bakovka was sold to L.A. Voronin (former first deputy of N.I. Ryzhkov).

But that was just the beginning, as they say. The balance sheet value of dacha No. 7 alone (not counting other

structures; service lines; driveways, the garage, etc.) is R83,701. It was sold to A.P. Biryukova for R17,183. The market value of a comparable dacha would be a minimum of R200,000 to R300,000. Dacha No. 8, with the balance sheet value of R83,701, was sold to V.L. Savakov for R17,210; I.S. Belousov paid R17,374.

This way just three state dachas in the village of Nikolina Gora, with the total balance sheet value of R225,993, were sold for R51,767. Who paid for their construction? Taxpayers did—you and me, in other words.

But this is not all, either. Together with the houses, the above mentioned individuals also bought furniture, chandeliers, rugs, etc. Nor did they pay full price for these. V.L. Savakov, for instance, paid R8,200 for the furnishings (the balance sheet value—R10,900); L.A. Voronin paid R12,100 (the balance sheet value—R20,800).

But the most striking fact is that these, far from being the poorest, "vacationers" who live in the village of Nikolina Gora refuse, in fact, to pay for the electric power and telephone services. These houses did not even have individual meters installed on them. According to the accountants' data, the cost of the electric power used at dachas Nos. 6-10 was R4,200 from April through December of 1990 and R9,100 in the first three months of 1991. But the total that the dachas paid was R28 in 1990 and R56 in 1991. The situation is similar in other elite countryside developments. It seems that we again have to pay for these services rendered to our comrades from the nomenclature. This all is happening at the time when the country is experiencing a catastrophe with respect to baby foods.

Its Mechanism

The mechanism for the transfer of state dachas into private possession is sickeningly simple. The collegium of any ministry, main administration, or the Council of Ministers, which has dachas on its balance sheets, decides to set up a dacha-construction or dacha-repairs cooperative (which, however, does not build or repair anything). Such a cooperative has all the rights of a legal entity; then the dachas are transferred from the balance sheets of the ministry to those of the cooperative. The latter completes the operation of selling state property to individuals.

There are three key issues in this procedure of selling the state property to the nomenclature. **One:** As a rule, the cooperative consists of ministry and agency heads exclusively. So they are practically selling the cottages to themselves. **Two:** As the dachas are transferred to the balance sheets of the cooperatives, the degree of their "wear and tear" is determined. By whom? By the cooperative managers. Naturally, it is set high, therefore the value of the house is artificially lowered. **Three:** Only the cost of the building is accounted for during the sale. All the service lines (which usually make up the most expensive part of the construction), roads, lighting, telephone lines, service structures, etc.—all this is paid for

from the state budget. What makes the state budget? Our taxes do. For that reason it seems rather strange now to hear discussions of the great honesty of many former or current government and party leaders who built communism for themselves.

In the middle of June, the USSR Supreme Soviet Privileges and Benefits Commission intends to conduct parliamentary hearings concerning the use of state dachas. Maybe, the USSR Supreme Soviet will have its say, finally.

PERSONAL INCOME, SAVINGS

Salaries Compared To Those In Various Capitalist Countries

914D0224A Moscow ARGUMENTY I FAKTY
in Russian No 22, Jun 91 p 1

[Article by B. Bolotin: "How Much Should One Receive?"]

[Text] The proportion of the salaries of manual and office workers compared to the VNP [gross national product] is one of the most important indicators of the material well-being of workers. For a period of many years, our Soviet political economists, in the course of carrying out their ideological mandate, intentionally raised the norm for surplus value in the material production of capitalist states, thus providing a numerical basis for the propagandist slogan concerning the merciless exploitation and enslavement of workers in western countries.

Salaries of Manual and Office Workers in the VNP of the USSR and Developed Capitalist Countries in 1989

Countries	VNP	Salaries	Proportion of wages, in %
USSR	924	335	36
U.S.A.	5200	3200	62
Japan	2675	1540	58
FRG	1320	700	53
France	1035	550	53
Great Britain	830	440	53
Italy	930	415	45
Australia	280	150	54
Austria	135	70	52

Belgium	170	90	53
Greece	70	27	39
Denmark	113	60	53
Israel	45	25	56
Ireland	34	20	59
Iceland	7	4	57
Spain	400	175	44
Canada	540	310	57
Luxembourg	7	4	57
Netherlands	235	125	53
New Zealand	45	20	44
Norway	90	55	61
Portugal	45	20	44
Finland	110	65	59
Switzerland	200	90	45
Sweden	200	120	60
UAR	150	75	50
All developed countries	14825	8300	55

The above table makes it possible to become acquainted with the true status of affairs. It turns out that the proportion of salaries for manual and office workers in the majority of the developed capitalist countries constitutes approximately 55 percent of the VNP. In other words, from each dollar earned from the sale of products, the workers receive approximately 55 cents in the form of wages (approximately 65 cents in industry). The proportion of wages is somewhat lower in such countries as Greece, Spain, Portugal and Switzerland, where a considerable portion of the economically active population consists not of manual and office workers but rather so-called "independent workers"—farmers, tradesmen, craftsmen and so forth, the income of which, quite understandably, is not viewed as wages.

Permit me to make still one more observation. Roughly 45 cents of each dollar remaining after the issuing of wages is divided up on average according to the following proportion: 12 cents—reimbursement for wear and tear of equipment and other means of production and 33 cents—profit. Thus the true norm for surplus value, as the ratio between profit and wages, does not exceed 60 percent.

The absolute data for the USSR in the table is cited in billions of rubles and for foreign countries—in billions of dollars.

ENERGY COMPLEX ORGANIZATION

Development, Finance of Energy Complex
914E0095A Moscow *EKONOMIKA I ZHIZN*
in Russian No 10, Mar 91 p 12

[Article by USSR People's Deputy, Doctor of Technical Sciences and Professor V. Bushuyev, USSR Gosplan Department of Power Engineering and Electrification Chief V. Savin and Deputy Department Chief Candidate of Technical Sciences G. Kutovoy under the rubric "Topical Theme": "The Economic Scales of the Power Equation"]

[Text] *New approaches to the organization of finances for power construction seem completely essential today, so as to reduce requirements for capital investment and cover the power gaps in the budget. USSR Minenergo [Ministry of Power and Electrification], in conjunction with USSR Gosplan [State Planning Committee] and USSR Gosstroy [State Construction Committee], has now approved temporary methodological recommendations for the involvement of the funds of enterprises and regions in the construction of power facilities.*

Questions of energy conservation in this version will be resolved by each consumer, themselves comparing the advantage of transferring money for the construction of power facilities or its utilization for less power-intensive versions of the technology at their own enterprise.

A shared-participation version, however, will not allow the actuation of economic controls for stimulating power conservation across the whole spectrum of consumers of electric power, since the rates will remain too low. And the principal reserves for the economy of electric power, after all, are in the existing sphere of material production and are commensurate with the magnitude of the annual generation of electric power at all hydroelectric or all nuclear power plants in the country. The cost of measures in industry to shift to power-conserving technologies and realize measures for power conservation, as valued per kW [kilowatt] of reduction in the electrical load, are two to three times less than the additional unit cost for the augmentation of power capacity at electric power plants. This spending, according to estimates, will exceed 550 rubles/kW in the coming five-year plan. This means that the sweep of the problem of power conservation facing the national economy—and the economic advantages of resolving it—are so topical that further delays to later deadlines will only aggravate the national-economic losses.

The key task is creating such mutual relations among power consumers, power producers and the local soviets that they would have an economic vested interest in joint collaboration and an efficient power equation. The local or oblast soviets, in our opinion, should take on the basic functions of regulating economic relations on their territory. There are a number of reasons for this.

First, the growing role of the local soviets in economic and business activity in the region is turning them into the subject of market relations, with an objective vested interest in the economic flourishing of their regions and the social and ecological protection of the population.

Second, the local soviets are, within the limits of their authority, both representatives of the state and expressers of the interests of the local population. It is namely the local soviets that should strive for that position, so that the development of industry and power engineering in the region is advantageous for the enterprise, the region and the population residing there. The solution of the problems of developing the power-engineering system and energy conservation in a region could be accomplished through power commissions created under the soviets.

The power production association (PEO), operating within the framework of the oblast administrative boundaries, is a monopoly entity in the market as the producer of electric power. Anti-monopoly legislation should thus provide for state regulation of the price of electric power, depending on competitive market prices for the goods and services on which the economic health of the power producers depends. The rate levels for electric power should support expanded reproduction for the producer in an amount sufficient for complete power sufficiency for consumers. The commissions of the local soviets should be occupied with these issues as well, considering the whole configuration of raw materials and infrastructure sufficiency and the power supply for new facilities on their territory.

A businessperson, in turn, should have the right to choose possible versions of power supply for his enterprise.

A businessperson may thus create his own source of electric power, shouldering all of the expenses for construction and operation. The construction of an electric power plant by a group of stockholders or hookup to the state power system are also possible, allowing for the spending on power in the estimated cost of construction of an industrial enterprise.

The businessperson should thus compare the advantages of possible versions of power supply, and submit his plans for new construction to the power commission for coordination. It is understood that the technologies adopted in the plans should conform to the most up-to-date ecological and resource-conserving criteria.

But what about an existing enterprise? How can they be spurred into adopting power-conserving measures and technologies?

This task can be resolved, once again, with the participation of the power commission of the local soviet, granting it the right to dispose of that portion of the cost of electric power that should be directed by the PEO toward new power construction. A fund for the development of power engineering and power conservation

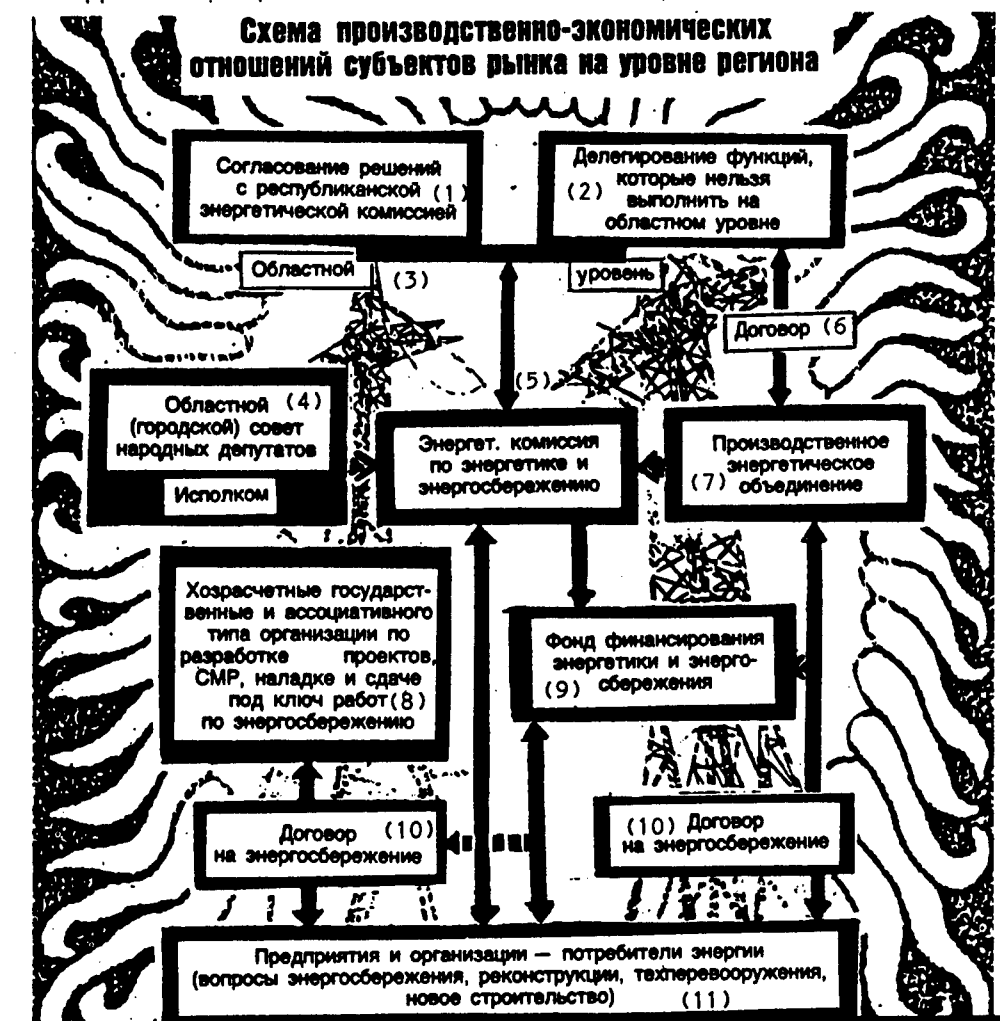


Diagram of the Production and Economic Relations of the Market Subjects at the Regional Level

Key:

1. Coordination of resolutions with republic power commission
2. Delegation of functions that cannot be performed at the oblast level
3. Oblast level
4. Oblast (or city) soviet of people's deputies/ispolkom
5. Power commission for power and energy conservation
6. Contract
7. Power production association
8. Economically accountable state- and association-type organizations for the development of plans, construction and installation work, set-up and turnkey turnover of operations for energy conservation
9. Fund for financing power engineering and energy conservation
10. Contract for energy conservation
11. Enterprises and organizations/power consumers (issues of energy conservation, modernization, technical refitting and new construction)

should be formed in a separate account at the bank in this case, creating an effective mechanism for the transformation of the consumer's money into a factor of economic incentive for power conservation.

It is important to provide for the competitive selection of proposals for conserving electric power. Financing out of the fund should be obtained by that proposal that provides a real reduction in the level of electricity consumption and the electrical load of the enterprise, with capital spending that is less than required by the PEO for the construction of new power capacity.

It could turn out, however, that increasing the capacity of electric power plants is more economical than the taking of steps for electric-power conservation among consumers. The PEO should then exercise its right to self-financing, and perform the construction of electric power plants as a social order of the oblast soviet. It would be expedient, taking into account the importance of the role of the power commission and its status, to set up a procedure in the legislation that would determine its rights and obligations as a local authority. The commission should include representatives of the PEO, Gosenergoadzor [State Power Oversight Committee], associations of industry and business people, local environmental-protection bodies and Gosarbitrazh [State Arbitration Committee].

This commission, operating within the framework of the authority of the local or oblast soviet of people's deputies, could perform the functions of comprehensive review and coordination of regional configurations for the development and location of productive forces, technical and economic substantiation for modernization, expansion or new construction of industrial facilities and their supply with resources, as well as conduct active explanatory work on the goals of the planned investments.

The timely and complete informing of the population on the prospects for the development of the region is one of the most important conditions for success in investment activity, and makes it possible to ensure the vested interest of the population in the location of electric power plants on the territory of the region. A legal document that would provide measures for the complete satisfaction of the territory's electric-power needs and economic concessions for the local soviets and the population, if the capacity of the electric power plants located there exceeds the substantiated need for electric power of the local region, should be the economic and legal foundation for the new procedure for selecting the places for locating power facilities. Compensation for PEO losses due to these concessions should be provided for through increased rates for local industrial enterprises, as well as an increased rate for electric power transmitted to other parts of the country.

Alternatives to AES-Generated Power Viewed 914E0094A Yerevan EPOKHA in Russian No 19, 16 May 91 p 4

[Interview with Professor Derenik Torgomovich Arshakyan, head of the department of power engineering at the Economics NII [Scientific-Research Institute] of the State Committee for Economics for the Republic of Armenia: "The AES or Energy Conservation?"]

[Text] *Should money be spent on the opening and utilization of nuclear power plants, or should it be invested in a long-term program for developing the intrinsic fuel-and-power system of the republic, being satisfied with the minimum necessary for Armenia? Professor D. Arshakyan, head of the department of power engineering at the Economics NII [Scientific-Research Institute] of the State Committee for Economics for the Republic of Armenia, chooses the latter. An AES [nuclear power plant], in his opinion, is the incomplete handiwork of the bureaucratic system, and victory over it is a good thing—being deprived of that is equivalent to voluntary madness.*

[EPOKHA] Derenik Torgomovich, last year you spoke negatively in our newspaper regarding the renewal of activity at the nuclear electric power plant in the republic. But over the last year, many who had formerly held that view of the problem have changed their opinion. In the end, an AES is a giant, and relying on it we will be able to feel much more confident.

[D. Arshakyan] They are now trying to explain the closing of the Armenian AES as a psychological consequence of the earthquake and an attempt by the "fighters for people's rule" to show off. But these attempts are clumsy. Everything is much more complicated.

Long before the Chernobyl tragedy, after the start-up of the first power unit at our AES, the question of its modernization arose, with the aim of ensuring the necessary level of radiation safety. A plan for that modernization, costing almost 280 million rubles (a little more than the plant itself had cost), was finally born almost ten years after the start-up, after many years of "consideration." But the plan did not actually resolve the task that had been posed, instead pursuing the aim of cosmetic changes for the sake of "soothing souls." It is not surprising that even the chief designer of the installation refused to support it. Discussion of this project led to the logical conclusion of the non-expediency of its realization in the middle of 1987. The issue thus became one of creating the necessary technical base for a gradual, step-by-step removal of the power units of the Armenian AES from operation. As early as the middle of the next year, 1988, the first secretary of the Central Committee of the Communist Party of Armenia at the time, S. Artyunyan, appealed to higher authorities in that regard with the appropriate letter. Friday came before Saturday, however, as they say. The Spitak earthquake occurred, requiring new thinking and solutions.

It should be added that the AES is closely linked with the fuel manufacturer from the fuel cycle and from the results of activity, so cutting off the oxygen here was even significantly easier than in many other cases; the more so as you cannot replace nuclear fuel with anything else.

The return to an orientation toward nuclear power is an exceedingly expensive pleasure and, moreover, a troublesome one. Issues of AES safety, after all, also entail the reprocessing of spent fuel at specially constructed plants. There is as yet no such plant in the country, and radioactive waste has to be stored at the plant itself or shipped to a storage area. There is a special storage area at the center, and everything is seemingly in order with it. But the Russian parliament has already made a decision to ban the return shipment of wastes from "outside" AESs. The question of burial was and remains a difficult one to solve.

[EPOKHA] You are a scientific supervisor for the development of the power program for the Republic of Armenia. What is its essence?

[D. Arshakyan] The program provides for the pursuit of an all-encompassing policy of energy conservation aimed at the most efficient possible utilization of power resources shipped in from afar. Measures deserving of attention have recently been pursued in this area in the republic for the sake of a radical restructuring of the national economy with a gradual transition from power- and material-intensive industries to less power-intensive ones. One example could be the retrofitting of the Razdan Mining and Chemical Combine to today's Razdanmash, another the closing of the aluminum production line at KanAZ, etc. The power-intensiveness of national income in Armenia is appreciably below the average union level as a result, and the republic is almost reaching the 1985 level in the overall consumption of electric power in 1990. By maintaining this policy we can, to a considerable extent, come close to the energy policies of the developed capitalist countries (the United States, Japan and Germany, among others)—able to support growth in national income with considerably lower expenditure of power resources.

The power policy that has been developed provides broad-scale measures for technical refitting and an increase in the return on investment from functioning power sources—existing TEs [thermal electric power plants] and GESs [hydroelectric power plants] large and small, as well as the rehabilitation and return to operation of the long-forgotten so-called rural GESs, of which there are more than ten in Armenia.

The involvement of renewable energy sources—small waterways, biomass, the sun, wind and underground heat, among others—in the power equation of the republic, the creation of a reserve in the form of fuel stockpiles (at 80 points on the territory of the republic)

and power-generating installations possessing great flexibility and mobility, with the ability to be deployed rapidly and enter service under emergency conditions, are also envisaged.

[EPOKHA] But can the republic, in any case, provide the electric power it needs without activating the AES?

[D. Arshakyan] Yes, it can. Eleven billion kilowatt-hours a year needed by the republic will be generated if all electric power plants operate with a regard for energy conservation and with a reliable supply of fuel (KhM—Ed.). It should be stated that we are far from being in an exceptionally grave situation. If someone thinks that the situation is a lot better in other places, he is profoundly deluded. The opening of the AES, I repeat, is not the solution to the problem. A nuclear power plant, in any case, is only a part of the nationwide power system, and the supply of power will be executed according to the instructions of a central dispatcher. We should direct the many millions in funding, instead of spending it on reviving the "dead horse," toward the long-term and comprehensive solution of the problem of our power needs.

Chernobyl Clean-Up Mismanaged

914E0103A Kiev SILSKI VISTI in Ukrainian
29 May 91 p 1

[Article by N. Lytvynenko: "Under the Curtain of Secrecy: Radioactive Contamination Is Spreading in the 30-Kilometer Zone"]

[Text] Participants in the international seminar "Euro-Chernobyl-2," which ended recently in Kiev, were invited on a trip to the ChAES [Chernobyl nuclear electric power plant]. "There you will be served a dinner of the cleanest foods in the world," the organizers of the seminar assured foreigners. "Nuclear scientists know more about this than anyone else."

I do not doubt that nuclear scientists know how to protect themselves from radiation and that our own Ministry of Atomic Energy and Industry is doing what it can to ensure its people more or less clean food and special clothing and equipment. But how well are other residents of the Ukraine protected from their experiments?

Even now, perhaps, a bread wagon drives throughout Poliskyy Rayon of Kiev Oblast and delivers to the villages up to 400 microroentgens per hour of radiation along with the bread. One assumes that it "picked them up" during a period of work in the strict-control zone. But perhaps the wagon was taken out from the 30-km zone. After all, close to three thousand very contaminated vehicles and pieces of equipment are in the zone without any protection or even a fence. Over the last five years anyone who wanted could enrich himself with spare parts and other articles. Especially because transportation often goes beyond the bounds of the zone without preliminary inspection with a dosimeter. Contaminated equipment and materials are carried out not

only on roads but by means of the Pripjat: no one has been protecting and monitoring the border of the 30-km zone with an eye to the river. This year alone a great deal of reinforced concrete products, lumber, and metal goods contaminated by radiation have been sent from Chernobyl to Vyshgorod.

These facts were brought to the attention of the collegium of the republic's procuracy by O.M. Kolinko, a department head who has been verifying observance of environmental laws by the Pripjat Scientific Production Association [NVO]. I listened to Olga Mykhaylivna and recalled the report of M.A. Hordeyev, who took part in the clean-up of the disaster at ChAES in 1986. He reported how young servicemen were forced to wash off equipment. According to all the rules it should have been sent straight off to be buried, but it was sent... to Sverdlovsk where it is perhaps being put to use even today. At the time this seemed to me to be an exaggeration. But now it turns out that it was the truth. Is it not interesting that it is the employees of the Pripjat NVO, which was created precisely to protect us from such phenomena, who are now speaking up?

M.O. Sedov, general director of the Pripjat NVO, has not denied it. "When I first saw what condition the disposal sites of the radioactive substances were in, my hair stood on end. In the zone everything was being done hastily," he said at the collegium of the Ukrainian SSR [Soviet Socialist Republic] Procuracy.

As a result, five years after the disaster has too little been done to bring order to the zone? Even today one can find piles of uncollected radioactive trash around which people live. A direct threat of contamination of drinking water has arisen. Radioactive particles from Chernobyl are not only settling to the bottom of the Dnepr but are being carried by it to the Black Sea. And they may appear in ground water.

The Pidlisne and Rudyi Lis disposal sites of the radioactively-contaminated wastes may play a substantial role in this. In the latter site there is 500,000 cubic meters of contaminated wood. It seems that the tragedy of Chernobyl did not teach anything to those who constructed the disposal sites. Pidlisne is set in a ravine near the filtration fields of the purification structures of the nuclear station. Deep cracks have already appeared in its walls, as a result of which its use has been halted. If one takes into account the fact that the purification structures are already overburdened and flooding the disposal site with deadly contamination, then one can imagine what kind of "cocktail" may form in the near future in the underground water-bearing strata. Rudyi Lis is no less a threat. It consists of unmodified trenches and earthen pits. Only three bore-holes have been drilled for monitoring the 400 hectares of the disposal site, which cannot give a full picture of the spread of radioactive particles.

It turns out that only a small portion of the monitor bore-holes in the zone belong to the Pripjat NVO.

Practically no one keeps an eye on the others, which are in the majority. The administration that carries out monitoring with dosimeters performs such monitoring only at individual facilities, which does not permit one to monitor the standing and condition of underground waters as a whole. According to the specialists, one can expect substantial contamination of underground waters with strontium and cesium in ten or more instances.

I heard these disturbing facts cited at the collegium of the Ukrainian SSR Procuracy, and I was surprised at the calm with which employees of the Pripjat NVO received these just accusations, especially its director, M.O. Sedov. It was as though the subject was not deadly roentgens but rather some kind of common petty accounts. And, as always, "excuses" were found. For example, Mykhaylo Oleksandrovych reprimanded the Ukrainian SSR State Committee for Environmental Protection for supposedly prohibiting the use of an installation for decontamination of contaminated equipment. He blamed the scholars who still have not come to a unified position concerning the future of the Pripjat basin, where the majority of the radioactive particles have accumulated and may, during a flood, be washed into the Dnepr. Thus, the scholars have been holding things up. But so long as the thunder has not been heard or, in other words, so long as a threatening situation did not arise in January of this year, when radioactive contamination was found in the water, the administration of the Pripjat NVO was in no hurry either. Perhaps they expected that it would pass. Even though protecting people from possible catastrophes in the zone is its direct obligation. Particularly when the state, according to the testimony of that same Sedov, is being liberal with its money for Pripjat.

And how is this money being used for scientific research and for work to protect the population of the Ukraine from the devastating action of the radiation? The Ministry of Finance revealed that 13 million rubles [R] allotted to Pripjat for environmental purposes was not used for those goals. It is not surprising that there is not enough money even to construct a dam in the Pripjat basin which could serve as a defense against the travel of radioactive particles. On the other hand, there was more than enough money to lavishly entertain foreign delegations and encourage "necessary" people, during the election campaign for example. In the city Pripjat maintains a swimming pool staff at the same cost as a decontamination shop. At the same time that decontamination of contaminated equipment and lodgings is being conducted, such instances as this arise: demands to clean up the remnants of radioactive substances near the village of Rudnya Illinetska, where unauthorized settlers live with children, and the village of Rozsokha still have not been carried out. On the other hand, the book-keeping is in complete order: over the last year more than 1,300 lodgings were designated demolished and contained, although it turned out that the necessary funds for their decontamination were not even allocated.

The 30-km zone has seen its share of exaggeration of official facts and window-dressing. Instead of concerning themselves in proper fashion with cleaning it up and protecting the people, the leaders of Pripyat have been buying color televisions and video equipment from cooperatives at inflated prices. When an inspection was made, a portion of that equipment could not be found. The inspectors were told that the expensive and coveted equipment had been written off as heavily contaminated with radioactivity. But the Procuracy did not believe that the equipment was buried in one of the disposal sites and has brought criminal charges. At the same time, the Procuracy is interested in learning where money allotted for cleaning up after the disaster and for protecting the environment went.

It turns out that vigorous economic activity has developed in the 30-km zone. In the settlement of Kupovate they have created a subsidiary farm for growing pigs and livestock. Some R600,000 have been allotted for its expansion and reconstruction this year. There they grow many minks, polar foxes, and ferrets. One wonders where livestock production goes from the zone and who consumes it. After all, the level of radiation on the livestock farm in Kupovate exceeds the norm by a factor of 2.5-6. And the fish that are used to feed the animals are caught in the area of the reactor near the sarcophagus.

The chief cause of all these disgraces is the lack of control of the organizations to which the Union Government has handed over the 30-km zone and the secrecy with which it was shrouded owing to its special status. After all, two years ago even employees of the Republic Procuracy were not allowed there. An absence of laws in accordance with which supervision by the procurator might have been performed has also contributed to this. Today supervision has become possible under the influence of the public and new, recently adopted laws concerning Chernobyl. On the other hand, it will not be complete so long as the zone remains outside the jurisdiction of the Ukraine. This question has been raised with the center more than once, but it still has not been resolved. The Ukrainian SSR Procuracy has issued an official warning to M.O. Sedov, the general director, indicated serious defects in the organization of procuracy supervision to V.S. Kalyuzhnyy, procurator of Kiev Oblast, and petitioned the Pripyat NVO and the USSR Ministry of Atomic Energy and Industry. But will this be enough to halt the spread of the radioactive threat throughout the Ukraine?

Moscow's Energy Woes Viewed

914E0097A Moscow IZVESTIYA in Russian
4 Jun 91 p 2

[Interview with Lev Sergeyevich Popyrin, corresponding member of the USSR Academy of Sciences, professor, and manager of the laboratory of the Power Engineering Institute G. M. Krzhizhanovskiy, by R. Danilov: "Moscow on the Threshold of a Power Crisis"]

[Text] Spirited discussions about whether the Severnaya TETs [heat and electric power station], whose erection close to Mytishchi has begun, have died down. The voices of those who warned of ecological damage rang out more loudly than the voices of others. Their voices were heard—Mossovet [the Moscow City Soviet of People's Deputies]—decided to stop construction. But the problems of providing our largest city with heat and electricity, alas, have not disappeared because of this. Our conversation with L. Popyrin, corresponding member of the USSR Academy of Sciences, professor, and manager of the laboratory of the Power Engineering Institute imeni G. M. Krzhizhanovskiy, concerned this.

[Danilov] Lev Sergeyevich, could you not draw a picture with broad strokes, so to speak, about the smokestacks of Moscow's TETs's. Judging by the fact that it is becoming increasingly difficult to breathe in Moscow, there are quite enough of them?

[Popyrin] Enough? In general, yes and no. Today 15 TETs's are supplying Moscow with heat and electricity, and only five of them can be considered new. Altogether they meet 70 percent of the city's requirements for heat. The remainder comes from 26 large and 2,000 (!) small boilerhouses. There are six more electric-power stations that are operating in Moscow Oblast which are closely tied in with the city's TETs's. Ten percent of the electricity pours into the capital's power system from neighboring oblasts. But there is still not enough of it. As for the smokestacks that you referred to, they number 9,000 in Moscow! Most of the smokestacks are less than 50 meters high, while the stacks of modern TETs's are 250 meters. With tall stacks, two-thirds of the combustion products discharged are carried outside the city limits. The low stacks "sow" their smoke close by, within a radius of 3-5 kilometers.

It must also be said that today there is, formally, a balance between the amount of heat needed and the amount furnished. However, in the northern, western and central parts of the city there is not enough heat. It cannot be transferred from other city rayons: high-capacity hot-water mains are lacking. Furthermore, the surpluses of heat that exist here and there will disappear in 2-3 years as new buildings are put into use.

[Danilov] It turns out that matters are not so simple?

[Popyrin] Matters are at their limits, it can be said. Let us take a look at the situation from the point of view of reliability. Unfortunately, almost everyday relatively small outages occur in the city's systems for supplying heat and electricity. These are not so terrible, but they are unpleasant. The possibility of larger outages is something worse. Fear of these is based upon the lack of reserves for generating heat in some city rayons and an overloading of the TETs's that supply these rayons. Let us take, for example, the north and northwest of Moscow. Measurements that have been made indicated that heat-supply reliability here is no more than 60-70 percent versus the norm of 97 percent. During severe

ENERGY

cold a major outage can be expected at any moment. What this means is that, you will recall, in the years 1979 and 1986 apartment houses, kindergartens, schools and hospitals were left without heat for a long time.

Moreover, a normal power system should always have a certain excess of capacity—in order to be able at least to shut down for rebuilding and for replacing aging equipment.

[Danilov] Right now we are talking about today. What will happen tomorrow and the day after tomorrow?

[Popyrin] The problem becomes more complex here. A power engineer cannot help but think about tomorrow. Do you know how many years it takes to build a large heat and electric-power center under our conditions? Twelve years and, at times, 15! For a large boilerhouse, five years. This means that we simply are obligated to be prophets. And here careful calculations indicate that the city's requirements for heat and electricity will rise by 20 percent by the year 2000, 33-35 percent by the year 2010. This means that one or two TETs must be built—possibly even outside the city limits, or 20-35 large boilerhouses must be built right in the city. Altogether, for the power system as a whole, power stations of four million kilowatts of capacity must be built in 10 years, 7.5 million kilowatts of capacity in 20 years.

[Danilov] Is it mandatory that all of them be built in Moscow? Is it impossible to get electricity from somewhere else by wire?

