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USSR Report

TRADE AND SERVICES

(FOUO 12/79)



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INTERNATIONAL ECONOMIC RELATIONS

INDUSTRIAL STRUCTURE IN CEMA COUNTRIES

Moscow VOPROSY EKONOMIKI in Russian No 7, Jul 79 pp 102-110

Article by Ye. Vorob'yev: "The Sectorial Structure of Industry in the CEMA Countries"¹

Text During the 30-year period of activity of CEMA major socio-economic transformations have taken place in the national economy of the fraternal countries; the structure of production has changed substantially quantitatively and qualitatively. As a result of industrialization and the structural reorganization of the national economies the proportion of industrial production in the gross national product and the national income has increased significantly, the differences by countries in the structural indicators of production for major sectorial blocks have been decreased appreciably. Thus, whereas in 1950 in the European CEMA countries the proportion of the net production of industry in the produced national income ranged from 37 to 63 percent, now the range of these differences is fixed by the figures of 47-62 percent.¹

The proportion of the production of the leading sector of industry--machine building and metalworking--in the total industrial production of the majority of CEMA countries in 1950 did not exceed 10-15 percent; now it has increased to 25-34 percent. According to this most important indicator of the structure of industrial production they have reached the level of the most developed capitalist countries, where this proportion ranges from 25 to 37 percent. The proportion in the total industrial production of the CEMA countries of the products of the chemical industry and a number of other modern sectors and subsectors, which are promoting the acceleration of scientific and technical progress, has also increased considerably. Many subsectors of industry and types of works were created anew in these countries. By the early 1960's a generally quite ramified industrial structure had been formed in the majority of the European CEMA countries. Therefore, in order to clarify the current trends of its development it is often necessary to use as a basis for comparison the data for 1960.

The high rate of development of the economy of the CEMA countries and the sharply increased scale of production require the greater and greater

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involvement in the economic turnover of new economic resources--fuel, power and raw material resources, capital investments and manpower. In a number of European CEMA countries these resources are becoming relatively fewer, and in some of them a tendency toward an absolute decrease is even turning up. For example, the production of coal and anthracite in Bulgaria and Hungary, iron ore in the GDR, Czechoslovakia and Romania and so on is decreasing.² In this connection the countries have to develop less effective mineral deposits, which leads to an increase of production costs.

The problem of finding ways to use resources more efficiently, above all by expediting scientific and technical progress and improving on its basis the sectorial structure of production and the interaction of all its subdivisions is becoming especially urgent under the new conditions of economic development of the CEMA countries. The successful development of the economy and the increase of its efficiency in many respects depend on the proper combination of these structural links.

The need for the rational combination and interaction of all the production subdivisions is increasing more and more under the conditions of the scientific and technical revolution. Under its influence new sectors, subsectors and types of works are emerging, the product assortment is being rapidly updated and enlarged, production ties, the processing method and the very process of production are being complicated, its interrelation with science is intensifying and so on. Under these conditions the objective need for the further intensification of the international socialist division of labor and the systematic implementation of socialist economic integration is appearing more and more intensely. Integration is making it possible to use more rationally the economic resources available in the CEMA community, to change the sectorial structure of production more effectively and purposefully and to improve the interaction of their national economies. At the 25th party congress L. I. Brezhnev noted that "the work on implementing the Comprehensive Program has had the result that our economic interaction has now already been significantly intensified, the complementariness of the economies of our countries has increased--to the great advantage of each of them."

At present the solution of the fuel and power problem is of great importance for the further successful development of the economy of the CEMA countries. Speaking at the 31st CEMA Session, A. N. Kosygin said concerning this: "The problem of fuel and power is one of the most acute problems of economic development throughout the world. All countries are seeking to solve it by means of the increase of the efficiency of energy consumption and the substantial saving of power resources. The United States, for example, plans a decrease of the growth rate of energy consumption from 3.5 percent over the past 25 years to 2 percent or less."³

In the CEMA countries power engineering is being developed more rapidly than in the capitalist countries. During the period from 1950 to 1977 the volume of electric power generation in the GDR, for example, increased nearly 5-fold, in Czechoslovakia more than 7-fold, in Hungary nearly 8-fold, in

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Poland and the USSR accordingly 12- and 13-fold, in Romania 29-fold, in Bulgaria 37-fold and in Mongolia more than 50-fold. In Great Britain, the United States, France, Italy and the FRG the volume of electric power generation increased during this period by 4- to 7-fold.

Generation of Electric Power in the CEMA Countries and Some Capitalist Countries During 1950-1977 (billions of kWh)

	1950	1960	1970	1977	1977 to 1950 (times)
CEMA Countries					
Bugaria.	0.8	4.7	19.5	29.7	37.1
Hungary.	3.0	7.6	14.5	23.4	7.8
GDR.	19.5	40.3	67.7	92.0	4.7
Cuba			4.9	7.7	1.6*
Mongolia	0.02	0.11	0.55	1.1	55.0
Poland	9.4	29.3	64.5	109.4	11.6
Romania.	2.1	7.7	35.1	59.9	28.6
USSR	91.2	292.3	740.9	1150.1	12.6
Czechoslovakia	9.3	24.5	45.2	66.5	7.1
Developed Capitalist Countries					
Great Britain.	67.2	137.0	249	289.4	4.3
Italy.	24.7	56.2	117	166.5	6.8
United States.	408.4	889.5	1731	2300	5.6
FRG.	46.2	116.0	237	326.3	7.1
France	34.5	75.1	147	213.2	6.2
Japan.	44.9	115.0	351	533	11.9

* 1977 to 1970

Sources: "Statisticheskiiy yezhegodnik stran-chlenov SEV, 1971" /Statistical Yearbook of the CEMA Member Countries, 1971/, Izdatel'stvo "Statistika", 1971, p 77; "Statisticheskiiye yezhegodnik stran-chlenov SEV, 1978," Izdatel'stvo "Statistika", 1978, p 74; "Narodnoye khozyaystvo SSSR v 1977 g." /The USSR National Economy in 1977/, Izdatel'stvo "Statistika", 1978, pp 62-63, 73-76; "SSSR i zarubezhnyye strany posle pobedy Velikoy Oktyabr'skoy sotsialisticheskoy revolyutsii" /The USSR and Foreign Countries After the Victory of the Great October Socialist Revolution/, Izdatel'stvo "Statistika", 1970, p 70.

Until recently the rate of development of power engineering in the majority of CEMA countries was higher than the growth rate of industrial production as a whole. And this is quite natural. The acceleration of scientific and technical progress, the increase of the level of the mechanization and automation of production, the growth of power-consuming works, the increase

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in the consumption of electric power in transportation, agriculture and the household require the anticipatory development of power engineering and first of all the generation of electric power. This requirement is also governed by the fact that the possibility of further increasing the level of labor productivity in many respects depends on the increase of the output, and at the same time of the consumption of electric power, while the increase of the latter is, in turn, a decisive factor of the increase of the production volume (especially under the conditions of a shortage of manpower).

As is known, a close correlation exists between the indicators of labor productivity and the electric power-worker ratio. In 1977 the industrial production volume in the USSR with respect to the volume of U.S. industrial production was, for example, 80 percent, while the volume of electric power consumption in industry was about 82 percent.⁴ The close correlation of these indicators is also observed when they are compared among the CEMA countries. The correlation of the levels of the electric power-worker ratio in the industry of these countries is shown in the table.

Electric Power-Worker Ratio in the Industry of the CEMA Countries
During 1960-1977 (thousands of kWh per worker)

	Industrial personnel engaged directly in production			Industrial workers engaged directly in production		
	1960	1970	1977	1960	1970	1977
Bulgaria. . .	3.4	9.9	13.1	4.0	11.8	15.3
Hungary . . .	4.7	7.2	10.0	6.4	10.0	12.8
GDR*.	8.6	13.8	16.1
Mongolia.	7.1	11.7	...	9.0	15.2
Poland. . . .	6.6	10.5	14.9	8.5	13.9	19.8
Romania . . .	3.8	9.5	12.6	4.4	10.8	13.7
USSR.	9.2	15.5	20.1	11.0	19.0	25.0
Czechoslovakia	7.6	12.2	15.1	9.6	15.9	20.1

*In industry and construction.

Source: "Statisticheskiy yezhegodnik stran-chlenov SEV, 1978," pp 47, 120, 125, 166.

The cited data attest to the rapid increase of the level of the power-worker ratio in the industry of the countries in question and, hence, the degree of technical equipment of production. They accord with the requirements of the scientific and technical revolution and the effect of the objective law of the convergence and equalization of the levels of economic development of the socialist countries. All this gives grounds to consider the anticipatory development of electric power engineering an objective law.

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In the solution of the energy problem an important place belongs to the successful development of the sectors of the fuel industry. This circumstance stems first of all from the fact that in the CEMA countries the preponderance of all electric power is generated at thermal electric power stations. In 1977 the proportion of thermal electric power stations in the total generation of electric power in Romania, the USSR and Bulgaria reached 84-88 percent, in Czechoslovakia 93 percent, in Poland, the GDR, Hungary and Cuba from 98 to 99 percent and in Mongolia 100 percent.⁵

In all the enumerated countries the fuel industry is being developed, as a rule, slower than all industry. And during 1971-1977 in most of them the gap in the growth rate of production of the sector in question and industry as a whole as compared with the preceding decade increased appreciably. This trend appeared especially clearly in Czechoslovakia and the GDR.

The slight lag in the growth rate of the production of the fuel industry behind all industrial production is not by chance. It is governed by scientific and technical progress and the introduction in production of new scientific and technical achievements, which make it possible to reduce the consumption of fuel per unit of production. In the USSR, for example, the consumption of conventional fuel per released kWh of electric power from 1950 to 1977 decreased from 590 to 334 g, that is, by more than 43 percent. And by 1990 it will be reduced to 310 g.⁶ In Bulgaria from 1960 to 1977 this indicator decreased from 613 to 445 g, in Hungary from 589 to 402 g, in the GDR from 517 (1970) to 446 g, in Poland from 526 to 392 g, in Romania from 376 (1970) to 345 g and in Czechoslovakia from 564 to 435 g. Owing to this the countries saved tens of millions of tons of fuel.