[Popyrin] Of course one can get it, but from where? Take a look: Kalinin, Kostroma, Kursk and Smolensk and some other neighboring oblasts are refusing Moscow electricity beginning with 1995, and in the meanwhile deliveries will be gradually reduced. In considering the residents' requirements, neighboring oblasts are sharply curtailing the program for erecting nuclear power stations. In the near future these oblasts themselves will begin to experience electric-power shortages. Today, very strong territorial and group interests, which often are incorrectly understood, combined with weakness of the executive power, are leading everywhere to rejection of the erection of new power stations—not just nuclear but also thermal and hydraulic. The reasoning is simple to the point of naivete: we get power, they say, over wires from our neighbors.

So it is that we cannot rely on anyone. Under these difficult conditions, the requirement for complete self-support of the Moscow region—the city and the oblast—in the matter of electricity and heat is becoming of fundamental importance.

[Danilov] And what does this 'subsistence economy' look like to you?

[Popyrin] In 1989, professional power workers presented a plan for developing the Moscow region over the long term. One may relate to it differently, but mutually-coordinated proposals for providing the city and the

oblast with heat and electricity were given there. In order to cover the already existing shortage and the increase in requirements therefor, the Severnaya TETS was to be started up by 1995, and a new TETs was to be erected in the capital's southeast (beyond the ring road) by 2005. Moreover, it was planned to reequip existing TETs's. Also planned was the construction of several new large boilerhouses in areas of new construction. The erection of three power stations with sequential introductions thereof into operation in the years 2000, 2005 and 2010 in Moscow Oblast was planned.

Unfortunately, since Mossovet adopted its decision to halt erection of the Severnaya TETs, many chapters of the plan which are most important for the city cannot be realized. The decision to build it appeared in 1979—you see how long our path is from "paperwork" to the station—and in the ensuing years much had been done, and so it is that the first power units could have been started up in three or four years.

Today there are no large backlogs of completed work for any other kind of electric-power stations, not counting perhaps the Zagorskaya Pumped-Storage Power Station, but it does not generate additional electricity, its purpose is to improve the operating pattern of the power system. Any other large electric-power station cannot appear earlier than the year 2005. Thus the question of providing the city with electricity after 1995 remains open. One can already foresee that the extent of rebuilding of old TETs's will be reduced or curtailed entirely as a result of the shortage of heat, and that means that the possibility of improving the healthiness of the city's air basin considerably will disappear.

[Danilov] Yes, but indeed, there is an alternative plan for providing the city with heat and light. The world, so to speak, is large enough for the Severnaya TETs.

[Popyrin] Actually, it is being proposed now to cover the increase in demand for heat by erecting 18 large boilerhouses by the year 2000, 28 by the year 2010. The main argument in favor of this approach is the reduction of generation of electricity in the city, that is, the hope of getting it from outside and, as is being confirmed—a reduction in the amount of fuel burned and a cleaning up of the atmosphere. But it is obvious to all that the erection of a large number of boilerhouses will not improve the appearance of the city. They will have to be built in the areas of Altufyevskiy Shosse, Vagonoremont, Verkhniye Polya Street, Kapotni, the Street of Molodtsova, Pechatnikov, Severnyy settlement, the Severyanin platforms, Tayninskaya-Startovaya Street, and so on. Does the appearance of dozens of new boilerhouses improve the ecological situation? There can be but one answer—it does not, it worsens it sharply. It should be said that the fuel supply for boilerhouses is not very reliable, and they operate, as a rule, on the basis of one type thereof (natural gas). And in the winter, during bitter cold, it happens practically every year that there is not enough natural gas for all of them. That means that there could be outages and a stop to the delivery of heat

to housing. TETs's are less affected by interruptions in the gas supply—there is usually a reserve or coal or mazut for two to four weeks.

[Danilov] And still, what do you see as the outcome of the dead-end situation that has been created?

[Popyrin] No constructive decision about ways for supplying Moscow with energy has been adopted yet, despite the fact that the city is on the threshold of a power crisis. And we must not wait, for valuable time is passing by! I consider that a search must be made for the best solution, but inevitably it would be a compromise solution which would suit the majority of the city's residents. A solution is seen in the paths of the close tie of the city's and oblast's power workers, that is, the whole Moscow Region must be viewed as a complex. Otherwise....in October, in accordance with Her Majesty Nature's strict plan, which has been introduced for once and always, cold will return again to the capital, and it can be that we will not find anything to counter it.

FUELS

Oil, Gas Industry Offshore Fleet Problems Detailed

914E0107A Baku BAKINSKIY RABOCHIY in Russian
19 Apr 91 p 2

[Article by R. Karayev, candidate in Technical Sciences, chief of the Department of the Oil and Gas Industry Fleet of the Gipromorneftegaz NIPI [Scientific Research and Planning Institute]: "How Can We Go On?"]

[Text] The question is by no means a rhetorical one. On the agenda are problems determining the fate of the main unit of the material-technical base of the marine oil and gas industry—the oil and gas industry fleet.

Constituting the basis of the maritime industry, the management of Kaspnefteflot ensures the fulfillment of all the work involved in building and operating oil and gas extracting facilities. In the last few years, the fleet, which includes ships for the most varied purposes, has changed unrecognizably. Its technical refitting, begun in the 10th Five-Year Plan, is still going on. An overwhelming number of the ships are supplied from abroad. Undoubtedly, at the early stage of development of deep-water deposits, when the fleet was made up of fairly worn-out ships, with inadequate tactical-operational characteristics, the intensive enlisting of ships from abroad was justified. Under the conditions of self-recovery and self-financing, the trend toward a constant increase in productive capital (number of ships) had an adverse effect on the economic activity of the management. The balance value of its ships had already exceeded billions of rubles. The rate for acquiring new ships abroad, especially today, when the currency funds are extremely limited, should be changed. The loss of fleet caused by writing off the ships should be compensated through modernizing and re-equipping or finishing

the equipping of the existing fleet. It goes without saying that we cannot do without building new ships in the future, but it should, in our opinion, be carried out in the extreme case, when all the possibilities of increasing production by means of the existing ships have been exhausted.

The volume of transport-technological work on the Caspian shelf, which is increasing yearly, is bringing forth a new level of requirements to ensure navigation safety. The specific conditions for operating ships in the crowded water areas of the marine oil fields, and the need for frequent mooring in the open sea urgently require the creation of a radar simulator-trainer with a night system and a pictorial display of the environment, on which the navigators can be trained in the methods of efficient use of ship radar stations and modern systems of automated radar plotting of a course. The solution to the problem, however, has unfortunately been delayed. The initial requirements for the simulator, developed by the Gipromorneftegaz NIPI and approved by the Ministry of the Oil and Gas Industry in 1987, were not translated to a practical plane, and so far there have been no signs of a constructive approach.

The qualitative change in the composition of the fleet makes it necessary to introduce a comprehensive system of technical service and repair. This system, based on a well-developed infrastructure of technical diagnostics, specifies, at all stages of ship operation, monitoring and predicting the changes in the state of the ship structures and units. Today this is the central problem of the policy of technical operation of the fleet. It must start with the organization of a center (station) of technical diagnostics, ensuring its appropriate status and reinforcing its material-technical base.

Yes, the arrival of new ships has raised the technical level of the fleet. The understandable satisfaction, however, alternates with alarm and anxiety. The disproportion that has formed between intensive updating of the fleet and the development of ship repair, resulting from the euphoria caused by import purchases of ships, has led to the fact that the existing ship repair enterprises of the Kasporneftegaz Production Association (an SRZ [ship repair yard] and four ship repair workshops) have proved to be incapable of fully providing for our own needs for ship repair. Almost half of them today fall to the enterprises of the Ministry of the Maritime Fleet and the Ministry of the Shipbuilding Industry, and also to foreign firms, the settlements with which are carried out in freely convertible currency, which, of course, complicates matters.

The longstanding practice of orienting capital investments (a large proportion of which were made up of currency funds) toward acquiring ships, without the corresponding proportional development of ship repair yards and improvement of their material-technical supply, has led to an extremely serious situation. Here too, we must particularly note the grievous fate, which befell the SRZ imeni 21st CPSU Congress. While the

facilities were being renovated, while the funds allotted for it were being utilized in dribbles, and while the deadlines for completion were repeatedly being postponed, the yard's design capacities lost touch with the urgent needs of the fleet.

The supplies of internal combustion engines, spare parts for automation devices, ship units and equipment, which grow worse every year, are particularly worrying. The acute nature of the problem becomes even more obvious with respect to providing spare parts for the systems and units of foreign manufacture, which rely completely on the service of the firms. We must now develop our own production base on the basis of the modern achievements of scientific-technical progress.

In the situation that has formed, setting up small enterprises to recondition worn-out and damaged parts and units would remove many of the problems, especially since not only ship repair workers but also practically all the services of the Kasporneftegaz Production Association would be interested in this output. The possibility of drawing foreign capital into setting up these enterprises is not ruled out.

A further increase in fleet use efficiency will depend to a considerable extent on intensifying the use of the available fleet, accelerating the turn-around rate of the ships, eliminating unproductive idle times, ballast runs, etc. The main thing in this sphere right now is the problem of ship management, the solution to which is related to the need to improve the organization of fleet operation on the basis of economic-mathematical methods using computers. Here too, one must deplore the fact that the development of automated sets of problems of on-line calculation and voyage planning of ship operations, which was begun in 1989 at the Gipromorneftegaz NPI (incidentally, for the first time in the country), was suspended by the Kasporneftegaz Production Association. This was just when the country, particularly Azerbaijan, had made an effort toward total computerization. It is a shame that the time was lost, for in this year, 1991, a system of automated complexes could already have been in operation in the Kaspnefteflot administration.

Finally, the personnel problem. Here, the situation is alarming, not to say—threatening. The lack of a specialized maritime VUZ [higher educational institution] in Baku has led to a large-scale imbalance between the demand for engineering personnel and their supply. How paradoxical this is, incidentally—Baku with its well-developed infrastructure for the maritime fleet (oil and gas fields, transport, fishing industry) is the only maritime city in the country that does not have the corresponding VUZ. It is experiencing a great lack of engineers for ship repair and in planning-design subdivisions, and noticeable difficulties in recruiting staff for ships and floating drilling rigs today. When you consider that maritime specialists are used in developing

and building deepwater stationary platforms, for performing a number of underwater-technical operations, etc., the problem of the shortage of personnel becomes particularly critical.

Creating a secondary nautical school as part of the Kasporneftegaz Production Association is not the best way to eliminate the personnel famine, for it does not solve the problem of training the engineering personnel. Under the conditions of the sovereignty of the republic, when training national personnel is coming to the fore, the extreme need to consider, in the appropriate departments, the problem of creating a higher educational institution in Baku to train specialists for the maritime fleet for the Caspian region has become urgent.

This problem can naturally not be solved overnight, and therefore, at this stage it appears expedient for the Kasporneftegaz Production Association, in consideration of the needs of its structural subdivisions, to organize personnel training in a special program on contractual principles, with the Odessa Institute of Maritime Fleet Engineers.

In a word, there are many problems. They cannot be solved by waving a magic wand. They must, however, be solved immediately—for the sake of rehabilitating the unique fleet of the Caspian oil workers. The quicker, the better.

PIPELINE CONSTRUCTION, OPERATION

Pipeline Transport Operations Highlighted

914E0093A Moscow NEFTYANOYE KHOZYAYSTVO
in Russian No 2, Feb 91 pp 33-38

[UDC 622.691.4 + 622.692.4; article by V.Kh. Galyuk under the rubric "The Transport and Storage of Petroleum": "The Quality of Construction and Operation of Trunk Pipelines"]

[Text] *The 6th Plenum, at which a new chairman for the central board of the VNTG NGP [All-Union Scientific, Engineering and Technical Society of Petroleum and Gas Industry Workers] imeni Academician I.M. Gibkin and his deputy were elected, should be especially noted in the work of the scientific and technical community of oil and gas workers. L.D. Churilov, first deputy minister of Minneftegazprom [Ministry of the Petroleum and Gas Industry], was chosen as chairman, and S.D. Mironov as deputy.*

A very important problem for the sector was discussed, along with organizational issues—the quality of design engineering, the construction and operation of trunk pipelines and the tasks of the scientific and technical community of workers in the oil and gas industry and the construction of enterprises in those sectors on that problem.

Special papers of the three sectors were read at the plenum on their state of affairs on this issue—the principal speaker was V.Kh. Galyuk from the USSR Minneftegazprom [MNGP], with Z.T. Galiullin from the Gazprom State Concern and V.F. Cheburkin from USSR Minneftegazstroy [Ministry of Construction of Petroleum and Gas Industry Enterprises]. Eleven people took part in a detailed discussion of the papers.

We will present the principal provisions of the paper by USSR Minneftegazprom and analyze the presentations.

All of the gas being produced in the country, and 95 percent of the oil, is transported to the places of refining and consumption by pipelines.

About another 25,000 km [kilometers] of pipelines enter service each year in the oil and gas industry (including field lines). Gas pipelines have reached diameters of 1,400 mm [millimeters], oil pipelines 1,200 mm and ShFLU [wide-cut light hydrocarbons] products pipelines 700 mm. An accident on such pipelines, aside from the loss of product, could naturally be a major detriment to the national economy and ecology and cost human life.

No one ministry or agency is able to make pipelines reliable and safe. Various sectors of the national economy and society should be working in that direction. The overall reliability and operational safety of trunk pipelines for petroleum products are formed at the stages of the smelting of the steel, rolling of the pipe sheet, production of the pipe, surveying and designing the pipeline and its construction and testing, and are then maintained in the process of operation and restored in repairs.

The operations service maintains the planned reliability at a level defined by the capabilities of the diagnostic equipment.

About 64,000 km of trunk petroleum pipelines, 2,300 km of products pipelines and 2,500 km of water lines were being operated in MNGP Glavtransneft [Petroleum Transport Main Administration] as of 1990. Trunk pipelines are operated for 5 to 20 or more years, and 14 percent of the petroleum pipelines are close to—or have exceeded—their terms of depreciation for operation.

The principal share of the trunk pipelines (TP) of Glavtransneft have been laid on level or hilly terrain on conventional ground, and the rest are in in mountainous terrain with ground with pockets of rock, sandy *solonchak* and deserts, swamps or regions with permafrost. The pipelines traverse all of the country's climatic and soil zones, including regions of Central Asia over very hostile ground.

The trunk pipelines are operated by the 17 trunk oil pipeline administrations (TPA), numbering some 63,000 people, which have the status of state enterprises with the rights of associations.

The line portions of the TPs are serviced by 265 emergency-restoration stations (ERS), three specialized

administrations for averting and eliminating accidents (SAAEA) and two emergency-restoration trains.

The ERSs are allotted the servicing of 200-250-km sections of the rights-of-way of pipelines under conventional or desert conditions, or 80-100 km in mountainous or swampy terrain.

The reliability level of the TPs is evaluated based on an analysis of operational data, and first and foremost the accident rate.

The principal causes of failures (accidents) in TPs, as analysis shows, are corrosion, poor quality of construction and installation work, factory defects in the pipe, physical damage to the pipelines by outside organizations and repair equipment in the process of TP operation, and errors by service personnel.

The overall number of failures of a corrosive nature has decreased in recent years from 440 in 1981 to 101 in 1988, but they still comprise more than 60 percent in percentage terms (and 91-98 percent in some TPAs), and there is no steady trend toward a reduction in them. The predominance of leaks due to corrosion is also recorded on foreign pipelines. Despite efforts at protection, for example, the share of failures due to corrosion comprise 35-40 percent in Western Europe.

Such a stable ratio has not been established for domestic pipelines. The greatest losses in 1988 were caused by corrosion, but in 1987 by poor construction and installation work. One failure alone on the Malgobek—Tikhoretsk TP entailed irretrievable losses of oil from a pipeline rupture—due to corrosion right through the pipe—of 5,773 tons, for a total of 173,300 rubles. The overall costs are valued at 194,400 rubles (not including the losses from the contamination of the atmosphere or the inherent losses from the idle time of the pipeline, among others).

Second place behind corrosion (in 1986, for example) was held by failures due to defects in materials (pipe, welds, gaskets and valves); in 1987 and 1988 it was the poor quality of construction and installation work. Common forms of poor construction and installation work include scoring, scratching and denting on the pipe inflicted during transport and installation operations, and poor-quality welding.

Eight of 120 failures recorded on line portions of TPs in 1987 occurred as a consequence of physical damage to the pipeline by equipment; 13 of the 149 failures in 1988 were for this same reason. Physical damage includes not only damage by the equipment of outside organizations (as a rule, due to violations of the requirements for the safety zones of the pipelines), but also by the repair equipment of the RSUs [repair and construction administrations] in the process of overhauling the line portions of TPs (principally excavators when uncovering the pipelines). Seven of the recorded 13 failures mentioned above were of that nature.

There were 57 failures in overhauls of the pipelines of Glavtransneft in 1982-88 in all; these lead to an increase of roughly an average of 1,200 rubles in the cost of each kilometer of pipeline being repaired.

Sixteen (10.7 percent) of the failures in 1988 were due to poor construction and installation work, and the losses of petroleum therein, with the data incomplete, comprised no less than 585 tons, with costs on the order of 206,600 rubles. One failure alone, on the Lyantor—Fedorovskoye, cost the state 173,000 rubles, including only four tons of irretrievable losses of oil and the expenses for restoration. Taking into account the fact that the oil pipeline was laid in type II and III swamps, the failure occurred in August, the location of the damage was detected 20 hours after it arose and that the restoration of the pipeline lasted 123 hours, the scale of the damage inflicted to the environment can be imagined.

Half of the 10 categorized failures of the TPs in West and Northwest Siberia in 1988 occurred as a consequence of poor construction and installation work. The failure of the Shaim—Tyumen TP occurred through the fault of the operational services of the West and Northwest Siberian TPAs—the unauthorized and unskilled switching of valves in the scraper trap by personnel of the KIPiA [control and measuring instruments and automation equipment] service led to the appearance of a hydraulic surge and the destruction of the pipeline.

Great efforts and time expenditures (88 hours) were required to eliminate the failure of the Nizhnevartovsk—Kurgan—Kuybyshev TP that arose as the consequence of a surge during the disappearance of voltage in the NPS [pumping station] power-supply system and in the absence of a system for damping waves of increased pressure at one of the stations. The damages from the failure totaled 135,000 rubles.

Analysis of TP failures shows that the unit losses of oil per failure increased sharply as a consequence of poor factory workmanship, even in the face of a comparative reduction in the overall number of failures in 1988—4 tons in 1986, 1.4 tons in 1987 and 12.6 tons in 1988.

The overall number of failures in the West and Northwest Siberian TPAs increased from 12 to 15 compared to 1987, and the categorized ones from 4 to 10. The number of failures also increased on the "Druzhba" TP and in the administrations of the Urals-Siberian and Northwestern TPAs. There were none in 1988 in the administrations for the Northern, Dnieper and Georgian TPAs.

The general descriptors of the failure rate per 1,000 km of TP for categorized failures were 0.47 and 0.48 in 1987 and 1988 respectively, and 1.87 and 2.26 allowing for the total number of failures. According to data of the International Gas Union and the Center for Pipeline Accidents at the Hague summarized for the 1981-88 period, the overall failure rate of pipelines in England was 0.75, the United States 0.74, Canada 0.56 and the USSR 0.43. We have, however—despite the low level of failures (and

more accurately, only categorized failures with petroleum losses of 50 tons or more)—incomparably high levels of losses. In accordance with the pipeline law of Canada, for example, a company is obliged to report an instance of failure to the corresponding authorities with leakage of 1.5 cubic meters.

Data on pipeline reliability, both domestic and foreign, are contradictory. This testifies first and foremost to the lack of uniform requirements for investigation, accounting (classification) of failures and evaluation of their consequences.

The lack of proper requirements for evaluating the consequences of pipeline failures engenders irresponsibility at all stages of the creation of the TP, starting with design engineering, and leads to the unforeseen situations that we witness (the explosion of the West Siberian—Urals/Volga ShFLU products pipeline, for example).

This can be explained partially by the lack of domestic experience in design engineering. Such experience does already exist around the world, however. The Kuybyshev—Odessa ammonia pipeline was also the first built in this country. And experience for its design engineering, construction and operation was borrowed from the Americans—there was strict selection of the pipe (and each pipe was inspected), the pipeline is fitted with automatic systems and the pipeline walker system has been retained.

The ShFLU products pipeline that had the accident was designed in such a way that it crossed the railroad 14 times, ran a distance of one kilometer from it for 270 km and came closer than one kilometer to villages, towns, cities or civil or industrial facilities at 69 places. The pipe was laid alongside electrical-transmission lines, large-diameter trunk gas pipelines and various roads or engineering service lines. Valving was installed every 10 km on the pipeline, i.e. a section of pipeline with about 4,000 m³, or about 2,200 tons, of liquefied gas was sectioned off. The explosion of such a mass of gas is equivalent to the detonation of 15,000 tons of TNT. Even the explosion of 300 tons of liquefied gas is able to inflict destruction to a distance of about two kilometers.

We build pipelines quickly, throwing equipment and kilometers of priceless pipe aside along the route. The mismanagement engendered by the plan gives rise to irresponsibility.

The time periods over which the first phase of the Urengoy—Chelyabinsk—Petrovsk—Novoposkov pipeline was built gives a picture of the "unprecedentedly superfast pace... of construction." The 1,470 km from Urengoy to Chelyabinsk—swamp, taiga, wide and deep rivers and permafrost ground—was covered by the builders in a single year! For comparison, the United States, in order to lay 1,300 km of oil pipeline under Alaskan conditions—which are close to the natural and climatic features of subpolar Siberia—required six years for the preparation and construction of the pipeline,

from a press interview with the then (1982) minister of construction for enterprises in the oil and gas industry, B.Ye. Shcherbina (TRIBUNA, NTR, Nos. 1-2, 1990). More than 40 instances of leaks of ShFLU occurred on one section of the products pipeline alone over five years of operation as the result of poor-quality construction and installation work.

What must be undertaken to ensure the reliability of TPs?

The physical properties of the pipe metal, which determine the longevity of the trunk pipelines, are of great significance.

One of the most important physical properties is the crack resistance of the metal under the conditions of static and cyclical loads. Virtually all of the mechanical properties (yield points, durability and plasticity reserve, among others) vary with time. Corrosion has a strong influence on the rate of aging. Hydrogen-sulfide absorption in particular reduces the plasticity reserves and parameters of cyclical crack resistance considerably. The longevity and service life of the pipeline is reduced as a result.

Research into pipe steels in use from 7 to 32 years using methods of X-ray structural analysis, metallography, electron microscopes and mechanical testing has established that a process of aging conditioned by deformational phenomena occurs in pipe steels in the course of use (beginning especially after 10 years). This leads to the embrittlement of the pipe metal, thereby accelerating the appearance and growth of fatigue cracks by roughly double. Changes in this structure in the process of operation also affect the mechanical properties of the pipe metal. Durability properties increase by 10-12 percent, and plasticity properties decrease by 20-25 percent, in particular over 30 years of use along with a 2-3-fold decrease in the impact strength, while the extent of artificial aging increases by 1.35 times in 17GS steel and 1.25 times in 14KhGS steel, or even more in localized areas. The results obtained make it possible to conclude that the reliability of pipeline operations is determined not only by the durability of the steel, but rather first and foremost by their resistivity to deformative aging in the process of pipeline operation.

It is necessary to reduce the operating pressure in the oil pipelines and decrease cyclicity (provide stability) in their loads, as well as to make new pipelines from pipe manufactured from steels containing carbide-forming chemical elements—*i.e.* vanadium, niobium and the like—in order to reduce the effects of aging.

The percentage of pipelines that have reached a pre-critical term of operation is exceedingly high, due to which the paramount task arises of their timely diagnostics.

One way of obtaining trustworthy information on the state of the line portions of the TPs in the process of operation is the utilization of diagnostics information—

self-propelled probes inside the pipes that are released into the pipelines without disrupting the pumping regimen of the product being transported and without opening up the pipeline.

We have virtually no series-produced in-pipe tools—defect detectors for periodic TP diagnostics—even though a number of organizations and enterprises are working in that direction.

The VNIISPTneft All-Union Scientific-Research Institute had developed, manufactured and was conducting acceptance tests on an ultrasound oil leak-finding probe (the UTN-1) as early as 1980. The instrument, however, did not receive a positive evaluation from operations workers, since the technical level of its manufacture by the Ryazan Experimental Electromechanical Plant did not meet the requirements inherent in the design documentation, although the expediency of its application after certain refinements for seeking small leaks is obvious.

USSR Minneftegazprom has procured two sets of in-pipe defect detectors from the firm of Tuboscope (United States), and they were used to inspect 575 km of 1,220-mm trunk pipeline in diameter in 1989.

It should be noted that the Lineolog defect detectors are damaged when passing sectional welded branch lines and narrow areas with a diameter of less than 1,100 mm. The checking of these sections by the KOD-M and Krot domestic defect detectors manufactured by the Gazprom concern has had good results, and they arrived at the scraper trap without damage.

VNIISPTneft is conducting experimental-design work on the creation, by 1991, of a defect-detection tool based on the eddy-current method for detecting and recording localized corrosion damage and cracks of various orientations in the metal walls and weld joints of pipe in operating TPs. Its series assimilation is proposed for 1992. USSR Minneftegazprom has developed the ASDG-1200 defect-detection tool for the periodic monitoring of the geometry of the internal cross-section of operating pipelines of 1,220 mm in diameter. About 3,000 km of oil pipelines in various TPAs of Glavtransneft have been inspected successfully with the aid of the ASDT-1200 experimental prototype.

Experimental-design work on the creation of defect-detection tools for changes in the geometry of the cross sections of pipelines with diameters of 530, 720, 820 and 1,020 mm using microprocessors is currently underway.

Most of the accidents on petroleum pipelines could have been avoided via timely diagnostic inspection using both traditional methods and inspection and diagnostics equipment at all stages—in the manufacture of the pipes and pipeline elements, surveying and design engineering, construction and testing and operation.

Defects that develop during the time of operation should moreover be detected using methods of continuous and periodic diagnostics.

One means of maintaining the reliability of pipelines is the overhaul of line sections. The amount of such overhauls in the Glavtransneft system is currently about 1,200 km (out of 65,000 km) of pipeline, of which about 500 km includes the replacement of pipe. About 6,000 km of pipelines have been repaired using the Plastobit coating.

The overhauls are conducted principally on pipelines running under normal conditions (the overhauls do not encompass pipelines in swamps and mountains, and a set of equipment and technology is being developed for them).

There are about 5,000 underwater crossings on the pipelines around the country, and they are a source of disruptions in the ecological equilibrium of the environment. The technology and equipment being used for servicing and repairing underwater crossings, however, does not meet contemporary requirements.

The length of time for the elimination of failures on oil pipelines connected with stoppages in pumping and replacement of the damaged section, statistical data show, fluctuates from 10 to 150 hours under normal conditions and reaches 250 hours under swamp conditions. The detection of the locations of pipeline damage alone can take up to 12 hours or more, while the time to find leaks abroad is just 1-2 hours using automated systems for monitoring and leak detection.

The time required for the development of the repair trench comprises 10-30 percent of the overall time for the restoration, wherein about half of that goes to manual modifications. The technological operations to cut in the cathead are basically manual and take from 5 to 10 hours, depending on the diameter of the pipeline.

The problem of recovering the oil and restoring agricultural and natural lands is a very acute one. The UPS-1 pumps developed by VNIISPTneft, which could be used to pump oil contaminated with dirt and other small admixtures, are effectively not being produced. There are no methods (either chemical or mechanical) that clear spilled oil from the terrain with sufficient cleanliness and rapidity. Questions of collecting oil from the surface of water in navigable and non-navigable rivers or bodies of water have effectively not been resolved. The NV-1 oil collector for non-navigable rivers developed by VNIISPTneft back in 1986 is being adopted too slowly. The ANB pumping apparatus, made on a swamp-traversing basis and developed back in 1981, is not being manufactured. The Uzh oil-barrier devices are not being put out in sufficient quantities. The technology of reclamation of land in accordance with requirements is not being incorporated.

The staffing of the emergency-restoration stations with people and their supply with equipment do not correspond to the "Table..."

One available way of reducing the time periods for the elimination of failures is the creation and utilization of special-purpose earthmoving equipment.

The development of methods of repair that exclude the process of discharging the oil from the emergency section and use chemical methods of covering large-diameter pipe (the latter method was tested successfully in 1989) are promising directions in the development of emergency repairs.

The periodic testing of operating trunk oil pipelines is one way of maintaining their reliability in operation. More than 6,800 km of the line sections of trunk oil pipelines in the Glavtransneft system were subjected to periodic testing over 1983-88. More than 200 instances of damage that could have led to failures with grave consequences under normal operating conditions were discovered therein. The testing of 1,390 km of trunk pipelines in the Urals-Siberian Trunk Oil Pipeline Administration alone detected and averted 84 potential failures.

The results of an investigation into accidents on trunk pipelines have shown that the norms for the process design engineering of the pipelines have become obsolete, do not provide the necessary safety and do not reflect the progress of science and engineering in pipeline transport over recent years. These documents should thus be revised in accordance with the achievements of science and engineering and the specific prevailing nature of the properties of the product being transported.

Since a large percentage of the accidents on trunk pipelines are caused by damage to pipes in transport, poor-quality welding and damage to pipelines already welded, it is essential to tighten the requirements for the performance of operations at those stages of construction, as well as the methods of monitoring the quality of the operations that are performed in laying the pipe. Most of the damage sustained by the pipelines in construction and installation work can be detected by pressure-testing the pipes. According to the existing SNIIP, however, requirements for the testing of the pipelines do not allow for the detection of defects sustained. It is necessary to tighten the regimen for testing the pipelines. Requirements must also be included in the SNIIP [Construction Norms and Regulations] on the 100-percent defect-detection scoping of all pipelines using in-pipe defect detectors before their turnover for operation.

A large number of accidents occurs, along with this, due to the poor quality of the pipe. Our pipe is inferior to foreign pipe in many parameters. The prevailing TUs [technical specifications] and GOSTs [all-union state standards] for the supply of pipe used for the construction of trunk pipelines must be reviewed.

Newly started oil pipelines and the construction of pipelines for the transport of liquefied natural gas and chemical products, due to their increased capacity, have begun to pose a considerable danger both to populated areas located close to the rights-of-way of the pipelines and other facilities of the national economy (railroads, highways, rivers etc.), and to the environment. Requirements must be raised for their automation, remote mechanization and periodic and continuous diagnostics in order to ensure the operational safety of the pipelines.

How can the trunk pipelines, and first and foremost the products pipelines, be made safe?

The control system must be reliable, aside from the high reliability of the pipeline itself.

What, in my opinion, are the basic principles for structuring the control system for products pipelines for the pumping of ShFLU?

The system should be a three-tiered hierarchical structure that includes:

- the level of an automated dispatcher point;
- the level of an intermediate point for the monitoring and control of facilities in the line section and pumping stations; and
- the lowest level, with the collection points, preliminary treatment, information exchange of informative and command information with line-section facilities, sensors, equipment and systems for measuring the parameters and state of the line section of the pipeline, and regulating and cut-off fittings for the line valves.

The performance of the following functions should be considered when selecting a structure for the control system:

- the gathering of information on the state of facilities in the line sections, the environment along the right-of-way and technological parameters; the transmission, processing and storage of information coming in from remote terminals located at pumping stations and line facilities;
- the real-time depiction of information on the state of process facilities of products pipelines, with signaling of deviations of the technological process from the assigned parameters;
- diagnostics of the deviations of the technological process, with the issue of recommendations to the dispatcher on further actions to avert emergency situations on the products pipeline;
- automatic control of the facilities in the line section and pumping stations in emergency situations;
- calculation of operating modes of products pipelines and forecasting them;

—monitoring of airtightness, detection of hydraulic clogging, small leaks and ruptures, and localization of emergency situations;

—accounting for product being pumped and power expenditures;

—formation of reports on the operation of the products pipelines;

—accumulation and statistical processing of information on the technical condition of facilities in the line section and the pumping stations;

—monitoring and diagnostics of the operation of all remote terminals, sensors, local systems and communications equipment, with the accumulation and processing of information on the operability of the control system;

—the institution of a uniform time across the whole control system overall;

—the remote loading of set-up values, constants and parameters to the remote terminals of pumping stations and the line section;

—the automatic restoration of the system in disruptions; and

—the communications exchange of information with allied systems.

The time of receipt of sporadic information from the lower levels should not exceed one second, and the entire cycle for the transmission of informational reports should be within the range of 15-20 seconds. The timely determination of the development of defects and the taking of steps ensuring, in automated mode, the localization of dangerous sections and the accident-free stoppage of the products pipeline will be made possible by the use of up-to-date and highly reliable primary sensors and equipment for measuring the parameters on the line section of the products pipeline, the apparatus of the computer and microprocessor equipment, the data-transmission and control-command apparatus by radio and cable channels, the depiction of processes that are transpiring along the whole right-of-way of the products pipeline on the screens of specialists and the continuous operation of mathematical models to determine small leaks in the aggregate with the special equipment for the diagnostics of the state of the pipeline.

One of the most important organizational measures aimed at raising the reliability and operational safety of trunk pipelines is the development and adoption of the Pipeline Transport Law as fast as possible; this law should clearly define the rights, obligations and responsibility of organizations, individual workers and citizens at the stages of design engineering, construction and operation of trunk pipelines.

Such are the principal problems in raising the safety and reliability of trunk pipelines.

Taking part in the discussion of the papers were K.A. Zabela (Podvodtruboprovodstroy [Underwater Pipeline Construction Trust]), A.S. Suslov (VNIISPTneft), S.K. Vasilenko (Dnieper Trunk Oil Pipelines Administration), I.S. Khasanov (Salavat Branch of the Ufa Petroleum Institute), V.A. Dinkov (former minister of USSR Minneftegazprom), I.D. Khvorostulin (VNIIST [All-Union Scientific-Research Institute for the Construction of Trunk Pipelines]), S.G. Brilliant (deputy chairman of the Kuybyshev Oblast Board of the VNTG NGP) and V.I. Bagiyev (a member of the Presidium of the Central Board of the VNTG NGP), among others.

The attention of the speakers focused on the Pipeline Transport Law being developed, regulating the rights and obligations of pipeline operational personnel, design engineers, builders, landowners and individual citizens, as well as responsibility at all levels for the safe operation of trunk pipelines; questions of the standards base; initial materials and equipment; design engineering; and, construction and operation, including overhauls. The state of the diagnostics system for pipeline transport, reservoirs and pumping stations was analyzed, along with the use of diagnostics in repair and restoration work, the equipment and instruments necessary for this; the threatening situation of the transport system in the country, and especially the field gathering networks, was also noted. Questions of ecology were touched on. The results of the accident on the ShFLU pipeline near Ufa were analyzed in detail.

The practice has taken shape lately where the customer answers for the reliability of the transport system, even though the operations are conducted by many agencies, institutes and organizations.

The speakers noted, in discussing the pipeline transport law, that it has not been well studied.

What they would like to see in the law is the responsibility of the construction organizations, over the whole period of operation of pipeline transport, for any poor workmanship (with the mandatory reimbursement of expenditures for eliminating it and any possible consequences). These terms are wholly mandatory for the plants producing the pipe and fittings as well. The law should also define the safety zone of the pipeline, which should be relegated to permanent use with subsequent transfer to unreimbursed lease, but under a contract in which it is possible to stipulate all of the requirements for the safety of the products pipeline proceeding from the specific terrain and conditions. The issue gains especial topicality in connection with the independence of the republics.

The law should also clearly signify the responsibility of outside organizations when performing operations in the safety zone without coordination with the pipeline workers.

The law must naturally include the legal designation and responsibility of design organizations, including cases of the acceptance of facilities without vital systems, and the

elimination of any warnings on the part of higher authorities and the like. It is proposed that the law be widely discussed.

The speakers noted the following when analyzing issues of reliability and security of pipelines and all of their facilities.

The existing equipment and systems do not make it possible to adopt promising technologies, since the level of their reliability is lower than that required.

Research has shown that a rise in the level of equipment standardization from 1-5 percent to 60 percent would reduce the number of failures by 1.5-2 times. It is essential that reliability and efficiency of operation overall be considered every time in design engineering when creating new equipment and control systems in this regard, since only a comprehensive approach to a facility will have the maximum impact.

It is essential to develop a new type of NPS, simplify its systems and equip the pumping stations with highly reliable and autonomous equipment of an open type with the application of new automation systems. Instruments and systems should monitor the state of the body of pipe, leaks and the emergency discharge of product and should control sections of the products pipeline automatically.

In construction, it is essential to establish operation-by-operation monitoring of all work, and to create groups from among representatives of specialized inspection services that have no vested interest.

Guarantees of quality, on the other hand, are also needed on the part of the construction organizations of USSR Minneftegazstroy for the whole term of service, with the bearing of material responsibility for poor-quality work.

V.A. Dinkov emphasized in his presentation the necessity of considering the problems of the reliability and safety of pipeline transport as paramount, as well as the poor assistance in its resolution from sector science, although considerable funds have been expended for this purpose. The use of film insulation in particular, in his opinion, evokes much surprise. Experience has shown the complete unsuitability of film to protect against corrosion, and the effectiveness of factory insulation alone. The installation at the Khortyn Plant is meanwhile being utilized at only 50 percent—there are no polymers. It is not clear in this regard why Minneftegazstroy buys film for hard currency, rather than polymers for the insulation of pipe under plant conditions. This issue must be considered. The quality of design engineering and construction of pipelines must be improved sharply so as not to permit repairs under field conditions. The poor quality of construction that we unfortunately have brings to naught good designs, good pipe and good insulation materials. Monitoring of the quality of the pipe must be strengthened first and foremost, checking it not only at the manufacturer, but also at the construction site. It must be said that the oil, gas

and construction people all have monitoring bodies, but they are all very fragmented. It turns out that everybody monitors but there is no quality. This is conditioned by the fact that the agency inspectorates are to a certain extent dependent. Independent monitoring (expert appraisal) of design-engineering work, the correctness of the choice of equipment, pipe insulation materials, valve fittings and the like is essential. It must moreover be recertified after 2-3 years. Foreign experience could be utilized herein, especially that of SZhS, operating in 140 countries. The creation of a joint enterprise with that firm is being proposed.

The speakers noted, apropos of such an important issue as diagnostics, that organizational measures are being undertaken, including the training of personnel, and new equipment is being created both for diagnostics and for emergency repair and restoration work. A representative of the Salavat Branch of the Ufa Petroleum Institute related in detail the instruments, attachments and equipment that have been developed for this purpose (apparatus for the spraying of foam from helicopters, a fundamentally new coating device, a device for the removal of valves, special measuring attachments for catheads, a machine for the airtight sealing of pipe cavities, various types of traps for the performance of emergency operations under swamp conditions and a series of ShA oil collectors for 10, 15 and 35 m³, among others). Coordination of the actions of operational, oil and gas workers with the construction workers is of great significance on issues of diagnostics, since it is important to consider issues of the technique of diagnostics, condition analysis, forecast of development and the behavior of the pipeline in the future together. Methodological issues are particularly important.

The necessity of testing pipe to the limit of fluidity, utilizing foreign experience therein, and diagnostics of the pipeline in the process of operation were noted in particular. Officials without a vested interest should be engaged in questions of diagnostics, as is done abroad, and our specialists should raise their qualifications in the realm of the organization of labor, research, work techniques, analysis and the issuing of conclusions.

The necessity of technical diagnostics was also emphasized, and it should become the foundation for the technical servicing and repair of the pipeline and all of its systems. We must make use first of all of what we have and know on this, including on issues of setting

standards. Quality could be raised sharply via the strict observance of existing norms, and then those norms could be reviewed.

L.D. Churilov, in the concluding presentation, informed the participants at the plenum that USSR Minneftegazprom has decided to conduct an inspection of all trunk oil pipelines. The monitoring will be accomplished by USSR Gospromatomenergonadzor [State Oversight Committee for the Nuclear and Power Industries]. And in the realm of insulation, all pipelines of a diameter of 800 m [as published] and below will be insulated by Plastobit (until the appearance of a more reliable coating).

The plenum adopted an expanded decree which discusses the necessity of strengthening attention toward issues of reliability of pipeline transport and ecology and raising the standards of production at all stages of construction, operation and repair of pipelines.

The experience of Gazprom, the state gas concern, and USSR Minneftegazstroy in the performance of technical and economic calculations for the principal engineering solutions in the construction of the most important facilities of the twin-line system of gas lines on a competitive basis should be disseminated.

The Pipeline Transport Law must be widely discussed.

It is necessary to take active part in the realization of the "Ecologically Clean Power Engineering" state program and the "Highly Reliable Pipeline Transport" section. The rapid study of the ecological safety of facilities in the petroleum complex in new regions that are promising for development must be organized in this regard.

All proposals that were made at the plenum must be selected and considered in detail.

An all-union competition for the development and adoption of effective technical means for the methodology and algorithms for diagnostics on trunk pipelines should be held in 1991.

An all-union conference titled "Engineering and Technology for the Performance of Emergency Restoration Operations on Trunk Pipelines" and other topics should be held.

COPYRIGHT: Izdatelstvo "Nedra", "Neftyanoye khozyaystvo", 1991

'Right to Work' Within Market Transition Discussed

914F0241A Moscow TRUD in Russian 15 Jun 91 p 2

[Interview with Candidate of Economic Sciences N. Muradyan, USSR peoples' deputy, by Yu. Ursov: "A Chance for the Unemployed; The Transition to the Market does not Abolish the Constitutional Right of Each Person to Work"]

[Text] Pessimists, in foretelling the negative consequences of the transition to the market, use the word "unemployment." But the optimists—"employment." In talking with USSR peoples' deputy and Candidate of Economic Sciences N. Muradyan, who is now professionally engaged in the development of measures to avert the mass laying-off of manpower in the course of the transition to the market, not once did I hear from his lips any mention of unemployment. Indeed, is the prospect of tens of millions of people losing their usual work approaching so irreversibly?

[Ursov] Norik Grigoryevich, more than once one has heard it said that unemployment is a good thing. The threat of losing work, they say, forces people to work with greater efficiency.

[Muradyan] Imagine that in your family people who are perfectly capable cannot find work. One must feed and clothe them, not to mention the grave psychological trauma: who wants to be a hanger-on? It's the same in society.

An analysis of production relations does not reveal the social strata and groups of the population capable of somehow using unemployment in their own interests. Therefore, statements about some effect which unemployment allegedly is capable of giving to society have no basis. Neither the Chinese nor the Yugoslav models of socialism confirm its "positive" role since for these countries relative overpopulation, when there are more people than work places, is an important shortcoming, the elimination of which remains one of the most important tasks. If we have every tenth person unemployed, the economy will collapse; if every twentieth—we never will get out of periods of crises.

[Ursov] Various figures are given: from 3-4 to 25-30 million unemployed who, probably, will inevitably emerge during the transition to the market.

[Muradyan] Well, let's turn to the figures. The increase in the able-bodied population in the next 15 years will come to 21 million persons. At the same time, in connection with the structural perestroika of the economy, the number of those employed in production will decline by 18-20 million. Consequently, it will be necessary to find work for approximately 40 million persons or to help them change occupations.

It appears that the task is a very difficult one and its fulfillment will cost enormous sums. But here's the paradox: the talk is entirely about unemployment while

a very important metallurgical plant can shut down because it is 4,500 workers short. Given that the demand for metal is huge and the metallurgists' earnings are some of the highest... The fact is that at practically all enterprises equipment is being utilized with a very low shift index—1.3-1.4. If it could be raised only by three-tenths one could get up to 10 million work places practically without any outlays.

Let's also count the stocks of uninstalled equipment. Some 25 billion rubles' worth of it has piled up in the country. One work place costs approximately R25,000. There's work for a million people. Moreover, 7.3 percent of the workers and employees are pensioners. This group of working people alone, providing they really left for a deserved rest, will free up about another 10 million work places more. And the potentialities of the non-state sectors of the economy? The number of workers in the "new cooperatives" has grown nine times in a year. So that the fears that millions of people will find themselves "overboard of life" have been highly exaggerated.

[Ursov] It sounds rather convincing. The only thing that is impossible to understand is why so far the central economic organs, obviously knowing all these forecasts, have acted sluggishly?

[Muradyan] There are many reasons. However, I want to emphasize that not everything that is maximally centralized is bad, as they now try to maintain. A state employment service is necessary. I became convinced of this when I analyzed the work of the USSR Ministry of Labor and Social Problems. That the low level structures—the bureaus for the job placement of the population and the employment centers under the local soviets—have functioned ineffectively is another matter.

Meanwhile, for example, in Central Asia the incidence of hidden unemployment is great. And the interests of the state require the development of Siberia and the Far East where thick mineral deposits have been discovered but there is a manpower shortage. Who will attend to the planning and organization of the transfer of manpower to these regions? An enterprise? The republics? Well, they also. However they simply lack the finances and resources. Only powerful centralized funds will be effective in such situations.

Let's turn to the experience of the USA. There they allocate special subsidies to individual farmers. Otherwise people will simply leave the land. Agriculture is unprofitable. This is disadvantageous to the state. In post-war Great Britain, when new branches of industry were being developed there, they created and maintained work places even if they didn't show returns at first.

[Ursov] Moscow is far off but my problems—they're close by. For the time being all this reaches there... So, most likely, a worker can think for a while about a centralized state employment policy.

[Muradyan] But why is everything to be loaded onto the center? As I have already said, this was the chief and

fundamental shortcoming of the system of employment that has existed. In my opinion one needs to distinguish three levels of employment security. All-union—the state regulates the migration and structure of the work force on a global scale, engages in forecasting and studying the interplay of forces in the manpower market, and allocates funds in line with it. For example, we know that the production of clothing needs to be increased. To do this, based on the existing machines and equipment, let's assume, a million garment workers will be required. Correspondingly, one must provide the training slots and the necessary number of construction workers for new factories and the reconstruction of existing production areas. And so on, throughout the entire chain.

The republic and local soviets are the next level. It is already possible to roughly define how functions will be delimited between the republics and the center in the socio-economic sphere. Based on this demarcation as well as on their own financial resources and the goals set, the republic and local authorities will regulate the manpower market. Let's say that in individual regions of the Transcaucasus the number of people employed in "seasonal" work is great. In short, they trade on the markets in the northern oblasts, forming a stable and numerous clan of middlemen who add to the shadow economy. The reason—the lack of jobs at home is catastrophic. This means that one must create them from republic funds. Incidentally, in Central Asia and Armenia they are already taking this route by locating branches of garment and knitwear factories in densely populated rural regions.

And, finally, the level of the enterprises. The main weight in providing jobs for workers being laid off very likely will lie on them. Of course, for management to not have to occupy itself with such an unpleasant matter, it needs to be accurately oriented in the rigorous conditions of the market so that output produced is always sold. However, counting on this is the same as playing roulette. Therefore, one of the most effective methods, tested, incidentally, by world practice, is to even now create insurance funds at the enterprises.

[Ursov] Our universal employment has been explained by the fact that we were on the verge of a scientific and technical revolution.

[Muradyan] You're right. The introduction of the achievements of science and technology can be frustrated by passive social resistance as, incidentally, has happened to some extent. A machine, even if it is thrice perfect and replaces the labor of dozens of people, is made of metal and electronics but one has to let go a person, alive and familiar. However, it's not worthwhile exaggerating the danger. We have too much to reconstruct; a place will be found for all. They've gone through this in the West. And why not? People have begun to transfer from material-intensive production units, where the laying-off of workers has basically occurred, to the service and trade sphere. In the USA the share of those employed in this sphere in the total number of working

people has grown from 19 to 30-35 percent in 20 years. With us this indicator barely reaches 10 percent.

Furthermore, until now we have been cut off from the world manpower market. The situation will change when the Law on Entry Into and Departure from the USSR begins functioning in full force. Of course, on the one hand, there is the "brain drain" and other unpleasant things. But on the other—the relieving of the manpower market within the country, the opportunity to increase our working people's skills, and an additional inflow of foreign exchange. Especially as it is planned to retain for those leaving for work abroad practically all the social benefits—pensions, a place on the waiting list for housing, etc. If the number of those leaving for work abroad totals 3-4 million, the country can take in up to 10 billion dollars a year, which is approximately 20 percent of all foreign exchange receipts.

Well you see that all is not so bad with us. Workers from certain Asian countries are even now bursting into the USSR. As a rule they perform unskilled work; consequently our cadres can work at improving their professionalism.

[Ursov] Such optimism in connection with the approaching market transformations is now a rarity. There are more discussions about the fact that it will be even worse.

[Muradyan] You know I had to work and supervise in extreme situations after the earthquake in Armenia. I was able to evaluate both the role of the state and the conduct of the individual person when misfortune strikes. I don't want to say that the transition to the market is a misfortune. But, like any demolishing of old and abandonment of habitual and therefore comfortable stereotypes, such a transition is a testing. Therefore I am an optimist. And I am able to repeat: no one will defend himself better than a person himself. But the state must create the conditions so that he can do it.

Aims of New Labor Collectives' Union Described

914F0237A Moscow *RABOCHAYA TRIBUNA*
in Russian 7 Jun 91 p 2

[Article by Lyudmila Biryukova, *RABOCHAYA TRIBUNA* correspondent: "We Do Not Wish To Remain Proletarians"]

[Text] Members of the Union of Labor Collectives state that they do not wish to remain proletarians.

The working-class movement, which is growing rapidly from the seeds of discontent among the workers as a result of their daily existence, has many branches. One of them, an extremely strong and sound one, was formed six months ago in the country's Union of Labor Collectives.

The new organization of workers does not have an administrative system. It is not directed by anyone. The

LABOR

members of the council of representatives, elected for the constituent conference, communicate with one another mainly by telephone, exchanging news and ideas. The co-chairmen of the union—there are three of them—work in its headquarters which is located in Moscow. They take turns in carrying out the work, using the so-called watch method. Their function—to coordinate the actions of the STK [Soyuz trudovykh kollektivov; Union of Labor Collectives] at enterprises and to consult with them.

"Our chief goal," stated the co-chairman of the union, fitter-adjuster V. Andrianov, at VAZ, "is to ensure true participation by the workers in controlling production and also in the distribution of social wealth."

How can this be achieved? The new organization prefers to avoid strikes and employs exceptionally "peaceful" methods, maintaining contacts with parliamentarians of the country and union republics in the interest of strengthening the rights of workers from a legislative standpoint.

"Unfortunately, the laws which define the status of enterprises in a market economy limit the opportunities for worker initiative. The STK is actually removed from participating in the formation of the new character of production relationships. At the same time, the rudiments of self-government for the labor collectives are being eliminated. They have been assigned the role of a hired force. We cannot accept this."

Activists of the Union of Labor Collectives found understanding in the Committee for Industry and Power Engineering of the USSR Supreme Soviet. They are being supported by the deputy chairman of the committee V. Tatarchuk. But, in the words of this same V. Andrianov, parliament refused to view the committee's recommendations as being of national concern.

On the other hand, persistent work by members of Russia's Supreme Soviet produced its own results. In the recently adopted RSFSR law entitled "Enterprises and Industrial Activity," the rights of the STK are clearly defined and the opportunity for self-government by labor collectives ensured.

Special activity prevails today in the union's headquarters. Now and then people who are on temporary duty from various enterprises pay a visit. All three co-chairmen of the union meet together: besides Vladimir Andrianov, with Ilgiz Akhmetov flying in from the Yelabuga Automobile Plant. And Vera Grigoryevna Lashch did not have to travel very far. She is a resident of Moscow and represents the capital's "Kauchuk" PO.

"A very important moment is at hand: the privatization of state property is unfolding," announces I. Akhmetov. "And what are we seeing? The nomenclature, enjoying a command status in society, is attempting to appropriate state property. The task of our union is to prevent this from occurring."

The headquarters is receiving alarm signals from all ends of the country. Their essence is as follows: the interests of the labor collective are not being taken into account.

"The old system, according to which the ruling elite do not consider themselves obligated to consult with the rank and file workers, is popular," states V. Andrianov. "Here is a fresh example. The KamAZ Joint Stock Company was created. The plan was a good one: joint stock operations help to establish a collective as the owner of an enterprise. And how was this done at KamAZ? A control package of stock shares fell into the hands of the ministry. The workers received only a miserly portion. Moreover, attempts to clarify the exact amount were unsuccessful. The leadership cited a figure of 26 percent. But this was clearly an exaggerated figure. An interrogation revealed that the majority of workers generally have no understanding of stock undertakings. And the chief consideration—they do not feel a need to increase their work. For them, nothing has changed at the plant."

"And here is another example," stated I. Akhmetov, as he entered the discussion. "In the ministry, I saw with my own eyes a draft order calling for the gratuitous transfer of all property of the Yelabuga Automobile Plant over to the KamAZ Joint Stock Company. At the present time, there are 12,000 individuals working at YelAZ [Yelabuzhskiy avtozavod; Yelabuga Automobile Plant]. Assisted by the builders, they created property valued at 1.35 billion rubles. It turns out that they will enter a market economy as beggars, since all the fruits of their labor will become the property of the KamAZ. Why would they want to present KamAZ with such a generous gift? Could it not be because the joint stock work was carried out successfully in behalf of the state, albeit while deceiving the collective of many thousands of workers?"

The new organization of workers considers the solution to the problem to be the adoption of an appropriate package of laws. At the present time, with the RSFSR Supreme Soviet preparing to discuss, for the second time, the draft law on privatization, it is hoped that its text will include the right of a labor collective to participate in the state process at all stages, the right to select the privatization form and also the method to be employed for purchasing the property of an enterprise.

The STK has undertaken the task of making today's proletarians owners of the means of production. With his share being part of a collective possession, a worker will strive to multiply it through conscientious work. And in this manner he will be able to protect himself socially. He will not have to beg for raised wages from the state—he will earn what he needs while displaying both initiative and enterprise. An individual who receives dividends in addition to his wage is more independent from an economic standpoint. Yes and from a political standpoint as well. He will not be drawn to the barricades by any political adventurers. Strikes will be of no advantage to him. Only a proletarian has nothing to lose with the exception of his shackles. The conversion over from state

to collective-share ownership will become that base upon which a new society can be built.

Will the union speak out against private ownership? No, it favors variety in the economy. At the same time, the union's members are convinced that private tradesmen will not predominate in industrial production. The majority of enterprises, particularly the larger ones, must become national in nature and convert over to ownership by the labor collectives.

The path to the new life lies through leasing, joint stock forms, the purchasing of property or the transfer of property without purchasing, which can also be fair in some instances. But are the labor collectives prepared to determine correctly and knowledgeably their own path?

"This is a most vexing question," stated I. Akhmetov. "Thus we recently included in the union's program the creation of the "Samoupravleniye" [self-government] Scientific Production Association."

It is expected that the association, by agreement with the enterprises, will have many concerns. Analysis of a specific situation, miscalculation of the variants for economic perestroika or determination of the optimum path—this will all be done by experienced specialists—scientists, sociologists. In the event an enterprise is turned over to private hands, it will be given recommendations for the development of production democracy. Foreign experience has shown that it will be difficult to achieve success in the absence of such democracy. The association is prepared to provide for its own legal protection, since all types of violations of the rights of labor collectives can occur during the course of privatization. Finally, the plans call for the establishment of a fund or a type of mutual assistance account from which the STK could obtain interest-free credit for the purchase of state property and also for creating new work positions, based upon the principles of share collective ownership. The fund's source—voluntary payments by the association's members.

An agreement calling for establishment of the association and draft regulations have already been prepared. The plans call for a constituent conference to be held in September of this year.

"In a market economy, survival will be easier for those who are able to combine their resources," stated I. Akhmetov. "I request that you serve notice through your newspaper that the association is open for the reception of new members. The telephone number of its organizational committee in Moscow—205-83-69.

General Confederation of TU's Presidium Report

914F0227A Moscow TRUD in Russian 25 May 91 p 1

[Article by Press Center of USSR VKP: "In the Presidium of the USSR VKP"]

[Text] Important questions concerned with the work of the union trade union center were examined during a 24 May meeting of the Presidium of the VKP Council.

The manner of fulfillment of the decisions handed down during the 2nd Plenum (April) of the council and implementation of the agreement between the USSR Cabinet of Ministers and the VKP Council for Labor and Social-Economic Questions for 1991 were subjected to thorough analysis. It was noted that the requirements of the trade union were for the most part taken into account in the agreement. A list of legislative documents, governmental decisions and other documents requiring work was approved by a special order of the cabinet and the responsible executive agents and schedules were set forth. Conciliatory committees were created on both sides for exercising control over fulfillment of the agreement and the solutions for the problems that arise.

The practical implementation of the social protection measures (the 14 May issue of TRUD furnished a report concerning some of them) called for in the agreement has commenced. A number of documents having to do with compensating the population for losses associated with raised retail prices for goods and services, including for children and youth, have been adopted. Following the ukase by the president of the USSR entitled "Minimal Consumer Budget," an opportunity appeared for computing the minimum living wage for the country as a whole and also for individual regions. An instruction by the USSR Cabinet of Ministers defining the system of wage agreements for 1991 was adopted. Negotiations and consultations have already commenced in the coal, petroleum and gas branches and in railroad transport.

At the same time, the VKP Council has issued an instruction to the conciliatory committee in which the Cabinet of Ministers is asked to direct its attention to the fact that violations of the schedules for carrying out individual points of the agreement will not be tolerated. The practice of withholding income tax from funds made available by enterprises to its workers, as subsidies for the increased cost of passes to children's recreation camps and for food in plant dining halls, was sharply criticized. The need for turning to the prime minister for assistance in this matter was recognized.

Information was provided on the natural calamities in Uzbekistan and a decision was handed down on furnishing material assistance to the victims.

The Presidium examined the draft legislative principles of the USSR and the republics on labor and approved the position taken by the trade unions and the recommendations of the member organizations. In the opinion of the Presidium, the draft does not fully conform to the new managerial conditions or to the labor relationships in a market economy. Those questions concerned with implementing the rights of the trade unions, social protection for workers, ensuring labor rights and population employment are not adequately regulated. The

permanent committee of the VKP Council for Legislative Initiative and Legal Protection Work will introduce appropriate recommendations into the state organs.

The Presidium has approved a "General Statute for a Legal Inspection of the Work of Trade Unions." The recommendation has been made to have the member organizations of the VKP, based upon the above general statute, develop and approve statutes in their own trade union associations and to reinforce the inspection with skilled personnel. The creation of a social council for coordinating the work of legal inspections of the work of trade unions is recognized as advisable.

The concept of an independent information system and an independent sociological service for trade unions has been approved. It was emphasized that under the new conditions information contacts in the trade unions must become a means for finding agreement and mutual solidarity and for strengthening unity of action among the various elements of the trade union movement.

The Presidium is in agreement with the recommendations by the Permanent Committee of the USSR VKP Council for Protecting the Rights of Youth, Students and Childhood regarding the principal trends in the actions of trade unions aimed at implementing state youth policies.

Support was given for the recommendation by a group of eminent sportsmen and veterans of the sports movement calling for the restoration of the "Spartak" Sport Society. The structure of the organizational committee for preparing for and carrying out the constituent congress of the society was approved.

During the meeting, the editorial regulations for a number of trade union publications were approved and implementation of the state social insurance budget for 1990 was examined. Other questions concerned with trade union life were also reviewed.

TU Co-Op Association Leader Interviewed

914F0236A Moscow NEZAVISIMAYA GAZETA
in Russian No 46, 16 Apr 91 p 2

[Interview with Igor Nikolayevich Gorbashov, deputy chairman of the USSR Cooperative Enterprises Trade Union Association Central Committee Presidium, and Press Secretary Igor Anatolyevich Khazanov, by correspondent Anna Krayevskaya: "We Are Model Opportunists"]

[Text] The USSR Cooperative Enterprises Trade Union Association (OPTKP) was formed in the fall of 1989. The association considers the main aim defense of the rights of the citizens to work without restriction against "the inconsistency of the policy of the state authorities and the arbitrary action of local authorities and influential public organizations" (from the OPTKP Charter). The OPTKP incorporates altogether approximately 200,000 members from 2,500 organizations.

[Krayevskaya] Why do the cooperators need a trade union?

I.Kh.: Everyone remembers the start of the concentrated attacks on the cooperative system. It defended itself as best it could. Then unions of cooperators began to emerge—for the defense of the cooperatives as enterprises. But it then became clear that trade unions would be more effective since in our legislation it is the trade unions that have been accorded most-favored-nation status. After all, it was never anticipated that there would be more than one.

[Krayevskaya] What distinguishes your trade union confederation from other similar formations, the Socialist Trade Union or the VKP [USSR General Confederation of Trade Unions] (AUCCTU)?

I.G.: The tasks and aims of all trade unions are identical—guaranteeing the working people unrestricted labor and social protection. But our approaches are really different.

I have nothing to say about the VKP. I believe that this is simply a department of the CPSU Central Committee pretending to be an all-Union trade union committee, and no particular changes are to be seen therein as yet.

The Socialist Trade Union or radicals from the VKP? Their methods are unacceptable to us in a purely organizational sense. Against whom is there for the cooperator to strike? Against management? But he himself is the manager. Against the ministry? They are just waiting for us to stop work.

Although our association now incorporates unions not only of cooperators but also of state-run enterprises, we consider strikes, as before, an activity which is ineffective under our conditions and altogether antisocial. We are model opportunists and advocate cooperation with everyone. In the West, yes, they do, possibly, achieve something. With us, however, this leads only to a deterioration in social conditions and also in social relationships. If your lights go out, you realize, of course, that life is hard for the electrician, but you fly into a rage against him, all the same. And in connection with the political demands, concerning the resignation of the president, for example—so let Khazanov and I stage a strike to get your director dismissed. This is just as nonsensical.

A trade union is a public organization formed exclusively for the benefit of those who join it. As distinct from a party, for example, striving for "the good of the people." In this sense "beer only for the union members" is a very sound slogan.

But it is thus, occupying ourselves exclusively with the improvement of amenities for our members, that we can influence some social processes and the policy of the state as a whole.

[Krayevskaya] How are you managing to accomplish your tasks?

I.Kh.: We simply sat down and studied the legislation. All the rights which the AUCCTU accorded the unions it placed in a little box. We pulled them out and began to avail ourselves of them. The citizens have the right to associate in public organizations, which may be a legal entity. Very well, the trade union is just such a public organization. A trade union has the right to administer social insurance, it acquired this right back in 1933. But these resources were centralized and spent unchecked on behalf of all members of the official unions.

But we set about administering this fund independently. In addition, we developed a personified system of social insurance, which is already functioning.

Each of our locals possesses all the rights of the whole union. It may transfer resources to the retirement or other funds and may also leave them in its own account. I would note, incidentally, that the celebrated Watergate Hotel belongs to the British mine workers' pension fund. We have something similar in prospect also. The percentage which the union receives from the enterprise cash boxes is determined by way of a compromise agreement between the enterprise and the union. So the union has an interest in the enterprise not going down the tubes and does not attempt to rob it by having fixed an unduly high percentage and does not keep the money in a box but invests it in the development of the enterprise or some social programs. The problem is ensuring that the resources be put into circulation, but never escape the field of vision of the employees themselves. After all, the union is obliged to issue the requisite amount as soon, from the workman's viewpoint, as an insurance occasion arises.

Of course, social insurance means primarily payments per medical certificates and accumulation of a pension. Although under our system the need for the medical certificate disappears since the individual himself determines the degree of his fitness for work.

[Krayevskaya] What is the mechanism of your system?

I.G.: Everything is decided in the most civilized manner. We had for many decades forgotten that social insurance is simply part of our own wages deferred "in case of dire need." At the disposal of the state, these resources enabled it to play the part of monopoly benefactor and philanthropist: pensions, concessionary passes, the kindergarten, medical certificates.... In short, it controlled us to the extent (fully!) that we transferred to it resources and authority (all!). And were we to hand them "three kopeks," it could control us only to the extent of these three kopeks. Repeating each morning: "Social insurance is my money," everyone sooner or later wonders what is happening to it and on the fulfillment of which programs it is being spent. And this is the first psychological step toward our trade union ideal—personified social insurance, when each employee has his own personal account. It will then remain merely to organize a trade union of our type at one's own enterprise and avail oneself of our ideas—we are not clinging to authorship

and inviting people to come to us particularly for, after all, our well-being does not depend on the number of members.

The mechanism here is as follows: we believe that not only the percentage of social insurance but also wages should be determined by way of negotiations between the entrepreneur and the union. It is the union, and no one else, that should evaluate each of its members, guided by his interests, of course. But so that the enterprise not be ruined either or take the path of an increase in the price of its products, a universal mechanism, where a considerable proportion of enterprise income is transferred to social insurance, has been formulated. And social insurance is completely tax-free. Thus everyone benefits: the funds remain untouched, the interests of the working people are not infringed, and labor efficiency rises. Only the fiscal interests of the Ministry of Finance suffer.

[Krayevskaya] How are union resources being spent? What supports your administrative system—the Central Committee and Presidium?