In the developed capitalist countries the unit consumption of conventional fuel for the generation of electric power decreased rapidly only until the early 1960's. In subsequent years this decrease slowed substantially, a convergence of the absolute values of the unit consumptions of fuel by countries occurred. In 1975 the consumption of conventional fuel on the generation of 1 kWh of electric power in Japan was 328 g, in France 333 g, in the FRG 340 g, in the United States 370 g and in England 374 g.⁷

During the period in question the structure of the fuel balance also changed substantially in the socialist and capitalist countries. The proportion of petroleum in the world consumption of basic energy resources (in conventional units) from 1950 to 1976 increased from 23.8 to 41.5 percent, natural gas from 8.9 to 20 percent, while the proportion of coal, on the contrary, decreased from 54.0 to 28.1 percent.⁸ In the CEMA countries the proportion of petroleum in the production of energy resources increased from 25.8 percent in 1960 to 38.8 percent in 1977, natural and casing-head gas from 7.0 to 20.9 percent, while the proportion of coal decreased from 64.3 to 37.7 percent.

In recent years the pattern of fuel consumption in the world has changed radically. To a certain extent this applies to the USSR and the other CEMA countries. The decrease of coal production in a number of CEMA countries

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is leading, of course, to the increase of its import from other fraternal countries, which substantially increases the workload on the corresponding extractive sectors of the latter. Thus, the proportion of coal and anthracite imports in the total consumption of these types of fuel from 1960 to 1977 in Bulgaria increased from 0 to 96 percent, in the GDR from 75 to 95 percent, in Czechoslovakia from 9 to 19 percent. The proportion of petroleum imports in its consumption during this period in Bulgaria increased from 6 to 99 percent, in Hungary from 55 to 86 percent, in Poland from 79 to 98 percent, in Romania from 0 to 38 percent. In Czechoslovakia and the GDR it has reached nearly 100 percent. An analogous trend is appearing with respect to gas consumption.

It is important to note that in those CEMA countries, in which the production of petroleum and gas is practically absent, their consumption in recent years has increased considerably more rapidly than the growth of the overall industrial production. While in the countries, where they are produced (in this case it is a matter of petroleum), either an inverse dependence of the indicators occurs (Romania) or these indicators move almost in parallel (USSR). In all the European CEMA countries the consumption of petroleum per unit of national income has increased in past years.

The tendency for the indicator being analyzed to decrease in Romania is explained, on the one hand, by the quite high growth rate of the national income and, on the other, by the relatively slow increase of petroleum production, as a result of which the country began even to import it. From 1960 to 1975 the national income of Romania increased 3.8-fold, while petroleum production increased only 27 percent. In the USSR these indicators increased correspondingly by 2.6- and 3.3-fold. Romania's volume of petroleum imports increased from 0.76 million tons in 1968 to 2.3 million tons in 1970, 5.1 million tons in 1975 and 8.8 million tons in 1977.⁹

At the 32d meeting of the CEMA Session (June 1978) the appropriate long-term goal program of cooperation, which calls for the development by joint efforts of a number of new and important mineral deposits, was adopted for better meeting the demands of the CEMA countries for fuel, power and raw material resources. In the program much attention is devoted to the further involvement in the economic turnover of internal fuel, power and raw material resources, as well as to their economical and efficient use.

In connection with the worsening of the conditions of production of traditional types of fuel the need and economic expediency to develop atomic power engineering are increasing appreciably. In the CEMA countries special attention is presently being devoted to this. At the 32d CEMA Session V. N. Kosygin said: "The Soviet Union is prepared to give assistance in implementing the program of construction of AES's, which is being outlined within CEMA. The fulfillment of this program requires from us all the accelerated development of major production capacities for the production of equipment for AES's, the precise organization of multilateral cooperation in the corresponding sectors of industry, the pooling of the efforts of the

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scientific and design collectives of our countries."¹⁰ The accelerated development of atomic power engineering is leading, of course, to changes both in the structure of the fuel and power balance and in the structure of production.

Consumption of Petroleum Per Ruble of National Income
in the European CEMA Countries in 1960-1975 (g)

	1960	1970	1975	1975 to 1970 (percent)
Bulgaria.	53	722	868	120
Hungary	474	632	750	119
GDR	124	431	545	126
Poland.	58	264	307	116
Romania	1600	980	718	73
USSR.	920	1020	1070	105
Czechoslovakia.	202	550	670	122

Sources: O. K. Rybakov, "Metodologiya sravneniya ekonomicheskikh pokazateley stran sotsializma" / The Methodology of Comparing the Economic Indicators of Socialist Countries/, Izdatel'stvo "Mysl'", 1968, p 180; "Statisticheskii yezhegodnik stran-chlenov SEV, 1976," pp 78, 349-407.

In the improvement of the sectorial structure of industry the development of ferrous metallurgy, which is the main supplier of raw materials and materials for the leading sector of the processing industry--machine building and metalworking, for construction, transportation and other sectors, plays an important role.

In the majority of CEMA countries ferrous metallurgy is being developed more slowly than all industry. This shows to a considerable extent the influence of technical progress, which is manifested above all in the improvement of the design of machinery, equipment and other large-tonnage products made of metal, in the increase of the quality and the improvement of the grades of metal products themselves, in the replacement of ferrous metals with aluminum, plastics, technical-grade glass and other modern materials and in the tendency noted in recent times toward an increase of the proportion of small-scale equipment and less metal-consuming products in the overall industrial production.

The needs of ferrous metallurgy of a number of CEMA countries for fuel and raw materials are being met both by domestic resources and by the increase of their reciprocal deliveries. The decrease of the production of iron ore in some of them is being offset by an increase of its import (moreover, the import of iron pellets, pig iron and ferroalloys) from the USSR. In order to maintain the high level of provision of the CEMA countries with

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metallurgical raw materials in the future, the corresponding goal program of cooperation calls for the joint construction in the USSR of new major enterprises for the working of iron ore deposits. And this will enable them to successfully develop ferrous metallurgy in the years to come.

Until recently in the majority of foreign CEMA countries the development of ferrous metallurgy with respect to all industry has taken place somewhat more rapidly than in the USSR. In the per capita production of steel some of them now already are not only not lagging behind the most developed capitalist countries, but at times also significantly surpass them. Thus, the GDR according to this indicator has considerably surpassed Great Britain, Poland and Romania have surpassed Italy and France. In the USSR more steel is being smelted on a per capita basis than in the United States, while in Czechoslovakia considerably more steel is being smelted than in Japan and the FRG.¹¹

The anticipatory development of machine building and metalworking, which provide the national economy with highly productive modern equipment and create favorable conditions and the prerequisites for its successful development, is of decisive importance for further structural transformations in the economy of the CEMA countries. This sector reacts more rapidly than others to the achievements of scientific and technical progress and has the greatest reaction to it. In many respects it predetermines the progressive structural shifts in the entire economy and promotes the extensive introduction of scientific and technical progress in other sectors of physical production and the nonproductive sphere.

Under the influence of scientific and technical progress the output of new means of the mechanization and automation of production, the products of the electronics and electrical equipment industry, instrument making, equipment for power engineering (including atomic power engineering), the chemical industry and many other modern works is increasing rapidly in this sector.

The increase of the production volume of the new advanced subsectors and works and the intensive intrasectorial structural shifts in machine building and metalworking, which are being caused by technical progress, are ensuring their priority development as compared with other sectors and industry as a whole. The need for such development is also dictated by the steady increase of the degree of technical equipment of production and by the rapid increase in the machine-worker ratio. The efforts being made by the CEMA countries on expediting the modernization and reconstruction of operating enterprises and on the timely updating of the machinery and equipment in operation in connection with the occurring decrease (under the influence of technical progress) of the term of their obsolescence are conducive to this.

At the same time practice attests that as production is satiated with modern equipment the growth rates of the production volume of machine building and metalworking, on the one hand, and all industry, on the other, in most CEMA

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countries are gradually converging. Thus, during 1961-1970 for each percent of increase of the production volume of all industry in Hungary there was a 1.37 percent increase of the production volume of machine building and the metalworking industry, in the GDR--1.43 percent, Poland--1.98 percent, in Czechoslovakia--1.43 percent. In 1971-1977 these indicators were equal respectively to 1.23, 1.1, 1.56 and 1.35 percent.

The anticipatory development of machine building and metalworking is leading to the corresponding increase of their proportion in the overall industrial production. The achieved gains in the development of this sector are enabling the CEMA countries to set new tasks. At present the problem consists not so much in the further increase of the proportion of this sector in the overall industrial production as in the improvement of its intrasectorial structure and the increase of the quality of the products being produced on the basis of the more extensive utilization of scientific and technical achievements.

Under the conditions of the increase of the tightness of the manpower resources balance in a number of countries of the community the urgent need is also arising to increase the production volume of machinery and equipment, means of the mechanization and automation of production for the sectors in which manual and poorly mechanized labor is still used in a large amount. Such a direction in the development of machine building and metalworking is creating a firm basis for further progressive structural shifts in all the sectors of the national economy. It is making possible the solution of the problem of manpower resources on the basis of the further increase of the technical level of production and the reduction of the proportion of those employed in the sectors in which it still remains comparatively high.

The anticipatory development of machine building and metalworking improves the indicators of the efficiency of all production. This is governed above all by the fact that it leads to an increase of the degree of technical equipment of all the sectors of the national economy. Machine building and metalworking belong, moreover, to the less capital-intensive and materials-intensive sectors of industry. The average output-capital ratio in these sectors in 1975 exceeded, for example, the corresponding indicators of industry as a whole in Poland by 23 percent, in the USSR by 29 percent and in the other European CEMA countries by 51-67 percent.

The total material expenditures per unit of gross production (excluding amortization) in these sectors in Czechoslovakia, Bulgaria and Hungary were 5-10 percent lower than in all industry, in the USSR 18 percent lower, in the GDR 28 percent lower and in Poland 3 percent lower (including amortization, transportation and repair services). The expenditures per unit of fuel and electric power are even lower in these sectors. However, the expenditures of living labor per unit of production in the sector in question are slightly higher than in industry as a whole. And its anticipatory development requires the additional enlistment of manpower.

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Correlation of the Levels of the Output-Capital Ratio
in Some Sectors of Industry in the CEMA Countries in 1975
(industry as a whole--100 percent)

Sectors of industry	Bulgaria	Hungary	GDR	Mongolia	Poland	USSR	Czecho- slovakia
Machine building and metalworking.	162	151	167	92	123	129	166
Fuel industry	37	38*	22**	59	46**	45	55
Chemical industry	56	104	75	54	80	73	109
Light industry.	140***	140	141***	221***	191	339	111***
Food industry	229	168	236	93	188	250	224

* Mining industry.