I.Kh.: Trade union money, of course. But, as I have already said, the locals reserve the bulk (80 percent) for themselves and transfer up only 20 percent.

The Central Committee and the Presidium have quite a narrow range of authority. They have the right of legislative initiative, registration of members of the OPTKP, coordination of the unions's activity pertaining to social security and determination of the policy of the administration of social insurance.

The independence of our trade union organizations is guaranteed by the charter provisions also: a member of the OPTKP may simultaneously be a member of any other or even several trade unions; several of our locals formed on whatever basis they wish—professional, production or territorial—may exist at one enterprise. We even have a union of tenants using one entrance way.

The trade union organizations exercise financial and economic activity independently, not reporting to the state authorities, the tax inspectorate included.

[Krayevskaya] What, in your opinion, is the union's political significance?

I.Kh.: We are opposed to any kind of confrontation. The slogans of blood-curdling populism "Leave What Is Ours Alone" and "Right Now," which are very popular with the present trade union leaders—of various schools—testify merely to impotence. With the aid of social insurance our union affords an opportunity for really influencing the budget in respect to taxes and is thus forcing the state to also enter into partner relations.

USSR Law on Resolution of Labor Disputes

914F0222A Moscow TRUD in Russian
17 May 91 pp 1,3

[Text of law issued by USSR President M. Gorbachev: "Law of the Union of Soviet Socialist Republics 'On Procedures for Resolving Individual Labor Disputes'"]

[Text] Moscow, the Kremlin, 11 May—For the purposes of extending the legal protection of citizens' labor rights and eliminating enumerations of categories of workers whose labor disputes are examined on the basis of subordination, the Supreme Soviet of the Union of Soviet Socialist Republics resolves:

1. General Provisions

Article 1. The present law regulates the procedure for resolving individual labor disputes arising between individuals working on the basis of a labor contract (agreement) and the administration of the enterprise, institution, or organization (subdivision) over questions of application of legislative or other normative acts on labor, the collective contract and other labor agreements, as well as the establishment for the worker of new or altered working conditions. By the administration of the enterprise, institution, or organization (subdivision), the present law understands the organ on which, in accordance with legislation, the functions of operational administration of the enterprise, institution, or organization (subdivision) have been placed, regardless of their type, form of property, or management (the director and his deputy, the enterprise council, the administration, or other organs delegated the right to administer the enterprise, institution, or organization (subdivision)).

The procedure established by the present law for examining labor disputes does not extend to disputes over early dismissal from paid elective positions of workers in public organizations and other associations of citizens by decision of the organs that elect them.

The features of the examination of labor disputes by judges, procurators, their deputies and assistants, as well as investigators from the procurator's office over issues of dismissal, changes in the date of and formulation of the cause for dismissal, transfer to another job, payment for time of enforced absence or for performing lower-paying work and imposing disciplinary penalties shall be established by legislative acts of the USSR.

Article 2. Labor disputes over issues of application of legislative and other normative acts on labor, the collective contract, and other labor agreements shall be examined:

- 1) by commissions on labor disputes;
- 2) by trade union committees of enterprises, institutions, and organizations (subdivisions). By trade union committees of enterprises, institutions, and organizations (subdivisions), the present law understands the organs of

trade union organizations of enterprises, institutions, and organizations (subdivisions);

- 3) by rayon (city) people's courts.

Labor disputes involving certain categories of workers over specific issues shall be examined by superior organs (third part of article 1, articles 28-35 of the present law).

Labor disputes on the establishment for the worker of new or altered working conditions shall be resolved by the administration of the enterprise, institution, or organization and the corresponding trade union committee within the bounds of the rights granted them.

2. The Organization and Working Procedures of the Commission on Labor Disputes

Article 3. The commission on labor disputes shall be elected by a general assembly (conference) of the labor collective of the enterprise, institution, or organization (subdivision) with the number of those working to be no less than 15 persons.

Elected to the commission shall be those individuals who have received a majority of votes and for whom more than half of those present at the general assembly (conference) have voted.

The election procedure and the number, makeup, and terms of the commission shall be determined by the general assembly (conference) of the labor collective of the enterprise, institution, or organization.

The commission on labor disputes shall choose from its number a chairman, his deputy, and a commission secretary.

Article 4. By decision of the general assembly (conference) of the labor collective of the enterprise, institution, or organization, commissions on labor disputes may be formed in subdivisions. These commissions shall be elected by the collectives of the subdivisions and shall function on the same bases as the commissions on labor disputes of enterprises, institutions, and organizations.

Subdivision commissions on labor disputes may examine labor disputes within the bounds of these subdivisions' authorities.

Article 5. The commission on labor disputes is the obligatory primary organ for examining labor disputes arising in the enterprises, institutions, and organizations (subdivisions), with the exception of disputes for which the present law and other legislative acts have established a different examination procedure.

A labor dispute is subject to examination by the commission on labor disputes if the worker, either independently or with the participation of the trade union organization representing his interests, has not settled the disagreement in direct negotiations with the administration of the enterprise, institution, or organization (subdivision).

Article 6. The worker may appeal to the commission on labor disputes within three months of the day he found out or should have found out about the violation of his right.

In the event that the established deadline is missed due to valid reasons, the commission on labor disputes may renew it and resolve the dispute in essence.

The petition of the worker who has appealed to the commission on labor disputes is subject to mandatory registration.

Article 7. The commission on labor disputes is obliged to examine a labor dispute within a ten-day period. The dispute shall be examined in the presence of the worker who has submitted the petition and a representative of the administration.

Examination of the dispute in the absence of the worker shall be permitted only with his written consent.

Should the worker not appear at the meeting of the commission, the examination of the petition shall be postponed. Should the worker fail to appear a second time without valid reasons, the commission may issue a decision to remove the given petition from examination, which does not deprive the worker of the right to resubmit his petition.

Article 8. A meeting of a commission on labor disputes shall be considered competent if no fewer than two thirds of its elected members are present.

The interested worker and the administration have the right to petition for the justified removal of any member of the commission. The issue of removal shall be decided by a majority of votes of the members of the commission present at the meeting.

At the meeting of the commission on labor disputes, minutes shall be taken and signed by the chairman or deputy chairman of the commission.

Article 9. The commission on labor disputes has the right to summon witnesses to a meeting and invite specialists and representatives of professional unions and other public organizations. At the commission's request, the administration of the enterprise, institution, or organization (subdivision) is obligated to present the necessary calculations and documents.

Article 10. The commission on labor disputes can reach a decision by a majority of votes of the members of the commission present at the meeting. The decision shall indicate: the designation of the enterprise, institution, or organization (subdivision); the last name, first name, and patronymic of the worker who has appealed to the commission; the date of appeal to the commission, the date of examination of the dispute, and the essence of the dispute; the last names of the commission members and representatives of the administration and trade union committee present at the meeting; the results of the voting and validation of the commission's decision.

Copies of the commission's decision shall be delivered to the worker and administration of the enterprise, institution, or organization (subdivision) within three days' time.

Article 11. A decision of the commission on labor disputes may be appealed by the interested worker or the administration at their choice either to the trade union committee of the enterprise, institution, or organization (subdivision), with the exception of those instances envisaged by the second and third parts of article 1, point 3 of article 21, and article 22 of the present law, or directly to the people's court within ten days' of the delivery to them of copies of the commission's decision. Missing the indicated deadline is not grounds for refusing to accept the petition. Having recognized the reasons for missing the deadline as valid, the trade union committee of the enterprise, institution, or organization (subdivision), as well as the people's court, may renew the deadline and examine the dispute in essence.

Should one of the parties to the dispute not in agreement with the decision of the commission on labor disputes appeal to the trade union committee and the other party to the court, it shall be decided by the court.

Article 12. The commission on labor disputes of the enterprise, institution, or organization shall have the stamp of an established model.

Article 13. The organizational-technical provision of the commission on labor disputes (the affording of a furnished location, a typewriter and other equipment, and the necessary literature; the organization of record keeping; the registration and storage of workers' petitions and files; and the preparation and issue of copies of decisions, and so on) shall be carried out by the administration of the enterprise, institution, or organization (subdivision).

3. Examination of Labor Disputes by Trade Union Committees of Enterprises, Institutions, and Organizations (Subdivisions)

Article 14. The trade union committee of the enterprise, institution, or organization (subdivision) shall examine labor disputes at the petition of a worker or administration in disagreement with the decision of the commission on labor disputes, with the exception of those instances envisaged in the second part of article 11, point 3 of article 21, the second and third parts of article 1, and article 22 of the present law.

Article 15. In examining the petition of a worker or administration of an enterprise, institution, or organization (subdivision) in disagreement with the decision of the commission on labor disputes, the trade union committee of the enterprise, institution, or organization (subdivision) shall submit a resolution on the essence of the dispute.

Article 16. The trade union committee of the enterprise, institution, or organization (subdivision) shall examine

the petition on a labor dispute within ten days of its submission in observance of the procedure stipulated by article 7, the third part of article 8, and article 9 of the present law.

A meeting of the trade union committee shall be considered competent if more than half of its elected members are present.

A resolution of the trade union committee must respond to the demands submitted for the decision of the commission on labor disputes (article 10 of the present law).

Copies of the resolution shall be issued within three day's time to the interested worker and administration of the enterprise, institution, or organization (subdivision).

Article 17. The resolution of the trade union committee may be appealed in court by the interested worker or administration within ten days of the resolution's passage.

4. Procedure for Implementing the Decision of the Commission on Labor Disputes and the Resolution of the Trade Union Committee of the Enterprise, Institution, or Organization (Subdivision)

Article 18. The decision of a commission on labor disputes or the resolution of a trade union committee is subject to implementation by the administration of the enterprise, institution, or organization (subdivision) within three days of the expiration of the ten-day period provided for their appeal (articles 11 and 17 of the present law), with the exception of instances envisaged by the second part of article 26 of the present law.

Article 19. In the event of nonimplementation by the administration of the enterprise, institution, or organization (subdivision) of the decision of the commission on labor disputes or the resolution of the trade union committee within the established time (article 18 of the present law), the worker shall be issued in accordance with the commission on labor disputes of the enterprise, institution, or organization or the trade union committee of the enterprise, institution, or organization a certificate having the force of a writ of execution.

The certificate shall indicate: the designation of the organ that has issued the decision or resolution on the labor dispute; the date of its passage or of the certificate's issue; the last name, first name, and patronymic of the worker; the decision on the essence of the dispute. The certificate shall be validated by the signature of the chairman or deputy chairman of the commission on labor disputes of the enterprise, institution, or organization or the chairman or deputy chairman of the trade union committee of the enterprise, institution, or organization and by the seal of the commission on labor disputes or the trade union committee.

The certificate shall not be issued if the worker or the administration of the enterprise, institution, or organization (subdivision) has appealed within the established period with a petition to resolve the labor dispute to the

trade union committee or the rayon (city) people's court (articles 11 and 17 of the present law).

Article 20. On the basis of the certificate issued by the commission on labor disputes of the enterprise, institution, or organization or by the trade union committee of the enterprise, institution, or organization and presented within no more than three months' time to the rayon (city) people's court, an officer of the court shall implement the decision of the commission on labor disputes or the resolution of the trade union committee in compulsory fashion.

Should the worker miss the established three-month deadline for valid reasons, the commission on labor disputes of the enterprise, institution, or organization or the trade union committee of the enterprise, institution, or organization that issued the certificate may renew that deadline.

5. Examination of Labor Disputes in Rayon (City) People's Courts

Article 21. Rayon (city) people's courts shall examine labor disputes:

- 1) at the petition of a worker, administration, or trade union, should they not agree with the decision of the commission on labor disputes;
- 2) at the petition of the worker or administration, should they not agree with the resolution of the trade union committee;
- 3) at the petition of the worker or administration should they not agree with the decision of the commission on labor disputes if the enterprise, institution, or organization (subdivision) has several trade unions;
- 4) at the petition of the procurator, if the decision of the commission on labor disputes or the resolution of the trade union committee contradicts legislation.

Article 22. Labor disputes shall be examined directly in rayon (city) people's courts at the petition:

- 1) of workers in enterprises, institutions, and organizations where a commission on labor dispute has not been elected;
- 2) of workers on their reinstatement to a job, regardless of the grounds for curtailing the labor contract, on a change in the date or formulation of the reasons for dismissal, and on wages for the time of enforced absence or performance of lower-paying work, with the exception of disputes of workers indicated in the second and third parts of article 1 and in the second part of article 2 of the present law;
- 3) of administrations on compensation by workers for material loss incurred by the enterprise, institution, or organization;
- 4) of workers over an issue in the application of labor legislation that in accordance with current legislation

was resolved by the administration and trade union committee of the enterprise, institution, or organization (subdivision) within the framework of the rights granted them.

The rayon (city) people's courts shall directly examine as well disputes over refusal to hire:

- individuals invited to work by way of transfer from another enterprise, institution or organization;
- young specialists who have graduated from a higher or secondary special educational institution, as well as individuals who have graduated from a professional-technical educational institution and have been assigned according to established procedure to work in the given enterprise, institution, or organization;
- other individuals with whom the administration of the enterprise, institution, or organization is obligated by legislation to conclude a labor contract.

Article 23. The petition to resolve a labor dispute shall be submitted directly to the rayon (city) people's court within three months of the date when the worker found out or should have found out about the violation of his right, and for cases of dismissal, within a month of the day of issue of the dismissal order or the day the work record was returned.

A deadline is set for the administration to appeal to the court on matters of penalties against a worker for material loss incurred by the enterprise, institution, or organization of one year from the day the damage caused by the worker is discovered.

Should deadlines established in the present law be missed for valid causes, they may be renewed by the court.

Article 24. Workers appealing to the rayon (city) people's court on demands stemming from labor legal relations shall be freed from the payment to the state of court costs.

6. Issuance and Implementation of Resolutions on Disputes Over Dismissal and Transfer

Article 25. In the event of dismissal without legal grounds or illegal transfer to another job, the worker must be reinstated at his present job by the organ examining the labor dispute.

Upon the issuance of a decision on job reinstatement, the organ examining the labor dispute shall simultaneously make a decision on payment to the worker of his average salary for the time of enforced absence or the difference in pay for the time of performing lower-paying work, but for no more than one year.

Should the formulation of the cause for dismissal be deemed incorrect or not in accordance with current legislation, the organ examining the labor dispute is obliged to change it and indicate in its decision the cause

for dismissal in precise correspondence with the formulation of current legislation and with citation to the corresponding article (point) of the law. If an incorrect formulation of the cause for dismissal or a formulation that does not correspond to current legislation has impeded the worker in getting a new job, the organ examining the labor dispute shall simultaneously make a decision about payment to him of his average salary for the time of enforced absence, but for no more than one year.

Article 26. A decision about reinstatement of an illegally dismissed or transferred worker passed by an organ examining labor disputes is subject to immediate implementation.

Should the administration of an enterprise, institution, or organization delay in implementing a decision of the court or in reinstating an illegally dismissed or transferred worker, the court that passed the decision on reinstating the worker shall issue a determination of payment to him of his average salary or the difference in salary for the time of the delay.

Article 27. In examining labor disputes on monetary demands, other than demands for payment to the worker of his average salary during the time of enforced absence or the difference in salary for the time of performance of lower-paying work (articles 25 and 34 of the present law), the organ examining the dispute has the right to issue a decision on the payment to the worker of sums due him for no more than three years.

7. Examination of Labor Disputes by Superior Organs

Article 28. Superior organs of state power and administration shall examine labor disputes of leading workers elected, confirmed, or appointed to their positions by superior organs of state power and administration of the USSR and the republics on issues of dismissal, changes in the date or formulation of the reason for dismissal, transfer to another job, payment for the time of enforced absence, or performance of lower-paying work in the imposition of disciplinary penalties.

Article 29. The worker shall submit a petition within three months' time to the superior organ of state power and administration authorized to make a decision on the dispute, and on an issue of dismissal within a month from the day of issuance to him of a copy of the resolution or order (instruction) on the imposition of the penalty or from the day his work record is given back. Should the established deadline be missed for valid reasons, the superior organ may renew the deadline and examine the labor dispute in essence.

Article 30. The superior organ is obligated to examine the labor dispute within a month of the day of the petition's submission. The dispute shall be resolved in the presence of the worker. Examination of the dispute in the absence of the worker is permitted only with his written consent or if he has not appeared without valid reasons on the second summons.

The organ examining the dispute has the right to invite a representative of the organ of state power or administration that made the disputed decision as well as a representative of the trade union or other public organizations.

Article 31. The decision of the superior organ on the labor dispute must be based on legislation and justified.

Article 32. In the event of a worker's dismissal or the imposition on him of a disciplinary penalty without legal foundation, the superior organ shall make a decision on repealing the resolution or decree (instruction).

Article 33. Copies of the decision of the superior organ shall be sent or delivered within three days' time after the examination of the dispute in essence to the worker as well as to the organ whose action was disputed.

In examining a labor dispute over a disciplinary penalty, the superior organ does not have the right to apply to the worker a stronger measure of disciplinary penalty, but it can rescind the applied measure of disciplinary penalty for a milder one taking into account the concrete circumstances under which the disciplinary violation was committed as well as the worker's previous work and behavior.

Article 34. In the event the worker is reinstated to his former job by decision of the superior organ, payment shall be made for the time of enforced absence from the day of dismissal or for the time of performance of lower-paying worker, but not for more than one year.

Article 35. The decision of the superior organ on reinstating an illegally dismissed worker to his former job, as well as payment to him of his salary for the time of enforced absence or performance of lower-paying work, in accordance with current legislation, shall be subject to immediate implementation.

Should there be a delay in implementation of the relevant decision of the superior organ, this organ shall make a decision about the payment of the average salary or the difference in salary for the time of the delay.

[signed] *USSR President M. Gorbachev, Moscow, Kremlin, 11 May 1991.*

Further Discussion on Collective Contracts Draft Law

*914F0233A Moscow SOVETSKAYA ROSSIYA
in Russian 4 Jun 91 First Edition p 2*

[Article by S. Karkhanin: "In the Committees and Commissions of the USSR Supreme Soviet. Contract Before Money"]

[Text] The contract is indeed before money, especially if it is a collective contract which provides other measures of social protection for the workers, in addition to the size of remunerations for labor. To be sure, until recently such documents were compiled pro forma more often

than not, and nobody tried to comply with them in earnest. However, the strikes of miners indicated that mutual obligations of the management and the labor collectives should have a clear-cut legal definition. Prospects for the forthcoming privatization of a number of plants also prove that a law on agreements and collective contracts is necessary.

In discussing such a draft law in the Commission of the Soviet of the Union for Labor and Social Policy and in the Committee of the USSR Supreme Soviet for Legislation and Legal Order, the deputies decided to find a balance of interests behind formulae because efficient production is impossible in the absence of partnership on an equal footing. There have been cases in which managers refused to talk to workers, and at times the workers themselves demand the impossible. The reasonable question "And who are the judges?" comes up in the course of all conflicts. It appears that an answer will now be found: the authors of the draft have proposed to set up the superior labor arbitration service which will take it upon itself to say who is right and who is not.

Virtually no controversy developed among the deputies and experts on this point. However, the pitch of polemics became sharply higher when metallurgist A. Grib took the floor. He suggested giving thought to the fact that a collective should first generate funds, and only later meet its social needs. Aleksandr Vasilyevich said: "The principle of divvying it up permeates the draft law through and through in its present form."

Here is one example which shows, with numbers, how dangerous it is to demand benefits which have not yet been created. The trade unions have secured the introduction of a 40-hour work week in the Russian Federation from the next year on. It would appear that this is cause for joy, except that one would not be happy if he calculated that the lost hour equals 2.5 percent of the volume of production in the republic, which cannot by any means be regarded as unnecessary in the economy of the RSFSR [Russian Soviet Federated Socialist Republic]. In addition, the salaries of workers doing piecework will be adversely affected.

An analysis of wordings in the draft law indicated that a disparity in obligations is obvious. Judging from the document, the managers will have to handle everything without exception, whereas the trade unions have opted for the pleasant role of controllers not burdened with specific tasks. We cannot but agree with Deputy Chairman of the Committee of Deputies for Legislation and Legal Order V. Shekhovtsov, who stated: "The authors of the document allowed themselves to be led by the currently fashionable stereotype: 'Give us, give us, give us!' Trade union committees intend to act merely as fighters for rights, whereas they should do work and be responsible for it."

A characteristic retort was heard from the back rows where deputy-miners sat: "There are more defenders by now than there are workers, whereas the shops are

deserted. Very soon, there will not be enough wages to pay dues." Well, there are things to ponder. In Aeroflot, as many as three trade unions are already in operation, and the picture is similar in several other industries.

Specialists from trade union organizations, including alternative ones, have done a lot of work on the draft law on collective contracts. It is no wonder that emphasis precisely on distribution is apparent in the document. So far, government experts have not found a counterbalance to these attempts. Perhaps, it is very important that worker-deputies have not given in to the temptation to carry on the policy outlined in the document: to work less and earn more.

Professor S. Ivanov referred, in his presentation, to yet another equally important problem. This has to do with agreements between executive organs and trade union committees at various levels. The expert is convinced that this is an artificial idea. He fails to understand why the government should develop sports and the trade unions should protect the environment; meanwhile, these are precisely the ideas built into the draft. Another reasonable question once again boils down to responsibility. Will it be possible to punish the prime minister or the leader of the trade union confederation if the agreement is violated at the union level? We should hardly practice self-delusion and have such hopes. Incidentally the legal status of the agreement itself is dubious. Does the endeavor not boil down to paper-pushing which is actually fruitless?

However, trade union activists object, citing experiences from foreign countries. Obviously the issue needs to be worked on thoroughly. Agreements are referred to in the

draft law, and they are increasingly often discussed in the republics. Therefore, the time has come to determine whether it is necessary to introduce a new term into the legislation.

In any event, the decisive word will apparently belong to those for whom the law is actually written, to the working people. Deputy N. Piryazeva, electrical assembly worker of the Novosibirsk Association Sibsel-mash, comments on the debate at the request of RAB-OCHAYA ROSSIYA:

"I took part in the proceedings in my capacity as representative of the Deputy Committee for Industry. As I see it, there is an abundance of shortcomings in the proposed draft. It appears to me that the trade union leadership intends to boost its authority by defending our interest on paper. All of us have had to work on collective contracts; we are aware of the situation. As far as agreements are concerned, I for one, altogether fail to understand for now why they are necessary, especially in the union and the republics. In protecting the interests of the working people, we should think first of all about how to better establish and organize production. Meanwhile, according to the draft law, the trade unions have extensive rights to make demands, but essentially no duties, and likewise little responsibility. In general, I think that a separate normative act pertaining to collective contracts and agreements is hardly necessary; it could become an integral part of the legislation on the protection of labor. Specifically our proposals boil down to labor collectives having to decide on their own in all cases who is going to take part in signing a collective contract on its behalf. If the trade union committee is suitable this may be entrusted to the committee, but this should not be mandatory."

CIVIL AVIATION

**International Air Routes Administration
Roundtable Held**

914H0177A Moscow GRAZHDANSKAYA AVIATSIYA
in Russian No 2, Feb 91 pp 6-10

[Roundtable discussion with the participation of V.Ya. Potemkin, Honored Pilot of the USSR and general director of the TsUMVS [International Air Services Central Administration]; V.V. Potapov, first deputy general director of the TsUMVS and candidate of economic sciences; V.V. Timoshenko, TsUMVS commercial director; K.I. Kalinin, TsUMVS deputy general director for flight operations organization and deputy in the Moscow City Soviet; G.L. Anikayev, TsUMVS chief engineer and candidate of technical sciences; M.G. Levinzon, deputy chief of the Economic Planning Department; A.A. Myasnikov, chief of the Development Department; V.P. Kuskov, deputy general director for new equipment; and V.G. Afanasyev, assistant to the general director for foreign economic relations and doctor of economic sciences, with questions from the GRAZHDANSKAYA AVIATSIYA editorial staff by A. Troshin and I. Svetlichnyy: "The Market Cannot Wait"]

[Text] Market relationships are becoming more and more evident in the life of our sector. They are bringing in concepts such as competition, enterprise, employment, and so forth that many people are unaccustomed to. The market is leaving its most vivid impression on the activity of the International Air Services Central Administration of Civil Aviation [TsUMVS]. A "round table" discussion arranged by the journal was held to discuss details of TsUMVS work under the new economic conditions and the problems and complications of internal relationships as well as in relations with its partners. This is an abbreviated record of the discussion.

[Editorial staff] Judging by the numerous letters we are receiving, readers are not indifferent to the subject under discussion. They are worried about how the market will affect air service rates and the quality of passenger service, flight regularity and safety, and finally, the increase in prestige of our largest international air carrier among its partners and competitors. Their concern is also important because time is short and the people are tired of endless predictions and promises.

[Potemkin] I agree that we are pressed for time. We also are well aware that the market cannot wait. With each day it makes its presence known more and more emphatically by demanding adequate measures, as it is popular to say now. This means developing the skill to make nonstandard decisions and bringing the administration's organizational structure into line with the changed conditions first of all. Without this we will find ourselves on the sidelines of the processes taking place today in the sector.

A clear-cut program for restructuring our work was defined by the minister's recent order "On further

improvement in the management of civil aviation's foreign economic activity." Under this order, the TsUMVS was assigned the functions of heading operations on international air routes. The administration's own commercial service was established. In this connection, it has become necessary to develop the appropriate organizational structures, particularly institutions of the Specialized Commercial Marketing Center. Studies show that this approach will make it possible to substantially improve the administration's commercial and operational activity in a very short period of time.

However, there are problems impeding our advancement toward the market. Among the principal ones, I would include the fact that our ground facilities lag behind the current international level, our aviation equipment is obsolete and not competitive, there is a chronic lag in capital construction, and a great deal more. The market is completely breaking down the traditional vertical relationships which were a feature of the command-administrative system, but we have not managed to establish new horizontal relationships in many cases. Business is approaching a deadlock: contracting construction organizations, suppliers of equipment and technology, and many other partners are demanding settlements in foreign currency, but we do not have any. You cannot do the impossible, as they say.

Use of the fleet of aircraft is causing us serious concern. Judge for yourselves: just because of the lack of engines and spare parts, and fuel at the end of the year as well, we were forced to ground every fourth Il-76. But this is really an expensive aircraft, you know, and it costs too much for our treasury.

Unfortunately, flight regularity is beginning to decline, and this is the most important indicator of the level of air service. There are many reasons for this. One of them is that the work of the aircraft maintenance complex has deteriorated.

Theft of passengers' baggage has become a chronic malady. The most uncompromising struggle is being waged against this demoralizing manifestation, but it does not achieve its objective much of the time. As a result, our customers are losing all respect for us and we are incurring tremendous losses.

And finally, in conclusion. The flight safety situation is not as we would like it to be, either. I will not cite examples—they are well-known to everyone. I will note only that the violations are still continuing at present. I need not mention what this means under the conditions of stiff market competition, when a struggle is under way for every passenger.

In a word, we need effective measures to improve the administration's activity in all its components. If we do not do this, the market itself will give its formidable response.

[Kalinin] I want to add to the general director's thoughts. World practice in market relationships shows that no

airline will ever be able to achieve good financial results unless all of its employees, and I emphasize all of them—from the loader to the president, do not work in harmony to reach the ultimate objective: to meet the demands of passengers and clients to the maximum extent possible. Otherwise, the airline will fail completely.

Now about our flight operations. In recent years, with the continuous increase in the volume of air transportation, we have managed to eliminate aviation accidents attributable to the crews. However, this does not mean there are no problems in the flight collectives with organizing flights and providing for proper flight safety. Vladimir Yakovlevich is correct in this regard, and I will not raise an objection. But I will note that not everything depends on us.

Let us take the matter of bringing the fleet of aircraft up to date as an example. It must be confessed that our equipment is obsolete. We are placing considerable hope on the Tu-204 and the Il-96-300, though it is highly questionable whether they will be delivered to us in the next year or two. Those five A-310-300 Airbuses we are purchasing from the Airbus-Industrie concern will not solve the problem either, although they can replace more than 10 Il-62's.

A few words about cockpit personnel. We are experiencing a very real shortage of them as well. While in earlier times the administration had the opportunity to offer a job to highly skilled specialists from other aviation enterprises, we have almost been deprived of this today. I will explain why. First of all, many territorial administrations have started out on international air routes themselves and are keeping the best crews for themselves. Secondly, there has been lack of coordination with city authorities. The Moscow Soviet has put the TsUMVS under extremely difficult conditions by asking for 31,000 rubles [R] to register each pilot and family member in the capital. This averages about R100,000 per family. Sizeable sums. As a deputy to the Moscow Soviet, I have tried to persuade its leaders to compromise, but without success.

By the way, the market has aggravated our relationship with the Ulyanovsk Center as well. Now we have to pay up to R80,000 to train one specialist for an Il-86 aircraft. Under these conditions, we have been forced to refuse the center's services and manage for ourselves.

[Potemkin] We should not be hasty in drawing conclusions in such matters, Konstantin Ivanovich. We need to carefully weigh all our options. At any rate, experienced teachers and instructors have been selected and a strong training base has been established at Ulyanovsk. For this reason, it is still too soon to refuse the center's services. It is another matter that in using market mechanisms we must come to an agreement on acceptable prices, bring in certain factors, and so forth. And develop our own training base in the meantime, of course.

[Editorial staff] And how has the transition to market relationships affected the administration's commercial activity?

[Timoshenko] As far as we businessmen are concerned, God himself ordered us to be stewed in the market's juice, as they say. The Commercial Service which was established a year ago has systematized all the data on TsUMVS flights to foreign airports by foreign exchange outlays and has prepared proposals for the review of tariffs and rates for aircraft servicing at Sheremetyevo Airport. In addition, we have studied the demand for passenger and cargo flights and analyzed the actual workload of routes by direction and type of aircraft. As a result, we have drafted recommendations with respect to sales volumes in the directions that are most heavily traveled, charter and additional flights, a change in the frequency of certain flights, and replacement of the types of aircraft on routes that are not heavily traveled.

We are taking other steps as well. For example, we are conducting an evaluation of the actual cost of air routes being served by the administration. As of today, the routes that are the most effective are the ones from Rome, Paris, Copenhagen, Frankfurt-on-Main and Amsterdam to Tokyo on the trans-Siberian air route. In addition, the routes to Singapore, the route from Milan, Madrid, and Rome to Moscow, the routes from Copenhagen to Bangkok and Berlin to Beijing, and a number of others. Most of the unprofitable routes are the ones in Africa.

Regarding the A-310-300 Airbus which was mentioned here. Yes, the TsUMVS acquired the right to operate five of these aircraft, which may be purchased by the administration in the future, on a competitive basis. They will be delivered in stages. We will receive the first two aircraft this November and use them for four flights from Paris to Tokyo and two flights from London to Tokyo. The third aircraft should reach us in December, the fourth is expected in February 1992, and finally, the fifth one in May. Flights with them are planned primarily from airports in Europe over the trans-Siberian route. The Commercial Service has determined the foreign currency effectiveness of the routes on which the A-310-300 will be used, a schedule has been drafted, and the service life of each aircraft has been calculated. If our forecasts are justified, the airbus will substantially improve the competitiveness of Soviet international air routes.

As far as effective use of the available fleet of cargo aircraft is concerned, we are accepting the criticism. We cannot go into the market with idle time, even on individual Il-76 aircraft. This must be corrected, of course, and as quickly as possible. Commercial operators do not have the right to lose a real opportunity to earn money under the current conditions.

There is one more problem which must be resolved or we may lose the opportunity to increase the competitiveness of our routes. I am referring to improvement in the

quality of in-flight passenger service. The Soviet-American joint venture "Aeromar" was established at the end of 1989 for this purpose. After renovation of the in-flight meal shop, it expanded its services substantially in April 1990 and began delivering meat and vegetables of better quality and assortment for TsUMVS routes. And the recipes for preparing the food correspond to European standards. However, it is not difficult to understand that the quality of in-flight meals depends entirely on the variety and quality of domestic foodstuffs and their availability for commerce. We need not mention the difficulties the country is enduring in this regard at present. It is inevitable that they are also reflected in the service on aircraft, but "Aeromar" is looking for ways to resolve the problems.

Beginning in August 1990, the ("Huntsman)-Aeromar" joint enterprise began operating to turn out plastic cups, which are always in short supply here. Manufacture of all the in-flight tableware for one-time use will be organized in the future. Further expansion of services by the joint venture, in which our administration owns 51 percent of the authorized funding, promises to produce a good gain.

[Editorial staff] The general director hinted at concern about the unsatisfactory state of affairs in the aircraft maintenance complex which is leading to some flight delays. Readers are asking us about this too. What is the reason for this situation?

[Ankayev] Yes, the work of the aircraft maintenance complex is really the target of a great deal of unfavorable criticism today. And our main "sore spots" have come to light right now, during the period of transition to the market, when our traditional ties, which even worked now and then under conditions of the administrative-command system, are being broken. But the new relationships are being organized too slowly and with difficulty. In our view, this is aggravating the situation in our service, which is difficult as it is. Moreover, we began the transition to the market with an unbalanced situation in both the production and the social areas. I am referring to the shortage of aircraft engines and spare parts for aircraft, the manpower instability, their poor economic incentive, the disparity in the state order for material and labor resources, and suppliers' failure to meet contract commitments.

I will dwell on the problems of engineering support for flights which are the most troublesome, in our view. We must resolve them now, today; tomorrow will be too late.

The first one is the production base. it is extremely poor, and it clearly does not correspond to the labor-intensiveness of work on the aircraft being operated. I am not speaking about the aircraft of the near future, the Il-96-300, the Tu-204, and others. Judge for yourselves: in a single hangar built a quarter of a century ago, our specialists have the opportunity to perform less than 10

percent of the operations which require hangar conditions. But a number of important technological processes on aircraft cannot be accomplished at all outside of a hangar.

For more than 15 years we have attempted to resolve this problem centrally, through the ministry. Without success. Construction of a hangar has been put off from year to year, from five-year plan to five-year plan. No headway was made even despite three (!) decrees by the CPSU Central Committee and the USSR Council of Ministers. And it was only last year that we managed to build the hangar with foreign exchange funds. It was put into use in January this year. But this is not a solution to the problem, because the hangar is intended for maintenance of only one aircraft of the Il-96-300 type, and we need accommodations for six such aircraft as a minimum.

Production spaces for repairing complete assemblies and units are completely lacking in the ATK [aircraft maintenance complex]. We have been struggling for many years to establish the Aircraft Maintenance and Repair Center, but the condition of the production base does not enable us to resolve this problem. There is an entire evolutionary age in aircraft maintenance between the ATB [aircraft maintenance base] and the Aircraft Maintenance and Repair Center. Establishment of the center naturally requires a substantial amount of capital investment. But we need not go into this. They don't say that a stingy person pays twice without reason, you know.

Further. It is important to establish relationships among aviation workers in the production process which ensure overall success without fail. For this reason, we are planning to shift all subunits in the aircraft maintenance complex to full cost accounting in the near future and to give the ATK the rights of a state enterprise. This will help the collective to resolve production problems under market conditions.

Finally, the production relationships with civil aviation and aviation industry plants. They are very complicated now: as of today, more than half of the economic contracts we need have not been concluded. So the administration's requirements for the appropriate deliveries and operations will not be met. I will give an example. We need to have 198 engines for the Il-62M aircraft repaired, but Plant No. 400, in concluding a contract for 1991, agreed only to 78. A similar situation exists with engines for the Il-76 and Il-86 and the most important spare parts for the Tu-154M. We must find a way out of this situation. Once again it comes down to establishing our own Aircraft Maintenance and Repair Center. Otherwise, aircraft will stand idle on the ground for an extended period of time as in the past, bringing in losses instead of incomes.

[Potapov] What the chief engineer has said is very serious. Our main problem is that the production base is lagging behind the basic normative requirements. But why? Gennadiy Leonidovich is correct, the stingy person

pays twice. Let us recall 1980, when we built the Sheremetyevo-2 air terminal complex. We were assured that its capacity of 6 million passengers annually would suffice until the end of the century. But what happened? The throughput capacity has already reached seven million persons, and we are literally suffocating from the crush. The same picture exists for cargo flights.

We are pinning high hopes on the joint enterprises. The administration is counting on putting the situation in order with their help. The "Aeromar" has already been mentioned here. It is simply impossible to imagine the situation we would be in without its services.

Our problems with hotels are common knowledge to Aeroflot's foreign passengers. And the problem is not only the chronic lack of accommodations, but the fact that the services we provide essentially do not meet generally accepted standards. Construction of a high-class hotel with 516 very comfortable rooms is now under way at full speed at the Sheremetyevo-2 Airport. It is to have three restaurants, a bar, a nightclub, a currency exchange point, a ticket reservation office, a conference hall with telex and a great deal more, which is an integral part of air services in civilized countries. A member of the Soviet-French-Belgian-British joint venture ("Sherotel"), the Belgian ("Basics") firm, is building the hotel. The French "Accord" firm will be operating the hotel. We hope to receive the first guests in the new hotel at the beginning of next year.

Last year a contract was signed to establish a Soviet-German joint venture to renovate the Sheremetyevo-1 air terminal complex. Five German firms—Lufthansa, Aeroport Frankfurt, AEG, ("Zaltsitter"), and Dresdner Bank—are taking part in the project. The initial stages of renovating the complex have already been determined and a concept has been worked out for utilizing the credit provided by the German banks. The credit and interest on it will be paid off in 8 and a half years, and the renovated Sheremetyevo-1 will belong completely to the TsUMVS.

We are undertaking other steps in the administration to improve airline service. We cannot do otherwise. After all, this involves not only the prestige of our enterprise, which is considerable in itself, but our survival, in the literal sense of the word, under conditions of more and more intensive competition in the international air services market.

[Editorial staff] Let us hope that your efforts will have an effect in the very near future. All the same, the success of any endeavor depends in the final analysis of the people, on their professionalism and attitude toward their work. But we know that far from everything is satisfactory here. Many shafts of criticism are being directed at TsUMVS employees every day.

[Potapov] I agree. We are often subjected to criticism in the mass media for the low level of service on the ground and in the air. I will say frankly: there are no grounds for this and there cannot be any. All the internal problems

are our problems, and the passenger has nothing to do with them. But as far as the attitude of maintenance personnel to their duties is concerned, we will have an effective lever of influence on this process with the adoption of market relationships. The market will not tolerate indifference, especially careless and sloppy work. And everyone has become well aware of this. On the other hand, we are doing everything to teach those who want to work how to work, those who have come to us in earnest for a long period of time, as they say.

[Editorial staff] Teaching how to work—this was stated quite correctly. After all, many of our problems begin with incompetence, this unfounded diehard Russian confidence which has let us down and is still letting us down. And I would like to know in this connection what is being done to train flight crews and other specialists to put the A-310-300 Airbus in operation. Regardless of what is said, the aircraft is fundamentally new to us and it is obvious that we need special approaches to it. But it is clearly not being done by storm here.

[Potemkin] Unquestionably. In June last year, Minister of Civil Aviation Boris Yegorovich Panyukov approved a special plan to prepare the A-310-300 aircraft for operations. Along with organizational, currency, financial, and other measures, it provides for important work to train aviation specialists in all fields, and this work is being carried out.

[Kuskov] Last year we essentially completed all preparatory operations to retrain specialists in all areas for the A-310-300: pilots, engineers, technicians, and flight attendants. An intensive language training program is under way. At the same time, we are cultivating skills in using the ("Vokbi") computer training system, which we are leasing from Airbus-Industrie. We hope to retrain all engineering and technical personnel for the new aircraft between April and October this year. Over the same period, in order to obtain access to independent maintenance for the aircraft, engines, and on-board systems, there will be on-the-job training in the Lufthansa airline. Cockpit personnel from 10 crews are already in training. Beginning in June, we will be training flight attendant instructors. Before flights in this aircraft are begun, 35 crews, 250 flight attendants, and 80 engineering and technical employees will be trained altogether. So the editorial staff's apprehensions are unfounded. None of us are idle. On the contrary, people have regarded the assignment to become familiar with the new aircraft with responsibility and interest.

[Editorial staff] And the final question, although it well could have been asked first because of its importance. The transition to the market is leading to radical structural changes everywhere, tearing away everything that does not blend into the new situation and giving life to everything that is flexible and promising. What is being planned in this regard in the TsUMVS? And is it taking shape at all?

[Myasnikov] Our administration's general director has already referred to the Ministry of Civil Aviation order "On further improvement in the management of civil aviation's foreign economic activity." We have conducted a great deal of work in conformity with this order to shape a new economic and structural model for an aviation enterprise, including alternative drafts of the regulations. But this work will remain incomplete unless at least two fundamental problems are solved: first of all, unless the limits of the competence of state and economic organs (in this case, the Ministry of Civil Aviation and the administrations) are stated more precisely, and secondly, unless the property relationships at all levels (the ministry, the administration, the airline, the joint stock company, and so forth) are clearly defined.

It should be said that two trends have clearly made their appearance now. One of them is the inclination toward monopolization, that is, to concentrate all the basic production functions in one fist. This model has essentially been tested in practice, and it cannot be said that it was completely unsuitable. The other trend is centrifugal in nature. It stems from the inclination to separate independent structures. The airport, the aircraft maintenance complex, and even the flight attendant service want to be blessed with the status of an aviation enterprise. I do not think this is advisable in this stage.

[Levinzon] I want to support Anatoliy Anatolyevich. In order to acquire the status of an aviation enterprise, the desire alone is not enough, as we know. Production funds—or property, to put it simply—are required as a minimum, not simply participation in a technological process. And some people overlook this simple but extraordinarily important detail, or they simply do not understand it.

[Afanasyev] Nevertheless, we should not be standing still. The market requires the establishment of flexible structures which can react promptly to every change in the situation. In my view, we need a state air transportation corporation, which should include the airlines and airport as independent subunits which are given powers independently of each other. They build their relationships on the basis of a contract, but their common interests in the country and abroad are represented by the board of directors of the corporation headed by its president. In addition, branches and affiliated enterprises such as cargo and aircraft maintenance complexes and the like may be established.

[Potemkin] It is very important in discussions about structural changes not to forget about the most important objective—meeting the requirements of customers and clients for air transportation and services. Only under this condition does all our work make sense. Isn't that so?

[Levinzon] The situation in this sense is not too happy, by the way. The flight productivity of practically all types of aircraft, with the possible exception of the Il-76T, is

declining. The number of flight delays, and consequently, passenger dissatisfaction as well, is increasing. There are many unresolved problems with the state order for 1991. The tariff policy needs serious review. So the best thing to do is to cast aside arrogance and separatist attitudes and work together in harmony.

[Editorial staff] On the subject of monopolism and centrifugal tendencies, we would like to obtain more precise information on one more nuance. It is common knowledge that other administrations of Aeroflot are taking an active part in the market for international air services. Moreover, independent airlines that can severely shake the foundations of the TsUMVS, figuratively speaking, will be appearing later on...

[Potemkin] This does not refer to our foundations. The monopolism of the TsUMVS became obsolete long ago, and we welcome any active initiative, no matter whom it comes from. But this is what is disturbing: they are starting to organize and make flights to other countries, and believe me, there are a great many peculiarities involved. Any understatement or any oversimplification can lead to the most unpredictable consequences. There are many examples attesting to the fact that authorization to conduct international flights is no trifling matter, and it must be regarded with complete responsibility. I fully understand the aspiration of the people in Magadan or Khabarovsk, for example, to be independent and obtain the foreign exchange they need so badly, because we are seeking the same thing ourselves, but foreign currency is foreign currency, the market is the market, and the safety of the passengers entrusted to us is above everything else. And no one should ever forget that.

[Editorial staff] For reasons that are quite understandable, our discussion was unable to cover the entire spectrum of questions facing the TsUMVS in coping with the market. We will note objectively that the discussion was based on principle and businesslike. And it is no coincidence that outspoken dissatisfaction with the current state of affairs in the administration was apparent in many of the statements. This is just one more confirmation of the extent to which aviation employees are concerned and take their work to heart in this difficult and important period. Less and less time remains to resolve the problems. Indeed, the market cannot wait.

COPYRIGHT: "Grazhdanskaya aviatsiya", 1991

Business Jet Design, Specifications Viewed

914H0177B Moscow GRAZHDANSKAYA AVIATSIYA
in Russian No 2, Feb 91 pp 20-22

[Article by Professor V. Shestakov, department head at the Riga Institute of Civil Aviation Engineers and doctor of technical sciences: "The 'Aviastayer'—An Aircraft for Business Use"]

[Text] Historically, civil aviation in our country has developed with a limited number of aircraft types for

different purposes. There are many reasons for this: the monopolistic position of the aviation industry, what was until recently the residual principle in financing the manufacture of civil aircraft, the priority of the military design, and other factors. Without dwelling in detail on these, I will speak only of the result we have today: in the broad spectrum of possible ways to meet our clients' demand for air transportation, there are no aircraft for private or business use at all.

The picture in other countries, primarily in the United States, is completely different. Along with the passenger and cargo airliners flying on scheduled routes, the

number of business (or executive) aircraft there continues to increase and they continue to be improved.

I will cite a few facts and figures as a graphic example. In 1988, more than 16,000 executive aircraft were registered throughout the world. The United States has about 14,000 of them, half of which are jets. There are two types of these aircraft: those privately owned by firms, enterprises, and individuals, and the aircraft belonging to air taxi services, as well as those hired by enterprises or private individuals.

The table indicates the countries in North America and Western Europe with the largest fleets of aircraft for business people.

Country	Total Number of Aircraft	Aircraft for Private Use	Aircraft in Air Taxi Services	Number of Turbojet Aircraft	Number of Air Taxi Companies
United States	9,824	9,514	310	4,273	194
Canada	454	338	116	189	182
Italy	98	69	29	72	14
FRG	173	111	62	61	55
Great Britain	202	118	84	100	105
Sweden	56	25	31	22	36
Switzerland	94	53	41	65	21
France	169	81	88	83	83

The owners of aircraft which do not accrue more than 600 hours annually usually lease them to air service companies which deduct a portion of their profit for the owners. Joint ownership of an aircraft is also widespread; in this case, each side's share of expenses and income is determined by the number of flying hours accrued annually.

The executive aircraft of air taxi companies accrue roughly 600 to 1,000 hours of flying time annually, as opposed to 2,200 to 3,000 hours for medium-range airliners. At first glance, the difference appears to be substantial. However, it should be kept in mind that air taxi companies always have aircraft in reserve, so clients' orders are filled promptly and on time in any case. For the purchase of a business aircraft, banks grant a loan for 5 years on the average, with interest rates for its use set at 0.75 to 1.75 percent for reliable customers and up to 20 percent for buyers from countries with an unstable economy.

The advantages of using an executive aircraft are obvious: persons who account for every minute of work time cannot waste it waiting at transit airports and "adapting themselves" to the existing—and incidentally, not always convenient—scheduled flights. Finally, a fact that is of no small importance, the efficiency of aircraft is substantially increased by their purposeful use.

The "business" flights in our country are made in normal airliners that have been reequipped. This is not only inconvenient, but unprofitable for the national economy, which the country's people's deputies have

mentioned repeatedly from various rostrums. For this reason, there is a pressing need to develop a domestic aircraft for business services—to meet the requirements of the managers of state organs and enterprises, the various cooperatives and firms, and so forth. We need have no doubt that the demand justifies all the expenditures associated with the development of such an aircraft.

There is no question that an executive aircraft has its own important aerodynamic and design features and takeoff and landing characteristics. For this reason, its development requires a large amount of scientific research as early as the concept analysis stage. There have been recent press reports in connection with the conversion that Aeroflot, jointly with the Ministry of the Aviation Industry, is drafting a program to develop the country's air transportation system which includes the manufacture of a supersonic, long-range business aircraft with 10 or 12 seats. Collaboration with foreign firms is being planned.

Development of such an aircraft was begun at our Riga Institute of Civil Aviation Engineers several years ago within the framework of a graduation project. As the result of analyzing the foreign experience concerned and our own parametric research, one of the possible versions of the "Aviastayer" executive-business aircraft, several views of which are depicted, made its appearance.

What is it like? A cantilever monoplane which has a low sweptback wing with high-lift devices, a sweptback cruciform tail, and tricycle landing gear. The aircraft is

designed to carry passengers on long-distance domestic and international routes. It is expected to fly a two-ton payload for up to 8,000 kilometers at a cruising speed of 900 kilometers per hour. The aircraft's takeoff and landing characteristics enable it to operate from Class G airfields, using a runway 1,300 meters long. The aircraft will have advanced radio navigation, radar, and instrument landing equipment for flights day and night under instrument weather conditions. It can make an approach under conditions corresponding to the ICAO [International Civil Aviation Organization] Category III minimums.

Two bypass turbojet engines of the D-36 type are mounted on the aft section of the fuselage, and an auxiliary power plant of the TA-12 type is installed in the unpressurized tail compartment. A door-ramp opens out on the left side of the fuselage forward section. The passenger cabin is separated from the cockpit by a passageway and a buffet-galley. A lavatory and toilet are situated aft of the passenger cabin, and behind them are a wardrobe and baggage compartment. Emergency exits are positioned on both sides in the wing area.

The passenger cabin has 18 seats, three in a row (the business version of the aircraft). A salon arrangement for the cabin provides for eight upholstered chairs, a sofa, desk, and four folding tables (the executive and staff versions). The passenger cabin makes it possible to install special equipment and 10 seats for service personnel (the specialized version of the aircraft).

Basic Specifications of the Aircraft

Maximum takeoff mass	26 to 27 tons-force
Payload mass	2 tons-force
Maximum fuel capacity	11 to 12 tons-force
Wingspan	23.3 meters
Overall length of the aircraft	22.4 meters
Overall height of the aircraft	6.8 meters
Wheel track	4 meters
Wheelbase	8.1 meters
Fuselage diameter	2.4 meters
Width-length-height of the passenger cabin	10 x 2.2 x 1.75 meters
Number of engines and takeoff thrust	2 x 63.8 kilonewtons
Thrust-to-weight ratio	0.5 to 0.48
Specific fuel consumption in the takeoff regime	0.036 kilograms-force per newton-hour
Specific fuel consumption in the cruise mode	0.066 kilograms-force per newton-hour
Wing loading	450 to 470 kilograms-force per square meter
Number in crew	2
Number of passengers in business version	18
Number of passengers in executive-staff version	8
Number of passengers in specialized version	10

Cruising altitude	11 kilometers
Cruising speed	900 kilometers per hour
Maximum range with fuel reserve	8,000 kilometers
Runway length	1,300 meters

The greatest difficulty in developing an aircraft is selecting the appropriate engine. It must be said that the only domestic engine which develops the thrust required for an executive aircraft is the D-36. However, it has also been reconfigured, which may lead to strong throttling in the cruise mode, and as a result, to an additional increase in fuel consumption. For this reason, it was decided to modify the D-36 engines for the design proposed to turbojet engines with a somewhat lower takeoff thrust (10 kilonewtons per ton).

The institute's Aircraft Engines Department has drafted a sketch of this modification with the provisional designation D-36/90; it would have as few changes as possible from the original D-36 without shortening its service life, for which it is planned to maintain the turbine gas temperature at $T_{to}=1450$ K. [precisely 1,450 degrees Kelvin].

In order to lower the takeoff thrust to 54 kilonewtons, it is planned to reduce the degree of bypass from $PK = 5.6$ to $PK = 4.0$ by optimizing the fan, and in order to reduce the specific fuel consumption, it is planned to install two support stages. This makes it possible to increase the overall pressure in the core compressor from $PK = 20.5$ to 24.0, (when the area of the passage cross-section of the turbine's first guide vane is reduced somewhat). In addition, to lower fuel consumption even further, as well as to reduce engine noise, it is planned to have a chamber to deflect the gas flows from the engine ducts.

The measures mentioned make it possible to reduce the specific fuel consumption in cruise mode ($N = 11$; $M = 0.85$) from $S_{udkr} = 0.0663$ kgs/Nch [Reduction of specific fuel consumption in cruise mode equals 0.0663 kilograms-force divided by newtons per hour] (for the original characteristics of the D-36 engine in maximum cruise mode, without taking into account the additional throttling required) to $S_{udkr} = 0.063$ kgs/Nch [to 0.063 kilograms-force]. Inasmuch as the internal gas generator remains practically unchanged (only the fan turbine blades need to be reshaped somewhat), this modification can be made when the new engine is developed.

The more than five-percent savings in fuel consumption on a long flight will completely cover the expenses for the small increase in engine mass. At the same time, we scientists at the Riga Institute would be interested in the opinion of our colleagues and the country's leading specialists in developing a domestic executive aircraft.

COPYRIGHT: "Grazhdanskaya aviatsiya", 1991

RAIL SYSTEMS

Railway Dispatcher Centers' Operational Control Viewed

914H0183A Moscow ZHELEZNODOROZHNY
TRANSPORT in Russian No 2, Feb 91 pp 11-14

[UDC 331.015.11:656.22.05:658.310.322.4; article by A.S. Mazur, engineer, Kharkov Branch of the All-Union Scientific Research Institute of Technical Esthetics, and G.A. Platonov, chairman of the Section of Design and Ergonomics of the NTS MPS [Scientific-Technical Council of the Ministry of Railways], professor of the MIIT [Moscow Institute of Railroad Transport Engineers]: "Dispatcher Centers: The Viewpoint of Ergonomists"; editorial comment]

[Text] Automated transport process dispatcher control centers (ADTsU) are being set up on the railroad network. The overall structural system proposes that there will be 46 of them, and that each center should carry out efficient control of the operations work of its route (region of the network). The basis of the new technology is a transition from the territorial principle of control to control by routes, within the framework of which railcar and train flows will be originated and canceled, and locomotives and brigades handled. The basic principle of the control should be control for deviations from the established technological norms.

Test operation of several experimental road control centers (DADTsU) is now underway. They differ considerably in their hardware and data base organization and support, the technology of their functioning and even in the ideology of their design and realization. The diverse designs show that there are many variants of DADTsU organization and there is no single concept and strategy for carrying out this very capital-intensive project.

Nevertheless, work is being done to set up centers on all the roads of the network. Exceptional importance is attached to this, as a stage, new in principle, in the development of the sector and perestroika of an efficient transport management structure. The program to put the control centers into operation is estimated for completion before the year 2000. Because of this, the task of analyzing the functioning experience of the first DADTsU is very urgent. This experience is not overly wide, with respect to either the number of facilities, or the productivity of their work. The experience of the DADTsU of the Donetsk Railroad, which has been in operation since October 1986, is particularly interesting.

The organization of the center, despite its limited possibilities at the first stage of its being put into operation, made it possible, within the limits of the control area, to reduce losses of transport resources, put order into the work of the locomotives and locomotive brigades and intensify the use of rolling stock. Working under the new conditions, the dispatcher personnel of the center were able to accelerate railcar turnover by 1.03 hours, section speed rose by 0.2 km/hr, the idle time of a car at

technical stations was reduced by 0.46 hours, and for a single freight operation—by 0.62 hours. Concentrating the control of the operations work made it possible for the directors of the Yasinovataya Division to free time to solve problems of economic activity, have the opportunity to visit line enterprises and fulfill the tasks that have arisen for them with respect to social, cultural and everyday life affairs, train traffic safety, etc.

At the same time, the analysis showed that the positive aspects of the new control system were almost completely nullified by the negative factors which arose during the transition to the new joint activity of the dispatcher personnel. The first experiment in designing and setting up the DADTsU makes it possible to reveal these omissions in theory and practice. Unless they are eliminated, circulation of the innovation on a network scale will be fraught with serious difficulties.

It is above all a question of the need to unite the train dispatchers (DNTs) and a number of other functional workers in a common dispatcher room—the basic working area of the DADTsU operations personnel. In participating in the ergonomic support of the control centers being set up, we came to the conclusion that the designers of the technical and technological (information) parts of the system are not carrying through the differences between the types of unification and centralization. The idea of management centralization is fully justifiably regarded as the key idea in the entire system of measures carried out to organize the centers. Centralization on the organizational and information-control plane, however, does not presuppose association on the spatial plane. In other words, it does not at all follow, from acknowledging the expediency of centralizing information processing and eliminating, for this purpose, organizational boundaries, that all the operations personnel should be spatially united in a common room, and the use of individual offices thus be rejected. Our confirmation lies in the fact that the problem of spatial organization of the systems is a special problem, and in solving it, ergonomists should play one of the key roles, if not the leading one. This is also fully true of the processes of restructuring the circulation of information in the system.

Setting up a common room is not only based on the indiscriminating use of the terms "unification" and "centralization". Here is an example of one of these arguments. If the object of control is unified, this means that the controlling organ should also be unified, and this unity is better formed, felt and embodied in a common room. Such pronouncements contain no specific analysis of the problem, are of secondary derivation and are fed by various types of secondary interests. Unification actually promises and brings completely real advantages, which was mentioned above. It is naive, however, to think that reseating people from different offices into one office is a means of overcoming the organizational and economic barriers which serve as non-optimal criteria and indicators of work. Change seats, if it can help, even to a small extent, to eliminate the technological and

economic contradictions and misalignments which exist between road divisions. On the other hand—by no means all interaction requires that you have a direct view of the person you are dealing with. It is not clear why the need has suddenly arisen for direct contact, for after all, the nature of the work has remained as before.

As for improving the data base organization and support, which actually takes place, although it is greatly reduced by the poor quality of the displays used, we must first talk about the difference in the two entities. A differentiation should be made between the advantages stemming from unification proper in a common room and its existence, owing to this room, and the advantages for which a common room is only one of the possible methods of implementation, preferred because of certain secondary considerations. When these two points are mixed up, we have a situation in which the common room is attributed with the properties of improving the data base organization and support of the dispatcher, due to a display for collective use. In reality, the advantage of the room lies in something else, namely, in the fact that it makes it possible to do this relatively economically and to make do with a single common graphic panel, whereas the office variant presupposes a duplication of its individual sections. Although, if one is precise, the complete absence of duplication cannot be achieved in a common room, because of the configuration of the road network. This saving on displays is a real advantage of the room, whereas an improvement in the data base organization and support could also be achieved by means of displays, individual display boards, etc. In this case, the funds which in one case would be spent to duplicate the displays, would in the other case go to combat noise, install booths, etc.

It is also confirmed that a common room improves the interaction between the directors of the center (division, area) and the train dispatchers. This, of course, is true, if optimization of interaction means the possibility of seeing a subordinate and monitoring his actions down to the last detail. The need for the division duty attendant to walk from office to office during the entire shift stems from the absence in his office of the necessary information on the situation on the sections and almost completely disappears if he is afforded the opportunity to call up all the necessary information on his personal display screen.

The only truly serious argument for unification is, in our opinion, the need to ensure the flexibility of the new system and its capacity for development connected with the change, planned for the near future, in the boundaries of the sections and the reduction in dispatcher personnel, which requires an efficient change in the layout of the work places and information display devices.

We will permit ourselves one comment. If it is true that any system has some expediency, and the change in each of its elements or components leads to a change in the entire system, it must be acknowledged that one of the

aspects must not be arbitrarily changed without taking into consideration the state of the others. Nor can there be just any procedure for the change. If we now turn to our system, it can be seen that a change in the spatial organization due to the seeming simplicity of execution essentially outstrips its prerequisites and potentials, which other components of the system—technical, information, functional—present for its change. The equipment and data base support and organization for a dispatcher are not yet so highly developed as to permit uniting people in the same room. Substituting work in these directions by simply changing the seats of the dispatchers can yield only the most grievous results and disperse the illusions of well-being.

We should dwell in particular on the acoustic conditions that have formed at the Donetsk center. For example, the average noise level in the dispatcher room was 64 db, which is essentially higher than the permissible level. During 40 percent of the duration of the shift, the norm was exceeded by from 9 to 24 db. At some of the most stressful work places, the average noise level was 65-66 db. Also important is the fact that the noise was 99 percent formed by scraps of words and individual sounds of human speech. After all, silence is very important for the work of the dispatchers, affects their concentration, quickness and precision of decision and reduces the probability of errors. Constant comings and goings through the hall (from 10 to 15 in an hour) and the feeling that the entire shift must be in view of other people disturb the dispatchers.

When the ergonomists and designers of the Kharkov Branch of the VNII of Technical Esthetics were designing the DADTsU of the Belorussian Railroad, an attempt was made to solve the noise problem through installing an individual booth for each dispatcher. Such measures (for example, equipping dispatchers with headsets), however, do not give a sufficient guarantee of silence and engender additional stress-factors, caused by the small enclosed space of the booth and the unaccustomed process of receiving sound through headsets. Installing booths also leads to contradiction of the design adopted: first a large, beautiful room is built, and then it is turned into separate booths.

In the opinion of the designers of the new control systems, no substantial reduction is expected in the near future in the number of conversations held by a train dispatcher, even under the conditions of automating maintenance of the traffic schedule executed. There will still be verifying conversations with the station duty attendants (DSP), and the transmission of orders. In systems with centralized dispatcher control (DTs), a reduction in conversations with the DSP will be achieved by conversations with the locomotive engineers. The transition to "noiseless" technology for implementation of dispatcher activity is not viewed by the designers as a serious task, and this is more than just subjectively substantiated.

The point is that in this case it would be necessary to exclude from use such a flexible channel of human communication as speech, and the whole load would be placed on the human visual analyzer. If we realize this, we can also realize that hope for rapid "noiselessness" is illusory. As for the ability of the system to develop in relation to a possible change in section boundaries, number of personnel and improvement in the work places, this possibility is ensured in the alternative variant of spatial design of the system which we suggest below.

In our opinion, a complex based on flexibility and relatively easy transformation of the equipment included in it may possess the capacity for constant restructuring, corresponding to the level of development of equipment and technology. The methodological principles of developing this complex have been worked out in the Department of Ergonomics of the Kharkov Branch of the VNII of Technical Esthetics. An alternative to the common room is a converted complex which makes it possible to install, within and without, both separate booths and small rooms for 3-5 persons who interact most frequently and most closely. Our studies of the frequency of interaction of the dispatchers in the Donetsk DADTsU made it possible to establish the existence of two groups of 3-5 persons each, in each of which the division duty attendant (in the second group, his assistant), the locomotive dispatcher and two or three dispatchers working on the most stressed sections are united. This is reasoning based on actual work experience. There is also another series of attendant considerations. For example, the unification of interacting persons, when there are too many of them, inevitably results in noise. The advantage, taken over and above the measure, turns into a disadvantage. A large number of people can also develop psychological tension. A person constantly feels that he is on view, and it is practically impossible to stay alone and relax for some, albeit short, time, which is particularly important for such an emotionally charged activity as the dispatcher's. A small group of people not only will not develop this shortcoming, but will also permit joint selection of workers according to their psychological compatibility.

We grant, therefore, that the planned development of a control system that rests on the introduction of computer equipment and specifies automation of the main part of routine functions, can in some cases require the unification of the dispatchers who interact most often and most closely. This problem can be solved by a flexible, spatially-planned change in the system in certain, most probable directions, including the possibility of a comparatively easy unification of information display devices for the work places and offices, right up to small rooms (each system should have unique "fine-tuning" mechanisms in relation to unification-separation). Only this approach is capable of ensuring the normal functioning of the system. If we gather 10-15 persons in a common room and say: in time, because of the introduction of equipment, 3-5 persons will stay here—that

shows an over-simplified and thoughtless attitude toward the real difficulties. There is more basis for thinking that the reduction will take place more quickly because of the inhuman work conditions.

The problem of unifying closely interacting dispatchers should and will be solved, not so much through creating "noiseless" technology and thus obtaining the possibility of unification, but through concentrating the functions that require interaction in the hands of as small a number of workers as possible, with the maximum possible amount of technical and information equipment. Under the conditions when the problem of unification loses its technological significance, i.e., people will not be tied to a common display, and psychological considerations and artistic considerations of creating beautiful facilities for people's work come to the foreground, under these conditions a sense of what is natural for a person, and also a rise in his status in the system (in our case, this is a one-man management status) will play a key role for the designers. These factors are not taken seriously today.

A questionnaire for dispatcher personnel made it possible to draw the following conclusion: creating a new form of activity (in this case, the dispatcher working under the conditions of DADTsU) does not amount to installing new equipment alone. Moreover, this equipment itself is depreciated if there is no proper general psychological and strictly professional training of the workers in their interaction with people. We must strive, not to have people held back by old concepts of equipment, but to formulate requirements for it which would stimulate the development of the equipment itself. The opinions of dispatchers on the future improvement of the center should be carefully studied, and they should be made the masters of the center, participants in its creation. Without this, the new equipment and work organization will not provide the proper effect.