** Fuel and power industry.

*** Textile industry.

Sources: "Narodnoye khozyaystvo SSSR v 1975 g." /The USSR National Economy in 1975/, Izdatel'stvo "Statistika", 1976, pp 197, 223, and statistical handbooks of the other countries.

The chemical industry is also among the sectors which are expediting technical progress. Its items are capable of replacing metal and construction materials, natural fur and fabrics made from wool, cotton, silk and others, diamonds and other ultrastrong materials. Chemistry makes it possible to develop completely new materials (including with preset properties), which are not encountered in nature.

Within this sector those subsectors and types of production of it, which most fully realize scientific and technical achievements and serve as vehicles of technical progress in the national economy: for example, the production of plastics and synthetic resins, synthetic ammonia, chemical fibers, chemicals for protecting plants, detergents and many other advanced types of products, are being developed most rapidly. Some of them (for example, plastics, synthetic resins, polyethylene and copolymers of ethylene and others) in the majority of CEMA countries began to be produced on a more or less large scale only in the second half of the 1960's.

The accelerated production of new types of chemical products created favorable conditions and the prerequisites for the anticipatory development of this sector as compared with all industry. During 1961-1970, the period of the most intensive development of the chemical industry, the increase of its production volume in the GDR took place 1.2 times more rapidly than all

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industry, in the USSR 1.8 times more rapidly, in Poland, Czechoslovakia, Bulgaria, Romania and Hungary 2-3 times more rapidly. In subsequent years in most of the indicated countries this lead decreased slightly. During 1971-1977 it did not exceed 1.1-1.6 times.

The rapid growth of the chemical industry in the CEMA countries enabled them to draw close to the developed capitalist countries in the proportion of these products in the overall industrial production. The proportion of those employed here with respect to the total number of industrial personnel engaged directly in production in the European CEMA countries in 1977 ranged from 5.1 to 8.4 percent.¹² Here the increase of the former indicator took place somewhat more rapidly than the latter, which attests to the more rapid increase of labor productivity in this sector. Its anticipatory development is having a positive influence on the overall growth rate of labor productivity in industry and, consequently, on its production volume. At the same time, the influence of the indicated structural factor on the dynamics and level of the output-capital ratio in industry is not always so effective. Since the products of the chemical industry are the most capital-intensive and power-consuming (in a number of CEMA countries 1.5-2 times greater than in all industry), its accelerated development increases the total demand per unit for fuel and power resources and capital investments.

In the improvement of the sectorial structure of industry of the CEMA countries the change of the proportion and structure of the sectors of light and the food industries is also of great importance. This is connected, first of all, with the fact that in the European CEMA countries from one-fourth to more than one-third, and in Mongolia and Cuba more than one-half, of the total volume of industrial production falls to them and, second, the products of these sectors are used primarily for the immediate satisfaction of the constantly increasing demand of the population, which under the influence of various objective and subjective factors (the increase of wages, financial security and others) is rapidly changing quantitatively, qualitatively and structurally.

The development of the sectors of light and the food industries is taking place somewhat more slowly than heavy and especially the chemical industry. Owing to this their proportion in the overall industrial production is gradually decreasing. This process is taking place especially intensively in the countries which previously had a lower level of economic development. The decrease of the proportion of these sectors is also predetermined by the fact that under the conditions of the scientific and technical revolution the very structure of consumption is changing radically. In personal consumption, for example, the proportion of durable goods (televisions, radios, refrigerators, washing machines and so on), which are produced in machine building, the electric equipment, electronics and chemical industries, is increasing considerably. Such structural shifts conform to the requirements of scientific and technical progress.

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At the same time as the decrease of the proportion of the products of light and the food industries in the overall industrial production a decline in the proportion of the workers employed in them is taking place. The change in the number of those employed in the sectors and their proportion in the total number of those employed in industry in many respects depends on the correlation of the local and overall growth rates of labor productivity. In the sectors in question these rates most often lag behind the analogous average indicators of industry.

The proportion of those employed in light industry is usually higher than the proportion of its products in the overall industrial production, which attests to the lower level of output in it of the gross production falling to one employee. The proportion of those employed in the food industry of the CEMA countries, on the other hand, is substantially inferior to the proportion of the products of this sector in the overall industrial production. Consequently, the output of gross production per employee in it exceeds the corresponding indicators of all industry (in most CEMA countries by 1.7-2.1 times).

The level of the output-capital ratio is higher in light and the food industries than in industry as a whole (in a number of countries 1.5-2 times higher and more). This makes it possible to ensure the uniform increase of the production volume in them (as compared with other sectors) with considerably less capital investments.

Considerably less expenditures of electric power and fuel are required in order to obtain an increase of a unit of production in the indicated sectors, which attests to the feasibility of their preferential development in the countries in which fuel and power resources are limited. It is true that here it is necessary to take into consideration the availability of raw material resources in the countries. The development of the sectors of the food industry, for example, to a considerable extent depends on the domestic raw material base, the local natural and climatic conditions and the directions of agricultural development. And this should be taken into account when planning sectorial structural shifts in the economy of the countries.

The need to ensure the rapid increase of the standard of living of the people requires the acceleration of the development of the sectors of light and the food industries. However, the high materials-output ratio of the products of these sectors is decreasing the economic interest of the countries in developing them.¹³ What is more, some of them often give preference to the priority development of the sectors of heavy industry (to the detriment of light and the food industries) even when they are forced to import fuel and raw materials in large amounts.

Studies show that the relatively lower profitability of the sectors of light and the food industries is caused, on the one hand, by their correspondingly lower degree of technical equipment and, on the other, by the inadequate provision with the necessary raw materials (especially high

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quality raw materials). The periodic revision of prices in favor of agriculture, the products of which are used as raw materials in the sectors of industry in question, also has a definite negative influence on their profitability.

In light and the food industries the increase of the growth rate of labor productivity in these sectors and the reduction of the expenditures on the production of products are of great importance for maintaining price stability. The increase of the efficiency of the production of agricultural raw materials for these sectors of industry and their supply at stable or even decreasing prices is called upon to play a significant role.

On the basis of the conducted research it can be stated that the improvement of the sectorial structure of industry is a quite broad and multilevel concept. It embraces the change in the proportions and interrelations among the sectors not only according to the end results of production (the production volume), but also according to its expenditures (electric power, fuel, raw materials, materials and so on), as well as according to the number of employed workers, the amount of fixed production capital and capital investments. Therefore, it is possible to solve many national economy problems by means of the structural factor.

The diversity of problems being solved by the countries and the differences in the objective conditions and possibilities available to them for this are creating additional favorable conditions and prerequisites for further successful progress along the path of their economic integration. This, in turn, provides extensive opportunities for the increase of the efficiency of the interaction and the adaptation of the sectorial structures of their national economies. The rational utilization of all these potentials is one of the most important strategic tasks of the further improvement of the sectorial structure of production in the CEMA countries at the present stage.

FOOTNOTES

1. See "Statisticheskii yezhegodnik stran-chlenov SEV, 1971" /Statistical Yearbook of the CEMA Member Countries, 1971/, Izdatel'stvo "Statistika", 1971, p 46; 1978, p 41.
2. See "Statisticheskii yezhegodnik stran-chlenov SEV, 1978" /Statistical Yearbook of the CEMA Member Countries, 1978/, Izdatel'stvo "Statistika", 1978, pp 75-77.
3. EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, No 4, 1977, p 46.
4. See "Narodnoye khozyaystvo SSSR v 1977 g." /The USSR National Economy in 1977/, Izdatel'stvo "Statistika", 1978, p 51.
5. See "Statisticheskii yezhegodnik stran-chlenov SEV, 1978," p 74.

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6. See "Narodnoye khozyaystvo SSSR v 1977 g.," p 147; EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, No 4, 1977, p 47.
7. See L. Nochevkina, N. Chertko, "The Seventies: Peculiarities of the Investment Process in Developed Capitalist Countries" (MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA, No 9, 1978, p 54).
8. See "Narodnoye khozyaystvo SSSR za 60 let" /The USSR National Economy Over 60 Years/, Izdatel'stvo "Statistika", 1977, p 121.
9. See "Statisticheskiy yezhegodnik stran-chlenov SEV, 1978", pp 24, 25, 76, 374.
10. EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, No 4, 1978, p 6.
11. The per capita production of steel in 1977 was: Bulgaria--294 kg, Hungary--350 kg, the GDR--409 kg, Poland--514 kg, Romania--528, the USSR--566 kg, the CSSR--1,002 kg; Great Britain--369 kg, Italy--412 kg, France--419 kg, the United States--535 kg, the FRG--654 kg, Japan--899 kg (see "Narodnoye khozyaystvo SSSR v 1977 g.," pp 66-67).
12. See "Statisticheskiy yezhegodnik stran-chlenov SEV, 1978," pp 120, 122.
13. Thus, the expenditures per unit of raw materials and materials in light industry, for example, in the USSR are 60 percent higher than in all industry; in the food industry of most CEMA countries they are 25-40 percent higher.

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CONSUMER GOODS AND DOMESTIC TRADE

PENALTIES FOR NONDELIVERIES TO RETAIL TRADE LITTLE-USED

Moscow VOPROSY EKONOMIKI in Russian No 6, Jun 79 pp 66-75

[Article by Ya. Orlov: "Economic Levers for Trade to Influence Production"]

[Text] Given the uninterrupted growth in the scope and rise in the qualitative level of the economy and increasing complexity of interbranch and intra-branch ties, continued improvement in management and administration methods and strengthening organization and coordination in the work of all sectors of social production are taking on increasing importance. Smooth, precise work and unconditional plan fulfillment for all indicators and meeting all delivery obligations must become law for each link of the national economy, including branches of industry producing consumer goods.

Over the first three years of the five-year plan, real per capita incomes increased 10.5 percent, and retail trade turnover increased 13.5 percent during the same period, in comparable prices. With a view towards better meeting the effective consumer demand for commodity resources, we anticipate substantial acceleration of the growth rate for group "B" industry (from four percent this past year to 5.4 percent in 1979). State and cooperative retail trade turnover this year was set at 251 billion rubles, based on the anticipated consumer goods resources (4.8 percent growth over last year). Moreover, in order to better meet the needs of the Soviet people an additional trade turnover assignment of two billion rubles was outlined.

Improvement in economic ties and strengthening business interrelationships between industry and trade are important tasks whose urgency was stressed in resolutions of the 25th CPSU Congress and subsequent CPSU Central Committee plenums. The business partnership between manufacturers and trade collectives pursues the single goal of providing the people with more goods corresponding to the ever-growing exactingness of the consumer.

L. I. Brezhnev stressed at the November (1978) CPSU Central Committee Plenum that: "Increasing the production, expanding the assortment and improving the quality of consumer goods remains one of the key national economic tasks." Appreciable movement forward has been observed in resolving this task: more than 62,000 items have been awarded the state Badge of Quality. In late 1978,

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industry was releasing over two-fold as much output with that badge than at the start of the five-year plan. Good results have been achieved by enterprises of electrical engineering industry, where more than two-fifths of all the output produced has received that high evaluation. More than 3,000 of the industry's enterprises are using a comprehensive quality control system.

Much work has been done in light industry in recent years to improve the quality and assortment of goods in great demand. The production of new goods (with an H index) has been increased. In the garment and footwear industry alone, about half the entire assortment has been up-dated. Many enterprises of light industry consistently produce well-made output in demand among the population.

The collective of the Tiraspol' Garment Factory imeni 40th Anniversary of the Komsomol has won first place in the all-union competition for 100 quarters running and more than one-fourth of its output is items with the Badge of Quality. And it was these same Tiraspol' workers who were first in the branch to have developed and introduced a comprehensive quality control system. The production of items with the Badge of Quality is 20-50 percent at the Kupavinskiy Thin-Cloth Factory, the Kalinin Worsted Combine, the Kaunas Silk Combine imeni P. Zibertas, the "Mayak" garment production association in Gor'kiy, the "Progress" footwear production association in L'vov, the "Sparta" knit hosiery factory in Vil'nyus, and a number of other enterprises.

At the same time, it should be noted that many associations and enterprises of the USSR Ministry of Light Industry have been slow to improve product quality and to master the release new models of goods in demand. In turn, the trade organizations are not making adequate use of economic means of influencing industrial enterprises violating agreements with them as to commodity assortment and supplying the trade network with poor-quality products, obsolete fashions and styles, resulting in the frequent accumulation of unpopular goods in warehouses and stores. The CPSU Central Committee and USSR Council of Ministers Decree "On Steps to Further Develop Trade" (1977) notes that interruptions in supplies of particular goods to trade are also associated in considerable measure with the fact that many industrial enterprises continue to produce poor-quality goods and fail to meet assortment and delivery schedules anticipated by agreements, and trade organizations do not make full use of their right to apply economic sanctions for suppliers' failures to meet contractual obligations. Thus, it is necessary to strengthen economic ties between industrial enterprises and trade enterprises, to improve demand studies, to improve the substantiation of orders, and also to strengthen the influence of wholesale trade enterprises on industrial enterprises with a view towards increasing consumer goods production, up-dating and expanding their assortment, and improving their quality.

As we see, the reference is to increasing the exactingness of trade, the basis of the business partnership. However, this to our mind indisputable point of view has recently and unexpectedly found opponents who assert that it is to the advantage of trade workers to exact fines and return goods to

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manufacturers. Is that so? Wholesale base checks to monitor goods quality in 1977 resulted in downgrading or returning for corrections 9.8 percent of the fabric, 8.1 percent of the garments, 6.2 percent of the knitwear items, 8.6 percent of the leather footwear checked. In the first half of 1978, the corresponding figures, in percent, were: fabric -- 8.8 percent, garments -- 7.4 percent, knitwear -- 5.7 percent and leather footwear -- 8.6 percent. In this regard, it must be borne in mind that we are giving average indicators. A number of enterprises produce larger amounts of substandard goods. For example, 323 of the 450 items ready for marketing which were checked were returned for corrections at the No 2 L'vov Garment Factory of the "Mayak" association, and all the men's suits were defective in that they did not correspond to the approved model (standard) in terms of materials used and had glaring production defects. Some 42 percent of the items checked at the Zaporozh'ye garment production association's lead enterprise were defective.

One could not say that the wholesale organizations are being "extraordinarily strict" in evaluating goods. Many trade bases must reproach them for exactly the opposite: they are still not a reliable barrier to poor-quality items reaching the customer, do little to influence industry, and do not make substantiated claims against suppliers. Many wholesale organizations are not coping with the not very high assignments set as to defects and sometimes accept goods perfunctorily. Thus, at the Zhitomir wholesale-retail association, an inspection of garments already checked revealed 20-60 percent defective clothing. As checks made at the Kherson base showed, one-third of the items accepted by wholesalers were defective, and at the Donetsk base -- one-quarter. This testifies to the liberalness, and not the extraordinary strictness, of wholesalers; one must speak rather of increasing their responsibility for goods quality, of increasing their sanctions against unconscientious manufacturers and against wholesale bases accepting goods perfunctorily.

Goods quality is also checked by state trade inspectorates of the republic ministries of trade. The state trade inspectorate statute anticipates that its basic task will be to check the quality of consumer goods right at industrial enterprises, bases, warehouses, and in the field. The state trade inspectorate operates in both trade and industry simultaneously.

Let us restrict ourselves to cases reflecting the most drastic measures applied against enterprises which systematically supply defective goods -- transfer to a special goods acceptance procedure and temporary cessation of acceptance of their goods. These steps are taken only when almost all the items supplied are defective. Thus, in 1977, state trade inspectorate organs of the republic ministries of trade temporarily stopped accepting items from 431 light industry enterprises and 153 enterprises were put under special acceptance procedures. Even items with the Badge of Quality do not always pass the quality check: 42 percent of the women's light overcoats were defective at the lead enterprise of the Zaporozh'ye garment production association, 44.4 percent of the women's krimplen dresses at the Gorlovskiy garment factory and 18 percent of the men's suits at the Berdichevskiy garment factory. And that given the fact that state trade inspectorate workers do not and cannot receive bonuses for discovering defects, since they are not enterprise workers and have different incentives criteria.

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Product quality is also monitored by state inspectorate laboratories, agencies of the USSR State Committee for Standards. They cannot be suspected of partiality or of trying to reject more items as defective. At the same time, each year they exclude from report data on output produced in violation of All-Union State Standard requirements and specifications tens of millions of rubles worth of marketed output, and the unlawfully obtained profit is withdrawn to the state budget.

State Standards Committee and State Arbitration Committee materials testify to the fact that factories are held accountable not simply for producing substandard goods, but only if to blame for doing so. Before sanctions are imposed or fines levied, appropriate organizations carefully check if the factory was able to produce a good product, and in a majority of cases it was.

As is known, claims against poor quality goods are examined on the basis of bilateral documents, or if the producer does not agree, of state expertise documents. The subject of dispute is, one might say, material: deviations from standards, specifications, references, models. Consequently, there are no grounds for maintaining that monitors might reject any item as defective. The existing procedure provides objective conditions for bringing charges only against negligent producers.

Sometimes a manufacturer will recognize a claim as to quality, but will request that the item be returned "as mistakenly shipped" or rejected due to "labeling." If the customer agrees, the red tape involved in shipping the substandard item and in accounting calculations begins. Bases, trade organizations and stores must send their recollections about indebtedness and turn to both the city's people's control office where the enterprise is located and to its superior organization. Months and sometimes years pass before the indebtedness is recompensed. This is common, unfortunately. Let us cite the debtors of just one trade organization, the workers' supply department of the "Krasitel" production association (Rubezhnoye, Voroshilovgradskaya Oblast): the Kremenchug, Kiev imeni 10th Anniversary of the Ukraine, Krivoy Rog, Rovno and Pervomaysk footwear factories, the Voroshilovgrad Footwear Association, and others.

There is no single procedure for exacting fines for the various trade links. Let's look at the fines dynamic and the use of fines in the wholesale link of the USSR Ministry of Trade system (in millions of rubles) [page following].

Attention is called to the fact that the total fines exacted by wholesale trade workers for poor quality of goods delivered to it has decreased, accounting for less than 13 percent. More than four-fifths of the fines are paid by industry for failure to deliver goods. That is what claims are primarily against.

Trade pays fines primarily for failing to select goods ordered, for transport idling during loading and unloading and for failing to meet other terms of economic contracts. Wholesale bases pay retail trade considerable fines

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	1975	1976	1977
wholesale trade received, total	275.9	312.0	298.7
including:			
for undelivered goods	205.7	245.4	243.8
for poor quality	48.3	47.7	37.5
other fines	21.9	18.9	17.4
paid, total	98.6	105.2	107.5
including:			
for undelivered goods (and commodity allocations not received)	83.2	94.5	99.6
for poor quality	1.9	1.9	1.8
other fines	13.5	8.8	6.1
amount by which fines received exceeded fines paid, total	177.3	206.8	191.2
to the budget	168.4	196.5	181.6
to incentives funds	8.9	10.3	9.6

for nondelivery, failing to meet delivery schedules, poor quality of goods sent to stores, and so forth.

Since the first year of the Ninth Five-Year Plan, wholesale organizations transferred to the new conditions of planning and economic incentives have put 95 percent of the difference between fines received and paid (including default interest and forfeits) into the union republic state budgets; five percent has remained at the disposal of the bases and is released to their funds; one-half of these funds are released to the trade development fund and only one-fourth can be used for material incentives to workers.

In 1977, the wholesale organizations of the 15 union republics directed 4.72 million rubles into trade development funds through fines, 2.38 million into material incentives funds, and 2.38 million into sociocultural and housing construction funds. Some 96 kopecks of the incentive fund is spent per wholesale trade worker per month.

It should be stressed that in evaluating profit plan fulfillment for awarding bonuses to supervisory workers and specialists, one condition for bonus payment is fulfillment of the profit plan (excluded is the difference between fines received and fines paid, since the indicated sums are not anticipated in the profit plans for wholesale and retail enterprises). Certain economists hold otherwise, considering it appropriate to put the entire difference into the state budget (including default interest and forfeits). The following considerations are adduced to substantiate that proposal. A store now receives one ruble of profit for selling a pair of shoes costing 20 rubles, but it receives four rubles for returning that same pair. Another calculation is added to this: if a customer acquires a coat for 200 rubles, the store gains a total of 10 rubles, but if the coat is returned to the manufacturer, the store receives 40 rubles. In this connection, let us note that trade discount is not to be confused with store profit. The

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former is issued to cover trade enterprise outlays, and only a small portion of it generates profit. Further, when it returns goods, a base endangers trade turnover plan fulfillment, the indicator on which bonuses for its workers depend. Moreover, it bears the expenses and does not receive a marketing discount. In brief, such operations in practice promise only losses.