Along with instilling the dispatchers with a sense of being the master of the center, priority attention must be paid to their training. This will give a psychological effect and will make it possible to form skills in working with the new equipment, particularly with computers. Today, based on the experience of the Donetsk center, it can be predicted that without special training (including the use of simulators), psychological barriers will inevitably arise in the transition to the new equipment, because of the specificity of the dispatcher's work. The system being introduced radically changes the maintenance and structure of their activity, and makes new, high demands on them. To ignore this specificity means to condemn the matter to new difficulties, which are already apparent.

The main cause of the disadvantages listed above lies in the fact that they have long been incorporated in the organizational structure of the Donetsk DADTsU. The basic concept in this work was reduced to the need to concentrate dispatcher personnel in a single facility—the dispatcher room. Moreover, at the first stage of putting

the center into operation, the duration of which, incidentally, has never been stipulated and can therefore drag on for an indefinite period, the basic technical devices did not change radically. This organization of joint dispatcher personnel activity, as experience showed, considerably increased the tension of the dispatchers' work through the negative effect of a number of factors, which were discussed earlier. Consequently, at the first stage of introduction, such control centers are not human systems, since in them, production problems are solved through a deterioration of the work conditions and a rise in the discomfort level of the quarters, i.e., you have a conflict with ergonomic requirements. In addition, the ergonomic part of the concept of BellZhT is exceedingly weak, or is lacking in general. Planning the activity of the dispatcher personnel who use the new technical devices and advanced control technology did not enter into it.

The ergonomic and artistic-structural design of the DTsU of the Donetsk Railroad, which was done by the KhF [Artistic Fund] of the VNIITE, conformed poorly to the concepts of the first stage of introducing the control center: it was oriented toward complete automation of the control activity, using computer equipment devices. As a result, many of the requirements of the design, naturally, were not fulfilled, and some of the recommendations proved to be generally unfortunate. It should be noted that a certain incompatibility of the ergonomic design and implemented concept of the first stage of putting the DTsU into operation also gave rise to this long list of negative factors.

On the whole, in analyzing the experience in designing and operating the control center on the Donetsk Road, it must be emphasized that the design of these centers should be comprehensive in nature and, as early as the stage of preparing the technical assignments, provision should be made for the possibility that problems of the human factor, analogous to those discussed, might arise.

Therefore, the accumulated experience of concentrating dispatcher personnel and centralizing dispatcher management so far makes it impossible to ascertain the optimal variant of the organizational structure (single dispatcher center for the road, regional control center, road division), in which train dispatchers will be found in the future. The recently issued directive of the MPS on creating automated control centers on the roads does not contain clear-cut recommendations either. It is not clear, for example, how stage transition from a four-level to a three-level control system will be implemented, and whether it is expedient to set up a network of DADTsU in addition to the existing control, data-computer centers and road divisions, etc.

No clarity is introduced by the "Methodological Recommendations for Ergonomic Design of Single Train Traffic Control Centers," hastily compiled by the VNI-IZhG [All-Union Scientific-Research Institute of Railroad Hygiene] and no less hastily, without adequate discussion and approbation, approved by the Transport

Main Administration of the MPS. They are also oriented toward spatial organization of the system in the form of a common room and mainly contain recommendations for collective information display devices.

Today, in designing and operating DADTsU, we have a completely clear conflict of interests of various specialists—administrators, engineers, ergonomists, designers, etc. The dictate of any one is dangerous here. There must be a systematic approach, capable of combining the interests of the system as a whole and of implementing general coordination of work on a maximally broad humanistic basis.

From the Editors:

In view of the exceptional importance of the questions raised in the article, the editors appeal to specialists involved in transport process control to express their opinion on the problem of designing and operating DADTsU, which is very important for the sector.

COPYRIGHT: "Zheleznodorozhnyy transport", 1991

Locomotive Construction Viewed

914H0176A Moscow ELEKTRICHESKAYA I
TEPLOVOZNAYA TYAGA in Russian No 3, Mar 91
pp 12-14

[Article by V.V. Baryshev, correspondent for ELEKTRICHESKAYA I TEPLOVOZNAYA TYAGA: "The Yesterday, Today and Tomorrow of Alternating Current Electric Locomotives"]

[Text] The editors' mail contains quite a few letters from locomotive engineers, in which the comrades ask to be told about the perspectives for domestic locomotive building. In order to obtain the answers to these and other questions, our correspondent visited the Novochoerkassk Electric Locomotive Building Plant Scientific Production Association. We call the attention of our readers to his report.

What locomotive engineer is not familiar with the famous NEVZ trademark, which adorns about 70 percent of the domestic electric locomotives. The story of the firstcomer of domestic electric locomotive building dates from May 1936, when the first steam locomotive issued from its gates. Yes, this plant started with steam locomotives and started building VL22M electric locomotives only after the war. Most of the engineers who are now past the age of forty doubtless began work on this reliable, hardy, unpretentious machine. Since the beginning of the 1960's, NEVZ has been specializing in the construction of alternating current electric locomotives, while the direct current engines are produced in Tbilisi. A great number of the completing parts and some of the bodies for the Tbilisi electric locomotives, however, are produced at Novochoerkassk.

Today, NEVZ is a huge enterprise, occupying an area of 110 hectares, built up with modern shops, each of which

is inferior to no other plant in size and equipment. Suffice to say that NEVZ spent 150 million rubles [R] on the latest renovation. After it was completed, up to 700 electric locomotives a year could be turned out here.

Probably few people know that the NEVZ Scientific Production Association includes the largest All-Union Scientific Research, Planning-Design and Technological Institute of Electric Locomotive Building [VEINII] in the country, with 1,200 scientists and engineers working there. It is here that virtually all the electric locomotives that drive the freight consists along our railroads came into being. The institute's collective is now working out a system of support-frame suspension for the traction motors of freight and passenger electric locomotives, mock-ups of which should be ready in 1992 and 1993 respectively. The design for an alternating current electric shunting-switching locomotive with autonomous power source is also being prepared here. An experimental model of this machine should be built in 1995, and a year later, a mainline freight electric locomotive with a commutatorless traction motor, a power of 11,000-12,000 kw and a designed speed of 110 km/hr will appear. In a word, one cannot encompass all the developments, and therefore, it would seem, it is better to talk about the NEVZ today.

The present-day plant, to put it mildly, is not completely successful. During the last five-year plan, year after year, NEVZ increasingly failed to deliver electric locomotives to the country. The debt rose to 872 machines. Whether this number is large or small can be judged by the assignment for 1990—558 electric locomotives. How could this happen? They say that there are as many opinions as there are people. In order to confirm this truth once again, the author of these lines had occasion to speak with the plant's workers and engineers. Each one expressed his own opinion of the complicated processes that had begun at NEVZ in 1986.

E.P. Putilov, general director of the association, was inclined to blame the State acceptance commission for everything. When it was introduced at the plant, whole shops were shut down and the production of wheel pairs and traction motors was suspended. In short, the State acceptance commission annoyed the plant's collective. Although, as it turned out later, the workers of this control body did not require anything unnecessary, and the NEVZ workers were able to free themselves of the State acceptance commission last year and return to the old system—departmental acceptance of the finished products by representatives of the MPS [Ministry of Railways].

All the same, in 1986, when the renovation of the plant was basically finished, the collective short-supplied the MPS just two electric locomotives, and in 1990—328 locomotives. Just what is hindering the work of an electric locomotive building association that is known throughout the entire country? The most complete answer to this question, perhaps, was given by engineer V.P. Khasay, an NEVZ veteran:

"The key reason for the unsatisfactory work of the plant and the association as a whole is the extremely low level of management, particularly with the arrival of E.P. Putilov, who in three years was unable to work out anything even like a program to stabilize the situation, not to mention getting the collective out of the crisis. The accelerated loss of skilled workers and engineers, who are leaving the plant, is the most worrying problem."

Still, we must return to the sources of the crisis, i.e., to the beginning of 1987. It was then that V.I. Duvarov, former general director of NEVZ, was pensioned off, because of those two electric locomotives that they had failed to supply. Incidentally, the underfulfillment of the plan at the plant happened for the first time in its entire 30 years. Apparently, in order to put the matter straight, the management of the USSR Ministry of the Electrical Equipment Industry and Instrument Making appointed to Novocherkassk the former director of the Donetsk Cable Plant, Comrade Putilov. Following the fashion of that time, they gathered together the directors of the shops and brigade leaders, and they ostensibly elected the new general director. Under his guidance, in the very first year, the association undersupplied the MPS by 114 electric locomotives, but E.P. Putilov continued to be the director. In 1988 the country's railroads were short-supplied 150 locomotives, and in 1989—278. Until last year, no one, except for the MPS, had worried about this situation.

The reason for this is the special position occupied by the new general director. Even today, Eduard Petrovich is quite willing to emphasize the fact that he understands little about electric locomotive building and at the same time, is convinced that the technical policy in the MPS is implemented by ignorant people and that our country does not need electric locomotives in the amount that the railroad workers are ordering. In general, the NEVZ should respecialize for the output of consumer goods, and if it does build electric locomotives, it should only be for abroad. After this, there was nothing left to do but go, upon my return, to B.D. Nikiforov, deputy minister of Railways, who is responsible for this very "incompetent" policy.

In the interview with Boris Danilovich, I found out why it was high time to start panicking. It turned out that over one-fourth of the country's freight electric locomotives had long ago passed pension age. The most serious trouble can be expected from these locomotives at any second, but the MPS has no other machines. Another 2,700 electric locomotives will be written off in the coming decade. This figure by no means fully describes the railroads' actual need for new electric locomotives. One must also remember the continuing electrification of new lines, and the long idle times in the output of various repairs by NEVZ, caused by the poor quality of electric locomotive manufacture. Even this brief information does not permit mention of the incorrect technical policy conducted by the MPS. So the Novocherkassk Plant will have to work for a whole 17

years to cover just the natural loss of electric locomotives, if it is oriented toward the present rates.

The export order for China, fulfilled by the plant last year, merits particular attention. It must be said that building electric locomotives for the KNR proved to be a superprofitable business. The purchaser paid R1,250,000 for each machine, and what is more, our generous government, according to the so-called differentiated currency coefficient, paid an additional R1.5 million for the same locomotive. This seemingly provided an incentive for the quality of the fulfillment of the export order. In order to earn R2.5 million for MPS orders, almost eight electric locomotives would have had to be built. This simple arithmetic explains a great deal. On the one hand, unearned money, and on the other hand—the solid position of General Director E.P. Putilov, who is convinced that our country does not need new machines.

Eduard Petrovich was able to convince not only his ministry, but also most of the enterprise workers of this. For this, he resorted to open deception. In the autumn of 1989, Comrade Putilov made a journey to the MPS to see Comrade Nikiforov, and lamented to Boris Danilovich that the situation at the plant was very complicated, that he had to postpone the deadlines for the supply of electric locomotives and that no fine should be imposed on the association for the electric locomotives that had not been supplied. He said, through a fine, the railroad workers would undermine their own and the plant's future, since there would be nothing to pay the people, and they would scatter from the NEVZ. After this, there would be no electric locomotives at all. There was nothing extraordinary in that, and Boris Danilovich felt sorry for the "young" director and signed the appropriate papers. Upon returning to Novocherkassk, Comrade Putilov presented these papers to the collective at the next meeting as a waiver from the MPS on the output of the NEVZ. Just why, with such a critical shortage of traction equipment, did Comrade Nikiforov so lightly pardon the debts?

Such pliancy is easily explained. After the USSR Law "On the State Enterprise (Association)" went into effect in 1987, the Ministry of Railways found itself in monopolistic dependence on the NEVZ NPO [Scientific Production Association], particularly in the matter of supplies of spare parts for electric locomotives. The latter should yearly be produced by the association in the amount of R15 million worth, but their production was not over R3.5 million. One can only wonder how anything is still moving along domestic railroads. Meanwhile, the information on the director's deception reached the MPS and the ministry's reaction was appropriate, so the plant then had to pay R2,213,000 in fines. Most people at the plant, naturally, did not know about this.

Thanks to the unearned millions from the export order in 1988-1989, the management of the NEVZ established preferential payments to mothers, additional payments

for housing in the private sector and issue of interest-free loans to its workers, and straight away laid the foundations for six apartment houses in the plant settlement. Incidentally, Comrade Putilov had nothing to do with the Chinese order, everything was prepared long before he arrived. He arranged other's services quite successfully, though. Perhaps the director's games would have gone on like that, but the USSR Committee of People's Control got interested in the association's affairs, not, of course, without the help of the MPS.

As a result, the USSR Ministry of Electrical Equipment Industry and Instrument Making held a meeting of its collegium (in conjunction with the USSR Committee of People's Control) in September of last year. The symbolic agenda was: "On Measures To Increase the Production of Mainline Electric Locomotives and Raise Their Technical Level and Quality in the NEVZ Scientific Production Association." The collegium noted in its resolution that "the plant does not have normal conditions for workers to rest; on the whole the work of the NPO has deteriorated sharply; Comrade Putilov has not been able to create the necessary creative and work atmosphere to fulfill the established plans, both among the management and among the entire collective of the association; the rates of housing construction have dropped particularly (1987—58%, 1988—73%, 1989—56%), etc.

It would appear that these excerpts quite clearly characterize the state of affairs at the plant, but this time too there was no clap of thunder, and the collegium of the Ministry of Electrical Equipment Industry and Instrument Making resolved: "To take into consideration the statement of Comrade Putilov that the NEVZ NPO, in 1990, would manufacture 198 electric locomotives for the MPS and 44 electric locomotives for export." All of the machines for China were done on time, but the MPS is still waiting for the promised electric locomotives.

It is interesting that for about two years, the general director of the NEVZ also held the combined job of director of the VEINII. During this time, work on the support-frame suspension for traction motors and on induction and thyatron motors had ceased. Probably few people know that the plant produced a test batch of VL84 freight electric locomotives with these very support-frame suspended traction motors. All 20 machines are at the Bataysk Depot, where they do not know what to do with them, and the scientists, it would appear, have forgotten about their creation.

In general, a situation has been created in which it is very difficult to find the innocent and the guilty. In familiarizing myself with the long-term program for the development of domestic electric locomotive building, I found out that, for the institute and the plant, a great deal is in the realm of memories. Here, the MPS is blamed for everything. It made the association devote itself, during all the last few years, to the most powerful electric locomotive in the world—the VL85—and in the ministry they remember all the experimental machines,

call them the future of our railroads and say that it is the scientists who abandoned all the developments and engaged in the creation of the most powerful electric locomotive on the basis of the old experiment.

In any event, the institute now has new directors, ready to fulfill the most complex assignments. The work to be faced is tremendous: there are the old debts, and the next export order for locomotives for India, and the domestic passenger direct current electric locomotive. True, there is a work program—the sources of its financing have not so far been determined. Apparently, the MPS will pay for the designs for the new electric locomotives, and other scientific developments will be done on the basis of contracts.

For its part, the plant management continues to seek profitable work, seeing the panacea for all its woes only in building machines for export. In reality, this major association needs currency for its normal vital activity. Incidentally, the MPS has never prevented supplies of electric locomotives abroad, but not to the detriment of its own country, as was the case until recently. On the other hand, the profitability of producing VL80S electric locomotives in the last few years dropped up to 3-5%. This happened partly because of the drop in machine production and partly because of the increased cost of raw material. Here too, however, the Ministry of Railways is ready to revise, within reasonable limits, the prices for VL80S and VL85 electric locomotives. In short, the main purchaser and consumer of the NEVZ output is not refusing to help the leader of domestic electric locomotive building. The other question is, how should this assistance be used at the plant?

For the time being, however, when you pass through the new shops of the vast enterprise, you are left with a two-fold feeling: you know, we can build with good quality, install the newest equipment and not receive the expected yield from it. They cited me the most varied figures for the efficiency of machine tools at the plant and they were all so low that I simply cannot bring myself to mention them here. In any case, my observations on the first shift showed that a good half of the equipment is not working, and in the second shift at the plant—silence. I managed to talk to the rank and file workers, for whom NEVZ was the main job in their lives. With unconcealed bitterness, they told me that in the last three years, over 3,000 persons had been dismissed from the enterprise. The main reason for this was the sharp drop in the output of electric locomotives. The order from China had stopped the efflux of people somewhat, but beginning with the autumn of last year the workers again began to be dismissed.

I would like not to violate the old traditions of the Soviet press and to write cheerful words of assurance and predictions for a bright future, but it isn't turning out. True, some optimism is instilled by the viewpoint of the plant veterans, who wage open warfare with the incompetence of the management and stubbornly seek and find a way out of the crisis. The suggestion of A.I.

Seroshtanov, fitter of the delivery section of the electric locomotive assembly shop, stuck in my memory. He expressed the very simple idea that there would be order in the country and at the plant only when the director, of any rank, began to receive wages for the final product. No product, no wages. This idea would not appeal to Comrade Putilov, the general director of NEVZ, but it showed me the way out of the blind alley.

Properly, with a transition to market relations, both the worker and his director should receive only earned money. Then electric locomotives will begin to be produced more profitably for their country.

COPYRIGHT: "Elektricheskaya i teplovoznaya tyaga", 1991

M62 Locomotive Operational Problems Examined

914H0176B Moscow *ELEKTRICHESKAYA I TEPLOVOZNAYA TYAGA* in Russian No 3, Mar 91 pp 30-31

[Article by A.A. Yanov, engineer of the Lvov Depot of the Lvov Railroad: "There Must Be Fast Reaction and a Precise Knowledge of the Reasons: Defects in the M62 Diesel Locomotive"]

[Text] Troubles arise in the operation of series M62 (2M62) diesel locomotives that make it necessary to summon an auxiliary locomotive. The locomotive brigades often become flustered in these situations, even though they could quickly determine the reasons for the trouble and eliminate the defect themselves. Three such cases are introduced in the material presented.

Lack of Power on a Diesel Locomotive

When a diesel locomotive starts off and the master controller is placed in the first notch, the starter circuit is not hooked up, but the traction generator gives very little power (virtually none). There are two possible variants of the malfunction—in the circuit actuating the exciter, or in the circuit actuating the traction generator.

In the first case, when the master controller is placed in the first notch, a current with a load of up to 1000 A initially appears, and the voltage at the traction generator terminals is close to zero. After that, the load and voltage at its terminals equals zero. In the second case, when the controller sets the first notch, the load and the voltage of the traction generator are immediately equal to zero.

We will discuss the first variant. First of all, the position of the AR emergency switch on the wall of the VVK must be checked. If it is in neutral position, the notch must be released to zero and the AR switched to the normal position.

If, however, the AR is in the normal position, then after the controller handle is shifted to the zero position, the AR switch should be adjusted for emergency actuation of the exciter. If in this case there is no load, the state of the

supply conductors to the power contacts of the VV contactor and of the emergency AR switch (leads 400 and 443), and the contact surface of the VV contacts and their tight contact must be checked.

The malfunction should be determined and eliminated, since when switching to the emergency circuit, the excitor will not be actuated and it will be actuated to the initial moment only through residual magnetism.

When it is impossible to eliminate the malfunction, the following procedure is necessary:

Connect, with a jumper, the 3/10 terminals to the lead 443 at the AR emergency switch or at the power contacts of the VV contactor (depending on where the circuit has been lost) and travel on to the depot or PTOL [Technical Inspection Center for Locomotives], where the malfunction should be eliminated;

If these actions yield no result, connect the jumper of terminals 3/10 and 4/19 to the VVK, switch the AR switch to emergency operation and travel under these conditions to the depot, where the malfunction should be eliminated;

Connect, with jumpers, terminals 3/10 and 4/19, as well as the 3/10 jumper with the SVPV resistor at the place where the 410 lead is connected. The electrical circuit will operate normally and it will be possible to travel this way to the depot or the PTOL. Instead of lead 410, terminals 3/10 and 3/17 can be connected, but this variant can be used for only a short time, since the synchronous SPV pilot excitor will be strongly actuated, and the diesel locomotive will overheat.

We will discuss the second variant. In this case, switching the actuation of the exciter to emergency operation yields no results. First, the contact and cleanness of the power contacts of the KV contactor must be checked: if there is burnoff on them, clean them, and if the contact is not tight, eliminate the cause (adjusting screw, seizing, etc.).

If shunt No 117 of the resistance tests has burned out (between leads 429 and 1133), it must be shunted with a reinforced jumper with a total cross section of at least 20 mm² (or made of ternary lighting wire).

There may be contamination of the collector or bridging of the exciter brushes. Then the collector must be checked, and the bridging of the brushes eliminated.

There may also be a break of the collecting bars of the exciter. To check them, the indication lamp must be connected to the N1-K1 leads of the stabilizing transformer. If, when setting the notches with the controller, the lamp will not light up, this indicates a malfunction in the exciter. In this case, when operating in high notches, the diesel may stall due to actuation of the limit regulator. It is therefore recommended that the emergency exciter circuit of the separate winding of the traction generator be hooked up from the VG auxiliary generator. To do this, the following transfers are made:

Lead 429 (of the junction box) is disconnected from the exciter and connected to lead 370 in the junction box of the auxiliary generator;

Lead 428 is disconnected from the exciter and connected to lead 399 of the auxiliary generator.

The auxiliary brake of the diesel locomotive is used to ensure a smooth start-up.

It must be borne in mind that, when the traction motors slip, load shedding is not ensured, and only the signalization is actuated. Therefore, sand must be put under the wheel pairs ahead of time in front of spots where slipping is possible.

In case there is a break between the main terminals of the separate winding circuit of the traction generator, movement must continue on a single section, or an auxiliary locomotive is required when travel is on a single-section diesel locomotive and there is no possibility of eliminating the break.

Malfunction of the Slip Relay

First of all, it is necessary to distinguish between real or false actuating of the slip relay. In the first case, the wheel pair slips and the relay is actuated periodically and unevenly. In the second case, the wheel pairs do not slip and the bell action of the slip relay takes place with almost even time intervals between the actuations.

False circuit-closing connection of the relay may occur for one of the following reasons:

- jamming of the wheel-motor unit, with no frame fault in the electrical circuit of the traction motor (TED);
- turning of the pinion on the TED shaft;
- a break in the shaft of the TED armature from the direction of the drive pinion;
- a disruption in the regulation of the relay (weakening of the spring, actuation from the pounding on the joints, etc.);
- a disruption (break) in the circuit of any TED, starting from the train contactor and ending with the shunt of the power ammeter, including the inner connections (jumpers of the main and additional terminals, etc.).

When the slip relay switches on and off repeatedly, the master controller notches must be dropped down, the sanding gear actuated and, if the action does not stop, the load reduced to zero and the notch with the sand feed set. If, when a few notches are set, the slip relay is again actuated and is audible, the diesel locomotive must be stopped and braked with the valve of the auxiliary brake, and the TED loaded in the first notch of the controller hand wheel, after which it can be determined by the sound which armature is turning. In case the drive pinion turns on the shaft, the faulty TED is turned off and the movement of the train continued.

When there has been a break in the shaft of the armature from the direction of the drive pinion and the pinion has fallen into the gear box, the following action must be taken. Disconnect the faulty TED and determine, by an alternating back-and-forth motion of the diesel locomotive, whether the wheel pair has jammed. If the wheel pair turns freely, continue movement, leaving the faulty TED disconnected.

If the wheel pair has jammed (which is determined when starting up—not all the wheel pairs turn), the reason for the jamming must be established. If it has occurred because the teeth of the pinion have broken, they must be unwedged by a back-and-forth alternating motion of the diesel locomotive, and the pieces of broken teeth removed, the damaged TED disconnected and train movement continued.

When there is a break in the excitation circuit of the TED, the ROP is actuated and takes the load from the traction generator. In order to determine in which TED the break has occurred, all the circuit breakers of the OM1-OM6 motors must be tripped. Then with consecutive engaging of the TED, one after the other, and the shaft of the master controller placed in the first notch, the readings of the power ammeter and voltmeter are taken. If load voltage and current appear, then the inner circuit of the TED is faulty. When the faulty TED is switched off and the notch set, the voltmeter shows the presence of voltage, but there is no load. This TED is then disconnected, the rest are turned on and the train travels to the main depot, where the TED should be replaced.

Attention! If a malfunction of the slip relay is discovered and the ROP relay is switched on, it is categorically forbidden to wedge the armature of these relays. Adhere precisely to the procedure described above, since failure to adhere to it almost always leads to serious damage of the TED or generator, to a fire and, ultimately, to the need for an auxiliary locomotive.

When the TED is damaged, but does not hinder the rotation of the armature, it is disconnected by the disconnectors of the OM1-OM6 motors. When a train is moving, no more than one TED on each section may be disconnected.

If two TED on the same section go out of operation at the same time, after disconnecting the corresponding TED with the OM1-OM6 disconnectors, in addition, an insulating object must be placed under the make contact-unit of the RU8 relay in the circuit of the master winding of the amplistat, and travel continued to the main depot.

Operation of a Racing Diesel

This is a very dangerous condition for diesel operation, which can lead to its complete destruction, with an explosion and fire. There are two reasons for the onset of diesel racing, when its rpm greatly exceeds the permissible limits:

Excessive fuel feed when the load is removed from the diesel, when there is a faulty RChO, and fuel feed control mechanism (sticking of the drawbar and levers), and at the same time the regulator of the maximum rpm cannot adjust the rods of the high pressure fuel pumps to zero fuel feed;

A large amount of oil gets into the supercharging air due to malfunction of the motor units in contact with the supercharging air, including the turbocompressor, the centrifugal supercharger of the 2d stage and the air filters.

When the labyrinth seals along the shafts of the 1st and 2d stage superchargers are destroyed, oil from the sliding bearings is drawn into the supercharging air. The air-oil mixture, fed to the cylinder of the diesel, is a good fuel mixture, on which the motor begins to operate, usually on an idling mode, without a load.

The oil easily gets into the supercharging air with an increased vacuum in the suction near the turbocompressors, due to the simultaneous closing of the shutter and trapdoors of the air intake from the diesel space, with a disruption of their mechanical interlocking, or due to the icing of the shutter, the network of air filters, a large amount of snow getting into the filters, the congealing of the oil in the filters and too large a quantity of it.

With an increased vacuum of the suction at the turbocompressor, the conditions are created for heightened abnormal suction of the air-oil mixture from the diesel crankcase. If under these conditions, the diesel starts to race, then with the increase in the rotational speed of its shaft, the vacuum of the suction will increase, and this in turn will cause increased intake of oil, and the process will develop in avalanche fashion with increased rpm. Actuating the rpm regulator and adjusting the rods of the high pressure fuel pumps to the zero fuel feed position in this case will not stop the operation of the diesel.

Attention! The diesel must immediately be loaded with as much current as possible through the traction generator so that the increase in diesel rotation will cease and, it is possible that through doing this, the diesel can be stopped.

If the engine still continues to race, it must immediately be loaded from the traction generator and it must be ensured that the rods are at zero fuel feed. Any method should be used to put them into zero feed, if they are not set to it.

If in this case this condition does not cease, then the trap doors of the air draft from the diesel space and the shutters of the air draft from outside must be completely opened. Loosen and separate the flange connections of the air intake pipes from the diesel crankcase on the turbocompressor casing and load the diesel with as much current as possible from the traction generator.

The locomotive brigade should, when working with a diesel, periodically monitor, through the drain cocks, the

appearance of oil from the air coolers. Operating a diesel with abundant sprays of oil is forbidden, to avoid future possible racing operation of the engine.

The oil level in the air filters should be no higher than the middle of the oil gauge.

COPYRIGHT: "Elektricheskaya i teplovoznaya tyaga", 1991

Test Track Founder's Career Highlighted

914H0176C Moscow ELEKTRICHESKAYA I
TEPLOVOZNAYA TYAGA in Russian No 3,
Mar 91 p 42

[Article by N.I. Suboch, candidate in Technical Sciences:
"The Creator of the Experimental Ring"]

[Text] Many railroad workers know about the test track, located 30 km from Moscow in the Shcherbinka Station area, which is the largest testing base of the All-Union Scientific Research Institute of Railroad Transport (VNIIZhT). Not everyone knows, however, that the director of the design and construction of this, the first laboratory in the world to study the characteristics of locomotives, track, STsB [signalization, centralization and blocking] devices and communications was the famous scientist Nikolay Iovich Belokon (1899-1970).

As far back as the 1920's, at the time of his studies at the Moscow Institute of Mechanics, he became the pupil of B.M. Oshurkov, the eminent Soviet heat engineer and diesel engineer. From that time on, until the end of his life, Nikolay Iovich was connected with domestic railroad science, and engaged in working out and developing analytical methods of stationary and transport heat engineering.

The analytical method of heat calculation for steam locomotives worked out by the scientist was used in designing powerful locomotives, as well as in scientific and educational transport literature. He performed a number of experiments on the combustion of liquid types of fuel, the study of jet apparatus, etc.

The theoretical works of Professor N.I. Belokon are very important in general science, and in a number of questions they establish the priority of domestic science. His monograph, "Termodinamika," published in 1954, was the result and further development of most of his earlier published works.

In 1952 the scientist began to work on developing a theory of new types of gas turbine locomotives. He prepared the theoretical characteristics of locomotives, the bases of the theory of an efficient thermodynamic cycle, the theory of the thermodynamic processes of gas turbine units and developed the main system of a gas turbine locomotive with two-stage fuel combustion.

For many years, Professor N.I. Belokon directed the Power Engineering Division at VNIIZhT. Under his guidance, power engineering scientists did a great deal of

work in research on the working processes and units of gas turbine locomotives, thermal devices for direct and alternating current electric locomotives and the air resistance of rolling stock, and studied other important railroad transport problems.

In 1932, from a design of the talented scientist and under his direct guidance, construction of a test track was completed at Shcherbinka. It has one closed track 6 km long, with a radius of 956 m, located on a level area. The outer rail is 50 mm higher than the inner one. Traction tracks with ditches to inspect and service the locomotives are directly adjacent to the ring track across a triangle. Here, a locomotive depot was constructed, with service shops, a pavilion and office and everyday facilities. The construction of the track was the completion of a great stage of experimental research on locomotives and rolling stock, first begun in tsarist Russia and widely developed in Soviet times.

For a long time the VNIIZhT test track was unique and the only one in the world. Only in 1958-1960, with the help of Soviet specialists, was a similar test track built in the Chinese People's Republic, not far from Peking [Beijing]. In its general features, it repeated the polygon at Shcherbinka. In the Soviet Union, ring lines to run in and test locomotives were subsequently constructed at the Novocherkassk and Lyudinovo locomotive building plants.

The VNIIZhT test track is now a major scientific research center. Built about 60 years ago, it first served only to run in steam locomotives. Gradually the range of experiments conducted here was expanded. Today there is not a single type of locomotive, railcar or signal devices on the steel mainlines of the country that has not received its "lifetime travel authorization" at Shcherbinka. The first high-speed train in our country, the ER200, was tested here.

Shcherbinka has also become the site of international railway exhibitions. In May 1989, for the fourth time, a viewing of the newest equipment of major railroad firms was held. Some 150 firms from 25 world countries took part in this exhibition.

The test track has great prospects. Preparation has begun for testing high-speed trains, capable of gathering a speed of 300-350 km/hr. The time for studying types of transport new in principle—trains on magnetic suspension—is not far off. In a word, the test track founded by N.I. Belokon will also serve in the future as a polygon of scientific-technical progress in railroad transport.

In returning to the story of this talented scientist, it must be said that he combined his scientific research activity with active pedagogical work. For many years he directed the chair of Thermodynamics and Heat Engineering of the Moscow Petroleum Institute, and was also scientific director of graduate students in general and transport power engineering at VNIIZhT, MEMIIT [Moscow Electromechanical Institute of Railroad Transport Engineers] and the Moscow Petroleum Institute.

Professor N.I. Belokon was chairman of the Commission of Power, Fuel and Lubricants of the Ministry of Railways, a member of the scientific council and deputy chairman of the council of the Traction Section of VNIIZhT, and a member of the scientific council of MEMIIT. Beginning in 1951, Nikolay Iovich was a permanent member of the editorial collegium of the journal VESTNIK VSESOYUZNOGO NAUCHNO-ISSLEDOVATELSKOGO INSTITUTA ZHELEZNO-ODOROZHNOGO TRANSPORT.

For his lasting, irreproachable and fruitful work, Professor N.I. Belokon was awarded the Order of Lenin, two orders of the Red Banner of Labor, medals, the badge of "Honored Railroad Worker" and was conferred with the title of "Honored Worker of Science and Technology of the RSFSR".