But perhaps these operations are revenue-producing for the store? Since 1976, retail trade and public catering enterprises have put into the budget the total amount by which fines received have exceeded fines paid. The data presented below demonstrate how that has influenced fines dynamics (in millions of rubles).

retail trade and public catering	1975	1976	1977
fines received, total	95.5	80.8	75.7
including:			
for undelivered goods	43.8	33.7	28.1
for poor quality	44.7	42.1	37.6
others	7.0	5.0	10.0
fines paid	24.5	22.7	19.8
amount by which fines received exceeded fines paid	71.0	58.1	55.9

The data of the table testify to the fact that, as compared with 1975, retail trade enterprises exacted 15.4 percent less in fines from suppliers in 1976 and 20.7 percent less in 1977. Less was exacted not because the factories sharply improved the quality of the goods produced or met delivery plans better, but because interest in recompensing losses incurred dropped.

Convincing testimony to the fact that a quality control check is still necessary are data on first-half 1978 rejects at the "Moskva" department store in Moscow, which is operated basically in partnership with leading industrial enterprises of the city (in 1,000 rubles):

	goods received	checked	percent checked	defective total	percent	including (1) (2) (3)
garments	35,018	20,403	58.3	1,096	5.3	373 337 386
footwear	8,407	8,407	100	532	6.3	126 269 137
knitwear	16,315	8,814	54.0	188	2.1	117 28 43
haberdashery	11,133	5,899	53.0	72	1.2	41 25 6
souvenirs	962	505	52.5	14	2.8	-- 7 7

Key:

1. Downgraded
2. Returned
3. Corrected on the spot

More than 60 percent of the 127.2 million rubles worth of goods received by "Moskva" department store in the first half of 1978 were checked. Of the

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amount checked, 3.85 percent were rejected. Fifty-two commodity inspectors constantly check goods quality at the department store; their wages total 80,000 rubles per year. The total amount of fines received by the store in 1977 (203,900 rubles) was all put into the budget.

It should be emphasized that the wages of supervisory workers, engineering-technical workers and other specialists in trade organizations do not depend on fines exacted for failure to meet delivery terms. Thus retail enterprise commodity researchers inspecting goods and monitoring their quality are awarded bonuses for meeting monthly retail trade turnover and profit plans, for each percentage point of trade turnover plan overfulfillment, and for prompt, correct compilation of commodity acceptance documents in the absence of substantiated customer complaints about poor-quality goods. If these terms are not met, the bonuses are paid not at all or in reduced amounts. Wholesale organization workers are awarded bonuses for meeting the plan for deliveries of goods to market and direct-allocation customers, for overfulfillment of the wholesale trade turnover plan and for meeting the profit plan.

Let's examine in greater detail how a store returns goods to a garment factory. A department store receiving a lot of coats from a factory (arbitrarily, 500 at 200 rubles each) accepts them under USSR State Arbitration Committee instructions. If a sample check shows that the lot received contains coats with production defects, the store calls in the supplier's representative to participate in the rest of the acceptance procedure and to draw up a bilateral document. If it turns out that a coat has a production defect which can be corrected only at the factory (which is stated in the inspection document signed by recipient and supplier representatives), the lot is returned to the supplier to correct or eliminate the defects. When the manufacturer's representative does not agree with the evaluation of an article, an expert from the commodity expertise bureau is invited in; if he confirms that there are production defects which can be eliminated only at the factory, the lot is returned to the supplier.

Having returned the lot to the manufacturer, the trade organization receives less than a full discount and makes all the expenditures outlined by the estimate of turnover outlays: transport expenses to ship the goods, store worker wages, overheads, which do not change as a function of trade turnover plan fulfillment or nonfulfillment, as well as expenses for calling in expert inspectors and others. Under such conditions, the trade turnover plan is generally not met and the cashier's office does not pay the State Bank the amount of the rejected products. In this regard, the trade organization will have insufficient circulating capital of its own and the budget will receive fewer deductions from profit. There will also be other losses: deductions to economic incentives funds will decrease due to nonfulfillment of the trade turnover and profit plans. The bulk of the workers (with the exception of laborers and janitors) will receive no bonuses from the economic incentives fund that month. Under existing statutes, the uncalculated portion of economic incentives funds is paid to the budget. At the same time, when the trade turnover plan is not met, the store incurs an extension on State Bank loans (by the amount of plan nonfulfillment). All this creates

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financial difficulties and leads to complications in obtaining bank loans. In this regard, the bank imposes higher interest rates if loans are issued to meet temporary needs (above the 2-4 percent annual rates) and demands a guarantee from a superior organization that the shortage of own circulating capital will be made up within a certain time period. The system of inter-relationships between trade and the budget in terms of payments from profit is such that overfulfillment of the commodity circulation and profit plan in subsequent months cannot lead to reimbursement of a shortage of own circulating capital generated in preceding months.

Thus, a retail trade organization which does not permit the sale of goods manufactured in violation of All-Union State Standard requirements incurs considerable losses without being able to cover them. The indicated losses can be recompensed only by obtaining additional goods from other suppliers and thus meeting the trade turnover plan and consequently the profit plan. Roughly the same situation has evolved for wholesale trade organizations.

But how does the customer react to product quality? He attaches much importance, in the case of clothing, to innovation, stylishness, fabric design and material, workmanship -- things which remain at a low level, unfortunately. One of the most important causes of poor stitching quality is failure to follow the technology anticipated by the standards. Many goods not in demand accumulate in trade due to failure of part of the assortment of goods being supplied by industry to conform to trade orders and consumer demand or of goods quality to customer demand, and items from enterprises of the USSR Ministry of Light Industry account for a significant proportion of them. Through the January-August 1978 period, trade organizations reduced prices by more than 1.5 billion rubles. Goods worth more than 2.9 billion rubles were discounted. The average discount exceeded 60 percent. As of 1 January 1979, goods discounted by nearly 1.1 billion rubles had been sold.

Instructions on temporary prices for new and improved consumer goods were approved in 1977; they outline the creation of conditions to interest enterprises in up-dating goods and improving their quality, as well as increasing the producer's material responsibility for the quality of the goods produced. Under the instructions, the material incentives fund is reduced by three percent for each percentage of output returned for finishing or correction, and workers to blame for releasing such goods can be deprived in full or in part of awards paid from the material incentives fund. The effective use of this lever will unquestionably increase the producer's responsibility for product quality.

The amount of profit withdrawn for supplying substandard output is often insignificant and has no substantial influence on the indicators of enterprise economic activity, including deductions to funds. State Standards Committee laboratories sometimes fail to demand, as the established procedure requires, the exclusion of rejected goods from reports on marketing plan fulfillment.

The methods instructions "On the procedure for enterprises and organizations to introduce into budget revenues the profit obtained from marketing output

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manufactured with deviations from the demands of standards and specifications" need refinement, since it is not always possible to check the execution of a factory's instructions on withdrawing profit.

Improving the system of enterprise material responsibility under economic contracts is an effective means of increasing industry's responsibility to trade. After the USSR Council of Ministers Decree "On the Material Responsibility of Enterprises and Organizations for Failing to Meet Assignments and Obligations" was adopted, interest in applying economic sanctions increased. However, this task is still far from having been resolved, and the economic substantiation of the amount of penalty sanctions and the procedure for recompensing losses have not been determined. Increasing the producer's responsibility for prompt delivery and product quality requires that effective steps be taken to supply industrial enterprises with modern equipment, good raw material, and so forth. No less important is the implementation of a system of measures aimed at improving production planning and stimulation.

At the same time, consideration must also be given to ways of covering additional expenditures in the area of circulation which are connected with the struggle for quality. The experience of the socialist countries testify to this approach. Thus, in the German Democratic Republic, trade has created special funds, deductions to which depend on the cost of defective and returned output. Steps have also been outlined for encouraging workers to sell goods without defects. Discounts on items charged to industrial enterprises have been instituted in the GDR and Poland, which have also developed a scale of increased penalty sanctions for violating particular points of delivery contract obligations. Under our conditions, such a flexible system of incentives is also needed for inspectors, quality checkers and salespersons for keeping off the shelves items which do not meet standards or specifications.

Business relations between industry and trade need improvement, of course. It has long since been proposed that the system of fines be made more effective, that fines be paid from enterprise funds when collectives have failed to meet contract terms. The press has discussed the problem of extending the results of a sample quality control check to the entire lot of a commodity.

It would be expedient, in our view, to discount the wholesale prices of goods in the second quality category, that is, obsolescent output, if industrial enterprises deliver such goods to trade. These discounts could be used by trade enterprises to recompense losses from discounting obsolescent items.

There are thus no grounds for referring to "excessive" fines. Today, both wholesale and retail organizations are interested more in well-made items than in obtaining fines, which often do not even cover part of the losses associated with disclosing defects and returning rejects to the manufacturer.

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Given the fact that fines do not generally have an effective impact yet and do not arouse industry and trade to unswervingly meet all obligations under economic agreements, their role and importance are small. The opinion that the receipt and payment of penalty sanctions are essentially the shifting of funds from one state pocket to another is, we think, deluded. Analysis of relations at the "garment factory - department store" level shows that not only industry and trade, but the population and the state as well are concerned here. This is why it is important to strengthen, using economic and legal measures, cost-accounting ruble control not only over production, but also over marketing, to increase cost-accounting responsibility to customers both by industry and by trade. The fine is an important lever of such control, but it cannot and must not be to anyone's advantage. Society is concerned that the needs of the population and the national economy be met more fully and that economic and legal means facilitate this.

The question of whether to exact fines has long been resolved. Collectives whose legal interests have been violated have not only the right, but also the duty to make claims (including for the payment of fines) against those to blame. One would think that, given this, the profit not obtained, incentive funds not deducted, funds for supplementing circulating capital not deducted, and other items not obtained by the injured party would be reimbursed without fail. Fines must be reflected in the results of economic activity and in material incentives.

The deprivation of retail trade enterprises of revenues generated from fines received exceeding fines paid contradicts the principles of cost accounting and the nature of these sanctions. Fines are a definite source for covering losses for a party injured due to the failure of another party to meet contractual obligations. Withdrawal of these funds from state retail trade and public catering enterprises, as three years of experience shows, deprives them of interest in applying sanctions and weakens cost-accounting relations between industry and trade. The conclusion: it is appropriate to reinstate the procedure whereby the entire amount by which fines received exceed fines paid remains at the disposal of stores and trade organizations, dining halls and restaurants. In wholesale trade, we need to increase the amount by which fines received exceed fines paid remaining at its disposal from five to 20 percent. These funds could be used to create a fund for discounting goods in wholesale organizations (which have heretofore had no such fund), to establish it in a certain percentage of warehouse circulation, or to stimulate the production of new and low-profitability items.

Recently, there has been increasing support for a procedure of trade and industry interrelationships whereby the manufacturing enterprise bears all responsibility for the quality of output marketed. By stressing the necessity of high demandingness as to the quality of goods being produced, it is proposed that a procedure be instituted whereby enterprises would be answerable for the quality of their own output directly to the customer. The following clarification usually accompanies this: if an enterprise delivers its items to a store, the store is only an intermediary, since it sells the commodity at the instruction of the textile combine or garment factory. The effort to

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increase the responsibility of direct producers to the population is understandable, but is it realistic and feasible?

The Moscow Footwear Trade Organization alone has upwards of 100,000 pairs of shoes a year returned by customers. Of course it would be more proper for industry to assume these expenses and establish direct ties with customers, rather than with an intermediary which far from always defends the interests of the consumer in the pursuit of trade turnover plan fulfillment.

It should be said, however, that trade does not sell goods "on instructions," as is the case with only commission shops. The rest of the trade network, first of all, buys goods from producers and then sells them to the population; second, in socialist society, trade cannot and must not be simply an intermediary indifferent to whom it trades with. It is an important link in implementing party socioeconomic policy aimed at increasing the well-being of the Soviet people.

In order to meet customer demand and effectively influence industry, it is appropriate that product quality be monitored in trade from the production position as well (conformity to standards requirements, specifications, models, and so forth) and from the customer's position. The saturation of the market with many goods makes just such an approach especially critical.

The bulk of the goods returned for correction or downgraded by quality control workers are a result of production defects and poor raw material quality. Trade need not monitor the quality of items from those enterprises which value the honor of their brand and supply well-made goods. However, industrial enterprise quality control departments often carry out their functions poorly and bear no material responsibility whatsoever for it; they shift their functions to inspectors in other departments. Aside from inspectors of trade enterprises, inspectorates and the State Standards Committee, the bank, people's control, State Arbitration Committee, deputy commissions and various other public commissions, among others, are also concerned with these questions. The existing system of product quality control is expensive and not very effective. It would be appropriate to concentrate this control right at the production sites and to reveal defects without fail, before output is shipped and accounts are paid.

The regulation on delivering consumer goods anticipates that "special delivery terms" can anticipate the right of appropriate wholesale organizations (enterprises) and union republic ministries of trade to monitor the quality of goods ready for shipment (release) at industry enterprises, as well as the procedure and intervals for such checks.

However, haberdashery trade wholesale bases, for example, have thus far been deprived of the right to make quality control checks at industry enterprises, since "special delivery terms" have not been worked out. The situation is similar for certain cultural, personal and household items. It apparently makes sense to supplement the regulation on delivering consumer goods with checks when they have been anticipated in a contract as well.

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Since 1978, the activity of industrial enterprises producing consumer goods has been evaluated on the basis of amount of goods marketed, with consideration of contract fulfillment. Incentives funds and the amounts of bonuses to industrial enterprise leaders depend on this. The new system is oriented towards strict plan and contract discipline. Practice has confirmed the effectiveness of this innovation and of its influence on better fulfillment of contracts for delivering goods to trade. The number of enterprises not meeting contractual obligations has dropped sharply. At the same time, there are still quite a few factories which are not coping with trade orders, although nearly all are overfulfilling assignments in terms of amount of output sold. Violations of contractual obligations are comparatively small, but on a national economic scale, failures to deliver goods needed by the population run to the hundreds of millions of rubles.

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MANPOWER: LABOR, EDUCATION, DEMOGRAPHY

BOOK VIEWS MANPOWER DISTRIBUTION UNDER SOCIALISM

PROBLEMY REGULIROVANIYA PERERASPREDELENIYA RABOCHEY SILY
(Problems of Regulating Manpower Redistribution) in Russian
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[Annotation, Table of Contents, Introduction and Conclusion
From Book by A. E. Kotlyar and V. V. Trubin, "Ekonomika" Pub-
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[Text] This book analyzes the problems of reproduction of man-
power under socialism: the essential nature and socio-economic
scope of manpower distribution and redistribution, criteria for
their rationalization, modern organizational forms of planning
manpower distribution, etc. The work generalizes the work of
special labor services, and offers recommendations for improv-
ing the organization of labor transfer and population informa-
tion.

The book is intended for planning organ workers, labor organiza-
tions, specialists involved with problems of labor resources,
and for party and administrative aktivs.

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The decisions of the 25th CPSU Congress have envisaged the necessity for the further improvement in the level of planning management for the national economy suitable for the modern developmental stage of our socialist society. The Leninist principles of unity in a political and organizational (administrative) approach toward the resolution of economic tasks constitutes the basis of those decisions.

Under conditions of exacerbated labor resource problems, particular significance accrues to the development of ways to effectively distribute and utilize manpower in the national economy. "The more dynamic the national economy is," stated A.N. Kosygin at the 25th CPSU Congress, "the more rapidly its sectorial and territorial structure changes, and the more acute the task of coordinating the development of material production and the non-production sphere with existing labor resources becomes."¹ This explains the necessity for the further improvement of a systematic method of distributing manpower. Elements of this system such as occupational orientation and job placement envisaged by the new USSR Constitution are guarantees of the right to work for USSR citizens. Article 40 of the USSR Constitution states that the right to work "is provided for by the socialist system of economics, a continuous rise in productive forces, free occupational training, improved work qualifications and training of new specialists, and the development of a system of occupational orientation and job placement".

The organization of manpower distribution as one of the most important spheres of economic policy for the socialist state is built upon a foundation of Marxist-Leninist economic theory.

Socialist expansion of manpower reproduction is the unity of its production, distribution, and utilization¹. Research of the problems of theory and practice of manpower reproduction--is an important condition for the further improvement of work in the area of organizing and training, distribution and utilization of cadre in the national economy.

At present, sufficient in-depth study has been made of economic bases for the reproduction of manpower, the mechanism of organizing occupational-qualification structure for cadre, and of demographic bases of the reproduction process. Many aspects of the utilization of manpower have been developed to a considerable degree, including theoretical problems of employment, the organization of labor (the structure of work time, labor intensity, work and rest regimens), etc.

In characterizing the current state of scientific studies made of problems dealing with the distribution of manpower, it should be noted that in recent years, a noticeable shift has been noted

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from predominantly empirical to fundamental studies. Those include primarily the works of Ye.G. Antosenkov, B.D. Breyev, L.M. Danilov, T.I. Zaslavskaya, V.S. Nemchenko, V.A. Pavlenkov², et al. The content of manpower distribution processes is detailed in those works--their mechanisms, forms, and regulation methods. The object of a series of special research studies (I.S. Maslovaya, Ye.A. Yankovskaya)³ was organizational forms of manpower distribution and redistribution and their prospective development. At the same time, many questions of theory and practice in the distribution of manpower remain insufficiently developed, which impedes planning management of those processes.

This monograph reviews certain theoretical problems regarding the improvement of planned distribution and redistribution of manpower under conditions of a developed socialist society and generalizes the results of studies made of the trial of organized job placement. The authors of the monograph defined their goal as defining the role manpower distribution during the course of its reproduction, to establish its economic scope and implementation forms, to determine criteria for rationalization and using this basis, to demonstrate the place of organized job placement in a planned distribution of manpower in a socialist economy.

Chapter I of the monograph was written by Doctor, Economic Sciences, A.E. Kotlyar, professor. The remaining chapters were mutually authored by A.E. Kotlyar and V.V. Trubin.

The authors express their gratitude to Z.A. Khotkina, L.K. Alekperovaya, N.A. Ivanovna, and Ye.B. Furmanovaya, who participated in the collection and processing of materials.

1 Materials of the 25th CPSU Congress, Moscow, Politizdat, 1976, p. 126.

1 See Kotlyar, A.E. Manpower in the USSR (Problems Relating to the Theory of Reproduction). Moscow, "Mysl'", 1967, pp 5--24; Kotlyar A.E. Reproduction of Manpower Under Socialism.--Economic Sciences Ekonomicheskiye Nauki, 1972, No 4; Kotlyar A.E. Regarding Categories of Manpower Reproduction. "Economic Sciences", 1976, No 7.

2 Movement of working cadre in industrial enterprises. Editor, Ye.G. Antosenkov. Moscow, "Economy", 1974; Breyev, B.D. Mobility of the population and labor resources. Moscow, "Statistics", 1977; Movement of working cadre in industry. Editor, L.M. Danilov. Moscow, "Statistics", 1973; Methodological problems of sociological research in labor resource mobility. Editors, T.I. Zaslavskaya and R.V. Ryvkinaya. Novosibirsk, "Science", 1974; Socio-economic problems of labor organization. Editor, V.S. Nemchenko. Moscow. Moscow State University Publishers, 1974; V.A. Pavlenkov. Manpower movement under conditions of developed socialism. Moscow, 1976.

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3 See I.S. Maslov, Economic Questions Regarding Manpower Re-Distribution Under Socialism. Moscow, "Science", 1976; Yankovskaya Ye.A. Redistribution of labor resources. Kiev, "Naukova dumka", 1978.

In determining the long range prospects for future improvement in the redistribution mechanism for manpower, it must be taken into consideration that the current tension of labor competition under conditions of a developing socialist economy is a temporary or transient situation. Realization of the program advanced by the 25th CPSU Congress to achieve further growth in labor productivity, accelerated scientific-technological progress, and improved management of the national economy will enable the disproportions in the area of providing the national economy with labor resources. Therefore, when speaking of long-term prospects, it is necessary to bear in mind the development of the channel examined for the redistribution of manpower under conditions of a balance of the material and personal factors of production. There are bases for proposing that under such conditions, the development of an organized job placement system would be oriented primarily toward a procedure for the use of bureau services at the individual initiative of citizens and administrative organs. It follows that the expansion of the scales of organized job placement is possible only when founded upon a clear conviction of the masses regarding the advantages offered by the intervention bureau. For this, a substantial improvement in the quality of the bureau operations is necessary, which in turn requires that at least two conditions be provided for.

First, it must follow that rendering assistance to citizens in searching for suitable work and to administrative organs in the selection of cadre is the primary function of the bureau. All aspects of the bureau's activities must be subordinated precisely to the execution of that function. It is therefore, impermissible to charge the bureau with any sort of control function, and to transfer alike the responsibility for staffing national economic projects¹. The sole responsibility which the bureau must bear is the responsibility for providing high quality service to the citizens and administrative organs.