COPYRIGHT: "Elektricheskaya i teplovoznaya tyaga", 1991

Railway Modernization Plans Reviewed

914H0175A Moscow ELEKTRICHESKAYA I
TEPLOVOZNAYA TYAGA in Russian No 3, Mar 91
pp 2-5

[Unattributed article: "Rail Transport Prior to the Year 2000"]

[Text] Rail transport is the main transportation infrastructure on which the accomplishment of the tasks posed in developing the country's economy depend fully. The fact that railroads carry almost two-thirds of general use transport's freight turnover, approximately 90 percent of mass freight shipments and more than 40 percent of international passenger traffic corroborates their important role.

When solving questions concerning rail transport's development out to the year 2000, the USSR Ministry of Railways proceeds from the fact that rail shipments have today become an integral technological link in the production cycle of a majority of the national economy's branches and in the area of trade and consumer services and are one of the Soviet people's vital requirements.

It has been calculated that losses to the state are reaching approximately 12-14 billion rubles a year because the requirements of the country's enterprises for timely and regular shipments of raw material, fuel and prepared products are not being completely satisfied.

Further underestimation of rail transport's role can inflict serious damage on the realization of economic and social programs and also on the solving of defense and political tasks.

In October 1990, the USSR Council of Ministers approved the Program for the Technical Re-Equipping and Modernization of USSR Railroads During the Period 1991-2000, which the USSR Ministry of Railways, USSR Council of Ministers Bureau for Machine

Building, USSR State Committee for Science and Technology, USSR Academy of Sciences, USSR Gosstroy [State Construction Committee], and USSR Gossnab [State Committee for Material and Technical Supply] developed along with USSR Supreme Soviet commissions, interested ministries and departments, railroads, industrial enterprises, and construction organizations.

The program provides for:

- strengthening rail transport ties between economic rayons, the republics and foreign countries; raising the quality of services for passengers and the consumers of transport services;
- improving the management of rail transport operations; improving the repair of transport assets; introducing measures aimed at insuring train movement safety and the mechanization and automation of the main technological processes;
- updating and replenishing rail transport technical assets; increasing during the 13th Five-Year Plan the delivery of electric locomotives 1.5-fold, freight cars 1.3-fold, passenger cars 1.5-fold, track machinery 2.5-fold, and wooden ties 1.3-fold in comparison with the previous plan;
- expanding the social area by constructing 33 million square meters of housing, preschool institutions with 130,300 places, schools with 254,600 places, hospitals with 37,200 beds, polyclinics capable of 155,600 visits a shift, trade schools, technical secondary schools, pioneer camps, sports structures, holiday bases, cultural projects, etc., during 1991-2000;
- conducting scientific research on the most important problems in designing new equipment and materials for the railroads; modernizing testing facilities; developing resource-savings technologies;
- building up and modernizing the capacities of machine building, electrical engineering, metallurgical, and building materials enterprises for the production of rolling stock and items that are very important for rail transport.

The USSR Council of Ministers decree orders the Ministry of Railways, interested ministries, interbranch state associations, concerns, and other associations to make arrangements for apportioning capital investment allocations; construction, assembly and contract work; and material, technical and financial resources when compiling plans for 1991-1995 in order to fulfill the planned work volumes.

The USSR Gosplan [State Planning Committee] and Ministry of Finance will allocate the necessary assets from the union budget in order to realize the program's measures aimed at solving union-wide and branch-wide tasks. At the same time, it is recommended that the governments of union and autonomous oblast and kray soviets of people's deputies direct a portion of the assets from their budgets to the expansion of rail transport

facilities in order to improve services to the population and enterprises in the oblasts, krays and autonomous and union republics.

The program proposes the following social and economic goals:

- eliminating the shortage of transport services for the population by achieving a passenger turnover amounting to 465 billion passenger-kilometers in 1995 and 500 billion passenger-kilometers in 2000;
- increasing the average speed of trains by five percent by 1995 and by no less than 10 percent by the year 2000; expanding the services offered to passengers on trains and in terminals;
- satisfying the national economy's requirements for freight shipments by bringing their volume up to 4.3 billion tons in 1995 and to 4.7 billion tons in the year 2000;
- improving freight shipments by means of their smooth operation, the safekeeping of freight and a reduction of the average delivery time by the end of the five-year plan to 4.6 days and to 4.4 days by the year 2000;
- improving the working conditions and protection of railroad workers; raising the ecological purity of the activity of all rail transport enterprises.

In the area of technology and the optimization and automation of shipment management, it provides for:

- regularly circulating a portion of the freight trains according to schedules coordinated with the enterprises being serviced and also speeded-up trains for the urgent delivery of freight;
- bringing shipment volumes in general-purpose containers to 58 million tons in 1995 and to 65 million tons by the year 2000, including those in large-capacity railcars to 24 million and 30 million tons, respectively;
- increasing the schedule speed of freight trains to 34 kilometers per hour in 1995 and to 35-36 kilometers per hour in the year 2000; reducing a freight car's average turnover time to 6.37 and 6.3 days, respectively; raising the average weight of freight trains to 3,650 tons in 1995 and to 4,000 tons in the year 2000;
- increasing a freight car's average static load to 54.8 tons by the end of the five-year plan and to 55.4 tons in the year 2000.

It was decided to achieve the improvement in railroad services and repair of technical assets by establishing and introducing a diagnostic facility and computer equipment system in each locomotive depot. It is proposed that the mechanization and automation level of locomotive and motor coach rolling stock routine repairs be brought to 48 percent by the year 1995 and to 70 percent by the year 2000.

Labor mechanization and automation in railcar facilities should be raised to 60 percent by 1995 and to 70 percent by the year 2000. Based on this, the length of the guaranteed travel section of loaded trains is growing to 650 and 800 kilometers, respectively, and that of empties to 1,200 and 1,500 kilometers.

An automated system for controlling production and the most important technological processes will be introduced in repair plants. The automation level of rolling stock repairs will grow to 50-60 percent and 70-80 percent, respectively, for the control years.

In track facilities, it has been decided to increase the mechanization level of track maintenance to 46 percent by 1995 and to 52 percent by the year 2000 and of major overhauls to 89 percent and 93 percent, respectively, by incorporating machine technological sets.

The implementation of a whole series of organization and technical measures, which include strengthening labor and technological discipline, professionally selecting personnel, raising the reliability of all rail transport technical equipment, and introducing devices preventing emergency situations, will primarily guarantee traffic safety during the movement of passengers and dangerous cargo.

A system for the automatic diagnostics of locomotives and for insuring traffic safety should be established during 1991-1994. Beginning in 1996, they intend to install it on the electric and diesel locomotives and motor coach rolling stock being built.

A reduction in the expenditure of fuel and energy resources during shipments will be insured by raising the efficiency of traction equipment, optimizing train driving conditions, expanding the areas for using regenerative braking, modernizing fixed thermal energy facilities, introducing automatic equipment in controlling heating, ventilating, hot water supply, and centralized heating supply systems in large railroad hubs and by expanding the use of secondary power sources.

It is planned to shift all passenger cars travelling on electrified lines to electric heating by 1996, and those on the network's non-electrified sections—during 1996-2000.

The establishment of an automated dispatching center for controlling shipments will be completed in 1995. During 1991-1995, 15-20 regional automated centers for controlling shipments will be put into operation, and during 1996-2000—20-25 of them; 500 and 1,500, respectively, composite automated systems for controlling technological processes at rail hubs and enterprises will be introduced.

An increase in the dependability of rail transport technical systems is being planned. It will be accomplished by providing the railroads with rolling stock of increased reliability, expanding the systems for diagnosing the condition of technical equipment during operations and

improving the system for planned preventive repairs. It is planned to deliver 3,100 electric locomotives during 1991-1995 and 3,650 electric locomotives during 1996-2000 and 6,600 and 6,600 mainline diesel locomotives (sections), respectively, to rail transport. A total of 5,000 shunting and industrial diesel locomotives will be produced during the ten years.

In the area of locomotive assets, modernization of the 12-axle, alternating and direct current, electric locomotives of the VL85 and VL15 types with a 10,000 and 9,000 kilowatt power rating, which do not have analogues abroad based on their unit power and which are now being produced, is being provided for in particular. The energy and traction parameters of these electric locomotives will be improved: on the VL85, by incorporating separate excitation of the traction engines and a microprocessor control system; and on the VL15, by optimally regulating the voltage which will insure a reduction in the starting electrical energy losses. A support frame drive, which reduces the effect on track structures, will be used on these electric locomotives.

The program provides for designing third-generation electric locomotives receiving their power from the alternating and direct current network as well as with a dual power source. These eight-axle freight electric locomotives with a dual feed 7,000-8,000 kilowatt power rating and an alternate and direct current 8,000-10,000 kilowatt power rating have a design speed of 120 kilometers per hour, a support frame drive and brushless traction motors. Semiconductor power equipment, electronics and automated equipment are the pivot of the technical basis for the third generation electric locomotives.

The problem of designing a native passenger electric locomotive also requires a solution. The fact is that the country does not have a passenger electric locomotive building capability. The Czech and Slovak Federated Republic delivers passenger electric locomotives to us. The delivery volumes do not satisfy the requirements of our native railroads and they have been reduced even more during recent years. Considering this, the program intends to design a domestic, eight-axle, alternating current, passenger electric locomotive with a 7,000-8,000 kilowatt power rating having collector traction engines, a design speed of 160-180 kilometers per hour and electric brakes. The experience of the Kolomenskiy Diesel Locomotive Construction Plant, which produces passenger diesel locomotives, will be used when designing the passenger electric locomotive.

The development and introduction of complex intensive shipping process technologies on the most important autonomous traction avenues require the forced updating of the diesel locomotive pool and its saturation with new generation machines that satisfy the most important indicators (productivity, dependability, service life, specific quantity of metal per item, and power usage) and the advanced achievements of science and technology. New more powerful and economic mainline freight diesel electric locomotives with a unit power

rating of 4,000 and 6,000 horsepower alternating and alternating-direct current, respectively, will be designed and delivered to rail transport.

The designing of a passenger diesel locomotive with a power rating of 2x4500 horsepower and with a passenger train electrical supply system will solve the problem of introducing the electrical heating of passenger consists on non-electrified lines. As a result, the social problem of improving passenger comfort and simplifying the work of train crews will be solved.

The shunting locomotive park will be updated by designing and delivering shunting-removal diesel locomotives with a 3,000 horsepower rating to the railroads for work on 1,520 and 1,435 mm track and also diesel locomotives of the TGM11 series with a 1,000 horsepower rating for 1,067 mm track. Instead of the series TG16 freight diesel locomotives, locomotives with a 2x(2,000-2,400) horsepower rating having hydraulic transmissions must be delivered beginning in 1992 for work on 1,067 mm track.

The main avenue in improving domestic diesel locomotives is the broad use of microelectronics in their control and regulation systems for the purpose of reducing the specific expenditure of fuel per unit of shipping work and of on-board diagnostic systems which permit the labor intensiveness of repair and restoration work to be reduced.

In connection with the growing air cleanliness requirements and the need to handle heavy and long freight trains, the requirement has arisen to design shunting, direct and alternating current, electric locomotives with an autonomous power source having a 4,000/1,000 kilowatt power rating and a design speed of 100 kilometers per hour. A direct current electric locomotive will be designed in 1994 and an alternating current one in 1999.

The problem of insuring local passenger traffic in large rail hubs is becoming more acute. Deliveries of cars for electric trains only satisfy the railroads' requirements by a half. The technical level of the electric trains being delivered and operated is noticeably inferior to the foreign one—basically because of the lagging behind in the designing of thyristor, sampled-data, control systems whose use has become widespread abroad.

During the coming decade, the electric train pool must be replenished with two new trains: the ER29-type for alternating current lines and the ER30 for direct current lines. These trains have a large capacity (the length of a car is 21.5 meters) and improved comfort indicators for trips by passengers.

The ER29 electric train, which will be produced in the future instead of the ER9T electric train, is equipped with a rectifier inverter transformer with reactive power compensators. The ER30 electric train—with sampled-data control of the voltage in the start-up mode and electrical braking—will be produced instead of the ER2T

electric train which, like the ER9T train, has stepped starting control and low power indicators.

The railroads will receive freight cars with strengthened automatic coupling devices and braking systems capable of supporting the movement of increased weight and length trains. Starting in 1992, an effective automatic fire extinguishing system with remote signalling must be installed on all types of traction rolling stock produced by industry.

It is intended to carry out a series of measures on the railroads that will insure increasing the annual volume of major track overhauls to 14,000 kilometers by 1995 and to 17,000 kilometers by the year 2000; medium repairs—to 20,000 and 40,000 kilometers, respectively; and the work to strengthen the roadbed to 130 million and 150 million rubles.

Rail transport enterprises will receive a considerable amount of electronic computers and personal computers (150,000) during the 10 years in order to establish automated control systems.

The construction (for the control years of the five-year plans) of 2,400 and 4,000 kilometers of secondary track and the electrification of 6,000 and 8,000 kilometers of existing lines will contribute to improving the carrying capacities of the network's main interrayon avenues.

The reconstruction of 130 freight and marshalling stations and the lengthening of receiving and dispatching track is planned. The construction of new passenger technical stations and the reconstruction of existing ones will be carried out. After this is done, up to 3,200 consists a day will be equipped and repaired at them by 1995 and up to 4,500 consists a day by the year 2000.

The more heavily loaded terminals in Leningrad, Brest, Minsk, Moscow, Dnepropetrovsk, Simferopol, Zaporozhye, Volgograd, Samara, Ashkhabad, Perm, and Krasnoyarsk will be reconstructed. The expansion of the supply bases of enterprises producing prepared products for restaurant cars and of vegetable storage places and confectionary workshops and an increase in the output of food products in small packaging and packages for one-time use, convenience foods, prepared dishes, and products with a high degree of readiness are being planned in order to supply railroad workers, restaurant cars and passengers in terminals.

In order to strengthen the Far East's transport ties with the rayons of East Siberia and to develop the BAM [Baykal-Amur Mainline] zone and the South Yakutsk territorial production complex, the construction of the new Berkakit-Tommot—Yakutsk rail line and of secondary lines in the Volochayevka-Komsomolsk and Bamovskaya-Tynda sections, electrification of the Khabarovsk-Ussuriysk line, and expansion of the Ussuriysk, Tayshet and Nakhodka stations will be completed.

The completion of the construction of the Meret-Sredne Sibirskaya line and the secondary lines in the Tayshet-Abakan-Mezhdurechensk-Novokuznetsk and Artysh-Tomusinskaya sections will permit the Trans-Siberian mainline to be relieved and shipments of coal and oil freight to be assured. The construction of the new Ingol-Meret line; electrification of the Achinsk-Krasnaya Sopka-Ingol and Ekibastuz-Pavlodar sections; construction of the Krasnoyarsk-Vostochnyy classification station; and expansion of the Abakan, Ukladochnyy and Chita stations will serve this purpose.

In order to accelerate freight turnover between the Urals and the Volga area and between the country's center and northwest, the construction of secondary tracks on the Buy-Vologda avenue, electrification of the Iletsk-Orenburg-Kimel and Rtishchevo-Kochetovka sections, and expansion of facilities at the stations of Perm-Classification, Voynovka, Lyangasovo, Rtishchevo, Yaroslavl-Main, and Kanash are planned.

Secondary tracks will be built in Kazakhstan and Central Asia on the Kandagach-Makat-Guryev-Aksarayskaya, Semipalatinsk-Alma Ata, Khavast-Kokand, and Seroglazovo-Verkhniy Baskunchak avenues. It was decided to build a new classification station in the vicinity of Alma-Ata.

On the avenues connecting the center with the country's south, it was decided to lay additional main track on the Valuyki-Nesvetay and Bakhmach-Grebenka sections; electrify the Ozherelye-Yelets, Sarayevka-Gryazi and Staryy Oskol-Valuyki sections; construct a new Nesvetay-Khopry line; and reconstruct the stations of Mineralnyye Vody, Georgiu-Dezh, and Tarasa Shevchenko.

It was decided to build secondary track in the country's northwest on the Murmansk-Apatity, Belomorsk-Petrozavodsk, and Tapa-Narva-Leningrad sections and electrify the Petrozavodsk-Volkhovstroy and Volkhovstroy-Cherepovets sections.

It is planned to build a Leningrad-Ladozhskiy passenger station and a Leningrad-South classification station and expand the Pskov rail hub.

In order to increase the Donbass-Carpathian avenue's carrying capacity and for the successful shipping of foreign trade freight, secondary lines will be laid in the Kamysh-Zarya-Apostolovo section, a new classification station at Borshechivichi will be built, the stations of Zdolbunov and Kovel will be reconstructed, and the Volnovakha-Zaporozhye section will be electrified.

In order to improve freight and passenger traffic, it is planned to build a new South passenger complex in the Moscow hub and continue the construction of additional main track on the approaches to Moscow.

In order to improve the supplying of railroad workers with industrial goods and food, the total area of stores will be increased during the century's last decade by

190,000 square meters; general commodity warehouses—by 115,000 square meters; seats in dining halls—by 91,000; and the capacity of storehouses for potatoes, vegetables and fruits—by 70,000 tons. It is planned to expand subsidiary farms on the railroads' divisions and at Ministry of Railways plants. As a result, 80 kilograms of meat and 120 kilograms of milk will be produced annually for each railroad worker.

The introduction of more advanced technical devices will permit withdrawing from areas that are dangerous to life and improving working conditions for 22,000 railcar facility workers, 85,000 track workers, 10,000 railcar speed regulators, 10,000 switchmen, and 4,000 freight facility workers. The work of women in heavy operations will be completely eliminated by the year 2000.

Measures to protect the environment and people's health provide for commissioning during the coming 10 years circulating water supply devices with a capacity of 49,500 cubic meters of water a day and structures capable of cleaning 320,000 cubic meters of drainage a day. The installation of efficient gas and furnace scrubbers capable of reducing the emission of harmful substances into the atmosphere by 2,000 tons a year during 1991-1995 and by 4,000 tons during 1996-2000 will continue at rail transport enterprises. It is assumed that the recovery of harmful substances from gas discharges will reach 2,000 tons a year. Recultivation of 4,400 hectares of land area and an increase in the area of protective afforestation are coming.

The program plans for scientific research in the area of creating fundamentally new materials, including composition ones, for rolling stock and materials for use under the especially heavy operating conditions of traction equipment and permanent way elements. It is assumed that new types of fuel, energy devices and storage-battery and adiabatic engines will be found and resource saving technologies, which will reduce the usage of diesel fuel, will be developed.

Research into the possibilities of using high-temperature superconductivity will be performed to increase the efficiency of the processes for converting the energy in various railroad technical devices. It is assumed that a complex diagnostics system for fixed equipment and rolling stock, the automated monitoring of the condition of the rails, new braking devices for rolling stock, and instruments for improving train movement safety will be developed during the period 1991-1993. Satellite and fiber-optic communications systems will be designed during 1992-2000.

Scientific work on the problems of the Center-South high-speed passenger mainline and the designing of a testing and experimental base and a testing railroad section for this and rolling stock capable of moving at a speed of up to 350 kilometers per hour is planned.

Models of the fundamental avenues in further perfecting the rail transport management mechanism and structural and investment policy will be established during 1991-1992. Work is being performed on the problems of controlling rail transport and its coordination with other types of transport and industrial enterprises.

Radically new types of locomotives and motor coach rolling stock should appear on the country's mainlines during 1991-2000: diesel locomotives with increased power ratings in each section, dual feed electric locomotives with brushless traction engines, electric train cars with a length of 21.5 meters having regenerative braking and thyristor transformers. Robotic systems for loading and unloading will insure the safe handling of freight and the reduction of labor intensiveness in operations.

The modernization of All-Union Railroad Transport Scientific Research Institute test facilities in Sverdlovsk and the high-speed test track on the Belorechenskaya-Maykop section is planned.

Based on USSR Council of Ministers Decree No 1001 dated 14 October 1990, the Ministry of Railways is developing concrete measures for the technical re-equipping and modernization of the railroads—measures which have been combined in Order No 34TS dated 1 December 1990. In particular, this document on locomotive assets orders the Locomotives Main Administration of the Ministry of Railways, the chiefs of the railroads and the All-Union Railroad Transport Scientific Research Institute to develop a more effective system for the technical servicing and routine repairing of traction rolling stock with the widespread use of new diagnostic and computer equipment systems during 1991-1993. It should be introduced into ten depots during 1994-1995 and on the entire network by the end of the century.

The participating Ministry of Railways main administrations and the directors of the railroads, divisions and enterprises have been ordered to improve the professional selection of those wishing to work on locomotives and insure strict observance of work and rest conditions by locomotive crews, their observance of the rules for using movement safety instruments, etc.

It is necessary to point out that the USSR Council of Ministers decree and the order of the minister of railways embrace practically all aspects of rail transport's activity and are very voluminous. Therefore, the magazine's editors have tried for the readers to cast light on the most topical items in these documents. Let us hope that this publication will permit engineers, their helpers, repairmen, and production directors to picture the entire range of the coming changes.

COPYRIGHT: "Elektricheskaya i teplovoznaya tyaga", 1991

Gas-Powered Locomotive Project Hits Snag*914H0178A Moscow GUDOK in Russian**17 May 91 p 2*

[Article by N. Fufryanskiy, doctor of technical sciences:
"Expensive and Very Dangerous"]

[Text] Moscow—About three years ago a USSR government decree proposed bringing the gas-powered shunting locomotive park to 100 units by 1995 and to 250 by the year 2000 in the Ministry of Railways system; and to 200 and 500, respectively, in industrial transport. In addition, the task of completing tests in 1991 for the next mass production of this equipment was posed. As it turned out, the quotas were given without a preliminary analysis of the development prospects for domestic and foreign railroads, technical and economic calculations and justification of the selection of the most effective avenues for expanding the fuel and energy base.

The gasification of diesel locomotive traction and the mass production time frames of gas-powered locomotives were examined as if the design of the new type of traction had been worked out in world and domestic locomotive building, the safety of operation was guaranteed and the design and technological services and manufacturing plants were prepared.

A working group of specialists, which they commissioned to summarize existing materials on the technical and economic effectiveness of using gas and other types of fuel on the country's railroads as alternatives to the serially produced motive one, was formed in the Ministry of Railways. It was also proposed that the group justify a long-term policy for the railroad's fuel supply considering the requirements for movement safety and the insuring of the operating characteristics of locomotives required in the future.

Employees of the All-Union Railroad Transport Scientific Research Institute; Kharkov, Rostov and Moscow training railroad VUZ; State Institute for Rail Transport Technical and Economic Research and Design Work; and Ministry of Railways Locomotives Main Administration participated in this work. Specialists from other institutes in the country were also involved in it.

Technical and economic research was carried out for gasification using liquefied and compressed gas and was compared with the expenditures going to electrification. The State Institute for Rail Transport Technical and Economic Research and Design Work worked up a design loop—33,700 kilometers. Plans and forecasts for the electrification of the railroads out to the year 2010 were considered when selecting the loop. The matching of the loop with the location of main gas lines was done on the basis of data received in the All-Union Scientific Research Institute for the Gas Industry. Ton-kilometer activity and the expenditure of diesel fuel were determined on the loop being examined.

The calculations showed that capital expenditures for the gasification of the diesel locomotive park servicing this loop would be approximately 5.3 billion rubles. Additional expenditures for energy resources using liquefied or compressed gas (in standard fuel) would come to 180,000 tons a year. The number of servicing personnel would grow by 28,000 people. The annual operating losses on this loop would be 100-200 million rubles. The calculation was made for a railroad loop adjacent to existing gas lines. If the gasification of diesel locomotive traction did not take place in accordance with the principle of proximity to gas mainlines but in accordance with the advisability of distributing types of traction, the expenditures would increase substantially.

The anticipated expenditures cited in the estimate are incomplete since the expansion of industry for the production of standard, alloyed and high-alloy steel and of plants for the production of cryogenic equipment, high pressure gas cylinders and equipment for completely outfitting stations liquefying and compressing natural gas are not taken into consideration in them.

If one evaluates the gasification of the design diesel locomotive traction loop in coordination with the expenditures for establishing an essentially new branch of locomotive building, the total expenditures will exceed 10 billion rubles. With annual operating losses of 100-200 million rubles, let us compare the amount of capital investments in gasification (without considering the actual increase in prices) with the total capital investments in expanding the Union's railroads. These totaled 15 billion rubles during 1971-1975, 20 billion rubles during 1976-1980, and 24 billion rubles during 1981-1985. Therefore, financial and material expenditures equal to three or even five years of investments in the branch are required in order to save 2.0-2.5 million tons of diesel fuel.

According to the appraisal of the State Institute for Rail Transport Technical and Economic Research and Design Work, capital expenditures for the electrification of that same loop would be about five billion rubles with a locomotive park cost of 1.295 billion. In this event, additional investments in locomotive assets would fall off, expenditures for repairs would be reduced twofold-threefold, the carrying capacity would be increased, and 30-40 percent more diesel fuel would be freed than with gasification. Thus, if an urgent need arises to reduce diesel fuel expenditures, electrification of a portion of the diesel locomotive loop is twofold-threefold more beneficial. Neither the principles nor the equipment for operating and repairing locomotives are changed with this.

Thus, the idea of gasifying diesel locomotive traction contradicts the technical policy of developing our domestic railroads. The locomotive park structure, which has taken shape, urgently requires a halt to the production of diesel locomotives with a 3,000 horsepower rating (for diesel engines) per section. Locomotives with a 4,000 rating, on whose preparation for serial

production industry and transport have been working for more than 17 years (the 2TE121 diesel locomotive), are required. Moreover, test models of mainline diesel locomotives with a 6,000 horsepower rating per section, with whom the future of our locomotive building lies, are being manufactured.

The designing and manufacturing of experimental gas-powered locomotives with a diesel 3,000 horsepower rating have shown that a further increase in their power rating is difficult—if not to say, ruled out. Otherwise, the total weight of the equipment located in the tender sharply increases the locomotive's total length and weight and complicates its control, servicing and maneuverability. Gasification of the shunting pool lacks prospects to a greater degree. These locomotives operate almost 70-75 percent of the time on idle running and with a small load. Their number is not great and they are concentrated. That is why there is no basis for expecting a noticeable savings in liquid fuel.

Moreover, the appearance of gas-powered locomotives on the railroads is inadmissible for safety reasons connected with their operation. Based on research by the All-Union Railroad Transport Scientific Research Institute, the estimated probability for fires and explosions originating on gas-powered locomotives exceeds that allowed by the existing GOST [state standard] (depending on the design) by 20-fold—80-fold. Up to 100 fires now occur on diesel locomotives a year. It is necessary to write off part of them. Gas-powered locomotives will increase this danger.

One and a half years ago, the problem of using gas as a fuel for diesel locomotives was examined during an expanded session of the Ministry of Railways Scientific Technical Council's locomotive section. Workers from the Ministry of Railways, State Institute for Rail Transport Technical Economic Research and Design Work, All-Union Railroad Transport Scientific Research Institute, and other departments and organizations participated in the discussion of the main report which I gave. It was pointed out that the idea of building a third type of traction—gas-powered locomotives—would contradict the prospects for expanding the railroads since a more expensive, less economical and less powerful locomotive in comparison with serially produced diesel locomotives—and, moreover, one in danger of exploding or catching fire—is being thrust upon transport. The regret is being heard that the former leadership of Gosplan and the USSR Council of Ministers required the railroads and the locomotive building industry to design an essentially new type of traction without having troubled themselves with a technical and economic appraisal of the problem. This has already led to expenditures of approximately 20 million rubles.

In addition, it was pointed out that the leadership of the Ministry of Railways Fuels and Heat Engineering Administration, which had sufficient materials available proving the unacceptability of gas-powered locomotives for domestic mainline locomotives, continued this work

without informing the Council of Ministers properly. As a result, the erroneous decisions of past years continued in effect.

Generally speaking, the members of the locomotive section and those invited were unanimous in evaluating the problem: it is necessary to halt work on gas-powered locomotives—and the sooner the better. The majority supported a halt at the plant bench test stage. Nevertheless, the idea still lives. From a scientific point of view, the research in this area is interesting and can be realized in local regions as they are trying to do on one U.S. railroad.

Railway Collegium on Increasing Transport Volume

*914H0180A Moscow GUDOK in Russian
29 May 91 p 1*

[Article by L. Kizilova: "The Schedule: Economic Responsibility"; from a session of the MPS Collegium]

[Text] It is fashionable right now to deprecate the days when a plan or a schedule had the force of law. In so doing, economic methods will certainly be contrasted to administrative-command methods. We can deprecate all we want, it is just what things have come to today: our plans have lost the dependable force of a law, but no firm economic guarantees have been found.

The same thing is happening with the railroad transport traffic schedule. We have so far not managed to transfer it to the rank of an "economic category." The need for economic stimuli, measures and sanctions promoting adherence to the schedule was also mentioned at the last meeting of the MPS [Ministry of Railways] Collegium.

It is an urgent problem, since, beginning on 2 June, a new traffic schedule and plan for making up trains will go into effect on the country's railroads. It is compiled yearly—and is disrupted yearly.

Not a great deal has to be said about the reduction in the transport volume—the reasons are clear: production has been curtailed, and transport has also been reduced. Indicators such as labor productivity and production cost? As L.I. Matyukhin, deputy minister of Railways, noted, not only has the reduction in the transport volumes had its effect here, but also other factors, which must still be analyzed.

Thus, the labor productivity of the workers engaged in transport is being reduced, and passenger turnover too, but the cost is growing. The traffic schedule for passenger trains with respect to travel has begun to be slightly better fulfilled (by 0.7 percent) than last year, but nevertheless, on the average, every passenger train is 1.8 hours late. On international lines it is even worse.

Things are not going well in the freight division either. True, here the travel schedule has also begun to be adhered to 1.6 percent better. The level of freight train

dispatching, however, will not stand up to criticism. Some 206,000 trains have already been dispatched late. The idle times for loading and unloading are long. We will not start listing the figures characterizing the "contribution" of each of the services—track, locomotive.... There is no analysis of this list yet. It is clear that the poor state of the tracks and the broken, worn-out rolling stock has an effect on train traffic. We will note only that the breaks in dispatching freight trains for so-called "other" reasons has risen by 30 percent. A. Chernyugov, chief engineer of the Transport Main Administration, noted with complete justification at the meeting that the level of analyzing the schedule had gone down.

Incidentally, about the analysis. The directors of the roads that were least successful in fulfilling the schedule (the Sverdlovsk, Southern, Azerbaijan) were probably invited to speak at the meeting of the collegium precisely for this reason: to analyze and substantiate the reasons for the disruptions and name the difficulties and the ways of eliminating them. Instead of this, alas, one heard allusions to neighboring roads and an unsystematic list of various factors. For example, D. Dashevskiy, deputy chief of the Sverdlovsk Railroad, was inclined to consider the "salting" of the tracks during the transport of potassium fertilizers as almost the main reason for all the schedule troubles.

How can the level of operations be raised? The answer to this question, it would seem, is obvious: there must be economic measures and economic responsibility. After all, though, this has long been obvious....

It is still comforting that "a word was put in" for economics. It was proposed that: the plan for formation be transferred to an economic basis and the sum of the losses incurred and the appropriate fines be determined; material responsibility be introduced for disruption of the passenger train schedule: ten rubles per minute; mutual economic responsibility for this between roads be ensured; arbitrarily sending freight by an optional route be penalized with the ruble.

This is already, as they say, a businesslike discussion.

What characterizes the new schedule? First of all, the fact that the individual norms incorporated in it are known to be worse than the existing ones. That is why they were adopted at the meeting of the collegium on 17 January in the course of a heated discussion. All the same, bearing in mind the actual situation, it was this precise resolution that was chosen.

Let us designate the basic indicators of the new schedule. It is calculated for passenger transport in the amount of 420 billion passenger-kilometers and for freight transport—4,250 million ton-kilometers. The designed and route speed of passenger trains are, respectively, 58 and 48.8 kilometers an hour. The average speed for freight trains is reduced by 0.7 kilometers an hour (due to the large number of speed restriction warnings). As a result of this, the designed speed is reduced to 47 kilometers an hour and the section speed—to 36.2.

At the same time, the number of specialized "lines" for container and refrigerator trains, and for the transport of coal, ore and metal will be increased. Permanent special trains are being introduced to accelerate the delivery of imported freight and freight for humanitarian purposes.

Measures are also specified to ensure the mass summer transport of passengers. We will speak of this in greater detail on the eve of introducing the new schedule. We will note only that these changes pertain to all types of passenger routes—from suburban to international.

Serious measures were outlined at the meeting of the collegium—technical and organizational—to improve discipline in adhering to the schedule. More than once, however, the reasonable question was heard: does it have to be changed every year? Is this advisable? How many problems there were with just printing the schedule booklet! It costs about 90,000 rubles to issue them for one road, even though only a few pages were changed.