Secondly, it is important to create organizational prerequisites providing for the qualitative improvement of the bureau's work. Such prerequisites might be the establishment of a complete system of information, financial, material-technical and scientific-methodological support. For this purpose, a series of tasks must be resolved.

1. In the area of information support:
to insure the completeness, validity, and currency of information receipt regarding the existence of free (unoccupied) working places in enterprises and in city organizations. For this, it is

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necessary to establish a procedure for mandatory monthly information to be provided the bureau regarding all vacancies existing in enterprises and in city organizations;

to provide for the efficiency of reporting information to the bureau regarding the results of directing citizens to work. It is necessary here to establish a procedure for the mandatory return within a five-day period of the form "Directed to work" with results indicated (job placement or no job placement):

to introduce into practice improved documentation forms: "Notification of existing free work places" (see form 1" and the "Registration Card" (see form 2), as they satisfy the requirement for maximum correspondence of the work position description and the candidates for appointment;

to serve not only unemployed, but also workers currently employed, and those wishing to change their place of work. For this, it is expeditious to create a special card file and to use the new form of the registration card;

to improve the organization of information transmitted to the population through artificial channels: by radio, television, newspapers, on benches, and advertising displays. It is necessary first of all, to convert to advertising the bureau's services, its advantages, and in this respect, a significant increase in resources is necessary, those allocations directed for advertising and information; secondly, to develop vivid and substantive texts for articles and radio broadcasts, posters, pamphlets, and advertisements publicizing the services of the bureau; thirdly, to organize the transmittal of information by the most effective channels, considering the peculiarities of their use by various categories of the population; and fourthly, to expand the limits of information dissemination beyond the city, using oblast and rayon newspapers for this purpose.

2. In the area of financial support:

to develop a system for financing bureau services. Undoubtedly, the best form of financial support for the bureau would be the conversion of the GBTIN system to budgetary financing. However, considering the complexity of resolving this problem, as an experiment, it would be efficient to establish a procedure for financing the bureau by all enterprises and city organizations. To do this, it would be necessary to establish a system of fees, with due consideration given the share of administrative organs with differing populations of workers in the total number of cadre received by the enterprises themselves;

to establish optimum estimates for income and expenses of the bureau, considering the necessity for a significant increase or expansion of staff, increased salary scales for workers, increased resources allocated for advertising and information, maintenance of facilities, and the acquisition of organizational-technological resources. Here it is efficient to utilize existing data on the bureau's expenses, correcting or adjusting them for the necessary

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growth for the appropriate items.

to develop a system of material incentive for bureau employees, considering not only quantitative but qualitative indicators for bureau work (scale of circulation, circulation results, and efficiency of job placement). In this instance, it is considered expeditious to utilize data from systematic (quarterly) analysis of the bureau's economic efficiency in its work.

3. In the area of material-technical support:

to allocate to the bureau facilities designed for the influx of significant masses of the population and considering the peculiarities of work with transients. Here it is expedient to incorporate the experience of Ufa and Kaluga (one structure for the simultaneous accomodation of 20-30 visitors and individual offices for talking to them, etc.);

to equip the bureau with the necessary communications equipment--telephones, teletypes in the requisite numbers, it would be efficient here to establish direct communications channels with enterprises and city organizations;

to equip the bureau with auto vehicular transportation. Experience has demonstrated that the existence and availability of transportation not only expands the opportunities for advertising and informational work, but also enables the employees of the bureau to systematically visit the enterprises and city organizations.

4. In the area of scientific-methodological support:

to develop the necessary methodological recommendations (for improving procedures for selection of vacancies, in organizing and conducting occupational selections, for the study of basic tendencies in the processes of labor migrations, to evaluate labor competition in the city, etc.). For this, it is necessary to attract specialists of various specializations (economists, psychologists, programmers, sociologists, advertising specialists, mathematicians, etc.).

The resolution of these tasks will enable, in our view, in sufficiently short time periods to increase the role of city bureaus in the job placement of a greater segment of urban populations and on this foundation to substantially increase the planned nature of labor migrations or movements and the effectiveness of utilizing manpower in the public economy.

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TRANSPORTATION

CHEMICAL INDUSTRY URGED TO USE RAIL TRANSPORT MORE EFFECTIVELY

Moscow KHIMICHESKAYA PROMYSHLENNOST' in Russian No 7, 1979 pp 3-6

[Article by N. S. Chernyshov, deputy chief of a division of the Main Freight Administration of the USSR Ministry of Railways: "Utilize Rail Transport More Effectively"]

[Text] The high rate of development of our country's economic system during the 10th Five-Year Plan is placing new and more stepped-up demands upon transport and, first and foremost, on rail transport in terms of the shipment of freight. As we know, railroads are handling this task under great stress. The sale of finished output is frequently delayed at individual enterprises owing to the lack of prompt delivery of railroad cars. But the difficulties in transporting freight are not always caused by a shortage of rolling stock. There are shortcomings whose elimination would enable one to guarantee more fully the fulfillment of the demands of the national economy in terms of shipments. It is a question of a radical improvement in the utilization of railroad cars on sidings at industrial enterprises and construction projects.

A reduction in the time that railroad cars are engaged in loading and unloading is a large internal resource for the means of transport. Just as in industry, where a reduction in the production cycle leads to a growth in the output of production, so also in transport an acceleration in the railroad car turnaround time, i.e., a reduction in time from the beginning of loading of the car to the subsequent loading, is a powerful means to increase the volume of shipments. The campaign for an improvement in the use of railroad cars and for an elimination of their nonproductive layovers during freight operations is a most important state task not only of collectives at the station and on branches of the railroads, but also of industrial enterprises and construction projects, which are the shippers and consignees of freight.

However, far from all managers of enterprises in the chemical industry are reacting in the proper manner to their duty in terms of utilization of railway cars in a rational manner and are tolerating the delay of cars during loading and unloading beyond any established norms whatsoever. During the past year, 1978, the layover of railroad cars for the sector as a whole was 11 hours, as

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opposed to a norm of 8 hours, and this led to a loss of loading resources amounting to more than 67,000 railroad cars, of which the chemical industry itself was very much in need.

Examples of the work of the foremost collectives of industrial enterprises and transport show that such losses in the use of the means of transport could be avoided. The practices of the industrial enterprises of Chelyabinskaya Oblast and the branches of the South Urals RR in reducing layovers of railroad cars during freight operations and in their safekeeping, which were approved by the CPSU Central Committee, open up great opportunities. The largest enterprises of the oblast have adopted pledges to reduce the layover of railroad cars as against the established norms and, as a rule, to ship above-plan output in the rolling stock that had been economized. The repair of railroad cars has been set up on the industrial sidings of enterprises. The people of Chelyabinsk are successfully fulfilling their pledges.

They are actively engaged here with the problems of improvement of the railway facilities of their own enterprises and with heightening the extent of their equipment with technical means. Progressive types of traction, diesel locomotives and electric locomotives, as well as automatic control of switches, are being introduced, wooden ties are being replaced by reinforced concrete ties, materials handling operations are being mechanized, etc. Not only the allocations called for in plans for capital investments, but also assets from the production development fund are being utilized for this purpose.

The practices of the people of Chelyabinsk are finding followers at many enterprises, including those in the chemical industry as well. The transport workers on the industrial sidings of the following production associations—"Korund" [Corundum] (Dzerzhinsk), "Sera" [Sulfur] (Rozdol), "Karatau" (Karatau), "Minudobreniya" [Mineral Fertilizers] (Voskresensk), "Soda" (Sterlitamak) and the Chemical Plant imeni Ya. M. Sverdlov (Vinnitsa)—are displaying a proprietary interest when it comes to the use of railroad cars.

A reduction in the layover of railroad cars at these enterprises has been achieved by virtue of the implementation of measures for the development of transport facilities on industrial sidings, as well as by virtue of introduction of a unified system for work by the collectives of enterprises and railway stations.

Unfortunately, one must talk about other facts as well and cite examples of negligent treatment of railroad cars. During the three years of the current five-year plan, the layover of railroad cars on the industrial sidings of enterprises has not, in practical terms, been reduced for the sector as a whole, and has even grown at certain enterprises. If the layover of railroad cars in 1978 was overstated for all ministries and departments as a whole by 1.6 hours as against the norm, then at enterprises of the chemical industry this excess consisted of 3 hours.

What then are the reasons for such an unfavorable situation in respect to the use of railroad cars at enterprises of the chemical industry? The chief of

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these reasons, in our opinion, is the lack of balance which has emerged in the development of basic production and transport facilities. While expanding production shops and increasing the output of production, certain managers of enterprises and associations are extremely inadequate when it comes to paying attention to the development of the transport facilities on the industrial sidings. They begin to take an interest in these facilities only when basic production has already been delayed by them.

Take, for instance, the Balakovo Chemical Plant. A production complex for the output of double [binary?] superphosphate has been put into operation, while the construction of many objects for the transport facilities has still not been completed at this time. Considerable unfinished work is to be found at the devices for the unloading of pyrite and apatite. The laying of railway tracks has not been completed in the plant's industrial park. Intraplant shipments at the enterprise increased when the complex was put into operation, but at the same time the locomotive fleet was not brought into line with the plan. Instead of six locomotives, only three are operating, of which two are low-powered. Very important work on the development of the Balakovo and Yul'yevka stations has not been performed. Without a doubt, all this has made for a deterioration in the use of the rolling stock. The layover of railroad cars at the plant was overstated by an amount that was more than triple the established norm and reached 50.4 hours in 1978.

A great lag has been permitted in the development of transport facilities at the Uvarovo Chemical Plant. They obviously do not correspond to the level of basic production and to the growing volume of freight shipments. And what is more, the construction of the plant's railway station has not been completed, a schematic of storage hoppers at the warehouses for candle-ends from sulfuric acid production has not been put into operation, a transport system for the transfer of pyrite from the car dumper to the sulfuric acid shop is missing and the installation of many other objects has not been completed. Railroad cars arriving at the plant with raw material and other freight are not unloaded by the deadline. During the past two years the layover of railroad cars on industrial sidings was actually 33.7 hours, whereas the established norm was 7 hours.

Work is proceeding extremely slowly on the development of the railway shop at the Crimean Titanium Dioxide Plant. Production capacities for the second line of construction at the enterprise are already being put into operation and the output of production is increasing, whereas objects relating to transport construction, including even those for the first line, remain unfinished. The trestle built two and a half years ago for the unloading of ilmenite from railroad cars is not in operation owing to the absence of a railroad track. The installation of a car dumper was not envisaged in the project planning for the plant. Pyrite is now being unloaded by low-yield equipment at a rate of two cars an hour. Often hundreds of railroad cars loaded with pyrite pile up while awaiting their place at the unloading front. The construction of units for the defrosting of cargoes that freeze was also not planned. The frost protection housing installed by the plant does not meet the minimum requirements.