V. Shatayev, chief of the Passenger Main Administration was disturbed about this: so far neither the train engineers nor the ticket offices have the new schedule. They have to operate! We will be late, he feels, in coming out with the new schedule. It should have been finished in January, not in April. The main thing: is it worth it to compile it again each year, if it is still not being fulfilled?

How are things going with this matter in other countries? In Japan, the passenger schedule is 95.5 percent fulfilled. It would appear fully comparable with ours. The percentage of nonfulfillment among the Japanese, however, is much less "drawn out": a passenger train is late on the average, not by 1.8 hours, as in our country, but by only ... one minute. Given this correlation, our schedule can hardly be ranked in the "economic category."

Summer Train Schedule Examined

914H0180B Moscow GUDOK in Russian 1 Jun 91 p 1

[Interview with V. Shatayev, chief of the Passenger Main Administration of the Ministry of Railways, by V. Trushkovskiy, GUDOK correspondent: "The Trains in the Summer: The New Traffic Schedule Goes into Effect Tomorrow"]

[Text] The summer season is coming; many people have already decided where and how to go away to rest. The main flow of passengers, of course, will take the "steel mainlines."

How have the railroad workers prepared for the season under today's difficult conditions? Our correspondent interviews V. Shatayev, chief of the Passenger Main Administration of the MPS [Ministry of Railways] on this subject.

[Trushkovskiy] As we know, there are problems in passenger transport at any time of the year. One of them is the provision with rolling stock. This probably becomes even more critical in the summer.

[Shatayev] This is really a perpetual problem. Today the fleet is short 14,000 passenger cars. This includes 7,000 cars with above-norm service life—over 28 years—essentially, worn and broken.

In order to ease the acuteness of the shortage, we are reducing to a minimum the number of cars in depot repair for the summer, and are even stopping it at some depots. This is not, of course, the best way out, but so far there is no other.

During 1991 the fleet will be supplemented by 1,022 cars, purchased in Germany. At first the roads refused them (because of the high price on the commercial rate of exchange). The decision has now been made: the roads will buy the cars at the official rate of exchange, and the MPS will pay the difference.

We are trying to make more efficient use of the existing passenger fleet and to increase the number of seats in the trains. Additional consists will be introduced this summer, longer ones—20-24 cars each.

[Trushkovskiy] How will the situation with the track installations affect passenger transport?

[Shatayev] The poor state of the tracks will unquestionably affect passenger train traffic—it will lead to reducing their speed and cause unforeseen complications.

Some roads have already sent us suggested speeds for traffic by sections. Where it should be 120 kilometers an hour, it will be hard to achieve 80, and instead of 60—25.

Reducing the speed of traffic entails a string of problems—additional consists are needed on the lines, and that means increasing the number of conductors, and we don't have an abundance of them anyway. The conductors, all of them alike, are working in a time of stress. It is clear that the passengers will suffer most of all from this service.

[Trushkovskiy] What is new in the present schedule?

[Shatayev] New passenger trains are specified, including two for international service: Moscow-Belgrade and Moscow-Cologne, as well as shuttling international through cars from Kiev to Munich, Leningrad-Cologne, Chernovets-Sofiya, Novosibirsk-Peking [Beijing] and Chita-Peking. Within the country, new services have been established, Kishinev-Adler and Moscow-Chernovets.

Five pair of through suburban trains will shuttle along the Domodedovo-Moscow-Paveletskaya route (non-stop).

Passenger consists that are on hold will additionally be used for suburban transport of fruit growers on their days off and holiday eves on the Moscow-Vladimir, Moscow-Shulgino and Moscow-Tula routes.

[Trushkovskiy] Tourism makes up a considerable part of passenger transport. Has the situation in the country affected it?

[Shatayev] The amount of tourist transport dropped considerably this year, particularly in the Baltic republics and the Transcaucasus. The flow of foreign tourism has been reduced—both on our part and from abroad. The recent increase in the cost of train travel has also played a role here. According to our conjectures, tourist transport will drop up to 20 percent in the summer period. The most stable routes right now are those to Belorussia, Dnepropetrovsk and Odessa. A reduction is expected in the flow of passengers on health resort routes: after all, travel permits have also become more expensive—tripled or quadrupled. Indeed, you cannot rest all that well even as an “unofficial holiday-maker”—there are signatures and coupons everywhere.

[Trushkovskiy] Valeriy Nikolayevich, two months have now passed since the tariffs were raised. It is obvious that the first conclusions can be drawn.

[Shatayev] The rise did not, of course, take place painlessly.

The tariffs, just as a lot of other pricing, in our opinion, should be changed on the basis of the state of the economy. This should be done smoothly, however. The present leap occurred because the preceding tariff revision took place in 1948—it proved to be not easy, but necessary, to overcome over 40 years of financial disproportion.

[Trushkovskiy] Did it have the expected effect?

[Shatayev] On the one hand, yes. We now have something with which to cover most of our expenditures. On the other hand, the funds obtained are not quite enough for the long-term—if only to raise the quality of service for the passengers.

[Trushkovskiy] It is no secret that enterprise-name passenger trains have lost their prestige lately. How do you feel about the idea of raising the tariff for travel in enterprise-name trains in order to direct the funds obtained toward improving their service?

[Shatayev] At present USSR Gosstandart [State Committee for Quality Control and Standards] is examining these proposals by the MPS. They are set forth in the “Requirements for Services in Transporting the Population on Enterprise-Name Trains,” which we drew up. All the funds received from this raise will be directed to the railcar sections and depots engaged in preparing enterprise-name trains. The direct result of these measures will be an improvement in the service on enterprise-name cars and a guarantee of comfort.

Railroad Electrification Rate Decreases

914H0179A Moscow GUDOK in Russian
30 May 91 p 2

[Article by V. Kalinichev: “Difficult Kilometers in Electrification”]

[Text] The electrification of the railroads is the basis for technical progress in rail transport. Economy, an actual increase in train weight, schedule speed and the carrying capacity of the avenues, the reduction of manual labor, and a significant improvement in the living conditions of not only railroad workers but also the inhabitants of adjacent rayons contribute to electrification.

Why have its rates now decreased fivefold in comparison with past years?

We are standing near a diagram of the country's railroads. V. V. Munkin, the Electrification and Power Supply Main Administration chief, began as an energy section engineer and was a director of power facilities services and a deputy railroad chief. Therefore, he does not know transport's power problems by hearsay. I will give the essence of our conversation below.

The GOELRO [State Committee for the Electrification of Russia] plan prescribed the start of the railroads' electrification. At the time, they planned to electrify 372 kilometers before 1930. The rates for that time were significant if one considers that the country was producing only a half billion kilowatt hours of electrical power in 1920. It is useful to recall that the expansion of electrical power has increased almost 600-fold during the years of Soviet power.

And so, the first electric train in the USSR departed on 6 July 1926 from the station of Baku-Sabuchinskaya for Surakhany—a 20-kilometer section. The length of rail lines, on which electric locomotives operate, is now almost 55,000 kilometers—more than a third of all electrified railroads in the world. Electric locomotives carry 65 percent of the network's freight turnover.

The highest electrification rates occurred during the Sixties and Seventies when 2,000-2,500 kilometers were built annually. The rates have significantly lessened during the last decade. We managed to electrify 890 in 1989 and only 400 last year. These are the lowest indicators in the last 30 years!

What is the reason for such a sharp decrease in rates? First of all, there is the fact that financing previously took place in a centralized manner but it now depends on the profits of the individual railroads. Profits have been sharply reduced because of the constant decrease in freight volumes. That is why some railroads have refused to electrify lines further.

The program for rail transport development out to the year 2000, which was developed over the last five years, plans for the electrification of 14,000 kilometers; however, with the present sheer confusion in planning, it is difficult to say how much will indeed be done even this year, not to mention the future.

With an easiness worthy of a better cause, we have rejected five-year planning. There are no clear annual quotas at a time when the majority of the developed

countries are successfully using our experience for state-wide programs and developing such plans. Can one order equipment and materials and prepare plans and specifications and construction and assembly organizations in a timely fashion if one does not know what we will build in the very near future?

We are now sharply criticizing the mistakes made during the years of the first five-year plans and the failure to fulfill certain quotas; however, it looks as if we have not lived up to the State Committee's quotas and the commentaries to it in fulfilling the plan for the just completed five-year plan. Evidently, its results will not add prestige to the perestroika period.

The so-called critical freight turnover, below which the shift of the railroads to electrification is considered ineffective, is impeding the electrification of the lines. Calculations based on the first years of intensive electrification proved the advisability of shifting two-track avenues with a freight turnover of 30-33 million ton-kilometers and one-track ones with 13-15 million ton-kilometers to electric traction. The world's railroads consider it economically justified to introduce electric traction on lines with a freight turnover twofold-threefold less than that accepted by us. Evidently, we must review the critical freight turnover value.

The fact is that transport power engineer specialists have acquired quite a bit of experience in operating electric traction. This has permitted the specific expenditure of electric power per shipment to be reduced significantly. It is almost twofold less for us than on the railroads of the FRG, Hungary and other countries. Moreover, the specific expenditure of fuel and, consequently, shipping costs with diesel traction are constantly growing.

That is why the shift of a section with an average freight traffic density from diesel to electric traction permits saving more than 90,000 tons of standard fuel annually for each thousand kilometers, that is, approximately 11 million rubles (in 1990 prices). Preliminary estimates testify that the critical freight turnover, with which it is advisable to shift to electric traction, is being reduced by 25-30 percent and the normative pay-back period for capital investments—twofold-threefold. All of this confirms the fact that it is not in the railroad's interests to renounce the shift of sections to electric traction.

The cost of shifting a kilometer to electric traction has grown more than twofold during recent years in comparable prices. This also makes it more difficult to solve electrification questions. An analysis shows that the rise in prices mainly occurred because the construction of buildings and structures having no relationship to electric traction facilities were included in the plans and specifications. The installation reconstruction factor was significantly increased and expenses for the watch method and other "twists," which do not always justify an increase in operating costs, have been introduced. Up to half of the installations included in the design are sometimes not directly related to electrification. That is

why they frequently hand over for operations sections without these installations. The builders avoid their construction under any pretext—especially when considerable expenditures of skilled labor are required and there is no large profit.

During the last five years alone, such installations worth 80 million rubles were not built. In the final analysis, this practice has led during recent years to a lengthening of the periods for building electric traction sections. Whereas the Mariinsk-Zima line (1,222 kilometers) was constructed during four years in 1956-1960, the Karymskaya-Arkharu avenue (1,788 kilometers) required more than 11 years to electrify under similar conditions 20 years ago. It was handed over in stages and it took years to eliminate the flaws in workmanship on each section.

In Ministry of Railways practices, the effectiveness of capital investments is unfortunately determined by an estimate during the design stage. The actual effectiveness is of little interest to anyone after projects are commissioned. The fact that the railroad has not earned these assets and they are allocated from the center explains this indifference. In world practices, an analysis is made based on the results of the first, third, fifth, and estimate years of operating.

Under the new financing conditions, it is advisable for us to establish a similar procedure for checking the actual effectiveness of capital investments. This will permit more accurate planning of measures to improve the use of invested assets and an increase in the responsibility of design organizations for the trustworthiness of their estimates. This will contribute to a reduction in electrification costs.

It is necessary that railroad enterprises prepare track, locomotive and other facilities for the introduction of electric traction using the assets intended for their development—as was done in the past.

While preserving the proven principle of electrifying whole avenues, it is also necessary to carry out construction on small sections. This will reduce expenses for replacing diesel locomotives with electric locomotives. (All depots are not immediately re-equipped, but in turn). Apparently, it is necessary to begin electrifying lines which are operating on diesel traction and which connect avenues that have shifted to electric traction. This will provide an opportunity to better organize repairs and the operation of electric locomotives thanks to the reduction in the number of locomotives attached to the depot.

In the country's interest, it is extremely necessary to restore the high tempos in shifting railroads to electric traction. To do this, it is necessary during the transition period to partially preserve centralized planning of capital investments and carry out construction first on sections having minimal labor costs and large economic

effects. The establishment of subunits capable of performing the entire complex of work needed to shift sections to electric traction seems advisable under these conditions.

The railroads' mutual relations with power supply enterprises have recently become somewhat complicated. The country's power engineering specialists are now going through a difficult period. The construction of electric power stations has been halted in many regions under the banner of the struggle for ecological cleanliness. The demands of industry and transport for energy are not considered in this at all. The fact that one of the striking miners' indispensable demands was the halting of the Biyskaya Hydroelectric Power Station's construction puts one on guard. The strongly worded letter from five USSR Supreme Soviet deputies, school teachers by specialty, who are demanding a halt to the designing and construction of the Katunskaya Hydroelectric Station is puzzling.

Unfortunately, the construction of nuclear power stations, hydroelectric power stations and heat and electric power stations is being halted everywhere under the onslaught of meeting verses. Did those participating in the meetings think that hydrocarbon sources, in particular, oil, are sufficient for a maximum of 40-50 years? Equipment based on solar energy and wind power are probably only suitable to service small suburban sections.

In past years, rail transport as an important state consumer enjoyed a top priority right to the supply of electrical energy. Exceptions occurred only during large-scale accidents and each case was reported to the country's government.

The halting of the supply of electric energy to railroad substations has now become an ordinary phenomenon. Trains stand idle for days on many sections in the Urals, Siberia, southern Russia, and the Far East waiting for power. Diesel locomotives often operate on electrified sections of the Trans-Baykal because of a shortage of electric power. We had to shift to diesel traction on sections of the Transcaucasian Railroad also last winter—this is not so simple.

In connection with the energy shortage, the Ministry of Power and Electrification is refusing to finance the construction of external power supply networks for electric traction as was done previously. The Ministry of Railways is proposing to finance the construction of high voltage supply lines from its own sources. This requirement is illegal since external power supply networks are also used to supply energy to enterprises and to the settlements adjacent to railroads in the rayons. Already, the railroads are now expending approximately 100 million rubles annually to maintain these networks. Apparently, one must find a compromise solution in which not only the railroad workers but also the country's power engineering specialists are interested.

The power engineering specialist collective of the railroads has a clear action program for modernizing existing lines and constructing more electric traction sections; however, it is not capable of fully implementing this program alone.

In the work practices of the Ministry of Railways Collegium, it is a rule to discuss the branch's very important strategic questions during joint sessions with the collegiums of other ministries. It seems that the problems of electrifying lines and the necessity to restore the rates in introducing electric traction are a question which can only be solved through joint energetic actions by the Ministry of Railways, Ministry of Power and Electrification and Ministry of Transport Construction.

Railroad Chief Gives Reasons for Sharp Fare Increases

PM1206142791 Moscow Central Television First Program Network in Russian 0600 GMT 4 Jun 91

[From the "TOPICAL REPORTAGE" program: Report by Aleksandr Abramov, identified by caption, on railroad situation, including interview with V.N. Ginko, USSR first deputy minister of railways, identified by caption]

[Excerpt] [Abramov, subsequently identified by caption] In 50 or 100 years' time textbooks on our country's history may state: In 1991 prices for all goods went up several-fold, but the people survived. And students will rack their brains about this phenomenon. But jokes apart, looking at the title of this program [caption reads: "There is no other option; let's take the train"] you have guessed that we will be talking about the increase in railroad fares.

In mid-April I headed for my plot in Moscow Oblast to plant out some seedlings, and I found that the price of my ticket at the Kursk station had trebled. I tried to remember government documents on this subject but somehow I could not recall anything about a trebling of fares. You know, if the theme of the reportage has an immediate bearing on the journalist in question, the author becomes much more angry. In a way, this is understandable. In this frame of mind, but having regained my composure, I headed for the Ministry of Railways to find out what was going on.

[Abramov] Vladimir Nikolayevich, how has the Ministry of Railways been affected by the general increase in prices? After all, the cost of electricity, metal, and so forth has gone up.

[V.N. Ginko, USSR first deputy minister of railways, identified by caption] We used to buy railroad cars from Germany for 200,000 rubles [R]. Today the same car costs R1.5 million. At present 300 new cars addressed to us are marooned on the border between Germany and Poland, but the railroads cannot claim them because we simply do not have that sort of money. We use tens of millions of ties per year. A tie used to cost R8. It now

costs R40. The cost of electricity has trebled. The cost of construction work has increased by 150 to 200 percent. The price of an electric locomotive has more or less doubled. We were therefore faced with the choice of either going bankrupt or increasing fares. The point is that fares, excluding direct sleeper-car fares, date back to 1948, and certain fares for suburban routes date back to 1919. Therefore, for many years now, passenger transport has been operating at a very low profit—somewhere in the region of five to six percent, while commuter transportation operated at a loss which, last year for example, totaled R370 million.

[Abramov] Do you not receive any subsidies from the government for carrying commuters?

[Ginko] We receive no state subsidies either for commuter or any other type of transportation. [excerpt ends 05/00 minutes/seconds into the program]

[10-minute passage omitted deals with the justification for higher fares, giving a breakdown of the various fares and their impact on passengers, and also details about negotiations between the Moscow Soviet and the Ministry of Railways]

MARITIME AND RIVER FLEETS

Deputy Chairman Explains New Rosrechflot Concern

914H0186A Moscow VODNYY TRANSPORT in Russian 2 Mar 91 pp 1-2

[Interview with Lev Nikolayevich Ryamzin, first deputy chairman of the Board of Rosrechflot, by A. Travnikov, VODNYY TRANSPORT correspondent: "A Concern Without Magnates"]

[Text] It has been six months since the founding of the Rosrechflot State Concern, and the editors continue to receive letters from river transport workers, requesting to be told just what it is, how it differs from the former Ministry of the River Fleet and what this new formation promises for the future.

Our correspondent turned to Lev Nikolayevich Ryamzin, first deputy chairman of the board of the concern, with these questions, and began with, it would seem, the simplest one: "Just what is a concern?"

"The problem of formulation is far from banal," answered L. Ryamzin, "in fact, in all dictionaries, the concept of this English word is explained as one of the most complex forms of monopolistic association, in which the enterprises entering into the concern are subject to the control of the financial magnates heading it. This probably confuses many people. After all, magnates are very rare in our country. Just what has really happened in our country?"

"In accordance with the resolution of the RSFSR First Congress of People's Deputies and the Law of 14 July of

last year 'On Republic Ministries and State Committees,' 17 ministries and committees in the sphere of physical production, including river and motor vehicle transport, were not on the approved list. The RSFSR Ministry of Transport and the RSFSR Ministry of Industry were formed instead. Each of the formerly existing ministries and committees in the sphere of physical production in Russia were converted into State concerns, associations or unions, even though, in addition to the river transport workers, the enterprises of these sectors of the national economy, even before this, had and continue to have dual jurisdiction. In each of the ispolkoms of the local Soviets at the level of autonomous republics, krais and oblasts, there were and continue to be enterprises or associations of local industry, everyday service, motor vehicle transport, construction and operation of highways, etc. Our system of management (ministry-shipping company, railroad association, educational institution or other organizations) has not undergone any major changes since the day the sector was founded. Therefore, it must be said straight out, this revolutionary resolution on eliminating the coordinating organ of the republic's river transport sector put river transport specialists in a difficult position.

"The thing is done, however. Therefore, I do not wish to discuss the legality of this step taken by the government. I think that life itself will put everyone in the proper place. In principle, our activity logically preceded this tremendous conversion. With the transition to cost accounting and self-financing, the enterprises obtained independence. The new forms of cost accounting—second model, lease contracting and leasing—were approved in the system of the Ministry of the River Fleet. The sector's managerial structure was perfected, both at the ministry level and at the enterprise level. The size of the central staff was reduced by 36 percent during these two years, or from 654 persons to 421. The number of structural subdivisions was reduced by 40 percent."

[Travnikov] Does it turn out that you have been actively preparing for the conversion for two years?

[Ryamzin] River transport is a complex sector. You never do anything sensible impetuously or without preparation. Our fleet serves the people of 12 autonomous republics, 5 krais, 42 oblasts and 9 national okrugs. Some 9-15 percent of the total freight transport volume falls to the river transport workers. In addition, we have ties with 27 foreign states. We transport about 100 million passengers and tourists yearly. Does all this not indicate the complexity of river transport management?

Furthermore. Our enterprises safeguard the navigation conditions for 25,000 river ships for general use and about 27,000 ships of different ministries and departments under union and republic jurisdiction. There are over 100,000 kilometers of inland waterways on the territory of the RSFSR. They include ship hydraulic structures, locks, pumping stations, etc. Maintenance of this equipment, with a total value of over 3.5 billion rubles [R] of fixed capital, costs over R220 million a

year. Equipment of this sort must not be smashed to pieces, the structure must be maintained and kept intact.

[Travnikov] I know that the river transport workers, particularly the captains of certain ships, were only for reducing the staffs of managerial personnel, but for the integrity of the sector....

[Ryamzin] That is correct. This is the opinion of many river transport workers who fulfill an important social class demand which requires centralization. They are the only ones in the country who deliver freight and passengers along small rivers, in so-called out-of-the-way places. It is almost impossible for any other type of transport to do this, given the roadless conditions. We transport almost 60 million tons of freight and over four million passengers. These waterways extend for 42,000 kilometers.

[Travnikov] Lev Nikolayevich, what changed when the ministry was abolished?

[Ryamzin] I have already mentioned that careful preparations were made for adopting the resolution. A group of specialists of the central staff appealed to all the directors of associations, organizations, and industrial enterprises of river transport with a proposal to form a concern, as a transport production complex, carrying out its activity on the principles of cost accounting, self-financing and self-administration. At the same time, it was proposed that everyone becoming a member of the concern being organized should retain their economic independence.

After obtaining the consent of all the enterprises, the RSFSR Council of Ministers resolved to create the Russian State Concern of the River Fleet, Rosrechflot. The concern does differ from the ministry, in many ways. Instead of the formerly existing 17 main administrations and departments, seven centers and two main administrations were created—Glavvodput and the Main Inspectorate for Navigation and Protection of Facilities. All the founding enterprises were delegated the executive functions of the staff of the concern. The centers and the two main administrations are maintained at the expense of the founders. The staff expenditures have been reduced by 42.1 percent. The staff size of the concern has been reduced from 401 to 205 persons. At the same time, the wage fund, even with the increased deductions for social insurance, was reduced by 48.7 percent.

[Travnikov] Do the functions that were transferred to the staff of the concern differ greatly from the former ones?

[Ryamzin] The workers of the staff have a wide range of duties. It will also handle formation of the sectorial technical policy and working out and carrying out comprehensive scientific-technical and ecological programs. The staff is centering its attention on re-equipping the fleet, seeking new technology and materials, introducing automated control systems, operating the hydraulic

structures and regulating the work of the fleet in inter-basin service. The staff will solve the problems of rendering aid in developing foreign economic relations and trade and scientific-technical cooperation. Production and interdepartmental cooperation and mediatory activity to allocate the various orders for construction and repair of the fleet and transshipment equipment remain in the concern's field of vision.

In addition, on 29 October of last year, the RSFSR Council of Ministers defined certain functions of Rosrechflot with respect to State management. In particular, it was resolved to set up economic enterprises and organizations, to turn over enterprises for leasing and to implement the hire of the directors of enterprises taking part in the concern. It was determined that the foreign economic and scientific-technical cooperation of Rosrechflot be carried out in accordance with the legislation. Only on the basis of the laws. No commands.

[Travnikov] You do not fear any difficulties with respect to fulfilling economic contracts?

[Ryamzin] Throughout the last five years of work, contractual obligations with clients on cargo transport have been almost 100-percent fulfilled. Things are not going quite so well with industrial enterprises. Market relations, however, as they say, will force us to get into a whirl. Here, you will no longer have to count "on uncle." Look for a buyer, for a purchaser, offer your services.

[Travnikov] Lev Nikolayevich, does the problem of unemployment in the sector not worry you?

[Ryamzin] How shall I put it? I do not think that unemployment threatens us. Of course, it is easy to lose personnel. We will, however, fight in every way to maintain them. A good river transport worker will always be valued as a specialist. It is hard to tell in advance, though. We shall see what we shall see.

[Travnikov] There is a great deal of talk right now, at all levels, about privatization of property. Is this problem being considered in the concern, and does Rosrechflot have any preliminary outlines on this score?

[Ryamzin] So far, this problem remains an open one. We have not yet passed from negotiations to specific actions. A republic Committee on Administration of State Property has just been created. These committees or commissions are in the organizational stage in the autonomous republics, krays and oblasts.

In our plans for carrying out a program of transition to market relations, we have outlined, for 1991-1992, measures to transfer (sell), to private and collective ownership, certain types of fleet, enterprises and production facilities involved in service to the population, such as repair, construction, agricultural, and cultural-health operations. That is, the enterprises, the withdrawal of which from the general transport system does not disrupt the continuity of the transport process.

We are standing behind the lease and group form of economic activity. The administration and detachments of Podvodrechstroy and the main computer center are already working on lease. The collective of the Port of Zyryanka of the Lena United River Shipping Company and one plant are on lease.

Other economic structures have been formed. The Sovrechflot Association, the Snabrechflot Cost Accounting Economic Association, the Rechsvyazinform Association and Torgrechtrans are working on a commercial basis.

[Travnikov] What do you think of the desire of a number of waterway enterprises to leave the concern and subordinate themselves directly to the RSFSR Ministry of Transport?

[Ryamzin] This opinion really does exist. Moreover, there is an official appeal from A. Vinogradov, V. Aleksandrov and V. Popov—very experienced and authoritative specialists—to the RSFSR Council of Ministers.

My personal opinion is that this must in no case be done. The decision is for the council of the concern to make, with preliminary consideration of this problem, with all the directors of the associations of waterways, canals and shipping companies.

We have a certain amount of experience in detailed talks with the directors of the ports and the ship repair enterprises, some of whom, in alluding to the opinion of the work collectives, have suggested leaving the associations—shipping companies directly under the jurisdiction of the concern. This has led, as is commonly said, to a consensus. Namely: in 1991, to retain as enterprises, in accordance with the new law, only the shipping companies and some of the plants and ports that have this status today.

[Travnikov] Your attitude toward the Russian Ministry of Transport? Will this not be the creation of the third unit of the administrative structure?

[Ryamzin] It is still too early to talk about this. The ministry has not been completely made up, and there are no regulations on it.

Container Ship Vladivostok Launched

914H0180A Moscow PRAVDA in Russian 28 May 91
Second Edition p 5

[Article by Ye. Grigoryev, PRAVDA correspondent:
"How Do You Do, Vladivostok!"]

[Text] Hundreds of workers in blue overalls and orange safety helmets crowded the pier of the Bremen shipyard, Vulkan. Near the dockside wall, on the smooth surface of the Weser, rippling just a little in the fresh breeze from the nearby North Sea, stood a powerful beauty of a container carrier. The sides and superstructures gleamed with fresh paint. Its official christening had arrived.

For shipbuilders in any country, handing over a new ship is always an exciting and festive moment. It is the result of many months, and sometimes even many years, of work. In Bremen they were giving a travel permit, not simply to the next ship, but to the firstcomer of a new, modern series of container ships, built here and in Kiel for the Soviet merchant marine fleet.

Now the moment had come. Barbara Gensher, wife of the FRG minister of Foreign Affairs, who had agreed to become the "godmother" of the new ship, spoke into the microphone from the rostrum: "I name you Vladivostok. May you and your ship's company always have fair sailing and ladons [fathoms] of water under your keel!" (Germans use ladan, instead of "seven feet").

A military band, as agreed, performed the national anthems of the two countries. I saw satisfaction on the face of Vladislav Terekhov, our ambassador to Germany. After all, in this container carrier lies the work, not only of the workers of Soviet maritime and foreign trade departments, but also of the diplomats who usually coordinate the drawing up of the financial and other terms when major contracts are concluded. The construction of the container ships that we need so much is a large program: 10 ships, worth over a billion marks.

It is profitable for both parties. In this time, a complex one for world shipbuilding, the program ensures two major west German shipyards an important order, earnings and maintenance of the work places. At the same time, it makes it possible to supplement our merchant fleet with modern ships, and we will gradually pay off the credit extended for building them with currency earnings from operating the ships in international transport. After the container ships have been paid for, they will serve for many years and bring a profit to our national economy.

Meanwhile, the waterline of the Vladivostok is high above the water. In order for it to disappear, the ship must be loaded with 2,668 large steel containers. The ships of this series have a cargo capacity of 46,600 tons. From bow to stern, 237-meter sprint events could be held.

Viktor Khitrin, captain of the Vladivostok, who up until now had commanded the Khudozhnik Zhukov, a Far Eastern container ship only a little smaller, has thoroughly studied his new equipment. He has already been in Bremen for over two months. The crew, says Khitrin, is complete and ready.

Viktor Miskov, chief of the Far Eastern Shipping Company, has come from far-off Vladivostok to Bremen to accept the ship. He says that he has acquired "the ship of tomorrow today." It is high-speed, has a large capacity and can operate very efficiently. The vessel has a 21-person crew, so that labor expenses can also be saved. Good conditions for both work and leisure have been created on the ship for the seamen themselves. The Vladivostok is slated to operate on the international routes between Southeast Asia and Europe at first.

No ship has been so widely celebrated upon being handed over in Bremen for a long time as at the christening of the Vladivostok. The directors of the very large German Vulkan Shipbuilding Yard are exceedingly satisfied with the nature and scale of cooperation with the Soviet Union. It has a long tradition, as far back as the 1920's. Twenty large ships have been built here for our merchant and fishing fleets.

"We regard our activity as an integral part of the great European cooperation with your country," says Josef Klar, member of the board of Bremer Vulkan A.G.

On 27 May, the Vladivostok cast off from the wall of the Vulkan Shipyard. It is possible that it may often have occasion in the future to call at Bremen with cargo, or to receive it. Right now, however, it is leaving the city and going off to a great maritime life. Bon Voyage!

PORTS, TRANSSHIPMENT CENTERS

Company Formed To Build Modern Baltic Sea Port

914H0182A Moscow IZVESTIYA in Russian 20 Apr 91
p 8

[Article by V. Nevelskiy, IZVESTIYA correspondent: "The 'Port' Company Wants To Build a Port"]

[Text] The Port Joint Stock-Holding Company has been registered in Leningrad. Its founders are the Ispolkom of the Leningrad Oblast Soviet and the Kingisell City Soviet of People's Deputies, the Baltic Maritime Shipping Company, the Kirishi Petroleum Refinery, the Slantsy Combine and LenmorNIIProyekt [Leningrad Branch of the All-Union Scientific Research and Planning-Design Institute of Maritime Transport of the USSR Ministry of the Maritime Fleet]. The company intends to build a powerful modern port on the Baltic Sea, designed for the yearly processing and transshipping of 120-150 million tons of the most varied cargoes.

In the opinion of specialists of the LenmorNIIProyekt Institute, in the next few years a critical situation will arise in the maritime ports of the Northwest basin. Their reserves are virtually exhausted, and the throughput capacity is excessively blocked up. Several million tons of petrochemical cargoes now have to be processed in Finnish ports, for which over 100 million foreign currency rubles a year is spent. The dry cargo ports—Leningrad, Kaliningrad and Vyborg—are also operating at the limit of their potentials. The ships are forced to wait in the roads.

V. Kharchenko, chief of the Baltic Maritime Shipping Company, says:

"A very convenient site has been found for the new port—Luga Bay in the Gulf of Finland—a master plan has been drawn up there for a whole complex of port structures, ship repair enterprises, a plant to manufacture large containers, etc. The new port would make it possible to create a transcontinental transport-technological East-West system that would be economically advantageous for the country."

TRANSPORTATION

132

The implementation of this plan solves not only economic and ecological problems, but also serious social problems. After all, approximately 25,000 workers and employees will be needed to work at the enterprises. Accordingly, a city of 50,000-70,000 persons is growing up not far away. Who is to erect the new port, equipped with modern technology? Who is to work and live in the future industrial center? It is supposed that inhabitants of the rayons and oblasts from the zone of increased radiation will be drawn here, as well as all those who wish to move to a new place of residence away from the Baltic republics.

The directors of the fund to assist victims of the accident at the Chernobyl AES have shown great interest in this idea of the Baltic workers.

An efficient solution to all organizational problems would make it possible to begin construction as early as next year. In three years, the first section of the port, designed for the export of petroleum, petroleum products and coal, could go into operation. Naturally, by this time, thousands of resettled persons will have acquired a new home in the well-appointed maritime city.

NTIS
ATTN: PROCESS 103

5285 PORT ROYAL RD
SPRINGFIELD, VA

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.