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Its capacities can be calculated only in terms of nine railway cars and its temperature is not sufficiently high. During the winter up to 18 railroad cars are defrosted over a 24-hour period, which is several times less than actually required.

There is no facility at the plant for the repair of diesel locomotives, the point for washing tank cars has not been built and devices for the mechanized closing of the hatches on gondola cars are absent. It is not surprising that the layover of railroad cars at the enterprise exceeds the norm by almost 10 hours.

There are also other cases where the frontages for loading and unloading railroad cars are not expanded, but, on the contrary, reduced during the modernization of enterprises. Thus, at the Konstantinovskiy Chemical Plant, the frontages for unloading railroad cars containing pyrite and apatite concentrate were reduced to almost half their previous length during the construction of new shops for the production of fertilizers. And this was all done without any agreement with the railroad. Work on heightening the level of mechanization of freight unloading and on construction of an independent railway outlet to the Kondrat'yevka station is being performed slowly. Over six years only 60 percent of the funds earmarked for this purpose have been assimilated.

It is very important that the principle of comprehensive development of the objects of industry and external rail transport not be violated during the construction of new and modernization of existing enterprises. One must think beforehand about how to haul raw material, fuel and various cargoes to the future enterprise in a more rational manner as well as how to dispatch finished products promptly. Unfortunately, managers of enterprises are doing a poor job of taking up these agenda items. Here are several examples.

A plan for the modernization of the Rossosh' station of the Southeastern RR, to which the railway siding of the new enterprise is joined, was drafted in connection with the construction of the Pridonskoy Mineral Fertilizers Plant upon the order of the Ministry of the Chemical Industry. Arguments continued for two years as to who was to perform the function of customer, while agencies of higher instance failed to make it incumbent upon the Ministry of the Chemical Industry to start construction work on the modernization of the station. During the current year the production capacities of the first line are being put into operation and they are faced with the output of finished products; however, the plant's industrial siding is still "connected" to the Rossosh' station along a temporary circuit with a cross-section of the main railroad tracks on one level. This is now already hampering the delivery to and pick-up of railroad cars from the plant.

Work is proceeding slowly on the installation of other objects at railroad and plant stations. Thus, difficulties are being created with the transporting of freight and the processing of railroad cars even prior to the time when an enterprise is put into operation. The principle of comprehensive development has been violated in the construction of the Togliatti Nitrogen Plant of the Kuybyshevazot [Kuybyshev Nitrogen] Production Association. The construction

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of this enterprise will occasion a substantial increase in freight turnover. The development of the Zhigulevskoye More station of the Kuybyshev RR, to which the plant's industrial siding is joined, has been envisaged for its assimilation by a plan for external rail transport drafted by the PromtransNIIproyekt [Scientific Research Institute for the Planning of Industrial Transport]. But this plan is still far from being implemented. All this can lead to serious difficulties in the dispatch of finished products.

The freight turnover of the Kokurino station of the Volga RR will grow substantially when new objects for the production of nitrile-acrylic acid are put into operation at the Saratov Nitron Production Association. The laying of additional station tracks with the work attending this is required. However, the engineering plan for the objects for the production of nitrile-acrylic acid was drafted without taking the development of the Kokurino station into account. Now the miscalculation that was allowed is being corrected. By order of the Ministry of the Chemical Industry, the drafting of the engineering plan is being concluded this year. But the deadline for the start of construction work has still not been determined. It is totally evident that this is being done with great delay. The production complex has been put into operation, while the external rail transport has turned out to be anything but ready. Already this is making for difficulties in the shipment of output and is slowing down the turn-around time of railroad cars.

One would think that the necessary conclusions would be drawn from these examples. And what is more, it is necessary not only to put production capacities and objects for transport facilities into operation in a comprehensive and prompt manner, but also to ensure that the development of industrial rail transport outstrip construction of production capacities somewhat. Then it would cease to limit the operations of enterprises when it comes to shipment of finished output and a reserve would be created to satisfy the demands that arise for additional shipments, in particular, of above-plan production, as well as for better utilization of the rolling stock.

Great layovers of railroad cars are permitted at enterprises owing to the unsatisfactory organization of loading and unloading operations, particularly at night and on days off. The unloading of railroad cars is being provided for in an extremely poor manner. Daily, more than 850 railroad cars containing raw material, fuel and other materials remain for 18 hours at enterprises of the chemical industry unloaded by the appointed deadline. Many of them are, in essence, converted into warehouses on wheels. The measures to reduce the layovers of railroad cars that are specified during the conclusion of agreements on the operation of industrial sidings remain unimplemented in the majority of instances. Above-norm layovers of cars are very great on industrial sidings of the Sungaitkhiprom [Sungait Chemical Industry] Production Association, the Novochoerkassk Synthetic Products Plant, the Novgorod Azot [Nitrogen] Production Association, the Jonava Nitrate Fertilizers Plant, the Odessa Superphosphate Plant, the Chirchik Elektrokhiprom [Electrochemical Industry] Production Association, the Cherepovets Chemical Plant and some other enterprises.

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A major reserve for the fulfillment of the plan for shipments is a full-value load in railroad cars. Under conditions marked by a shortfall in the fleet of railroad cars, it is especially important to utilize fully the carrying capacity and tonnage of the rolling stock. Instances are not infrequent where railroad cars are dispatched on long-distance runs with a great degree of underloading. Railway workers do not have the opportunity to supervise the level of the load in each railroad car, since they would be required to maintain an entire service of controllers for this. The freight shipper himself must strive to ship more freight with a smaller number of railroad cars. However, the control checks being made by the railroads in a selected sampling show that this rule is not being observed everywhere. Last year more than 62,000 railroad cars loaded at enterprises of the chemical industry were inspected, of which 12.4 percent were underloaded on the average by 1.3 tons when compared with the weight indicated by the freight shipper in the shipping documents.

Large underloads are being permitted by the Sumy Khimprom [Chemical Industry] Production Association. An underload of more than 162 tons was observed in 36 railroad cars loaded with scrap metal at the enterprise, while in two railroad cars the underload was 10 to 17 tons, while in one car loaded with phosphogypsum, the weight turned out to be 19.5 tons less than what was indicated in the documents. Eight cars dispatched by the Voskresensk Minudobreniya [Mineral Fertilizers] Production Association were underloaded by 12.8 tons of mineral fertilizers, and four cars loaded with superphosphate at the Odessa Superphosphate Plant were underloaded by 15 tons, while one car of these aforementioned four was underloaded by six tons.

Such great losses in the means of shipment can be explained by neglect of the weighing facilities and by the careless attitude of certain employees of the enterprises toward determining the weight of freight being dispatched. It is necessary to eliminate in a decisive manner shortcomings in the use of the carrying capacity and tonnage of railroad cars. It is necessary in the shortest period of time possible to carry out the replacement of obsolete beam balance scales with new systems of automatic electronic scales. One must not determine the weight of freight in a railroad car "by eye." For this will lead not only to excess occupation of space in the railroad car fleet, but also to a distortion in the reporting of output shipped, overpayment of the tariff and an overstatement of the actual value of the shipments.

Serious anxiety is also being created by the matter of the safekeeping of railroad cars on industrial sidings. During last year alone, 1,103 railroad cars were put out of order at enterprises of the chemical industry. The greatest number of railroad cars were damaged on industrial sidings at the Yerevan Nairit Production Association, the Konstantinovskiy Chemical Plant, the Kingisepp Fosforit [Phosphorite] Production Association, the Rovno Azot [Nitrogen] Production Association, the Cherepovets Chemical Plant, the Rubezhanskiy Krasitel' [Dye] Production Association and the Dneprodzerzhinsk Azot Production Association.

The basic cause of the damage to rolling stock is the gross violation at a number of enterprises of GOST [All-Union State Standard] 22235-76 on the

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general requirement for ensuring the safekeeping of railroad cars during the performance of materials handling and switching operations. Railroad cars are damaged chiefly by clamshell cranes and there is no small number of cases where the rolling stock is derailed owing to unsatisfactory maintenance of the railroad tracks at enterprises resulting from the use of rails of a light variety and the presence of defective ties. Returning to the practices of the people of Chelyabinsk, one must note their zealous attitude toward the railroad car. They have done much not only to ensure the safekeeping of railroad cars, but have also created facilities at enterprises for the repair of railroad cars. The Magnitogorsk Metallurgical Combine and the Chelyabinsk pipe-rolling and metallurgical plants were the first to equip repair points with the necessary equipment, to organize supervision of the safekeeping of railroad cars and the quality of repairs and to determine measures for the financial liability of parties guilty of damaging railroad cars. Other enterprises should arm themselves with all these practices.

The railroad car is an expensive structure and great manpower, monetary and physical means are expended on its repair. The removal from circulation of a railroad car damaged during freight and switching operations substantially reduces loading resources.

At the present time, and even in terms of prospects for the near future, despite the restocking of the railroads' freight car fleet, the acceleration of turn-around time and an improvement in the utilization of the carrying capacity and tonnage of railroad cars, as well as practices ensuring their safekeeping will remain the basic sources for satisfying the national economy's demands for shipments, which will have grown.

The drafting by ministries and departments of measures to raise the effectiveness of the use of railroad cars and to reduce their layovers during loading and unloading for 1979-1980 is now being completed. It is planned to carry out the modernization and retooling of points for the loading and unloading of railroad cars on industrial rail sidings and the construction of freight and container platforms, trestles and other objects at the cost of a portion of the depreciation deductions destined for the major repair of the fixed capital of industrial enterprises. This will to a large extent promote an improvement in the condition of the transport facilities at enterprises and promote a rise in the level of mechanization of loading and unloading operations.

The collectives of enterprises of the chemical industry and transport must together realize the immense reserves available to speed up the turn-around time of railroad cars on industrial sidings in order to provide for the sector's demands in terms of shipments. This requirement ensues from the decree of the CPSU Central Committee, "On the Organizational Work of the Chelyabinskaya Oblast CPSU Committee in Reducing the Layover of Railroad Cars During Freight Operations and Ensuring Their Safekeeping at Industrial and Railway Enterprises of the Oblast," which is the program of action for employees of enterprises and railway workers.

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